



CIRC's submission on Draft Electricity (Rights of Consumer) Rules 2020

Ministry of Power, in exercise of its power under section 176 of Electricity Act 2003 (Act 36 of 2003) issues draft Electricity (rights of consumers) rules 2020 on September 9, 2020 for public comments. CUTS Institute for Regulation and Competition (CIRC) welcomed the ministry's Electricity (Rights of Consumer) Rules 2020. This is long pending with the government and consumers' bodies are demanding for enactment of such a law.

CIRC is submitting its comments and suggestions to the ministry for their consideration.

Background:

Electricity Act 2003, through the consumer charter has touched upon the rights of consumers of electricity. Some of the states have notified them but implementation in letter and spirit remains a constraint with weak compliance. There is no strict monitoring of distribution companies related to consumer grievances.

Thus, consumers face enormous challenges in service related issues. The challenge of energy accessibility has been addressed with electrification of villages and individual households through electricity network. Now, the next target should be providing reliable and sustainable electricity services to consumers without any discrimination.

The proposed act is in the right direction. If implemented in right earnest, it would go a long way in addressing consumer rights in the electricity sector. It will ensure ease of doing business and set a benchmark for competition in the distribution sector. The distribution sector, after privatization would see many service providers compete in terms of providing world class service to consumers and putting the consumer in the driver seat. The proposed act under new rules for customers would make states obligatory for provisioning of the services. Some of these are already covered in the Standards of Performance and Consumer Grievance Redressal regulations as proposed by forum of regulators.

The grievances of a consumer are generally based on the following factors:

1. Non Supply of electricity

2. Connection and disconnection issues
3. Metering and Billing related issues
4. Timeline for grievance redressal
5. Compensation mechanism

The above-mentioned factors are covered prominently in the proposed act. However, CIRC feels that these provisions can be made stronger so that discoms are compelled to put customers first in their business operations, as distribution is predominantly a customer facing service. The compensation mechanism should be made stringent and automatic in nature so that there is no scope for any complacency for the power supply companies.

CIRC’s comments and Rationale on Draft Electricity (Rights of Consumer) Rules 2020

Sl No	Section and Provisions	CIRC’s comments	Rationale
1	<p>Section (4) says about release of new connection and modification of existing connection</p> <ol style="list-style-type: none"> 1. Prominent display of all information 2. Application forms to be available free of cost in the office and in website for download 3. Provisioning of website or mobile app for submission 4. Acknowledgement and registration number generated after submission of application 5. For 10KW load, identification and ownership document are required. For higher load, commission would declare other requirements. 	<p>This is a welcome step for sharing the required information through various channels including web portal and a dedicated app.</p> <p>A dedicated APP would go a long way in addressing many challenges at one place through the APP.</p> <p>The ministry should include that all these information should be displayed in their local languages too for display and ease of understanding.</p>	<p>10KW as a limit would take care of connections related to domestic consumers, as there would be very less applicants in domestic category who would require more than this load.</p> <p>Also, provisioning of no site inspection and individual estimation of demand load for electrified areas up to 150KW would save more time for the utilities and help consumer to apply freely for connection.</p> <p>This is a small but effective step forward for ease of providing</p>

	<p>6. If any agreement is required, that will be part of the application form.</p> <p>7. Timeline for new connection:7 days for metro, 15 days for municipalities and 30 days for rural areas.</p> <p>8. For electrified areas of upto 150KW, the commission depending on other variables will specify demand charges. This provides for no estimation of independent verification house wise and spot check.</p>	<p>Acknowledgement and registration number generation would help track the status of application.</p> <p>For loads upto 10KW, provisioning of 2 documents (identification and ownership) is a welcome step. This can be further simplified like for connections upto ≤ 1 kw, only identification document should suffice, as they are very small category of consumers with a consumption level below 100 units and may not possess any ownership documents.</p> <p>The timeline for providing new connection to rural consumers should be reduced to 15 days as that of municipalities to create uniformity in the act. Exceptional cases may be listed out and worked accordingly and a maximum timeline can be fixed in such cases.</p>	<p>electricity connection on demand.</p> <p>For small consumers, the requirements of 2 documents can be done away with, as they may not be having documents for ownership of the hut or premises where they stay. Single verification of identity can be suffice in these cases for providing connection.</p>
2	<p>Section (5) highlights the provision on metering which are:</p> <ol style="list-style-type: none"> 1. Meter is mandatory ,either smart or any other meter 2. Options for either purchase the metering appliances or 	<p>This is a welcome step.</p> <p>Provisioning of options for meter purchase is good idea. There should be option that if a meter is purchased from the approved</p>	<p>Installation of meters and making meter reading mandatory would help tackle many of the consumers' challenges. As customers face faulty meter</p>

