

MINUTES OF THE
72nd MEETING OF THE FORUM OF REGULATORS (FOR)
(Through Video Conferencing)

Day / Date : Monday, 17th August, 2020
List of Participants : At Appendix-I (Enclosed)

The meeting was chaired by Shri P.K.Pujari, Chairperson, Central Electricity Regulatory Commission (CERC) and Forum of Regulators (FOR). He welcomed all the members of the Forum to the 72nd meeting of the FOR which was being conducted through video conferencing in the wake of the Covid-19 pandemic. He also welcomed Shri S P S Parihar who had taken charge as Chairperson of Madhya Pradesh Electricity Regulatory Commission and was attending the meeting for the first time.

Chairperson, CERC apprised the Forum that a number of issues relating to accounts, Draft CERC Power Market Regulations, FOR study on consumer protection etc have been placed as agenda items for discussion.

Thereafter, the Forum took up the agenda items for consideration.

AGENDA ITEM NO.1: CONFIRMATION OF THE MINUTES OF THE 71st MEETING OF THE FORUM OF REGULATORS HELD ON 11TH, 15TH, 18TH MAY AND 2ND JUNE 2020 THROUGH VIDEO CONFERENCING.

The Forum considered and confirmed the minutes of the 71st Meeting of FOR.

Deputy Chief (RA), CERC apprised the Forum that views of the Forum members were needed to finalise the constitution of the working groups set up by FOR and FOIR.

(a) As regards the FOR Working Group on Resource Adequacy, Assessment and Power Procurement Planning, it was informed that ERCs of Karnataka, Tamil

Nadu, Punjab and Odisha had volunteered to be members of this Group. In addition, Chairperson UPERC and WBERC have also volunteered.

Chairperson CERC pointed out that the subject matter of resource adequacy is important for both the central and the state regulators. Resource adequacy is an important part of IEGC. Accordingly, he felt that the working group on this subject would need coordination with the central and state agencies and would also involve technical aspects inter alia of generation planning, scheduling and dispatch of flexible resources in the wake of large scale integration of renewable. In view of the above, and also considering the policy and regulatory implications that would flow from the deliberations, Chairperson CERC/FOR proposed that though FOR working group is generally chaired by Chairperson of a SERC, this Group may be headed by the technical Member of CERC. After discussion, the FOR concurred to the proposal, as also to the suggestion of Chief (RA), CERC as the Convenor. Chairpersons of ERCs of Karnataka, Tamil Nadu, Punjab, Odisha, UP and West Bengal would be members.

(b) Deputy Chief (RA), CERC apprised the members that constitution of a working group on the collaboration between TRAI and ERCs on rolling out of 5G has been agreed to in the Annual General Body and Governing Body meeting of FOIR. The objective of the working group would be to examine and make recommendations on how the transmission and distribution infrastructure of power could be used throughout the country for laying the 5G network. During the FOIR meeting, SERCs of Tamil Nadu, Gujarat, Punjab, Tripura and Delhi had volunteered to be part of this working group. Chairperson, CERC informed that TRAI has nominated an officer of the rank of Additional Secretary and that Chief (Engineering) has been nominated from CERC. Accordingly, it was suggested that concerned ERCs could nominate officers to this WG. Chairperson CERC further added that Chairman of the working group would be decided after discussion with TRAI.

Chairperson, UPERC observed that as rolling out the 5G network using the transmission and distribution network in the State is primarily within the State government domain which will have cost implication for Discoms, the role of the State Commissions should be clearly identified. Chairperson, CERC clarified that the

Electricity Act, 2003 provides for regulatory authorisation for use of transmission and distribution assets including for revenue sharing for such usage. After discussion it was agreed that officials of SERCs having relevant experience, as decided by respective Chairpersons of the SERCs would be nominated to the working group.

AGENDA ITEM NO.2: ANNUAL AUDITED ACCOUNTS OF FORUM OF REGULATORS FOR 2019-20

Deputy Chief (RA), CERC briefed the Forum on salient features of the Annual Accounts of FOR for FY 2019-20. On a query from Chairperson, UPERC, it was clarified that the auditor has not made any qualifications in the Accounts.

The Forum approved the Annual Audited Accounts.

AGENDA ITEM NO.3: TRADING MARGIN CHARGED BY NTPC/SECI IN LONG TERM CONTRACTS – REFERENCE FROM PSERC

Chairperson, PSERC informed the Forum that NTPC in one of its petitions before PSERC has insisted to charge 07 paise as trading margin. CERC regulations provide for 02 paise or 07 paise as 'ceiling' depending on whether transactions are supported by letters of credit. The industry practice as trading margin is generally lower than 07 paise. She observed that NTPC being a government organization was not supposed to make undue profit.

Chairperson, CERC clarified that as provided in the Act, CERC has powers to fix the trading margin and has fixed the same for short term contracts. For long term contracts, there is no ceiling limit fixed and trading margin is left to be negotiated and mutually agreed between the contracting parties. He added that CERC had not adopted the trading margin for SECI/PTC/NVVNL when they filed petition before CERC for adoption of tariff as well as trading margin. Hence, no approval has been given for 07 paise trading margin by CERC.

Chairperson, JERC (Goa & UTs) stated that SECI, in a contract with D&HPDCL is charging 07 paise trading margin despite guarantee and LC given by D&HPDCL. Chairperson, UPERC observed that in case the PPA has been signed by the Discom with 07 paise trading margin, that would be treated as a mutual agreement. Chairperson, WBERC opined that CERC may fix a cap on trading margin also on long term contracts. Chairperson, UPERC suggested that Discoms could be mandated to take prior approval before going in for bidding process.

Chairperson, PSERC opined that all SERCs need to take a common stand. It was, therefore, agreed that SERCs may approach MNRE and request MNRE not to include trading margin upfront in bidding guideline/Standard Bidding Document.

AGENDA ITEM NO.4: DRAFT CERC POWER MARKET REGULATIONS, 2020

Chairperson, CERC informed that the previous Power Market Regulations were issued in 2010. Thereafter, there have been significant developments in power market and therefore, CERC felt it necessary to notify new regulations considering the existing and future development of the power market. Accordingly, CERC has issued the Draft Power Market regulations and also already held the public hearing through video conferencing.

Ex-Chief (Economics), CERC made a detailed presentation on the Draft Power Market Regulations (**Annexure -I**). The salient features of the Draft Power Market Regulation (PMR), 2020 are as follows:

- Provision for introduction of various types of products including forward physical delivery based contracts, capacity contracts, etc.
- Enabling provision for regulating transaction fees charged by the power exchanges.
- Enabling provisions of Market Coupling to facilitate optimal use of transmission infrastructure and maximisation of economic surplus in a multi-exchange model.

- Provision for introduction of OTC Platform to provide an electronic platform with the information of buyers and sellers in the OTC Market.
- Revised Net worth requirement for applicant for establishing a Power Exchange.
- Enabling provision of Market Oversight to detect and prevent market manipulation, insider trading, cartelization and abuse of dominant position by any market participant.

Responding to the discussions on market coupling, Ex-Chief (Economics), CERC clarified that the provisions of market coupling in Draft PMR are enabling in nature and more detailed deliberations and stake holders consultations on mechanism and timing would be done prior to introducing market coupling. She, however, observed that there is need to have a single reference settlement price for proper functioning of derivative market, as and when the same is introduced. Responding to the discussions that though there are multiple stock exchanges, yet there is no concept of price coupling there, Chief (RA), CERC clarified that there is a difference between price discovery methodology on the stock exchange and on the power exchange. The Draft PMR refers to market coupling in the context of double sided closed auction which is a collective transaction and the same is not applicable in case of stock exchanges. On the discussions on market coupling over multiple geographies, CERC representative clarified that in the Indian context within the same geography, the issues regarding transmission corridor allocations between the power exchanges could be addressed through market coupling.

The Chairperson CERC/Forum stated that a number of stakeholders have submitted comments, especially on the issues highlighted by the members of the Forum. CERC will consider all these comments and finalise the regulations in due course of time.

AGENDA ITEM NO.5: DRAFT REPORT OF FOR STUDY ON CONSUMER PROTECTION

The Forum of Regulators commissioned a study on “Consumer Protection in Electricity Sector of India” for which M/s Deloitte was awarded the assignment through the process of bidding.

Representatives of the Consultant made a brief presentation (**Annexure-II**) on the draft report and discussed *inter alia* the following observations in the study:

- a) Need for preparing and harmonizing a comprehensive Consumer Charter.
- b) Need for regular updations of Standards of Performance Regulations by FOR.
- c) Automatic adjustment of penalty to the consumer in their bills.
- d) Dedicated Help desk for HT consumers and automatic followup of complaints.
- e) Defining minimum number of CGRFs / norms for Discoms considering appropriate parameters.
- f) Having a consumer expert in CGRF.
- g) Need for provision for no or maximum adjournment for hearing of cases.
- h) Explanatory documents on how tariff is calculated and how bills are calculated for building consumer trust.
- i) Utilizing consumer advocacy cells to capture feedback from consumers as well as disseminate information.

Chairperson, JERC (Goa & UTs) suggested that consumer satisfaction surveys should be done online so that the perception of consumers may be improved.

Chairperson, GERC informed that Gujarat has 13 CGRFs (50-100 km range for consumers) and that Ombudsman in Gujarat have revised the resolution time from 45 days to 30 days which has possibly not been captured in the report. Chairperson, UPERC stated that the CGRF is under the domain of distribution licensee. UP has Service Guarantee Act and that the electricity consumers have a choice to either approach the Consumer Forum or CGRF. He added that all CGRFs in UP are headed by retired district judges and powers are given to the Ombudsman, CGRF through SOP Regulation to award compensation.

Chairperson, HERC informed that Haryana has 1 CGRF per Discom and that 90 % of cases relate to billing from urban sector. Chairperson, TNERC informed that Tamil Nadu has 1 CGRF for each circle and SE of the Discom is the Chairman of the CGRF. Thus, Tamil Nadu has 44 CGRFs. He opined that automatic compensation should be given directly to the affected party to which Chairperson, DERC clarified that automatic compensation has been stayed by the High Court. Chairperson, OERC informed that OERC has issued an elaborate SOP this year. The Ombudsman and CGRF are awarding compensations, and have not faced any legal challenges so far. He further added that in future studies of FOR, Odisha may be included as a target State.

After discussion, the Forum advised the consultant to incorporate the suggestions of FOR. Subject to incorporating such suggestions, FOR approved the Draft Report.

Conclusion

On conclusion of the formal agenda, Chairperson, CERC informed that this meeting would be the last FOR meeting for Chairpersons of BERC, NERC and HPERC, as they would be demitting office before the next FOR meeting. He placed on record their valuable contributions in the activities of FOR. Shri S.K.Negi, Chairperson, BERC expressed his gratitude to all the members and acknowledged that it was a great learning experience to be involved in the discussions of the Forum.

Secretary, FOR/CERC thanked everyone for their participation and thanked the officials and staff of the FOR Secretariat for their efforts in organizing the virtual meeting.

The meeting ended with a vote of thanks to the Chair.

LIST OF PARTICIPANTS WHO ATTENDED THE 72ND MEETING

OF

FORUM OF REGULATORS (FOR)

HELD ON MONDAY, THE 17TH AUGUST, 2020.

S. No.	NAME	ERC
01.	Shri P.K. Pujari Chairperson	CERC / FOR – in Chair.
02.	Justice (Shri) C.V. Nagarjuna Reddy Chairperson	APERC
03.	Shri Subhash Chandra Das Chairperson	AERC
04.	Shri S.K. Negi Chairperson	BERC
05.	Justice (Shri) Satyendra Singh Chauhan Chairperson	DERC
06.	Shri Anand Kumar Chairperson	GERC
07.	Shri Depinder Singh Dhesi Chairperson	HERC
08.	Shri M.K. Goel Chairperson	JERC (State of Goa & UTs)
09.	Shri Ngangom Sarat Singh Chairperson	JERC for M & M
10.	Shri Shambhu Dayal Meena Chairperson	KERC
11.	Shri S.P.S. Parihar Chairperson	MPERC
12.	Shri P. W. Ingty Chairperson	MSERC
13.	Er. ImlikumzukAo Chairperson-cum-Member	NERC
14.	Shri U.N. Behera Chairperson	OERC
15.	Ms. Kusumjit Sidhu Chairperson	PSERC
16.	Shri Shreemat Pandey Chairperson	RERC
17.	Shri M. Chandrasekar Chairperson	TNERC

