

BEFORE THE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Hyderabad- 500 004

IN THE MATTER OF

Comments and Suggestions on proposed Andhra Pradesh Electricity Regulatory Commission (Licensees' Standards of Performance) Third Amendment Regulation, 2021

Submission by Prayas (Energy Group), Pune

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The Andhra Pradesh Electricity Regulatory Commission (APERC) has prepared the Andhra Pradesh Electricity Regulatory Commission (Licensees' Standards of Performance) Third Amendment Regulation, 2021 and sought public comments on the same through a public notice on 26.02.2021.

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, a positive measure, automatic compensation for certain parameters, has been introduced. Along with such steps, a few more could be undertaken to ensure quality service and supply. Our submission aims to address this, and we request that our submission below to be taken on record.

1. Implementation of automatic compensation

1.1. Compensation should be automatic, not requiring any complaints from consumers

The Commission has taken a progressive step in introducing automatic compensation for certain supply activities/events. As has been observed by APERC, compensation claims by consumers who have been aggrieved by the failure of performance standards have been very low. Such few claims do not put pressure on DISCOMs to perform better.

Given this reality, the idea of automatically compensating consumers, without requiring them to go through any transaction cost (in the form of paperwork, follow-ups, travel, and interaction with various grievance redressal forums) of filing complaints, ensures greater accountability for DISCOM performance. Thus, 'automatic compensation' payments by licensees to the consumer ensures compensation payment without requiring the consumer to appeal and claim such compensation. The draft regulations mention that:

*"...For other service areas of Schedule II, i.e., Items I, VIII, IX and XIII, the Licensees shall pay the compensation amount to the **complaining** consumers automatically."*

Including the word "complaining" takes away the benefits of "automatically" compensating consumers. If consumer needs to complain, then it doesn't remain automatic. Thus, we suggest that the word "complaining" be removed. In place of the word "complaining", APERC could consider inserting the word "aggrieved".

1.2. Parameters for which automatic compensation criteria can be applied

Currently APERC has proposed only select parameters to be considered for automatic compensation. While it is important to activate such facilities for select parameters in the beginning, to make implementation realistic, there are certain other parameters as well that could be considered for automatic compensation, given today's realities. Such other parameters have been listed in Table 1. Additionally, the draft regulations have provisions for automatic compensation for normal fuse off

events. It is not clear how implementation can take place in the absence of meters with real-time communication facility. In future, with advancement of technology, it will be desirable to extend automatic compensation for other activities/events as well.

Table 1: Parameters that can attract automatic compensation facility

Proposed parameters by APERC to have Automatic Compensation facility	
Item No.	Service Area
I	Normal fuse-off
VIII	Processing of applications for new connections
IX	New connections- provision of supply
XIII	Wrongful disconnection
Other parameters that can be included under the purview of Automatic Compensation facility	
V	Period of scheduled outage
VII	Resolution of metering complaints, including meter reading complaints
X	Resolution of transfer of ownership application
XI	Resolution of complaints on consumer bills
XII	Reconnection of supply following disconnection due to non-payment of bills
IV	DT failure (to all consumers connected to DT) for meters with AMR and feeder outage (for all consumers connected to feeder)

Source: Compiled by Prayas (Energy Group)

1.3. Reporting compensation paid through automatic compensation

APERC should prescribe formats to DISCOMs to report quarterly details of compensation provided through automatic compensation, indicating which supply activity/event it has paid for.

1.4. Public consultation to implement automatic compensation

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 APERC.

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 APERC analysis could help to identify occurrences which do not warrant automatic compensation.

2. Hosting Standards of Performance report information on APERC's website

APERC has taken a very proactive step in hosting all information received via Standards of Performance (SoP) reports from DISCOMs. This is indeed commendable, and it sets a good precedence for other SERCs in the country. The user guide, DISCOM-wise analysis, and comparative analysis are helpful in understanding compliance rates.

To add more value to the information hosted on the website, APERC could consider having the following features as well:

- Show absolute number of complaints on graphs for each parameter along with showing overall standard achievement
- Show compensation paid for each standard violation
- Host options for downloading not only data but also graphs (PDF or JPEG/PNG format)
- Introduce drilldown options for comparative performance of DISCOMs
- Some graphs are not generated as data is not furnished by DISCOMs. For such cases, APERC should direct DISCOMs to submit such information and prescribe formats for the same

3. Performance standards for quality supply and service

3.1. 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 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.

The Principal Regulations were issued in 2004, where performance standards and compensation amounts were set. Only the compensation amounts were revised in 2013 through the second amendment to the existing regulations. Since then, it has been eight years that neither the standards nor the compensation amounts have been revised by APERC. It is important to keep tightening compensation amounts and grievance redressal time frames to ensure consumer satisfaction and optimal usage. In absence of economic incentives for providing better supply quality, these regulations help in increasing accountability of DISCOMs. Given this, non-revision of these regulations is a serious setback for regulatory oversight of the DISCOMs.

We suggest that the compensation rates in the existing regulations be increased automatically every year, say at the average annual rate of the change of the consumer price index. Similarly, time taken to address complaints should be revised downwards.

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, APERC 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.

3.2. Bridging urban-rural gap for performance standards

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, paying capacity of rural consumers can only be strengthened with similar quality of supply and service as urban areas,

especially at a time when there are no power supply shortages, and all consumers are said to be connected to the grid.

4. Accountability for force majeure events

The regulations mention that standards will not apply during force majeure events “such as war, mutiny, civil commotion, riot, flood, cyclone, lightning, earthquake or other force and strike, lockout, fire affecting the Licensee’s installations and activities”. 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 APERC for this purpose:

Table 2: Suggested format for reporting of force majeure incidents

Month	Disruption detail	From time- To time	Reason for suspension of services	Description of reason	Duration of suspension of services

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