	<p>provisioning of the same through distribution company</p> <ol style="list-style-type: none"> 3. Updated and approved list of meter manufacturers are to be displayed by the discoms 4. Read at least once in any billing cycle for urban as well as rural areas 5. For smart meters, meter reading once at remote location every month and for other, meter reading at least once in 3 months 6. Consumption details to be shared with consumer through various means such as websites, app and SMS facilities on real time basis 7. Self-metering allowed in case of non-accessibility of the meter reader consecutively for two times. In case consumer uploads the images of same, there will not be any notification from the discoms. 	<p>vendor, the consumer should not be harassed in any case and officials should co-operate with the consumer.</p> <p>However, there should have been provisions for smart meter installation only. It should be made mandatory.</p> <p>Also, Self-metering should be provided as an option to the consumer for meter reading and appropriate discounts should be offered to consumers if they opt for self-meter reading.</p> <p>In this way, self-meter reading can be made into a habit for the consumers.</p>	<p>reading at many instances and get inflated bills that becomes a major challenge for both the utility and the consumer. This mainly arises due to faulty meter and meter reading after a prolonged period.</p> <p>Regular inspection of meters and its reading will alleviate this problem to an extent.</p>
3	<p>Section (6) provides for testing of meters</p> <ol style="list-style-type: none"> 1. Provision of testing the meter within 30 days of complaint of any fault 2. No test fee for the same 3. If the meter is found to be defective or burnt, consumer liable to pay the charges for new meter and testing fee 	<p>The time should be reduced to 15 days maximum for testing the meter in case of any complaint.</p> <p>If a consumer raises concerns about the meter and lodges a request (defective or burnt), she should not made liable to pay the charges for new meter. However testing fee can be recovered from the consumer in certain cases.</p>	<p>This will alleviate any worries of the consumer regarding the faulty meter.</p> <p>If the consumers were not liable to pay for any defective equipment, it would prompt them to lodge complaint, in case they notice any defects.</p>

	<ol style="list-style-type: none"> 4. For inaccuracy, the excess or deficit bills to be adjusted in upcoming bills 5. For any disputes, it can be done by a third party with consumer preference 	<p>In case, the defect is detected by the service providers and can be attributed to the consumer, then only, he or she should be liable to pay.</p>	<p>This would in fact help the discoms to replace any defective meter that would help them in proper accounting of units supplied.</p> <p>This will also make the service much easier for them.</p>
4	<p>Section (7) says about Custody and safety of meter</p> <ol style="list-style-type: none"> 1. Custody and safety of meter, for outside installation, discom will be liable for its safety. 2. For inside installation, customer is liable for safety of meters. 3. Replacement of defective meters within 24 hours in metro and 72 hours in rural areas 	<p>The type of defects should be listed categorically and shared with the customers at first hand.</p> <p>This should also be clear that for which type of defects, customers are liable to pay and replace the meters.</p> <p>There should be uniformity in timeline in replacing the meters but with some exceptions for areas that cannot be serviced within a given period.</p> <p>It should be fixed within 48 hours of raising the complaint, excluding any exigencies that can be specified.</p>	<p>If rural areas are provided a longer period, then that would create complacency for rural service providers.</p>
5	<p>Section (6) billing and payment</p> <ol style="list-style-type: none"> 1. Tariff category to be shared with consumer before 1 billing cycle and reflect in the bill 	<p>Bills should be on actual meter reading. In case, there is any issue with meter reading in successive attempts, bills can be raised for the average units consumed (for</p>	<p>The provisional bill system should be abolished after some time in sync with the smart metering system application in the utilities.</p>