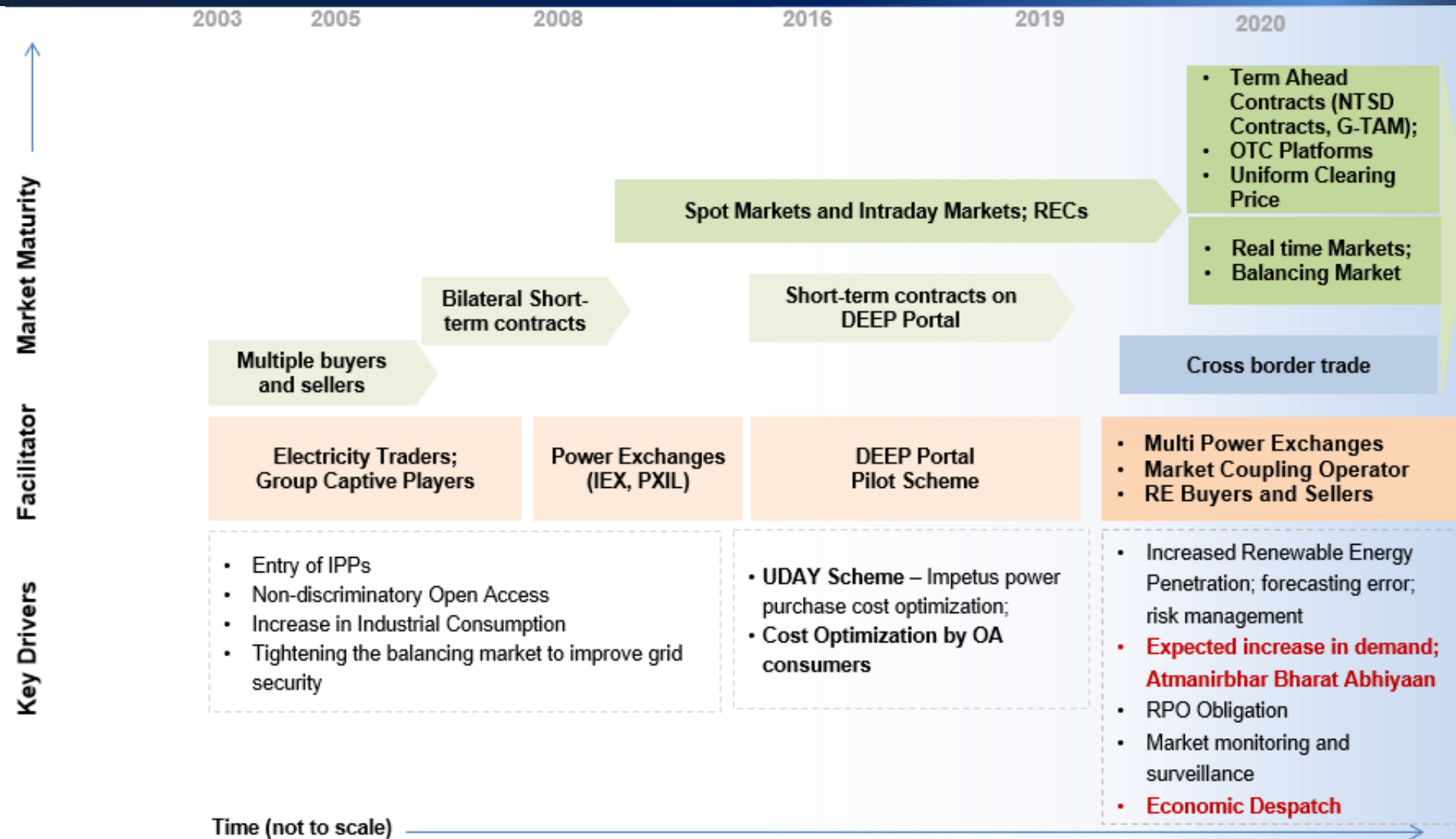
18.	Shri T. Sriranga Rao Chairperson	TSERC
19.	Shri D. Radhakrishna Chairperson	TERC
20.	Shri Raj Pratap Singh Chairperson	UPERC
21.	Shri D.P. Gairola Officiating Chairperson/Member (Law)	UERC
22.	Shri Sutirtha Bhattacharya Chairperson	WBERC
23.	Shri Arun Kumar Sharma Member	CSERC
24.	Shri Rabindra Narayan Singh Member	JSERC
25.	Shri Mukesh Khullar Member	MERC
26.	Shri Sanoj Kumar Jha Secretary	CERC
27.	Dr. Sushanta K. Chatterjee Chief (RA)	CERC
28.	Ms. Rashmi Somasekharan Nair Dy. Chief (RA)	CERC
SPECIAL INVITEES		
29.	Shri Indu Shekhar Jha Member	CERC
30.	Shri Arun Goyal Member	CERC
31.	Shri H.T. Gandhi Chief (Finance)	CERC
32.	Ms. Geetu Joshi Ex-Chief (Economics)	CERC
33.	Shri Amit Goenka, Associate Director	Deloitte Touche Tohmatsu India LLP
34.	Shri Rajat Goel, Manager	Deloitte Touche Tohmatsu India LLP
35.	Shri Rachit Agarwal, Partner	Mercados Energy Markets India Private Limited

72nd Meeting of Forum of Regulators (FOR)

Presentation on draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020

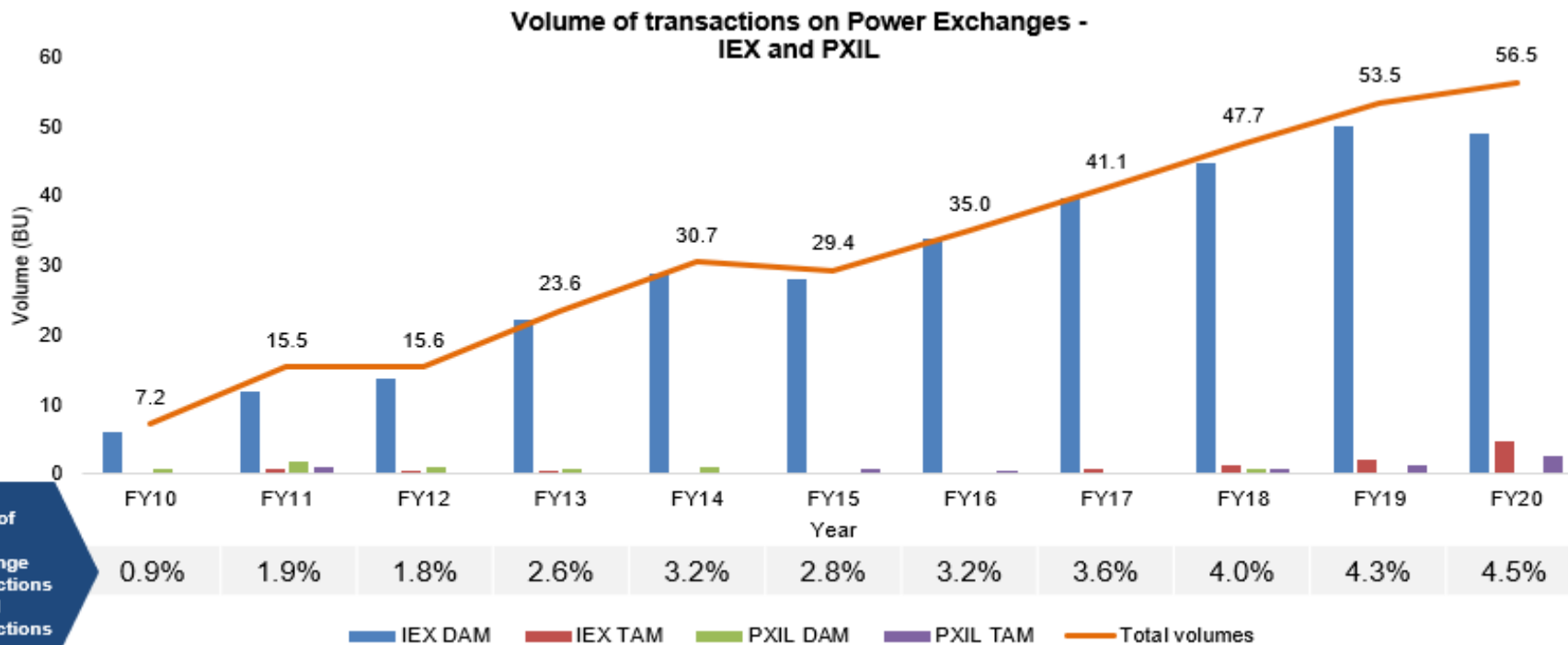
17th August 2020

Evolution of Indian Power Market



Evolution of Indian Power Market

Growth in volume of electricity transacted on Power Exchanges



Volume of electricity transacted on the Power Exchanges has registered significant growth over the last 10 years, growing at a CAGR of 22.9% to reach 56.5 BUs in FY20. The share of Power Exchange transactions in total transactions of electricity has grown from 0.9% in FY10 to 4.5% in FY20.

Structure of Draft Regulations

Part	Topic	Key components
1	Preliminary	Definitions and Interpretation
2	Scope of Regulations and Extent of Application	This section describes the scope of regulations and describes the list of contracts to which they shall be applicable
3	Features of contracts	<ul style="list-style-type: none"> - Contracts transacted on Power Exchanges - Day Ahead Contracts and Real-time Contracts - Intraday Contracts and Contingency Contracts - Term Ahead Contracts - Renewable Energy Certificates - Energy Saving Certificates - Contracts transacted in the OTC Market
4	Power Exchange	Objectives, Eligibility Criteria, Ownership and Governance Structure, Net worth, Bye-laws, Approval or suspension of contracts, Information Dissemination, Market Surveillance, Revocation of registration
5	Market Coupling	Objectives, Designation of Market Coupling Operator, Functions of Market Coupling Operator
6	OTC Platform	Objectives, Participants, Eligibility Criteria, Procedures for filing Application, Obligations of OTC Platform
7	Market Oversight	Objectives, Procedure for Market Oversight, Intervention by the Commission, Power of Inspection
8	Miscellaneous	Saving of Inherent powers, Power to remove difficulties, Power to relax, Repeal and Savings

Key Proposals in the Draft Regulations

Key Proposals in the Draft Regulations

1

Term Ahead Market

- Introduction of Contracts with delivery period more than 11 days - **Non-Transferable Specific Delivery Contracts**

2

Power Exchanges

- Revision in ownership and governance structure;
- Revised net worth requirements;
- **Transaction fee to be regulated by the CERC**

3

Market Coupling

- **Enabling provision** to establish a process whereby collected bids from all the Power Exchanges are matched to **discover the uniform market clearing price by a Market Coupling operator**

4

OTC Platforms

- **Electronic platform for exchange of information** amongst the buyers and sellers of electricity

5

Market Oversight

- Procedure defined to **detect and prevent** market manipulation, insider trading, cartelization and abuse of dominant position by any Market Participant and to ensure prices are discovered in a transparent and competitive manner

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Key takeaways of Draft CERC (Power Market) Regulations, 2020

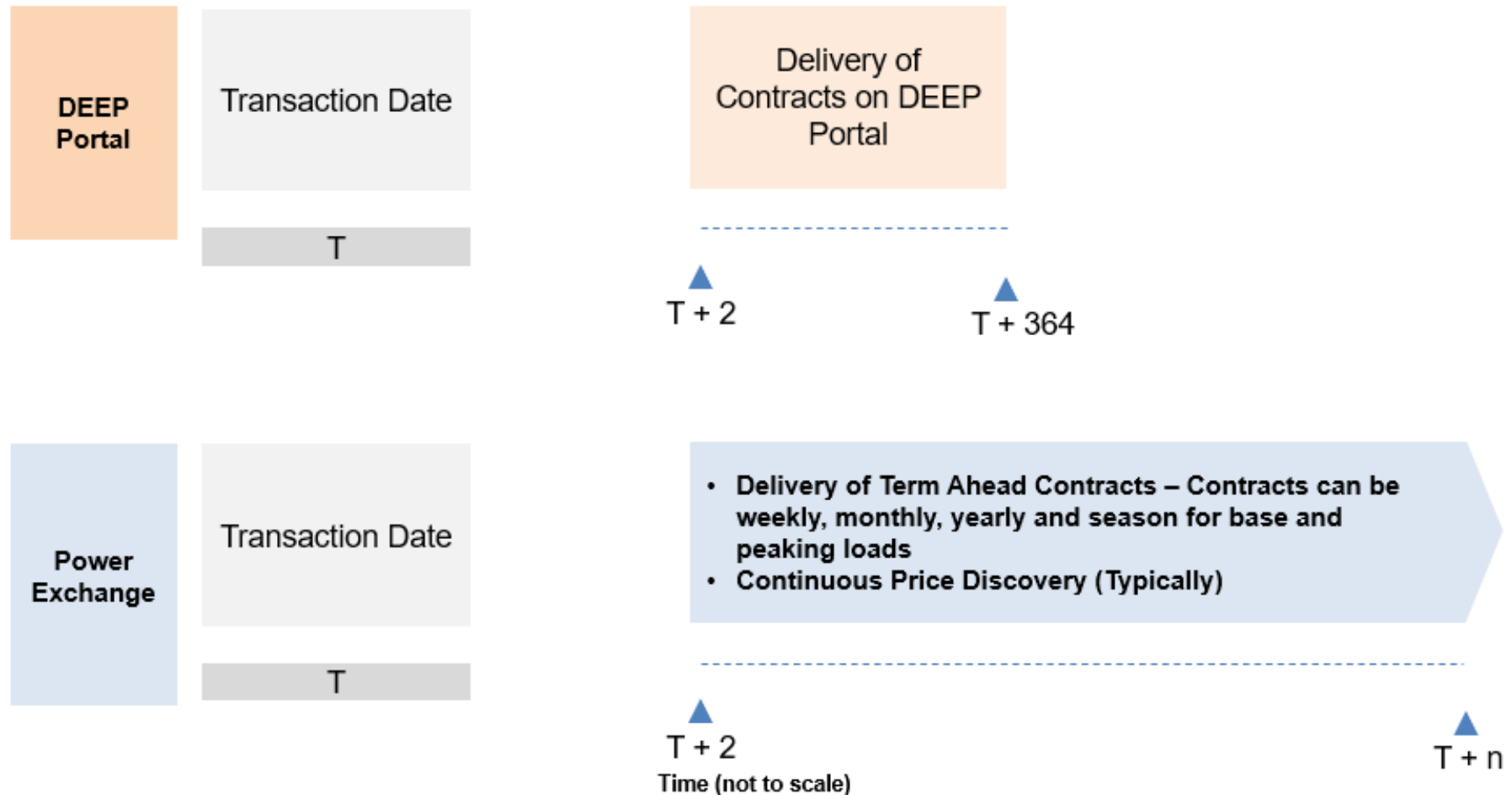
Part 2 – Scope of Regulations and Extent of Application

Introduction of Non- Transferable Specific Delivery Contracts on Power Exchange

- The issue regarding regulatory jurisdiction over electricity derivatives started in 2009, when the Forward Markets Commission (FMC; which was merged with SEBI in 2015) raised objections to the CERC's regulatory authority over forward contracts in electricity. Consequently, Power Exchanges were allowed to launch only ready delivery contracts and no trading in electricity derivatives took place.
- A Committee on “**Efficient Regulation of Electricity Derivatives**” was constituted by the Ministry of Power in 2018 to examine the technical, operational and legal framework of derivatives.
- The matter regarding regulatory jurisdiction was resolved after the Joint Committee concluded in 2019 that **all ready delivery contracts and NTSD contracts in electricity shall fall within the regulatory jurisdiction of CERC, while commodity derivatives in electricity (other than NTSD contracts) shall come under the purview of SEBI.**
- Consequently, the Draft Regulations allow the Power Exchanges to **introduce Term Ahead Contracts (which include Non-Transferable Specific Delivery Contracts) for any duration**, where the physical delivery of electricity occurs on a date more than one day ahead from the date of transaction. The delivery duration of such Term Ahead Contracts can now be daily, weekly, monthly, seasonal, yearly or beyond.

