BEFORE THE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
13th floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai-400 005

IN THE MATTER OF

Comments and Suggestions on draft Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2020

Submission by Prayas (Energy Group), Pune

29th December 2020

The Maharashtra Electricity Regulatory Commission (MERC) has prepared the Draft Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2020 and sought public comments on the same through Advertisement No. 20/2020-21.

Having a comprehensive set of regulations and technical guidelines is a key step towards monitoring the quality of supply and service of distribution companies. Such regulations provide a framework and define the extent to which the quality of service is subject to the Commission’s jurisdiction and public scrutiny. In these draft regulations, some positive measures such as data privacy of smart meters, automatic compensation for certain parameters, provision for greater details in consumer bills have been introduced, while there are some other measures which could be further improved. Our submission aims to address this and we request that our submission below to be taken on record.

1. Performance standards for quality supply and service

   1.1. Revision of performance standards through consultative processes

   The electricity sector is at the cusp of transitions and such evolution can only be supported by revised and updated regulations concerning supply and service quality. It is good that the Standards of Performance (SoP) and the Supply Code regulations are undergoing revision, however, it would be desirable to have more frequent revision of such regulations to ensure improving quality of supply to consumers. It has been 15 years since the Supply Code regulations were published. Even though MERC has issued practice directions from time to time, it is essential to revise such regulations much more frequently to reflect the needs of the current times. Similarly, it has been six years since the revised SoP regulations were issued, and only one regulation was amended in 2017. In absence of economic incentives for providing better supply quality, these regulations help in increasing accountability of licensees. Given this, non-revision of these regulations is a serious setback for regulatory oversight of the licensees.

   Further, for setting realistic standards, it is crucial to have a consultative process. The Gujarat Electricity Regulatory Commission, in its 2005 Supply Code Regulations, had constituted an Electricity Supply Code Review Panel. Taking this idea forward, MERC could constitute a committee consisting of licensee members and representatives of consumers, who would meet regularly, at least once in six months, and issue guidelines, review electrical accidents and ensure consistency of modifications to the regulation with other legal provisions while incorporating changes in technology at least once in 3-5 years. This arrangement could be similar to the core group and conference group of the Grid Coordination Committee as stipulated in the MEGC, 2020.

   1.2. Bridging urban-rural gap for performance standards

   It is good that distinction between Urban areas and Class I cities has been bridged in the current draft regulations. Further, there needs to be an effort to reduce the gap between standards for urban and
rural areas. It can be understood that in rural areas, there might be a shortage of human resources and access challenges, because of which longer time might be required to attend to complaints. However, given that consumers in Maharashtra pay the same tariff within a category irrespective of geographical location, they are entitled to similar quality of supply and service, especially at a time when there are no power supply shortages and all consumers are said to be connected to the grid.

1.3. Introduction of overall benchmarks for performance standards
Even though the current regulations prescribe performance standards, they do not prescribe overall benchmarks. For example, the draft regulations say that for a fuse off call, a complaint needs to be resolved within three hours. However, the regulations do not mention a benchmark for attaining this standard, i.e., what percentage of complaints need to be resolved within the said standard. Many states’ regulations put these benchmarks in the range of 95%-99%. Having such benchmarks puts an added layer of accountability on licensees to adhere to prescribed standards. We strongly suggest that such overall benchmarks be introduced in these regulations and reporting of actual performance against benchmarks be mandated by MERC and is incorporated in formats specified in Annexure IV.

1.4. Tracking reliability indices at feeder level
The draft regulation 22.12.2. mentions that licensees shall maintain reliability indices at each zone/circle/division/sub-division on a monthly basis for Urban and Rural area separately. Added to this, reliability indices should be computed at the feeder level. All feeder level interruptions (grouped for certain period – say less than 15 min, 15 min to 1 hour and more than 1 hour – either for all 3 phases or any one phase) should be published on licensees’ websites on a weekly basis. This will enable greater accountability about quality of supply, will ensure accountability of feeder metering related capital expenditure, and also ensure verification/assessment of SAIDI, SAIFI and CAIDI norms.

Going forward, after installation of smart meters, this should be done for different consumer categories as well. Provision for collecting feeder level data automatically has been emphasised in regulations 22.12.6-22.12.7 and such information should be used to calculate reliability indices.