	<ol style="list-style-type: none"> 2. Bill on the basis of actual meter reading and handed over to consumer before 10 days of due date 3. Prepayment metering , bills to be shared on demand 4. Maximum of 2 provisional bills per year for a customer. In case of more than that consumer has a choice not to pay. 5. 2 to 5% rebate on serving bills with delay of sixty days or more 	<p>last 3 months) and that can be adjusted in the subsequent bills.</p> <p>In case there is problem in meter reading, consumers should be notified and asked to submit self-reading of the meter.</p> <p>In no case, billing should be delayed for more than 1 cycle.</p> <p>Provisioning of only 2 provisional bills in a year is good but efforts should be afoot to make it to 1 in a year time. In case of any situations where billing is not possible, customer should be intimated with regular communication and asked to provide self-metering based on which billing can be done.</p> <p>Penalty in terms of rebate for delay in servicing bills should be fixed at 3% for 1st delay and subsequent increase by 2% for further delays. It should be made stringent for the utility service provider.</p>	<p>This is a major bone of contention between the customer and the utility. Utilities generally make use of provisional bills to generate bills without any visit to customer premises or reading the meters.</p> <p>This increases faulty demands from the utilities, consumers choose not to pay, and eventually, it ends in either dis-connection of service and disputes leading to arbitration.</p>
6	<p>Section (12) payment of bills</p> <ol style="list-style-type: none"> 1. Mandatory online payment for bills more than INR 1000 	<p>Mandatory online payment is not a good idea. This may create problems for the consumers who are not well versed with the</p>	<p>Contrary to make online payments mandatory, consumers should be promoted to make their payments online (no cap on</p>

	<ol style="list-style-type: none"> 2. Interest payment for advance bill payment 3. Reconnection within 6 hours after clearing any past dues 4. Prepayment meter designed to cut the supply after exhaust of any credit 	<p>online system. Incentives to pay online would prompt them to opt for online system quickly.</p> <p>Interest payment for advance bill payment is a welcome step.</p> <p>There should be a provision to carry the interest component forward if the consumers want to. Else there should be a choice for adjusting the amount in the bills itself.</p>	<p>the lower limit) and provided with a discount to opt for online payment.</p> <p>They should be communicated regularly with the online provisions with attractive discounts.</p> <p>In this way, they will be incentivized to make online payments for their bills that would be win-win situation for both the consumer and utility.</p>
7	<p>Section (8) reliability of supply</p> <p>SERCs to fix average number and duration of outages per consumer per year for DISCOMs</p>	<p>This would entail a consumer to know beforehand about the average number and duration of outage.</p> <p>There may be exceptional circumstances like grid failure, natural disturbances, technical fault etc. In these cases, customers need to be intimated promptly through SMS or calls from the costumer care center.</p> <p>These type of pro customer centric provisions would go a long way in establishing the trust</p>	<p>This is a major issue as whenever there is any outage; discoms fake it as a technical problem to cover up their load shedding issues.</p> <p>Sometimes, they do it deliberately to earn more by selling the power in open market or helping out the grid to earn from the UI mechanism.</p> <p>This needs to be stopped and they should be accountable for such outages. There should be a third party verification of any such outage and report should be</p>

		factor between the consumer and the service provider.	sent to the concerned regulatory commission for compliance.
8	<p>Section (9) highlights the role of consumer as a prosumer</p> <ol style="list-style-type: none"> 1. Consumer can generate through solar rooftop or in their premises but there is a limit as decided by the commission 2. Net metering allowed upto 5 KW and gross metering beyond 5 KW of load for the consumer 3. Utility will help consumer to set up RE solar roof top, receive application, procedures, empaneled supplier, incentives etc 4. Technical feasibility study within 20 days and shared with consumer 5. All connection and agreement to be signed within 30 days of installation 6. System of compensation but compensation is subjected to adjustment in bills only 7. For each day of delay from the utility side, there is a fine of INR 500 per day to consumer as compensation amount. 8. The adjustment of the units will be on the electricity bills and any incentives for such schemes to be passed on to the prosumers. 	<p>For the first time, the act recognizes the role of the prosumer and allows for net metering for solar rooftop.</p> <p>This is a huge step forward to popularize solar rooftop on the consumer premises.</p> <p>CIRC believes that there should not be any cap on net metering for prosumers. It should be open to net metering provisions basis the sanctioned load for a consumer. In fact, discoms should facilitate such arrangements to push solar rooftop installations. The issue of grid stability and investments requirements can be handled through other ways.</p> <p>Especially for domestic consumers, they should be allowed to avail net metering as per their contracted load. For other consumers, there may be directions and regulations required from the concerned regulators. In no case for a</p>	<p>The rationale for not limiting the load for net metering is as below:</p> <p>For domestic connections, when it is allowed for contracted load of 10KW, there should not be a limitation of 5KW for net metering provisions.</p> <p>There may be 2 ways of dealing with this issue.</p> <p>First, allow the prosumers to avail net metering up to 10KW or as per its sanctioned load. As the utilities are the nodal agencies for allowing rooftop installations, they would not want a higher net metering provisions for reasons like revenue loss or investment requirement for additional infrastructure.</p> <p>Secondly, for other consumers, It should have open provisions for net metering, subjected to regulatory directions based on state specific conditions to</p>