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 2 – Scope of Regulations and Extent of Application



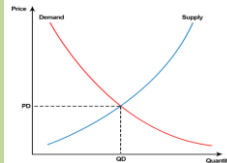
Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 2 – Scope of Regulations and Extent of Application

Spectrum of contracts transacted on Power Exchanges

As per SCRA	Spot contracts (Ready delivery contracts)										Specific Delivery Contracts		
As per CERC Power Market Regulations	Intraday Contract - Continuous Transactions on day (T) and delivery on the same day (T)	Contingency Contract - Continuous Transactions on day (T) and delivery on the next day (T+1)	Term Ahead Contracts										
	Real-time Contract - Collective Transactions on day (T) or day (T-1) and delivery on the same day (T)	Day Ahead Contract - Collective Transactions on day (T) and delivery on the next day (T+1)	Daily Contract - Transaction on day (T) and delivery on day (T+2)	Weekly Contract - Transaction on day (T) for delivery during week (T+5) to (T+11)						Non-Transferable Specific Delivery (NTSD) Contracts - Transaction on day (T) and delivery for any duration			
	T	T+1	T+2	T+5	T+6	T+7	T+8	T+9	T+10	T+11	T+12	T+13	T+n

Collective Transactions



Continuous Transactions / Open Auction / Reverse Auction

Where 'T' is the date of transacting on a Power Exchange

- The Power Exchanges can now develop electricity products for peaking power and baseload power requirements for consumers experiencing significant variation in demand across seasons and during a day.
- Such contracts shall be settled only by **physical delivery of electricity without cash settlement** and shall be binding on the participants executing the transactions.

Key Proposals in the Draft Regulations

Key Proposals in the Draft Regulations

1

Term Ahead
Market

- Introduction of Contracts with delivery period more than 11 days - **Non-Transferable Specific Delivery Contracts**

2

Power Exchanges

- Revision in ownership and governance structure;
- Revised net worth requirements;
- **Transaction fee to be regulated by the CERC**

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Market Coupling

- **Enabling provision** to establish a process whereby collected bids from all the Power Exchanges are matched to **discover the uniform market clearing price by a Market Coupling operator**

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OTC Platforms

- **Electronic platform for exchange of information** amongst the buyers and sellers of electricity

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Market Oversight

- Procedure defined for to **detect and prevent** market manipulation, insider trading, cartelization and abuse of dominant position by any Market Participant and prices are discovered in a transparent and competitive manner

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 4 – Power Exchange

Key updates relating to Power Exchanges

S. No.	Topic	Brief Description
1	Net worth requirement	Net worth requirement has been increased to Rs. 50 crores , in line with the increase in volumes transacted on the Power Exchanges over the last 10 years.
2	Ownership and governance structure of Power Exchanges	The Commission has strengthened the ownership and governance norms of Power Exchanges. Please refer slide 13 for illustration on ownership norms.
3	Introduction of new products	The Draft Regulations provide flexibility to the Power Exchanges to introduce new bid types or modify existing bid types in the Day Ahead and Real-time Markets.
4	Clearing and Settlement	The Power Exchanges would be required to transfer the Clearing and Settlement function to an entity established in accordance with the provisions of the Payment and Settlement Systems Act, 2007 . Please refer to slide 14 for details.

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 4 – Power Exchange

Key updates relating to Power Exchanges

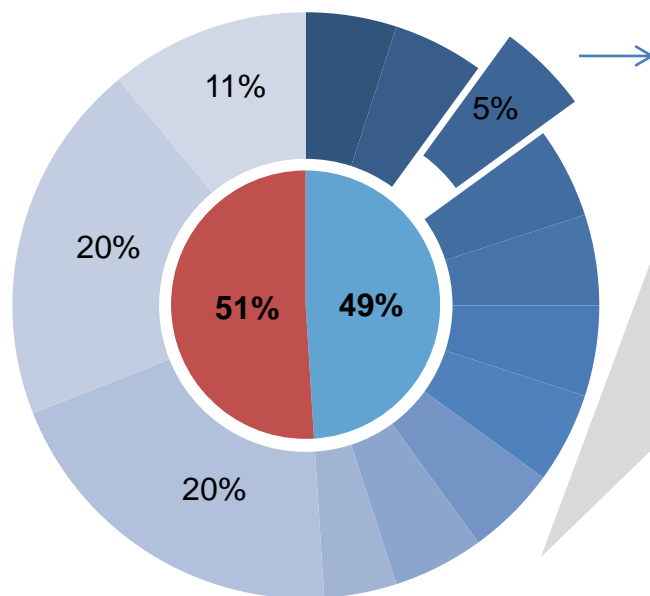
S. No.	Topic	Brief Description
5	Transaction fee	Transaction fee charged by Power Exchanges will be regulated by the Commission.
6	Removal of minimum market share requirement for Power Exchanges	<p>Regulation 35 of the Power Market Regulations, 2010 stated the following:</p> <p><i>“A Power Exchange which has less than 20% market share for continuously two financial years falling after a period of two years of commencement of its operations shall close operations or merge with an existing Power Exchange within a period of next six months.</i></p> <p><i>Provided that this regulation shall not apply if there are only two Power Exchanges in operation. ”</i></p> <p>The aforementioned regulation has now been deleted. This would reduce the entry barriers for new Power Exchanges.</p>

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 4 – Power Exchange

Illustrative Shareholding for Power Exchange

Any **shareholder other than a member or a client**, directly or indirectly, either individually or together with persons acting in concert, **shall not acquire or hold more than 25%** of shareholding in the Power Exchange.



■ Members and clients

■ Shareholders other than members or clients

A **member or a client**, directly or indirectly, either individually or together with persons acting in concert, **shall not acquire or hold more than 5%** of shareholding in the Power Exchange.

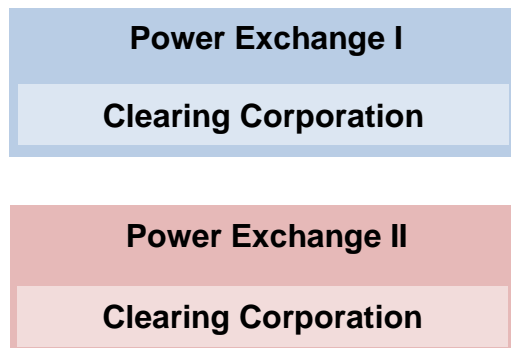
In total, a **Power Exchange can have a maximum of 49%** of its total shareholding owned by entities, which are **members or clients**, directly or indirectly, either individually or together with persons acting in concert.

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 4 – Power Exchange

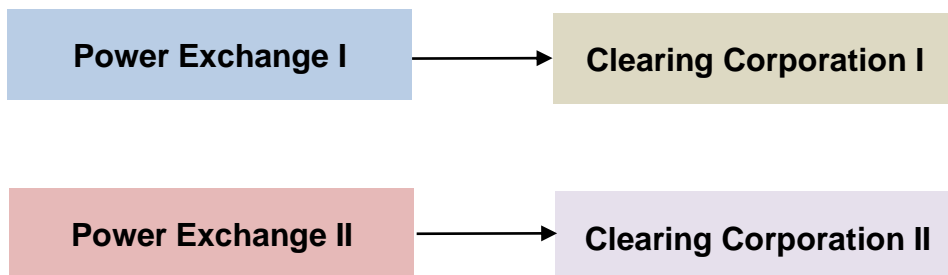
Clearing and Settlement function

Power Market
Regulations, 2010



Clearing and Settlement of transactions of electricity undertaken on Power Exchanges is **done in-house by Power Exchanges** and under the regulation of the CERC

Draft Power Market
Regulations, 2020



Clearing and Settlement of transactions of electricity undertaken on Power Exchanges shall be undertaken by an **entity established in accordance with the provisions of the Payment and Settlement Systems Act, 2007 ***

* Existing Power Exchanges shall be required to transfer clearing and settlement function to an entity established in accordance with the provisions of the Payment and Settlement Systems Act, 2007, within a period of one year from the date of notification of Power Market Regulations 2020 or such other period as may be approved by the Commission.

Key Proposals in the Draft Regulations

Key Proposals in the Draft Regulations

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- **Enabling provision** to establish a process whereby collected bids from all the Power Exchanges are matched to **discover the uniform market clearing price by a Market Coupling operator**

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- Procedure defined for to **detect and prevent** market manipulation, insider trading, cartelization and abuse of dominant position by any Market Participant and prices are discovered in a transparent and competitive manner

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 5 – Market Coupling

Enabling
Provision for
Market
Coupling
among Power
Exchanges

1. Rationale for Market Coupling

1) Multi-Power Exchange model, such as that exists in India, may result in scenarios in which

- a) there is difference in the prices discovered on different Power Exchanges for a particular market of collective transactions; or
- b) allocation of transmission corridor amongst the Power Exchanges is not optimal owing to skewed market share of various Power Exchanges; or
- c) overall economic surplus is not maximized since buyers and sellers may be spread out on various Power Exchanges.

2) In addition to above mentioned issues, the Commission expects that **financial products in the electricity market** (which are under the process of being approved by the competent authority) would require uniform price discovery in the Day Ahead and Real-time markets.

Enabling Provision for Market Coupling among Power Exchanges

- c) In order to address the issues highlighted in (1) and (2) above, the Draft Regulations seek to introduce Market Coupling among the Power Exchanges, with the **objective of discovering uniform clearing prices in the Day Ahead and Real-time markets, ensuring optimal utilisation of resources and maximisation of economic surplus.**

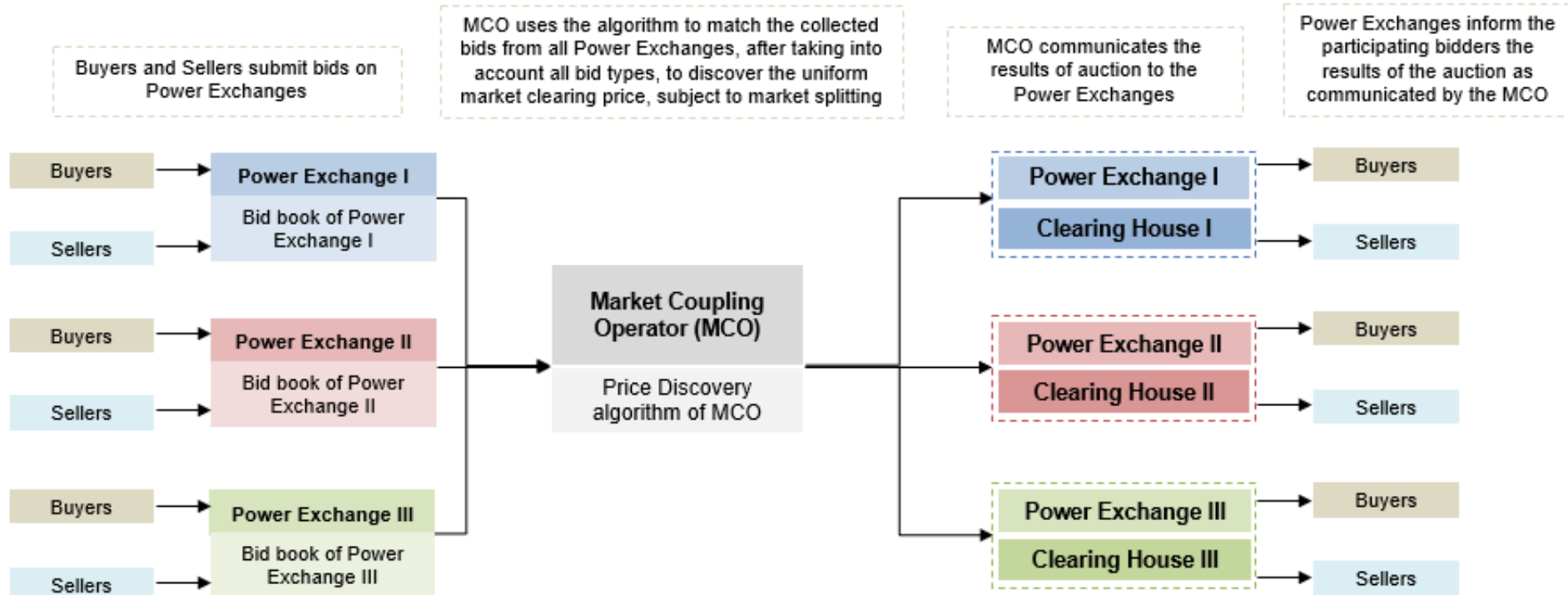
2. Process for Market Coupling

Market Coupling Operator designated by the Commission shall collect and match bids from all the Power Exchanges, after taking into account all bid types, to discover the uniform market clearing price for the Day Ahead Market or Real-time Market or any other market as notified by the Commission, subject to market splitting.

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 5 – Market Coupling

Functioning of Market Coupling process



Key Proposals in the Draft Regulations

Key Proposals in the Draft Regulations

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Introduction of Over-the- Counter (OTC) Platform

1. Rationale for introducing OTC Platform

- a) The OTC Market consists of transactions that take place outside the Power Exchange between generators and consumers directly or through market intermediaries. At present, market intermediaries namely Trading Licensees are in place to facilitate transactions in electricity in the OTC Market. However, there is **no platform for facilitating direct interaction between the buyers and sellers in the OTC Market.**
- b) Following factors necessitate the requirement for an electronic platform which facilitates direct interaction between buyers and sellers in the OTC Market:
 - i. growing demand for electricity in the near term;
 - ii. growing requirement for purchase of renewable power to meet Renewable Purchase Obligation by the obligated entities; and
 - iii. increasing purchase of electricity by the large consumers through open access.

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 6 – OTC Platform

Introduction of Over-the- Counter (OTC) Platform

- c) In this context, the Draft Regulations propose to introduce OTC Platform as an **electronic platform for providing relevant information about potential buyers and sellers of electricity** in the OTC Market.
- d) It is envisaged that the OTC Platform will provide detailed information on buyers and sellers of electricity at one place. The participants can access information viz. quantity, price, fuel, location etc., through the OTC Platform.