Summary of suggestions for improving performance standards for quality supply and service:
- Revise performance standards periodically through consultative process with Electricity Supply Code Review Panel
- Reduce gap between rural and urban performance standards
- Introduce overall benchmarks for performance standards, include reporting in Annexure IV
- Publish all feeder level interruptions on licensees’ websites on a weekly basis
- Track reliability of supply at feeder level and for different consumer categories

2. Compensation for violating standards of performance
2.1. Revision of compensation amounts
As mentioned in section 1, neither the standards nor the compensation amounts have been revised by MERC for a long time. Added to this, in the draft regulations, it can be seen that compensation amounts for certain standards, such as for provision of supply, have seen a downward revision to 1/4th the amounts that were fixed in the 2014 SoP regulations. In fact, for many parameters, they are even lower than the compensation amounts stipulated in 2005. Further a ceiling has been fixed on the compensation amount for some supply activities/events. Given that compensation amounts have not been revised for six years, it will set poor precedence to further lower the rates. We suggest that the compensation rates in the existing regulations should be retained and be increased automatically every year, say at the average annual rate of the change of the consumer price index. Further, there should not be any ceiling set for such compensations.
In addition to this, when compensation amounts are reported as per draft Annexure V, compensation paid by licensee before consumer filing complaint with the Consumer Grievance Redressal Forum (CGRF) should be reported separately in Annexure V.

2.2. Implementation of automatic compensation

The Commission has taken a progressive step in introducing automatic compensation for certain supply activities/events. It is desirable to extend such compensation with advancement of technology, making such compensation feasible for tracking various other activities/events. For example, once Distribution Transformers (DTs) are equipped with self-communicating Automatic Meter Reading technology, it will be possible to detect outages and voltage surges.

The draft regulation 25.2 mentions that to be eligible for automatic compensation payments, the consumer should have no outstanding payments or history of delayed payments in the last year. This condition would eliminate genuine customers who might be eligible for compensation payment but are facing metering or billing issues that hinder them from paying their bills on time. We strongly suggest removal of this condition for effective implementation of automatic compensation to its truest sense.

Further, MERC should modify prescribed formats in Annexure IV to include quarterly reporting of details of compensation provided through automatic compensation, indicating which supply activity/event it has paid for.

Summary of suggestions for compensation for violating standards of performance:

- Retain compensation amounts from current SoP regulations
- Compensation rates to have automatic upward revision and no ceiling should be provided
- Annexure V to separately mention compensation amount paid by licensee prior to escalation of complaint before the CGRF
- Apply automatic compensation criteria to more supply activities/events going forward
- SoP reporting for compensation made through automatic means
- Remove eligibility criteria for receiving automatic compensation

3. Public review of quality of supply and standards of performance

It is a good practice that all licensees in Maharashtra host their quarterly SoP reports on their respective websites. However, simply providing such reports alone will not be effective in holding the licensees accountable. Due to a lack of fora, consumers often highlight supply quality issues during annual tariff processes, but these issues do not get adequate attention at such time. To facilitate more discussion on supply and service quality, there needs to be vetting of SoP reports at public hearings before MERC.

These public hearings can also be spaces where consumers can intervene and bring issues related to quality of supply and service to the Commission’s notice. Thus, the regulations should stipulate that licensees should conduct third party audits of SoP reporting which should be submitted to the Commission within three months of the end of the financial year. Based on the audit reports, Commission should conduct a suo-motu process with public consultations to hold licensees accountable for supply and service quality.

Additionally, there has been some debate if implementing automatic compensation is legal or fair to the licensee. In 2009, the Attorney General for India had responded to the Central Electricity Regulatory Commission’s (CERC) query on whether automatic compensation could be provided for as per Section 57 of the Electricity Act 2003. The Attorney General’s response was that the Act provided for the licensee to be “reasonably heard” and thus interpreted that automatic compensation could not be implemented under the Act. To address the concern given in the legal opinion, licensees could be provided an
opportunity to be heard during annual regulatory hearings. All automatic compensation cases can be discussed at the hearing and allowed/disallowed on a post-facto basis. Licensees’ submissions, public hearing and SERC analysis could help to identify occurrences which do not warrant automatic compensation.