		domestic consumer, it should be less than the contracted load.	address any concerns of respective distribution utilities.
9	<p>Section (120) , Grievance Redressal</p> <ol style="list-style-type: none"> 1. Formation of Consumer Grievance Redressal Forum (CGRF) at sub division, division, circle, zone and company level with representation from consumers 2. 30 to 45 days for grievance redressal 3. If not satisfied at company level ,the consumer may approach ombudsmen 4. Proper mechanism for monitoring grievance redressal 5. Licensee to send quarterly grievance redressal reports to commission 6. Performance of CGRF to be monitored by commission 	<p>This is also a good step forward.</p> <p>The idea of consumers as members in the forum would help in understanding the grievance and make a quick redressal of the same.</p> <p>The categorization of grievances will make it easier for the consumers to know which forum to be approached and a tentative timeline for redressal of the grievance.</p> <p>Options for approaching higher authority in case of non-satisfactory at a lower forum are a welcome step.</p>	<p>Commission will monitor the forum. Hence, accountability can be fixed for grievances redressal.</p> <p>The regulator should be empowered to appoint independent experts who can take consumer issues in these forums and make the consumers conversant with the relevant provisions.</p> <p>The expert appointee should be provided to consumer at no charge or for a very nominal charge to argue in his favour.</p>
10	<p>Creating awareness</p> <ol style="list-style-type: none"> 1. Manual for procedure 2. Guaranteed standards of performance with penalties to be displayed 3. Wide publicity through media and other platforms 4. Feeder wise outage data to be displayed 	<p>This is a long pending demand from the consumer forums. If a consumer pays penalty for non-payment of dues, in a similar manner, the service provider should be liable to pay penalties for not maintaining the service standards to a minimum level as described by appropriate authority.</p>	<p>For creating sufficient consumer awareness on these provisions, a simple version of the service standards and the penalty system with the procedure need to be created in local language.</p> <p>Regular consumer workshops related to these provisions</p>

	<p>5. To create consumer awareness for any technological change and development in the process, there should be advertisement in the daily newspapers for any change</p>	<p>The minimum standards need to be set and penalty structure should be prominently displayed. The minimum standards should be verified and established by third party appointed by the regulator without any bias.</p> <p>Also, the manner of payment of the penalty as a compensation to the consumer, need to be automatic in nature after verification by a third independent party.</p>	<p>should be conducted from sub division level, division level onwards.</p> <p>The discoms should take these initiatives forward to fund, organize and connect with the consumers and get a first-hand feedback of their grievances and try address these in their system.</p>
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While the proposed act addresses many of the consumer issues, it is silent on consumer advocacy. There should be a proper consumer advocacy forum to help the consumers to understand their problems and guide appropriately. Consumer advocacy forum should be an independent body. It should be formed and monitored by the respective regulatory commission. The commission may invite prominent consumer advocacy groups to be a part of this initiative. The forum should create awareness among consumers, about their duties and rights and train them on how to approach a specific grievance. It should facilitate capacity building of consumer groups and ensure their effective representation for enhancing the efficacy of regulatory processes. These rules, if implemented properly, will facilitate bringing uniformity across states. Discoms need to be more customer centric and prepare in terms of infrastructure, technological intervention, process reengineering and consumer service design.

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