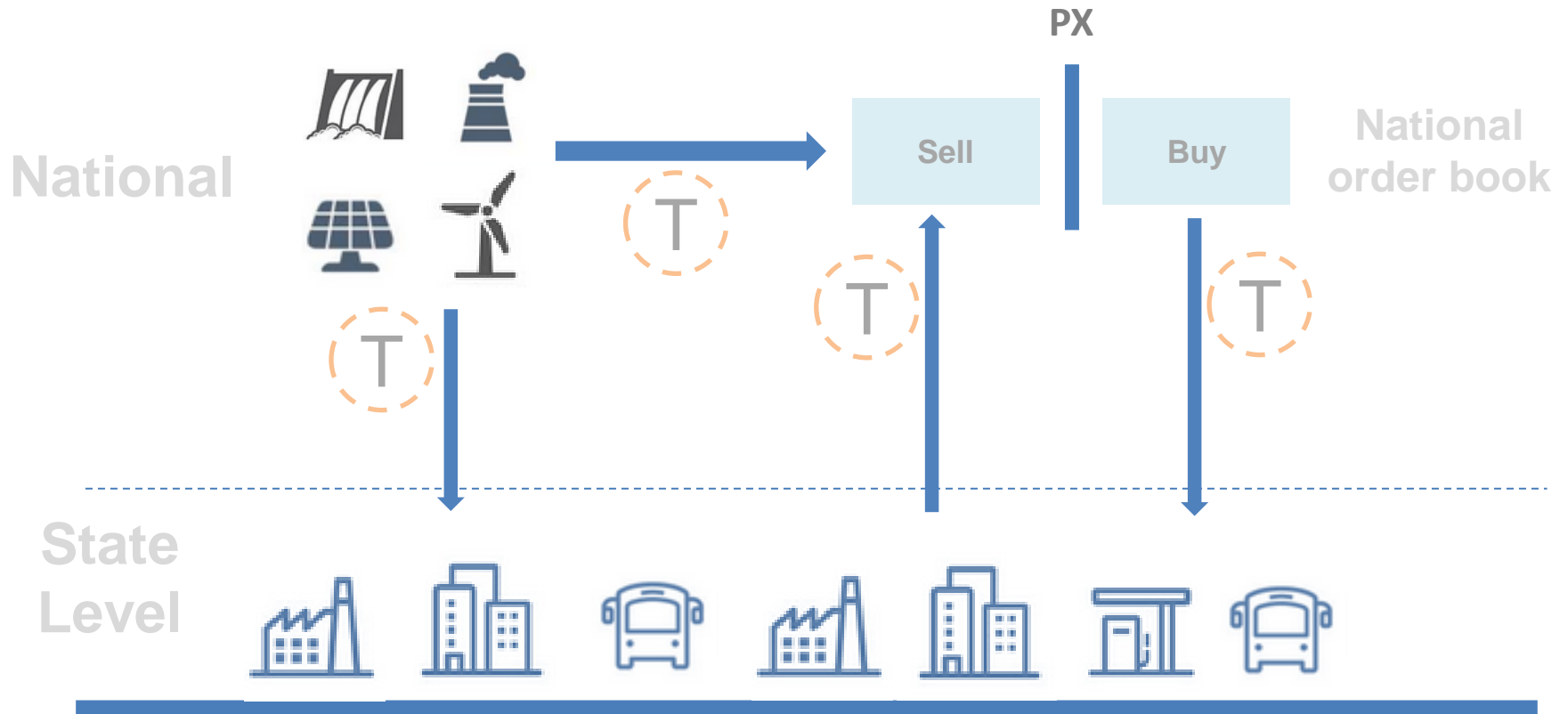
An illustrative OTC Platform is provided on the next slide.

2. Process for operating OTC Platform

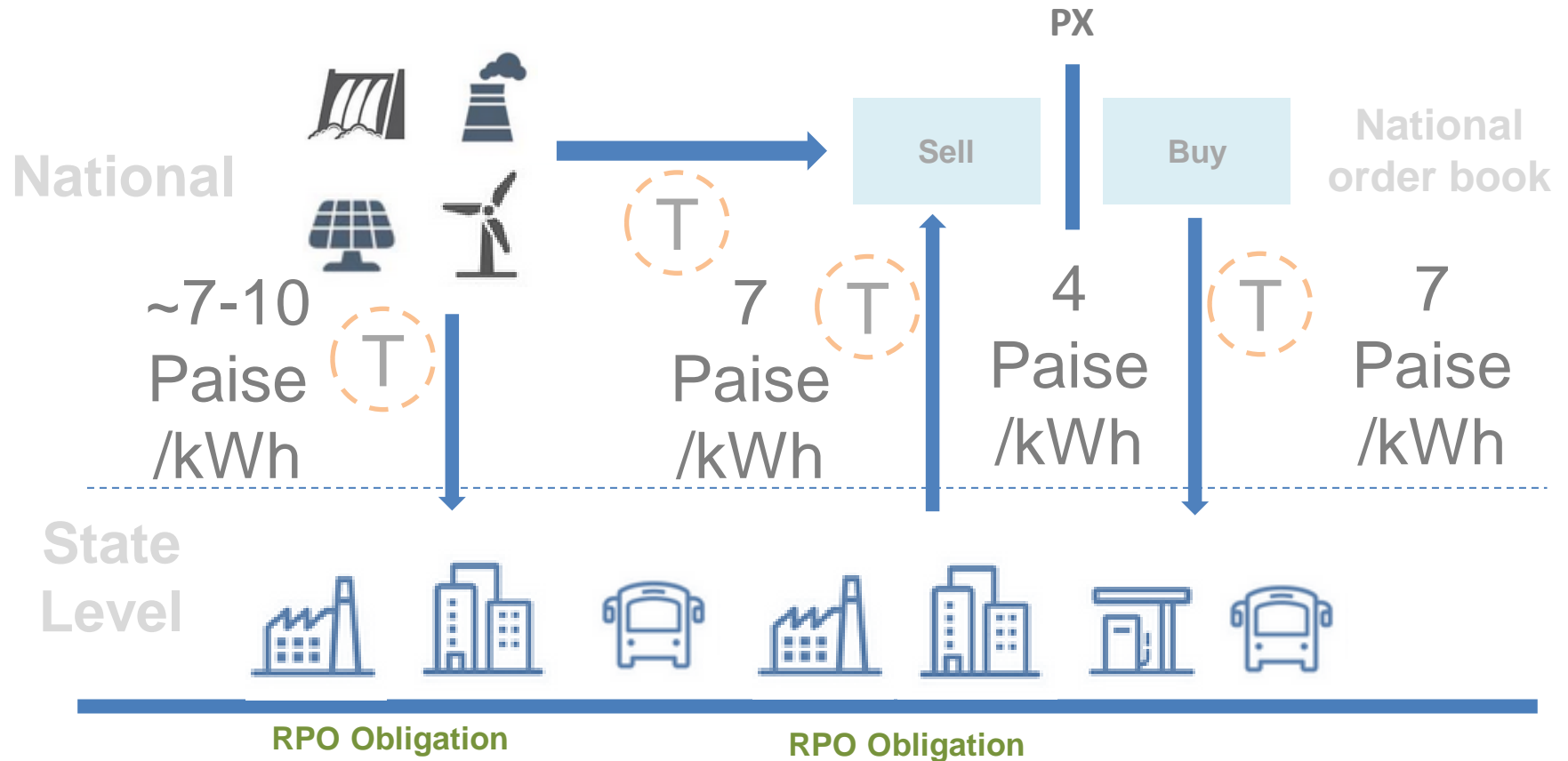
- a) The OTC Platform shall have to meet the eligibility criteria and file application in accordance with the provisions of the Draft Regulations for operating an OTC Platform.
- b) The **minimum Net worth of the applicant shall be Rs. 50 lakhs** as on any date falling within 30 days immediately preceding the date of filing the application

Note: OTC Platforms are only for information dissemination and shall not engage in the negotiation, execution, clearance or settlement of the contracts.

Process of transacting on OTC Platform vs. Power Exchange

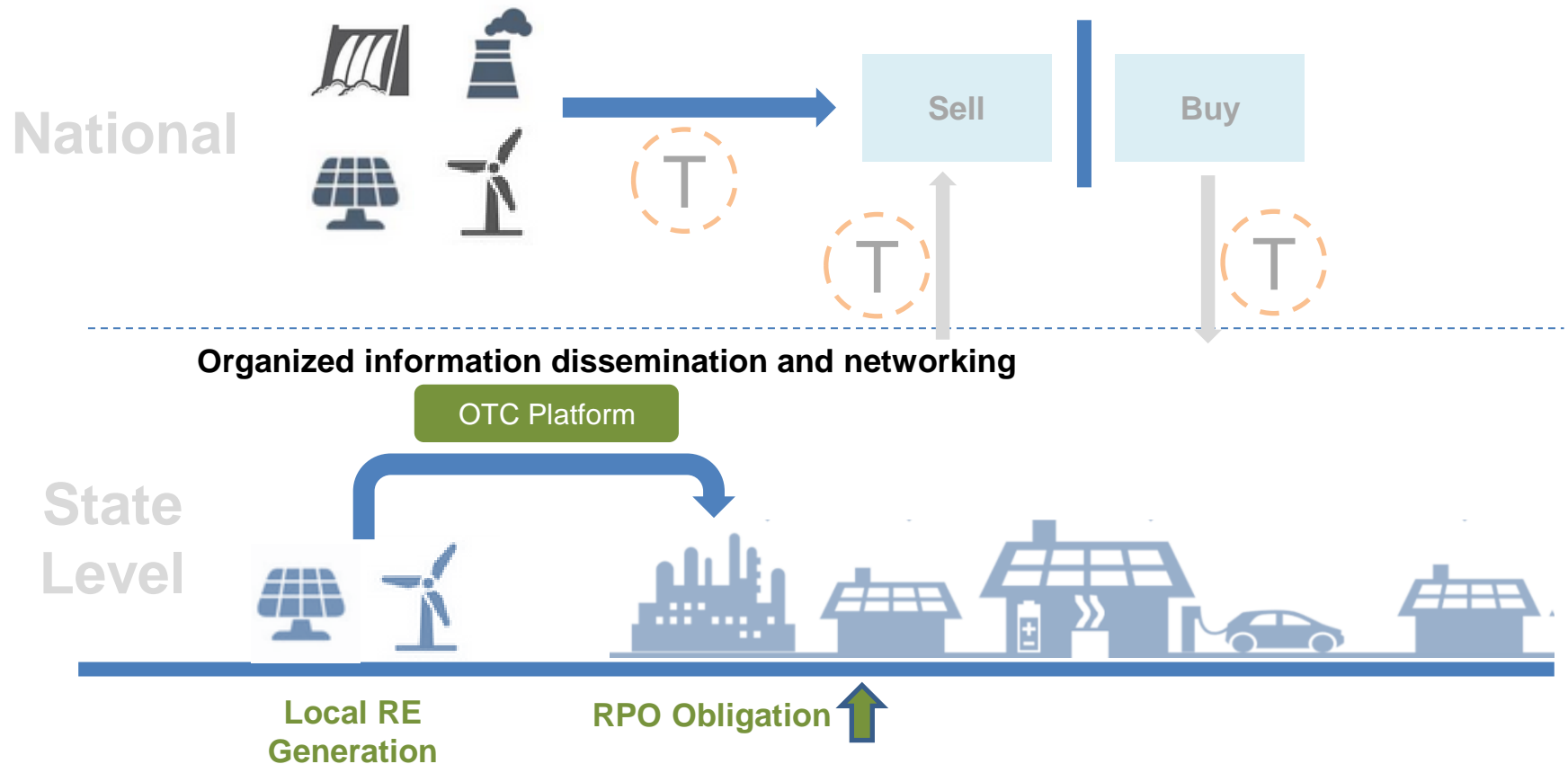


Process of transacting on OTC Platform vs. Power Exchange



 Electricity Traders – Limited 10 to 15 active traders

Process of transacting on OTC Platform vs. Power Exchange

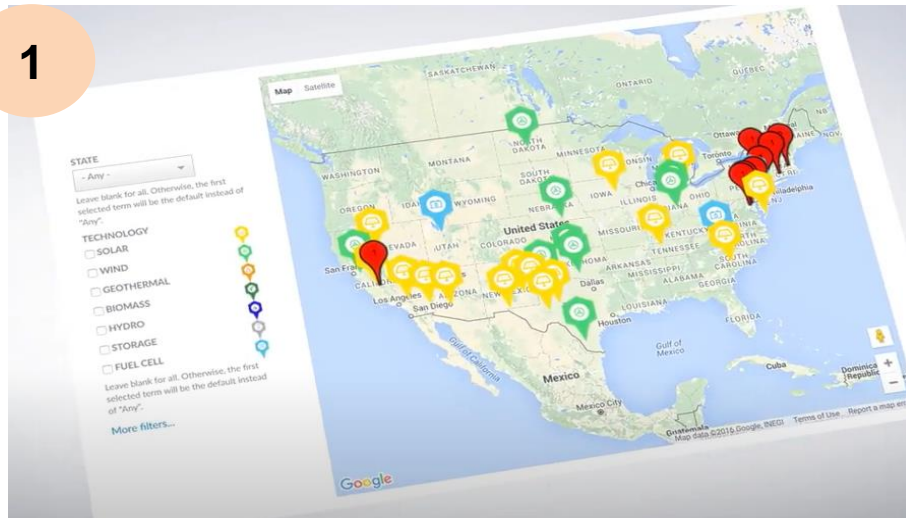


Key takeaways of Draft CERC (Power Market) Regulations, 2020

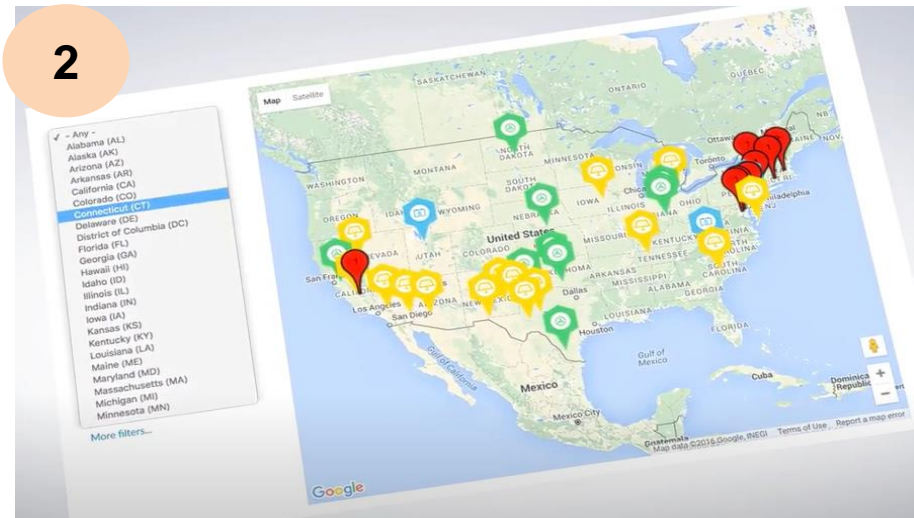
Part 6 – OTC Platform

Illustration: OTC Platform for searching counterparty

1



2



3



Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 6 – OTC Platform

OTC Platform

Searching for the suitable counterparty on the Platform



Initiating interaction with the counterparty via the Platform



Negotiating terms of the contract outside the Platform



Finalization of the contract outside the Platform

Commercial Negotiation, Execution, Clearing, Settlement, Scheduling and Delivery – Outside the platform