4. New connections and disconnections

4.1. Assistance with online application of new connections
Draft regulation 5.1 specifies that all new connections will be given through online modes only. To ensure that digitally unaware new consumers do not find it difficult to apply for connections, the regulations should mention that assistance kiosks need to be situated in licensees’ offices to assist online application, if need be. These kiosks should be operational six months from the notification of these regulations.

4.2. Connected load norm for new connection
Norms for determination of load for new connections, as given in Annexure I, and mentioned in draft regulation 3.4 seem to be based on typical connections sought in Mumbai - which might not be reflective of the typical appliance usage and connected load in other parts of Maharashtra. The regulations should not prescribe norms that are not reflective of consumption patterns of the entire state. In addition, if the norms need to be specified, they should be for sanctioned load and diversity factor, rather than connected load.

Further, these regulations should only specify a minimum sanctioned load (say 1 kW), and beyond that, the consumer should be free to choose higher sanctioned loads in case needed. This ensures the consumer’s freedom to choose, and these regulations should not curtail that. The lowest slab for Service Connection Charges can be enhanced to 1 kW so that all consumers up to 1 kW sanctioned load can have the same Service Connection Charge.

4.3. Processing of applications
The last proviso of draft regulation 6.2 unfairly burdens a new consumer— they should not have to bear the consequences of outstanding dues of previous consumers and thus this regulation should be removed.

4.4. Installation of transformers
Draft regulation 6.5 allows for installation of distribution transformer on consumer’s premises at a lease agreement of ₹1/annum. If this installation is done to cater to only the said consumer then such a provision is okay. However, if such installation benefits more consumers, then the said consumer should be eligible to get lease rent at market rates, or on the basis of agreements between the consumer and the licensee. Since such a cost is anyway recovered through the ARR, the said consumer should not be burdened while other consumers enjoy the benefits.

4.5. Inspection reports should be mandatory
If inspection of consumer premises is done as per draft regulation 9.4, such inspection report should mandatorily be served to the consumer to avoid legal confusion. It can be pasted at the entrance of the consumer’s premises if they refuse to accept it.

4.6. Time limit for rectification of wiring of consumer premises
As laid out in draft regulation 11, if leakages are found in internal wiring at consumers’ premises, then licensees can disconnect such consumers. While this provision has been made for safety purposes, it would lead to inconvenience of consumers, especially for consumers living in old buildings with old wiring. To avoid such inconvenience, we suggest that the regulation should mention that adequate time
will be given to consumers for rectification of such conditions before disconnection is done. The notice period can be similar to the provision in draft regulation 16.5.10.

Summary of suggestions for new connections and disconnections:

- Draft regulation 5.1 should mention that assistance kiosks need to be instituted in licensees’ offices to assist in filling out online applications for new connections
- Regulations should specify only minimum sanctioned load and diversity factor for new connections
- Draft regulation 6.2 should be removed as a new consumer should not bear the brunt of outstanding bills of an earlier consumer
- Rent should be paid at market rate for installation of distribution transformers at consumer’s premises if such installation benefits other consumers as well
- Inspection reports of consumer premises should be mandatorily served to the consumer
- Notice should be served by licensees to those consumers where leakages are detected in internal wiring in consumers’ premises

5. Metering and billing

5.1. Smart and pre-paid meters

Draft regulation 15.1.1 mentions that going forward all new connections will be released with smart meters. Such measures will require significant expenses that will be recovered from consumers. Thus, we suggest that the regulation mention that smart meter roll-out plans should be presented before MERC and such roll-out would take place only after approval of capitalisation plan or operation expenses of the licensees by MERC.

When smart meter data is shared with third parties for analysis or hosted on licensees’ websites, as has been mentioned in regulation 22.18, it should be done only after anonymizing such data to protect consumer’s privacy. Data points should not be hosted in such manner that they can be traced back to a particular consumer. Also, currently regulations suggest data privacy only for power quality meters. This should apply for all smart metered consumers as well.

Draft regulation 16.1.3 mentions that for prepaid meters, bills shall be made available on request. Over and above this, itemised bills should be made available to consumers every quarter as this will help in assessing consumption patterns and detecting issues with metering, if any.