Power Exchange

Day Ahead Market Process in Power Exchange

Collection of Bids by Power Exchange from Buyers and Sellers



Matching of Bids and Determination of Unconstrained Price and Volume



Communication of unconstrained solution to NLDC



NLDC to confirm available limit for scheduling



Exchange verifies the funds available in settlement accounts of all provisionally selected members



Exchange to determine MCP/ACP and Volume based on NLDC confirmation



Exchange to declare the results to its Members



Bank file for debit/credit of settlement accounts of respective members sent to respective clearing banks

Key Proposals in the Draft Regulations

Key Proposals in the Draft Regulations

1

Term Ahead
Market

- Introduction of Contracts with delivery period more than 11 days - **Non-Transferable Specific Delivery Contracts**

2

Power Exchanges

- Revision in ownership and governance structure;
- Revised net worth requirements;
- **Transaction fee to be regulated by the CERC**

3

Market Coupling

- **Enabling provision** to establish a process whereby collected bids from all the Power Exchanges are matched to **discover the uniform market clearing price by a Market Coupling operator**

4

OTC Platforms

- **Electronic platform for exchange of information** amongst the buyers and sellers of electricity

5

Market Oversight

- Procedure defined to **detect and prevent** market manipulation, insider trading, cartelization and abuse of dominant position by any Market Participant and to ensure prices are discovered in a transparent and competitive manner

Market Oversight

1. Objectives of market oversight

Given the expected growth in the power market, the role of market oversight by the Commission has become critical for protecting the interest of the participants in the power market. Accordingly, the Commission has introduced provisions for enhancing market oversight in order to:

- a) detect and prevent market manipulation, insider trading, cartelization and abuse of dominant position by any market participant;
- b) ensure that market participants have confidence in the integrity and fairness of power markets;
- c) ensure that the prices are discovered in a transparent and competitive manner.

2. Procedure for market oversight, investigation/inquiry and inspection

The Draft Regulations propose to strengthen market oversight by the Commission and provide a structured approach to capture and analyse data relating to all market participants (using advanced analytics and Artificial Intelligence based tools), conduct investigation or inquiry and inspection in accordance with the provisions of the Act.

Key takeaways of Draft CERC (Power Market) Regulations, 2020

Part 7 – Market Oversight

Data Collection, Analytics and Surveillance		Investigation		Inspection	
Function	Covered under	Function	Covered under	Function	Covered under
Registration and Data Collection of market participants	Clause (1) of Regulation 50	Inquiry or investigation in accordance with the provisions of the Act if any of the following circumstances exist:	Clause (2) of Regulation 50	Commission may at any time undertake inspection, conduct inquiries or audit of any Power Exchange, either through its officers or through a third-party agency, in accordance with the provisions of the Act	Regulation 54
Data Analytics and Market Surveillance		(a) Non-compliance of the statutory obligations by market participants			
		(b) Involvement in activities such as market manipulation, insider trading, any form of cartelization, abuse of dominant position			
		Commission may take any action as specified in the regulation based on report or information submitted as part of investigation	Regulation 51		
		In a situation of abnormal increase or decrease in the price of volume of electricity in the Power Exchange, the Commission may intervene and take actions as specified in the regulation	Regulation 52		



Thank you!

Contact Details:

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Consumer Protection in Electricity Sector in India

Forum of Regulators (FOR)

August 2020
Draft for discussion

Assisted by:
Deloitte.

Introduction

Approach adopted for the assignment

Based on discussions during kick off and inception phase

Aspects reviewed	Key Issues	Suggested Measures
<div data-bbox="122 434 224 525">01</div> <div data-bbox="259 476 558 512">Consumer Rights</div> <ul style="list-style-type: none">▪ Review of consumer rights as per regulations▪ Classification and listing of consumer rights	<ul style="list-style-type: none">▪ With respect to each consumer related aspect, based on review of<ul style="list-style-type: none">– Existing literature– Regulations– Legal cases– Discussions with stakeholders	<ul style="list-style-type: none">▪ Suggested measures for resolving key issues and strengthening of consumer protection, based on<ul style="list-style-type: none">– Best practices across states– International review– Review of other sectors
<div data-bbox="122 706 224 798">02</div> <div data-bbox="259 748 1026 783">Mechanisms for Consumer Rights Protection</div> <ul style="list-style-type: none">▪ Status review of CGRF and Ombudsman▪ Review of important legal cases		
<div data-bbox="122 963 224 1055">03</div> <div data-bbox="259 1005 611 1041">Consumer Advocacy</div> <ul style="list-style-type: none">▪ Review mechanisms for increasing 'consumer participation' and 'consumer awareness'		

Consumer rights

Consumer Rights

Existing mechanisms for defining consumer rights

1. Consumer Charter

- Document listing down the rights and obligations of consumers
- Prepared by Discoms
- FOR had issued model consumer charter in 2008

2. SOP Regulations

- Section 57 of EA 2003, requires SERCs to specify Standards of Performance for licensees and also provide for penalty on licensees in case of non-adherence of standards
- FOR had issued model SOP Regulations in 2009

- Detailed review of these two mechanisms has been performed across states
- Issues impacting these mechanisms and observations / suggestions are identified based on the detailed review

Consumer Charter

States have issued consumer charters with limited information of process and timelines for availing various services

Issues

- Few states have not issued consumer charter
- Consumer charter **not updated regularly**
- **Lack of detailed information** for consumers in charter

Observations

- Charter can be a **harmonized document** bringing in relevant excerpts **from all regulations**
- **Separate charter** can be made for **residential**, commercial and industrial consumers and others

Suggested information that should be covered in consumer charter

		Basic Rights	Detailed rights description	Tariff schedule and charges	Complaint procedures
State		List of basic rights and applicability	Process, fees, timelines, SoP	Tariff & open access charges	Process, fees, timelines, channels
FOR Model Charter	2008	✓			
Maharashtra	-	✓	✓	~	✓
Uttarakhand	2016		~		~
Punjab	-	✓	~		~
Delhi (TPDDL)	-		~		~
Rajasthan	2013	✓	~		~
Gujarat	-		~		
Madhya Pradesh	-		~		
Tamil Nadu	-		~		
Andhra Pradesh	-		~		
Karnataka	-		~		~

States like Uttar Pradesh, West Bengal, Bihar, Jharkhand, Kerala, Odisha do not have a consumer charter available online

✓ Information available in charter
~ Partial information available

Source: consumer charter of Discoms

SOP Regulations

Consumer rights primarily guaranteed through SOP regulations and Supply/ Grid codes

Power Quality	Supply/ Outage	Metering/ Billing	New Connections
Standard Similar voltage fluctuation limits defined across states; MH, MP, DL, AP also define limits for Harmonics Voltage compliant resolution timeline¹ DL PB, TN, RJ WB, GJ MP, AP, FOR 24 hr 3-4 days 10 days	Supply restoration time differs across states on type of fault, LT/ HT lines, AT&C loss of area (in DL) and area type (urban/ rural) Supply Restoration timeline² DL, TN WB, MP, PB, AP, MH, RJ, AS, HR, FOR GJ, HP, KA 1 hr 3-4 hrs 6 hrs	Timelines defined for meter replacement or resolving billing complaints; Billing errors limited to 0.2% of overall sales in DL Timeline for resolving billing complaint² PB, MH, HR, FOR MP, RJ, AS GJ, HP 24 hr 3 Days 10 days	Timelines defined for giving new connection based on consumer category, voltage level or requirement of network upgradation Timeline for providing new connection³ DL TN, AP, MH, RJ, HR, KA, FOR MP, PB 8 Days 30 Days 60 days
Penalty States like GJ, WB, RJ have one time penalty for failure to respond in stipulated time; rest have per day/ week penalty Penalty amount (Rs./ day) DL TN, AP, KA, FOR PB, Rs. 25 Rs. 50 Rs. 100	PB, AP, KA, RJ have fixed penalty; HR, WB, GJ, TN have penalty per day; In Delhi penalty is to be automatically adjusted in consumer bills Penalty amount (Rs./ hr) AS, HP DL, MH, FOR MP Rs. 5 Rs. 50 Rs. 100	Most states have penalty for per day delay in resolving complaint; Delhi allows compensation of 10% of excess amount billed Penalty amount (Rs./ day) HP GJ, AP, KA, FOR MP, HR PB Rs. 10 Rs. 50 Rs. 100 Rs. 200	Most states have penalty for per day delay in providing connection; Delhi has penalty of 1-1.5% of demand charged deposited per day Penalty amount (Rs./day) GJ, HP MP, AP, MH, FOR PB Rs. 50 Rs. 100 Rs. 1000
Reporting Requirement <ul style="list-style-type: none"> GJ, MH, HP, TN, KA, DL, HR require Discoms to publish SAIFI, SAIDI etc. MP, WB, AS, PB require periodic reports on all SOPs 	<ul style="list-style-type: none"> No separate reporting requirement MP, WB, AS, PB, DL require periodic reports on all SOPs 	<ul style="list-style-type: none"> No separate reporting requirement MP, WB, AS, PB, DL require periodic reports on all SOPs 	<ul style="list-style-type: none"> No separate reporting requirement MP, WB, AS, PB, DL require periodic reports on all SOPs

1. Where no expansion/ enhancement of network is required

2. Lowest time across various fault types, consumer types and line type in urban areas

3. For residential consumers at LT level without requirement of network upgradation

SOP Regulations

Wide variation in parameters reported with minimal compensation awarded

Issues

- **Wide variation** in standards **across states**
- Individual consumers need to claim penalty
- **SOP reporting** done periodically in few states
- **Reasons for non-adherence** not provided

Observations

- Need to **update Standard SOP regulations** by FOR
- Provision required for **automatic adjustment of penalty** in consumer bills, based on SOP monitoring like DL
- **Penalty for pending complaints** should be automatically applied in case no reason provided

Review of SOP monitoring reports submitted by Discoms

State		Parameters reported on each aspect				Compensation/ Penalty awarded
		Power Quality	Supply/ Outage	Metering/ Billing	New Connection	
DL	FY20-Mar	<ul style="list-style-type: none"> • SAIFI/ SAIDI/ CAIDI • No. of complaints 	<ul style="list-style-type: none"> • No. of complaints • DTR failures 	<ul style="list-style-type: none"> • No. of complaints 	<ul style="list-style-type: none"> • Release of new connections • No. of complaints 	Nil
GJ	FY20, Q4	<ul style="list-style-type: none"> • SAIFI/ SAIDI/ MAIFI • No. of complaints • Sample reports for voltage tests 	<ul style="list-style-type: none"> • No. of complaints • DTR failures 	<ul style="list-style-type: none"> • Meters replaced • No. of complaints 	<ul style="list-style-type: none"> • Release of new connections • No. of complaints 	Nil
AS	FY19, Q4	<ul style="list-style-type: none"> • CAIFI/ CAIDI • No. of complaints 	<ul style="list-style-type: none"> • No. of complaints • DTR failures 	<ul style="list-style-type: none"> • Meters replaced 	-	Nil
MH	FY19, Q2	<ul style="list-style-type: none"> • SAIFI/ SAIDI/ CAIDI 	<ul style="list-style-type: none"> • DTR failures 	<ul style="list-style-type: none"> • No. of complaints 	<ul style="list-style-type: none"> • Release of new connections • No. of complaints 	Rs. 8,900 (MSEDCL in CGRF orders)
KA	FY18	<ul style="list-style-type: none"> • Instances of voltage variance 	<ul style="list-style-type: none"> • DTR failures 	<ul style="list-style-type: none"> • No. of complaints 	<ul style="list-style-type: none"> • Release of new connections 	Nil

SOP reports not submitted by Discoms in states of UP, JH, UK, CG, AP, GA, AR, MN, MZ, NA, SK
 SOP reports not submitted periodically in states of KA, HP, PB, MH, RJ, TN
 SOP reports not available online for states of BH, HP, PB

Source: FOR Reports submitted to APTEL; SOP Reports of various Discoms

Consumer Rights

Summary of key issues and challenges

Lack of consumer centric information or detailed consumer charter

- Multiple regulations and orders are difficult for consumers to comprehend
- The information needs to be converted into a easy to understand fashion, bringing elements from all relevant regulations/ orders

Lack of SOP monitoring and enforcement

- Lack of regular audits or monitoring for compliance of SOPs
- Nil or minimal penalties applied by Commissions for non-adherence to SOPs

Consumer rights protection

Consumer Protection

Existing mechanisms for protecting consumer rights

For all cases apart from acts involving criminal activities

Electricity Act 2003

Multi tier system for escalating complaints by consumers

1. Internal Grievance Redressal	<ul style="list-style-type: none">Discom's call centre/ complaint department
2. CGRF	<ul style="list-style-type: none">Appointed by Discoms under sec 42 of EA 2003
3. Ombudsman	<ul style="list-style-type: none">Appointed by SERC under sec 42 of EA 2003
4. Court/ Judiciary	<ul style="list-style-type: none">If still dissatisfied, the consumer may approach Appropriate Judicial Court

OR

Consumer Protection Act

- Electricity consumers are also included within the ambit of Consumer Protection Act 2019
- Section 2 (42) of CPA 2019 defined 'Supply of electrical energy' as a service

Levels of consumer court

District	For claims upto Rs. 20 lacs
State	For claims of Rs. 20 lacs – Rs. 1 cr.
National	For claims above Rs. 1 cr.