5.2. Burnt meters

Draft regulation 15.3.3 and 15.3.4 should be altered to indicate that if a meter is burnt due to causes attributable to the licensee, then such costs should not be recovered from the consumer. It might be the case that meters get burnt due to sudden voltage surges or other such reasons. In such situations it is unfair to recover the costs from the consumer.

5.3. Billing system

Details that need to be in consumer bills are mentioned in draft regulation 16.2.4, which also mentions that consumers’ phone number and email address will also be printed on the bill. This is a new provision which has not been done before. We suggest that such information should not be shared in bills to protect consumers’ privacy, given that bills can easily be accessed by other persons.

Additionally, bills should also have a photo of meter reading for the month. This practice was very useful to ensure accountability and transparency in metering practices but it seems to have been discontinued by the licensees. Also, bills should mention all charges and subsidies on a per unit basis, where applicable to aid bill calculation.
Summary of suggestions for metering and billing:

- Smart meter roll-out plans only after approval of capitalisation plans by MERC
- Anonymisation of smart meter data before being hosted on websites or shared with third parties
- Data privacy to be maintained for all consumers connected with smart meters
- When cause of burnt meters can be attributable to the licensee, the cost of meter shall not be recovered from the consumer
- Issuance of itemised bills to consumers with prepaid meter every quarter
- Consumer email address and phone number should not be printed on bills
- Consumer bills should contain meter reading photo, should mention all charges and subsidies on a per unit basis

6. Reclassification of consumer categories

As per draft regulation 14, if consumer categories are changed, it must be the duty of the licensee to conduct necessary field inspection of consumers. This will ensure that concerned consumers are classified into the accurate updated tariff category by the time a new tariff schedule is issued.

7. Accountability for force majeure events

Draft regulation 26 mentions that standards will not apply during force majeure events such as cyclone, floods, storms, war, mutiny, civil commotion, riots, lightning, and earthquake. While it may be possible that these situations require suspension or cause disruption of services, keeping it open ended (by use of words like ‘such as’) and clubbing many events together without having to provide any break-up details dilutes the responsibility of licensees to continuously improve reliability even in difficult situations. In fact, the consumer’s need for power supply is higher during such situations. Providing break-up details of such disruptions and defining the limits for such disruptions, would bring more accountability.

During force majeure events, the licensees should issue public notices, clearly specifying the intended date for resuming services after conducting field verification. If services are not fully resumed within such time, consumers should be compensated for the same. Also, consumers should not be billed during such disruption of service.

The MPERC in its regulations provides some accountability measures for such situations. It mentions that in the event of force majeure, reports need to be submitted within thirty days by the licensees to the SERC. Similar formats such as the one given below could be issued by MERC for this purpose:

<table>
<thead>
<tr>
<th>Month</th>
<th>Disruption detail</th>
<th>From time- To time</th>
<th>Reason for suspension of services</th>
<th>Description of reason</th>
<th>Duration of suspension of services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Summary of suggestions for accountability for force majeure events:

- Licensees should issue public notices stating when services shall resume fully after force majeure event, based on field survey
- Consumers should not be billed when services are paused due to force majeure events
- Licensees should submit report to MERC within 30 days with details of force majeure event
8. Reporting of electrical accidents

Number of human fatalities due to electrocution has nearly doubled from 6,336 in 2003 to 13,432 in 2019 in India. 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 public participation, and no regulatory oversight. We suggest that MERC directs licensees to follow CEA safety regulations and report accident details as part of SoP reports. The following formats could be adopted for such reporting:

**Table 2: Suggested format for reporting electrical accidents**

<table>
<thead>
<tr>
<th>Location of accident and details of victim</th>
<th>Date of occurrence</th>
<th>Type of accident</th>
<th>Accident due to shortcoming of licensee – Yes/No</th>
<th>Cause of accident</th>
<th>Findings of CEI/EI/AEI</th>
<th>Remedies suggested by CEI/EI/AEI in various cases</th>
<th>Whether the remedy suggested is complied</th>
<th>Action taken to avoid recurrence of such accidents</th>
<th>Amount paid as compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 3: Suggested format for fatal and non-fatal accident report**