For cases criminal in nature

Indian Penal Code

- Courts for cases under section 135, 136, 137, 138, 139, 152 and 161 of Electricity Act 2003**, involving activities like electricity theft, theft of electric lines/ materials or interference with meters etc.
- Cases under **sec 126/ 127 of Electricity Act 2003**, for assessment of unauthorised use of electricity, handled by Appellate Authority prescribed by State Govt., usually **Electrical Inspector**

*Some State Energy Departments like Delhi have also established **Public Grievance Commissions***

Internal Grievance Redressal by Discoms

Discoms have made available, multiple channels for raising complaints

Issues

- States such as PB, BH and WB have high % of complaints not resolved within SERC timelines
- Mechanism for timely review of consumer complaints is overlooked in majority of the States

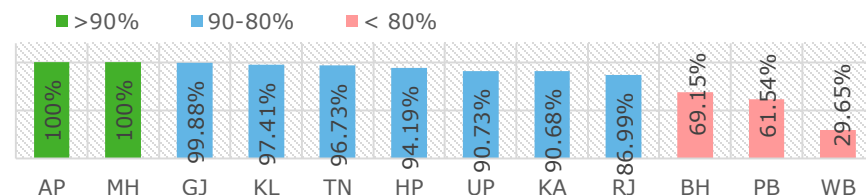
Observations

- Dedicated helpdesks for HT consumers like MH can be adopted by states
- Pending complaints, not resolved within SERC timelines, should be automatically escalated to CGRF

Channels made available by Discoms for filling of complaints

State	Online/ Website	Mobile App	Call Centre	Others
WB	WBSEDCL website	Vidyut Sahyogi app	19121	<ul style="list-style-type: none"> Missed call/ SMS service for No Power complaints
PB	PSPCL website	PSPCL consumer services app	1912	<ul style="list-style-type: none"> No. for new connection complaint Circle control rooms for complaints
DL	TPDDL website	TPDDL Connect app	19124	<ul style="list-style-type: none"> Customer care centres in districts SARAL helpline
UP	UPPCL website	E-Nivaran app	1912/ Discom nos.	-
MH	MSEDCL website	Mahavitran app	1912/ Discom nos.	<ul style="list-style-type: none"> Consumer facilitation centres HT consumer helpdesk
AP	Discom website	Discom mobile app	1912	-
KA	PGRS Website	Bescom Mitra app	1912	<ul style="list-style-type: none"> Online chat bot Whatsapp chat number
JH	JBVNL Website	JBVNL eZy-bZly	1912	<ul style="list-style-type: none"> Sashakt – integrated platform for managing complaints from 10 avenues

% of complaints resolved within SERC timelines



Source: National Power Portal, Mar 2020

Best Practices

- Bescom in Karnataka has launched a **Public Grievance Redressal System (PGRS)** which provides real time analysis of complaints received in a month
- JBVNL has developed "SASHAKT", an **integrated centralized complaint filing and monitoring mechanism**

CGRF

Reach and coverage of CGRF across states

Issues

- Insufficient number of CGRF in majority of the States (Most have single CGRF per Discom)
- Most utilities consider the same as compliance to the Regulations
- Absence of any norm for number of CGRF based on consumers/ districts/ etc.

Observations

- SERCs should define minimum number of CGRFs / norms for Discoms to follow considering appropriate parameter(s)

State	No. of CGRF	No. of sittings in a year	No. CGRF per District	State area (Sq. Km) per CGRF	No of consumers (lakh) per CGRF	Sales (MU) per CGRF
TN	44	279	1.38	296	6.55	2,018
MH	22	976	0.61	13,987	4.65	4,425
WB	21	322	0.91	4,226	8.73	1,206
UP	20	1,514	0.27	12,164	14.72	4,831
GJ	8	278	0.24	5,298	3.97	2,226
AS	8	4	0.24	9,805	NA	991
KA	5	136	0.19	3,836	42.50	10,627
DL	4	255	0.36	371	15.42	7,252
MP	3	296	0.06	10,275	47.73	18,546
AP	2	132	0.15	80,103	82.00	29,581
HR	2	131	0.09	22,106	31.12	20,893
PB	2	157	0.09	25,181	42.00	18,711
HP	1	47	0.08	55,673	24.94	9,101

- States such as UP and KA, specify that CGRF should be estb. in each District or the locations are specified
- States like GJ and PB, specify that CGRF should have atleast 1 sitting in each month
- States such as GJ and PB prescribe at least one CGRF sitting per month in each circle/ divisions

Review of CGRF/ Ombudsman Regulations

Key provisions

Issues

- Lack of CGRF independence from Discom can create trust issues with consumers

Observations

- All states could adopt provision for a consumer expert in CGRF appointed by the respective SERC
- The timelines for dispute resolution could be brought down

CGRF Composition/ Appointment

State	No.	Chairman	Tech/ Finance	Legal	Consumer Expert
FOR	3	D	D	-	S
GJ	3	D	D	-	S
MH	3	D	D	-	S
RJ	2	D	-	-	S
MP	3	D	D	-	S
WB	<i>App. Grievance Redressal Officers by Discom</i>				
AS	3	D	D	-	D
HR ¹	3	S	D	D	D
DL	3	S	-	C	C
PB ²	3	S	D	-	-
HP	3	D	D	-	S
TN	3	D	-	D	D
KA	3	D	D	-	S
UP	3	S	D	D	-
AP	4	D	D	D	S

D – Appointed by Discom

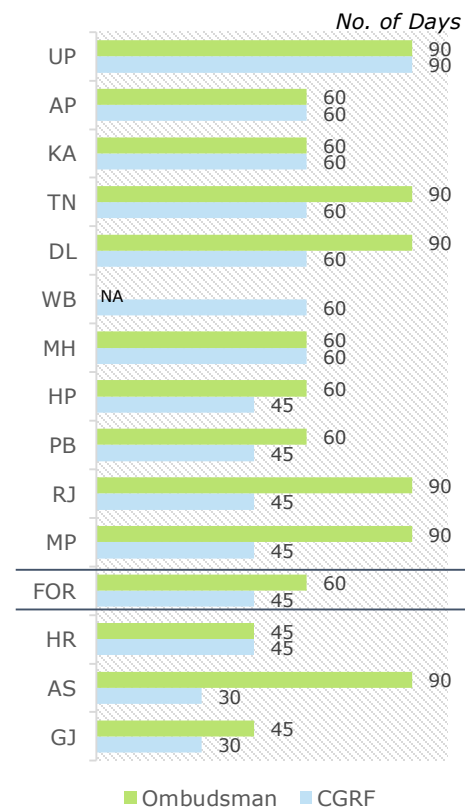
S – Appointed by SERC

C – Appointed by a Selection Committee

- In HR, Chairman is appointed by SERC while 2 members by Discom
- In PB, 1 Technical and 1 Finance member is appointed by Discom

Resolution timeline

- Maximum time period under which grievances are to be adjudicated:



Other aspects

- Regulations require CGRF and Ombudsman to submit periodic reports to SERCs on representations filed with them
- Non-compliance of CGRF orders can be penalised by SERCs under section 142 of EA 2003

Best Practice

- Redressal of Consumer Grievances Regulations of 2016 in the state of Assam, have a provision for automatic escalation of pending consumer complaints to CGRF, not resolved by Discoms within stipulated timelines of SERCs

Status of grievances received and pending with CGRF/ Ombudsman

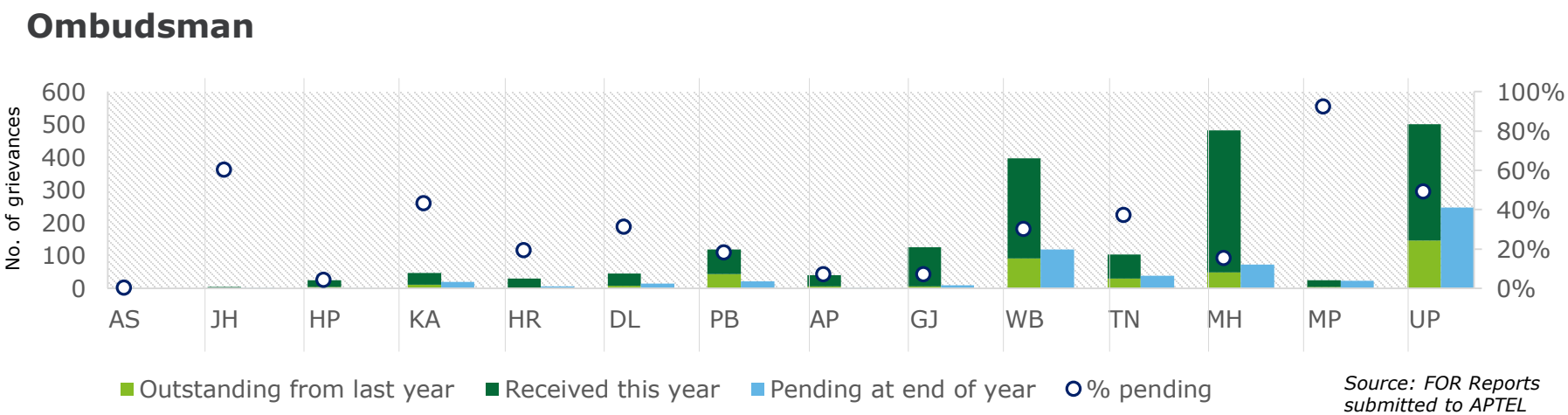
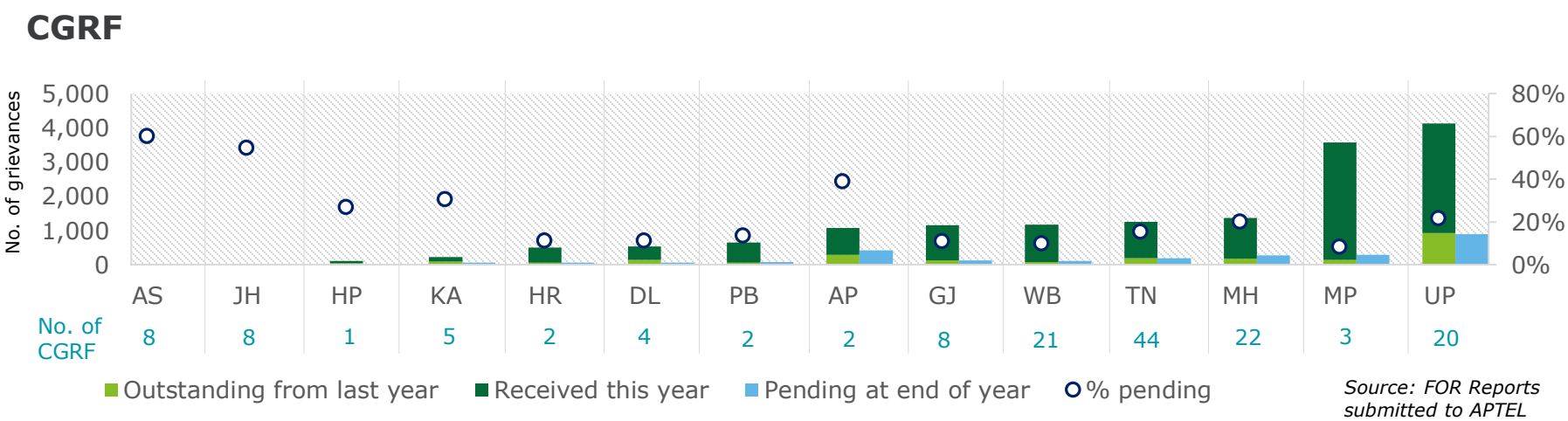
Limited grievances filed in some states; high pendency across states

Issues

- No. of cases coming to CGRF in many states are very low – primarily in states with low number of CGRF indicating lack of awareness
- High pendency of cases (both at CGRF and Ombudsman level) across states

Observations

- With provision for no or minimum adjournment of cases, a high pendency indicates inability of CGRFs to handle case load



Consumer Rights Protection

Summary of key issues and challenges

Low reach of CGRF

- In many states, only a single CGRF is established per Discom
- SERCs should define minimum number of CGRFs / norms for Discoms to follow considering appropriate parameter(s)

Lack of information processing from CGRF/ Ombudsman

- The cases being filed by consumers to CGRF, ombudsman or judicial courts are an indicator of the issues being faced by consumers and should be taken into account by Regulators in their regulatory proceedings

Consumer Advocacy

Consumer Advocacy

Existing mechanisms for consumer awareness and participation

1. Information availability on websites

- Information is made available by Discoms and SERCs on websites for consumer education and awareness

2. Stakeholder Consultations by SERCs

- Conduct of Business Regulations issued by SERCs provide for stakeholder consultations while issuance of orders or regulations

3. Consumer advocacy cells by SERCs

- Some of the SERCs have established consumer advocacy cells to enhance consumer participation in regulatory processes

- Detailed review of these two mechanisms has been performed across states
- Issues impacting these mechanisms and observations / suggestions are identified

Information availability on websites

For consumer awareness and participation

Issues

- Discoms provide tariff order/ schedule on websites which are complex for general consumers

Observations

- Explanatory documents on how tariff is calculated and how bills are calculated can help build consumer trust
- Outage info mapped with consumer no. can be helpful

Information availability on websites of Discoms

State	Tariff order/ schedule	Power Outage Information	Safety tips	Power Schedule	Info for HT consumers
MH	✓	✓	✓	✓	✓
DL	✓	✓	x	✓	✓
PB	✓	x	✓	x	x
RJ	✓	x	✓	x	x
HR	✓	✓	✓	✓	x
GJ	✓	✓	✓	✓	✓
MP	✓	x	✓	✓	x
WB	✓	✓	✓	✓	x
KA	✓	✓	✓	✓	x

- Most of the Discoms provide online facility for new connection, bill payment, complaint registration and other general services
- Also most of the Discoms provide tariff order/ schedule on their website
- Further the websites of SERCs provide tariff orders, regulations or contact details of CGRF/ Ombudsman, but lack consumer centric information

Best Practices

- Outage Details:** Discoms of states such as DL, HR, GJ, WB, MP, CG and KA provided outage information on their websites. On TPDDL website, consumers can enter their CA number to check planned outage in their area
- Ease of Doing Business:** Discoms of states such as GJ, DL, MH, CG and AP provide detailed information for HT consumers on various processes and charges

Stakeholder consultations by SERCs

During issuance of orders/ regulations

Issues

- Only few large consumers/ consumer associations participate in

Observations

- Appointment of CRs can help in improving consumer participation

- All SERCs have issued Conduct of Business Regulations, with provisions for:
 - **Participation of consumer associations:** SERCs may permit or invite associations, forums or a person to participate in its proceedings
 - **Filing of comments and objections:** SERCs allow any person towards whom a petition is intended to submit their comments, oppositions, objections or comments on petitions
 - **Public Proceedings:** Proceedings before the commission are generally open to public
- Only few SERCs in their tariff orders provide number of responses received during stakeholder consultations, as listed in the table
- MERC has issued Authorized Consumer Representatives regulations in 2012 to appoint consumer representatives in 5 regions, which shall represent consumer interests in proceedings of the Commission

State	No. of objectors mentioned in latest Retail Tariff Order
UP	172
RJ	129
MP	74
PB	30
HP	15
KA	11
AS	7
WB	6
MH	NA
HR	NA
DL	NA
GJ	NA
TN	NA
TL	NA

Source: SERC Tariff Orders

Consumer Advocacy Cells

Established by SERCs to enhance consumer awareness

Issues

- Only few SERCs have established consumer advocacy cells, with even fewer of them active

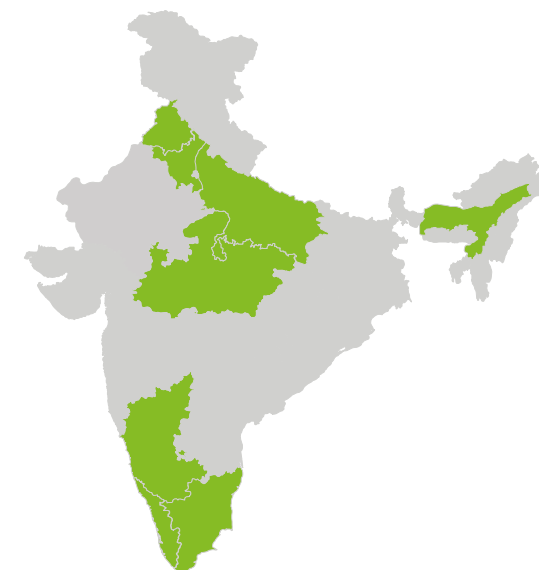
Observations

- SERCs can utilize consumer advocacy cells to capture feedback from consumers as well as disseminate information among them

Best Practices

- While some of the SERCs have established consumer advocacy cells, only AERC's consumer advocacy cell has information available on its website for consumers
- AERC's consumer advocacy cell has undertaken following activities
 - Study on effectiveness of CGRF mechanism and compliance of SOP, 2016
 - Quarterly Newsletters (Consumer Grid)
- MPERC's consumer advocacy cell has published a consumer empowerment document which provides information on how MPERC can help consumers, how consumers can avoid disconnection
- HERC's Consumer Advocacy Regulations 2019, provide for establishment of Consumer Advocacy Cell, to provide legal advice to Complainants for representing their case before Ombudsman
- RERC has constituted a Commission Advisory Committee in consultation with State Govt., consisting of 21 members representing interests of commerce, industry, transport, agriculture, labour, consumers, non-governmental organizations and academic and research bodies in the energy sector

SERCs which have established consumer advocacy cells



Consumer Advocacy

Summary of key issues and challenges

Need for enhanced role of Regulators

- The role of regulators is limited to formulation of regulations on consumer protection and allowing consumer participation in proceedings of the Commission

Lack of consumer participation

- Consumers are not aware of their rights or the correct body to approach in case of a dispute
- Regulations and orders are complex for general consumers to comprehend

Consumer representation mechanisms

- Consumer associations are limited to larger HT consumers, with limited participation from domestic or agricultural consumers
- Behaviour of larger HT consumers and retail consumers is very different which requires differentiated approach for grievance redressal

International Review

United Nations – Guidelines for Consumer Protection

For effective consumer protection

UN suggested framework for consumer protection

Element	Description	Parallel in Indian Power Sector
National Consumer Policy	Enumerates consumer rights and apportions responsibility for consumer protection	<ul style="list-style-type: none"> Electricity Act 2003
Consumer protection agency	Responsible for enforcement of consumer protection, working with stakeholders	<ul style="list-style-type: none"> SERCs
Consumer Laws	Defining consumer, their rights, service standards, enforcement mechanisms etc.	<ul style="list-style-type: none"> CPA 2019 CGRF/ SOP Regulations
Codes or soft laws	Self regulations by the industry, having force of moral authority over businesses	<ul style="list-style-type: none"> Consumer charters Complaint procedures
Redress Mechanisms	Affordable, accessible, independent and speedy redress to aggrieved consumers	<ul style="list-style-type: none"> CGRF/ Ombudsman Consumer Courts
Systems for monitoring	Enabling to take pre-emptive measures before problems become widespread	<ul style="list-style-type: none"> CGRF monitoring SOP monitoring
Mechanisms for enforcement	Could range from industry undertakings, imposition of licensing, price controls etc.	<ul style="list-style-type: none"> Licensing of utilities
Consumer Education	Empower consumers with knowledge to protect themselves	<ul style="list-style-type: none"> Consumer advocacy cells
International Cooperation	Regular exchange and sharing of information for capacity building	-

Suggested mechanisms for consumer redressal

- ✓ Courts
- ✓ Alternate Dispute Resolution
- ✓ Ombudsman
- ✓ Business customer care
- **Collective Redress**
Allowing consumer associations/ bodies to file public interest litigation
- **Regulatory Enforcement Action**
Penalties or directions by Regulators for consumer welfare
- **Online Dispute Resolution**
Algorithmic generation of automated proposals based on the statistically most likely sum that both parties would be most likely to accept

United Kingdom

Best practices in regards to various consumer aspects

01

Consumer Rights/ Obligations

a. **Discom** | Automatic payment for failure to meet SOPs

Provision for automatic payment in most of the guaranteed SOPs*

https://www.consumer council.org.uk/sites/default/files/original/Electricity_Individual_GSS_Factsheet_Final_September_2015.pdf
https://www.edfenergy.com/sites/default/files/r863_guide_to_service_standards_aw1_e5.pdf

02

Consumer Rights Protection

a. **Govt.** | Citizens Advice

Citizens Advice is a network of independent charities that give free, confidential information and advice to assist people with money, legal, consumer and other problems

b. **Discoms** | Priority Service Register

Dedicated team and call centres for faster resolution of complaints for people with disability, relying medical equipment etc.

03

Consumer Advocacy

a. **Regulator** | Explanatory documents

Ofgem's website, showcases how electricity tariffs are determined and provides energy bill guides

b. **Regulator** | Consumer Vulnerability Strategy Report

Extensive stakeholder engagement to help ofgem set its priorities for developing interventions

c. **Regulator** | Incentives on Connections Engagement (ICE)

Incentives given to DNOs who provide evidence that they have engaged effectively with their stakeholders and responded to their needs

d. **Regulator** | Engaging on consumer issues

'Consumer First Panel' and 'Consumer Challenge Group' created to advocate consumer interests

USA

Best practices in regards to various consumer aspects

01

Consumer Rights/ Obligations

a. Regulator | Energy Consumer Bill of Rights

Public Utility Commission of Pennsylvania has issued a document of rights and responsibilities of energy consumers. However the document only provides basic rights and does not provide detail such as processes, enforcement or penalties

02

Consumer Rights Protection

a. Regulator | Informal and formal complaints process

An aggrieved consumer can file with Commissions, an

- Informal Complaints: an investigator works to facilitate resolution between parties
- Formal Complaint: involves legal proceedings before Commission

03

Consumer Advocacy

a. Regulator | Public Advocates Office

Public Advocates is an independent body within California Public Utilities Commission (CPUC), charged with the responsibility to represent consumers at the CPUC on matters that affect how much consumers pay for utility services and quality of those services

b. Regulator | Monthly report on informal complaints received

Consumer Affairs Branch (CAB) of California Public Utilities Commission (CPUC) assists consumers whose complaints utilities were unable to resolve. CAB presents annual/ monthly data of these complaints in the form of a report

Philippines

Best practices in regards to various consumer aspects

01

Consumer Rights/ Obligations

a. Regulator | Magna Carta for residential consumers

Consumer rights document is issued by Regulator for residential consumers, which harmonises all laws, regulations and notifications into a single document for consumers. The document covers both rights and obligations of consumers.

02

Consumer Rights Protection

a. Regulator | Consumers can complaint against utilities to ERC

Aggrieved consumers not satisfied from resolution provided by utility, can raise complaints to Energy Regulatory Commission (ERC)

03

Consumer Advocacy

a. Discom | Tariff Explanations

Discom website provides guide on what constitutes the tariffs for consumers and how their bill is calculated

b. Govt. | Compliance Assessment

Performance Assessment and Audit of power utilities conducted to assess whether utilities comply with laws, regulations and notifications of Government and Regulator

Consumer Satisfaction Survey

Review of case studies



USA

JD Power Consumer Satisfaction Survey

- Conducted annually by third party JD Power
- Conducted separately for residential and business consumers
- Online survey conducted of more than 100,000 consumers
- Utilities are scored on a scale of 1000 points, on following parameters
 - Power quality and reliability
 - Price
 - Billing and payment
 - Corporate Citizenship
 - Communications
 - Customer Service
- Awards given to highest ranked utilities



UK

GfK Consumer Satisfaction Survey

- Conducted annually by third party GfK
- Growth For Knowledge (GfK) is a non-profit organization
- Online survey conducted of 10,000 homes in UK
- Consumers are asked to rank their satisfaction on a scale of 0-10 on following aspects
 - Supplier service
 - Understandable of bills
 - Ease of contacting supplier
 - If consumer would recommend supplier
 - If consumer agrees that supplier values them
- Awards given to highest ranked utilities
- Survey results are published on Ofgem website



India

West Bengal (WBSEDCL)

- 6 cycles of survey conducted (6th cycle completed in Sep 2015)
- Face to face surveys conducted of ~4,000 consumers, spread across various categories and regions
- Satisfaction index calculated on a scale of 0-100 on 7 factors as follows:
 - New Connection
 - Quality of Power Supply
 - Fault Repair
 - Complaint Handling
 - Meter Reading
 - Billing
 - Payment Process

Delhi (DERC)

- Conducted in 2007 and 2009 for ~10 to 11 thousand domestic consumers
- Consumers were asked to rate Discoms on scale of 0-10 on areas of:
 - Continuity of Electricity Supply
 - Quality of Electricity Supply
 - Metering Issues
 - Billing Issues
 - Internal Grievance Resolution Mechanism of Discoms
 - Behaviour of Discom staff with consumer





Assam (AERC)

- Survey conducted in 2006 of 247 consumers, with 32 questions asked on following areas:
 - Service
 - Meter
 - Billing
 - Consumer Awareness

Review of other sectors

Review of other sectors

Apart from Consumer Protection Act, various sector regulators have created individual mechanisms for consumer protection and awareness

	 Banking	 Insurance	 Telecom	 Aviation
Agency	<ul style="list-style-type: none"> RBI 	<ul style="list-style-type: none"> IRDAI 	<ul style="list-style-type: none"> TRAI 	<ul style="list-style-type: none"> DGCA AERA
Laws	<ul style="list-style-type: none"> Banking Regulation Act, 1949 Banking Ombudsman Scheme, 2006 	<ul style="list-style-type: none"> IRDA Protection of policy holders interests, 2017 Ombudsman Scheme, 2017 	<ul style="list-style-type: none"> Telecom Consumers Complaint Redressal Regulations, 2012 	<ul style="list-style-type: none"> Aircraft Act 1934 Airports Authority Act 1994 AERA Act 2008
Mechanisms	<p>Internal complaint handling by Banks</p> <p>↓</p> <p>RBI's Banking Ombudsman</p> <p>or</p> <p>Consumer Courts</p>	<p>Internal complaint handling by Insurers</p> <p>↓</p> <p>IRDA's Insurance Ombudsman</p> <p>or</p> <p>Consumer Courts</p>	<p>Internal complaint handling</p> <p>↓</p> <p>Appellate Authority (setup by TSPs)</p> <p>or</p> <p>TDSAT</p> <p>or</p> <p>Consumer Courts</p>	<p>Internal complaint handling by airlines/ airports</p> <p>or</p> <p>DGCA (Airseva)</p> <p>or</p> <p>Consumer Courts</p>

Best practices adopted

By regulators in other sectors



Banking

a. Digital Complaint Management Systems for Ombudsman

- Online complaint management system
- Annual Report, provides following key analysis:
 - Category wise distribution of complaints
 - Status of complaints
 - Turn around time for disposal of complaints
 - Age wise classification of complaints
 - Mode of disposal (settlement/ penalty etc.)

b. Depositor Education and Awareness Fund

- Institutionalized in 2014 by RBI, to grant financial assistance to organisations/ associations to take up consumer education activities
- Asked Banks to transfer inoperative deposit accounts into this fund



Insurance

a. Integrated Grievance Management System (IGMS)

- Consumers aggrieved by complaint redressal of their banks, can file complaints with IRDA through this portal
- A complaint registered through IGMS will flow to the insurer's system as well as the IRDAI repository
- Any update on complaint by Insurer will also be mirrored in the IRDAI system

Best practices adopted

By regulators in other sectors



Telecom

a. TRAI Value Added Services Complaint Management System (VAS CMS)

- Through this portal of TRAI, consumers can directly check VAS services applicable on their mobile numbers and raise claims for any service which is activated but not showing as applicable

b. Telecom Consumers Complaint Monitoring System (TCCMS)

- Integrated system with telecom operators, wherein Consumers can check their status of complaints

c. Mandated consumer outreach programmes

- To increase consumer awareness TRAI mandates telecom operators to conduct consumer outreach programs, approved by TRAI



Aviation

a. Air Sewa by DGCA

- Online portal of DGCA
- Consumers can directly submit their complaints against airlines or airports on this portal