<table>
<thead>
<tr>
<th>Number of accidents during the month</th>
<th>Cumulative since starting of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental</td>
<td>Outside</td>
</tr>
<tr>
<td>Fatal Human Human</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Human Animal</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Human Human</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Human Animal</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Animal Human</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Animal Human</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Animal Animal</td>
<td>Fatal Non-Fatal Human</td>
</tr>
<tr>
<td>Fatal Animal Animal</td>
<td>Fatal Non-Fatal Human</td>
</tr>
</tbody>
</table>

9. Definitions

The draft regulations have provided definitions for certain terms that seem ambiguous. Clarity could be provided for the following:

The definition of sanctioned load is specified on the basis of what the ‘Distribution Licensee has agreed to supply from time to time subject to governing terms and conditions’. Here, since the word supply is used, it is not clear if it refers to carriage or content—i.e.: whether the sanctioned load is defined on the basis of the contracted demand of the consumer with distribution licensee or is on the basis of the wire’s connectivity provided by the licensee. This should be clarified to avoid future issues.

Further, the draft regulations do not have a clear definition of “smart meter”. With so much development happening in the field, it would be good to clearly define what functions and features in meters, such as communication facilities, etc. classify meters as “smart”.

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1 For more details, please see: [https://ncrb.gov.in/sites/default/files/accident03.pdf](https://ncrb.gov.in/sites/default/files/accident03.pdf), [https://ncrb.gov.in/sites/default/files/ADSI_2019_FULL%20REPORT_updated.pdf](https://ncrb.gov.in/sites/default/files/ADSI_2019_FULL%20REPORT_updated.pdf)
10. Some suggested sample formats

In addition to the formats already prescribed by the MERC for SoP reporting in Annexures IV, V, and VI, for more comprehensive reporting, we are suggesting a few other sample formats which could be filled by utilities. They are appended below:

**Table 4: Suggested format for monthly billing status for the year**

<table>
<thead>
<tr>
<th>Month</th>
<th>Total no. of consumers</th>
<th>No. of unmetered consumers</th>
<th>No. of consumers with bills based on meter reading</th>
<th>No. of bills for unmetered consumers based on flat-rates</th>
<th>No. of consumers with bills based on average readings</th>
<th>Reasons for average billing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>No. of houses locked</td>
</tr>
</tbody>
</table>

**Table 5: Suggested format for monthly billing accuracy for the years**

<table>
<thead>
<tr>
<th>Month</th>
<th>No. of bills generated within time as per billing schedule</th>
<th>Inaccurate bills generated</th>
<th>Nature of inaccuracy of bill</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Bill without meter reading</td>
<td>Incorrect meter reading</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incorrect printing of bill</td>
<td></td>
</tr>
</tbody>
</table>

**Table 6: Suggested format for no. of Distribution Transformers at the beginning of the month**

<table>
<thead>
<tr>
<th>No. of Distribution transformers at the beginning of the month</th>
<th>No. of Distribution transformers added during the month</th>
<th>Total number of distribution transformers</th>
<th>Failed transformer</th>
<th>% Failure rate of distribution transformers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3=1+2</td>
<td>4</td>
<td>5=(4)*100/(3)%</td>
</tr>
</tbody>
</table>

**Table 7: Suggested format for failure of Power Transformer**

<table>
<thead>
<tr>
<th>No. of power transformers at the beginning of the month</th>
<th>No. of power transformers added during the month</th>
<th>Total number of power transformers</th>
<th>Number of power transformers failed</th>
<th>% Failure rate of power transformers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3=1+2</td>
<td>4</td>
<td>5=(4)*100/(3)%</td>
</tr>
</tbody>
</table>
Table 8: Suggested format for monthly minutes of under/over voltage supply

<table>
<thead>
<tr>
<th>Area Name</th>
<th>Feeder</th>
<th>No. of minutes of under-supply (11 kV)</th>
<th>No. of minutes of over-supply (11 kV)</th>
<th>No. of minutes of under-supply (33 kV)</th>
<th>No. of minutes of over-supply (33 kV)</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 9: Suggested format for unauthorized use of electricity

<table>
<thead>
<tr>
<th>No. of Cases Booked</th>
<th>No. of cases where UUE is established by the Licensee</th>
<th>No. of cases where appeal filed by the consumer before the Appellate Authority</th>
<th>No. of cases decided by the Appellate Authority in favor of the Licensee</th>
<th>No. of cases decided by the Appellate Authority in the favor of the consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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