Suggested Measures

Summary of key issues

Key Issues	Description
Consumer rights	
Lack of consumer centric information or detailed consumer charter	<ul style="list-style-type: none"> Multiple regulations and orders are difficult for consumers to comprehend Information needs to be converted into an easy to understand fashion, from all relevant regulations/ orders
Lack of SOP monitoring and enforcement	<ul style="list-style-type: none"> Lack of regular audits or monitoring for compliance of SOPs Nil or minimal penalties applied by Commissions for non-adherence to SOPs
Consumer Protection	
Low reach of CGRF	<ul style="list-style-type: none"> In many states, only a single CGRF is established per Discom; SERCs should define minimum number of CGRFs / norms for Discoms to follow considering appropriate parameter(s)
Lack of information processing from CGRF/ Ombudsman	<ul style="list-style-type: none"> The cases being filed by consumers to CGRF, ombudsman or judicial courts are an indicator of the issues being faced by consumers and should be taken into account by Regulators in their regulatory proceedings
Consumer Advocacy	
Need for enhanced role of Regulators	<ul style="list-style-type: none"> The role of regulators is limited to formulation of regulations and inviting comments during stakeholder consultations
Lack of consumer participation	<ul style="list-style-type: none"> Consumers are not aware of their rights or the correct body to approach in case of a dispute Regulations and orders are complex for general consumers to comprehend
Consumer representation mechanisms	<ul style="list-style-type: none"> Consumer associations are limited to larger HT consumers, with limited participation from other consumers Behaviour of HT consumers and retail consumers is very different which requires differentiated approach

Suggested Measures For Consumer Rights

Suggestion	Description	Best Practice
01 Detailed consumer charter/ document	<ul style="list-style-type: none"> • Harmonized document updated regularly, bringing together provisions from all relevant regulations and orders • Separate documents could be prepared based on type of consumer • SERCs can also ensure wider dissemination of these consumer charters through Consumer Advocacy Cells 	<ul style="list-style-type: none"> • <i>MSEDCL's Citizen Charter</i> • <i>Philippines ERC Magna Carta for Residential Consumers</i>
02 Automatic credit of penalty for non-compliance of SOP in consumer bills	<ul style="list-style-type: none"> • Provision should be included in SoP regulations for automatic credit of compensation to consumers in case of non-adherence to the timelines for resolution of consumer complaints or activity • To initiate with, areas covered under R-APDRP scheme may be considered for which data at feeder level is available with the Discoms 	<ul style="list-style-type: none"> • <i>Automatic adjustment of penalty for power outages in Delhi</i> • <i>Automatic payment for failure to meet SOPs in UK</i>
03 Monitoring, reporting and review of SoP parameters	<ul style="list-style-type: none"> • Reporting of performance parameters at division-level • Commonality in reporting parameters, frequency of reporting, etc. should also be maintained across all states for benchmarking • Strict enforcement of SOP reporting and penalties on Discoms • Annual regulatory review of SOP reporting • Allow recovery of ARR based on achievement of target power availability metrics, as per FOR model MYT regulations • Third party audits of SOP compliance reporting 	<ul style="list-style-type: none"> • <i>Performance Assessment and Audit (PAA) of power utilities, by accredited third party auditors in Philippines</i>

Suggested Measures

For Consumer Rights Protection

	Suggestion	Description	Best Practice
04	Norms for number of CGRFs in Discoms	<ul style="list-style-type: none"> SERCs should define norms for minimum number of CGRFs that Discoms should establish in their supply areas based on norms at districts, divisions, area, number of consumer, etc. 	<ul style="list-style-type: none"> <i>Regulations in UP, KA and WB, specify the minimum number of CGRFs to be established by Discoms</i>
05	Integrated Complaint Management System with automatic escalation	<ul style="list-style-type: none"> Would allow to raise complaints just once into the system which can be carried forward at each escalation level Would facilitate effective monitoring of complaints, its mitigation and analysis, improvement of processes and system, etc. 	<ul style="list-style-type: none"> <i>IGMS by IRDAI</i> <i>Digital complaint management system by Banking Ombudsman</i> <i>Automatic escalation to CGRF in Assam</i>
06	Analysis of complaints at CGRF/ Ombudsman	<ul style="list-style-type: none"> Dedicated cell within SERC for analyzing complaints data CGRF/ Ombudsman to report following aspects of complaints: <ul style="list-style-type: none"> – Distribution of complaints – Status of complaints – Turn-around time – Compensation awarded – Status of actions taken by Discom 	<ul style="list-style-type: none"> <i>UPERC provides CGRF wise details of complaints</i> <i>Annual Report of Banking Ombudsman</i>
07	Online Dispute Resolution	<ul style="list-style-type: none"> Online hearings can increase reach of CGRF/ Ombudsman as well as reduce the cost and time taken for dispute resolution 	<ul style="list-style-type: none"> <i>Online hearings by UP Ombudsman during COVID-19</i> <i>Online chat bots by Discoms in KA and RJ</i>

Suggested Measures For Consumer Advocacy

	Suggestion	Description	Best Practice
08	Consumer Satisfaction Survey/ Benchmarking	<ul style="list-style-type: none"> To capture voice of consumers on various aspects such as service levels of Discoms, electricity tariffs, complaint handling etc. 	<ul style="list-style-type: none"> <i>JD Power survey in USA</i> <i>GfK survey in UK</i>
09	SERC approval on consumer education plan	<ul style="list-style-type: none"> A consumer education plan should be required to be prepared by the Discoms on an annual basis and should be reviewed and approved by the Commission for implementation 	<ul style="list-style-type: none"> <i>TRAI approval of consumer outreach program</i>
10	Consumer representative in district to provide support to consumers	<ul style="list-style-type: none"> Responsible for guidance and support to consumers for raising of complaints with the Discom or escalation to CGRF / Ombudsman Can directly report to consumer advocacy cell of SERCs 	<ul style="list-style-type: none"> <i>Consumer Challenge Group in UK</i>
11	Operationalization of Consumer Advocacy Cell in SERCs	<ul style="list-style-type: none"> Various measures for consumer education could be adopted by drawing an annual plan of activities to be undertaken separately or jointly along with the Discoms 	

Consumer Satisfaction Survey

Administered by central agencies like PFC/ REC

Administration and funding

- **Consumer survey** can be conducted, **asking consumers to rank their satisfaction levels** on various parameters
- Could be **administered by central agencies like PFC/ REC**, and conducted through third parties
- Can be conducted through a mix of online and offline channels; Mobile apps of Discoms can be used
- **Discoms could fund** the cost of surveys based on their respective share in consumer base; SERCs could **allow the cost in ARR**
- **SERCs could** also eventually **direct Discoms to improve** on certain parameters of **consumer satisfaction**

Suggested aspect/ parameters for consumer survey questionnaire

Aspect	Power quality	Service	Pricing	Billing & Payment	Info. Availability	Complaint handling
Parameters	<ul style="list-style-type: none">• Supply hours• Fluctuations• Loss of devices due to low power quality	<ul style="list-style-type: none">• Professionalism of staff• Ease of reach of Discom office• Time taken for availing various services	<ul style="list-style-type: none">• % of household expenditure spent on electricity	<ul style="list-style-type: none">• Ease of comprehending bills• Regularity and accuracy of meter reading and bills• Payment avenues	<ul style="list-style-type: none">• Awareness of tariff calculation or regulation drafting process• Ease of comprehending various information	<ul style="list-style-type: none">• Awareness of CGRF/ Ombudsman• Ease of contacting Discom• Time taken to rectify faults or resolve complaints

- On each aspect, consumers can be asked to rate their satisfaction levels on a scale of say 0-10
- Further detailed questions can be asked on parameters within each aspect, to throw light on high or low ratings given by consumers

With ~20 crore number of consumers in the country, a **sample size of ~17,000** could give 99% confidence level with a 1% margin of error



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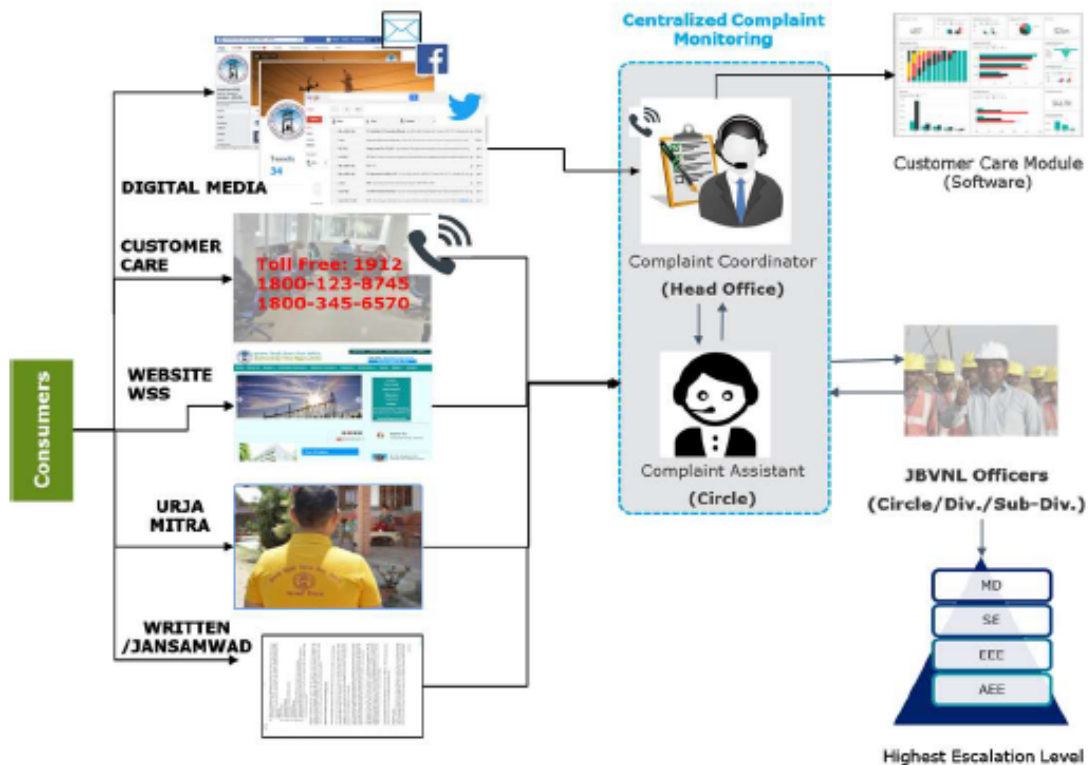
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Jharkhand Discom - SASHAKT

Centralised Consumer Complaint Redressal



Complaint Resolution Status

(1st April'18 – 30th June'19)

Mode	Total	Resolved	Pending
Urja mitra	73	71	2
JBVNL web site - wss	304	303	1
Social media- Facebook/Twitter	530	520	10
Email	113	109	4
Call centre	20175	19030	1145
Hard copy	21	20	1
Phone call to JBVNL officer	37	36	1
Total	20253	20089	1164

- JBVNL has addressed **95.2%** complaints within the stipulated time, since the launch of SASHAKT

Existing Literature Review

Key issues identified and measures suggested

FOR, Report on Protection of Consumer Interest, 2008



Key issues identified

- Penalty/ compensation powers to SERCs, with CGRF/ Ombudsman to operate as per SERC regulations
- Engagement of legal aid by licensees puts consumers at disadvantage
- Lack of performance monitoring of CGRF/Ombudsman



Key suggested measures

- SERCs should use penalizing powers under sec. 43 and compensation under sec. 57
- Constitution of legal assistance cells by SERCs
- Evolved a model consumer charter
- Involvement of NGOs for consumer education and empowerment

FOR, Report on review of CGRF and Ombudsman, 2016

- Poor reach of CGRFs, considering parameters like area or consumers per CGRF
- Need to improve consumer education and involvement – SERCs to earmark funds
- Lack of independence of CGRFs from Discoms, in appointment, office location, finances etc.

- Prioritization of grievances as Critical and Non-Critical
- Establishing Consumer Advisory Committees to assist consumers in representations
- Facilitating mediation before approaching CGRFs
- Independent helpline service for consumers

Existing Literature Review

Key issues identified and measures suggested



Key issues identified

World Bank, Report on Transforming Electricity Governance in India, 2015

- Process of grievance redressal has evolved differently in different states
- CGRFs are dependent on Discoms for their operational needs and tend to be loyal to them
- SERCs lose out on getting the consumers' perspective
- Consumers do not trust the system



Key suggested measures

- At least one SERC member should be expert in consumer issues/ consumer advocate
- SACs with well-balanced membership that meet regularly to focus on policy issues
- Consumer Representatives, appointed by FOR
- Data analysis and performance monitoring of CGRFs by SERCs

CUTS International, Report on Consumer Participation and Protection in Electricity Regulation

- Low awareness of CGRF/ Ombudsman among consumers
- Information obtained by CGRF/ Ombudsman is not processed by SERCs
- Non-existent or inactive consumer groups; SACs composition skewed in favor of Govt./ Discoms

- Improve internal complaint handling process of Discom
- SERCs should monitor compliance by Discoms of CGRF/ Ombudsman orders
- Periodic reporting on SOP performance
- Funding of Consumer Representatives through cess on electricity, administered by FOR

SOP Regulations

Reporting of SOP compliance has limited requirement across states

- Requirement for submission of power quality indices periodically is limited to few states of Haryana, Delhi, Gujarat, Maharashtra, Uttar Pradesh and Rajasthan
- Reporting on status of complaints filed by consumers is also not prescribed in all the regulations
- SOP regulations in states like GJ, MP, AS, DL, PB, HP and AP require Discoms to submit measures taken to improve performance levels and Licensee's assessment of targets for ensuing year

State	Frequency	Parameters to be reported (as per SOP Regulations)				
		Power quality indices	Status of Complaints	Compensation claim/ made	Instances of non-adherence	Level of SOP performance
AS	Monthly			✓		✓
HR	Monthly	✓				
DL	Monthly	✓	✓	✓		✓
KA	Monthly			✓		✓
AP	Monthly			✓		✓
GJ	Quarterly	✓		✓		
MH	Quarterly	✓	✓	✓		
HP	Quarterly			✓		✓
MP	Quarterly			✓	✓	✓
UP	Quarterly	✓	✓	✓		
RJ	Half-yearly	✓	✓	✓		
PB	Half-yearly			✓		✓
TN	Half-yearly			✓		✓
WB	Annual		✓	✓		