

Standards of Performance in connection with Electricity Supply to Consumers.

(Regulation No 6 Dated 19-08-2000)

1. Sections 50, 57-60 of Electricity Act 2003 cover issues related to Electricity Supply Code and Consumer protection: Standards of performance. They are general in nature and suggest that the respective state commissions to prepare detailed regulations.
2. A few changes in the electricity supply scenario with the enactment of E-Act are:
 - a) Presence of open access customers (Section 42-2)
 - b) Possibility of multiple distribution licensees operating in the same area (Section 14)
 - c) Presence of power traders (Section 4-ix)
 - d) Possibility of stand alone and de-centralised distribution systems in rural areas (4 - vii & viii)

Since none of these changes have come about in AP as yet, it is better to prepare some draft policy guidelines now which can be fine tuned at a later point of time.

Some time back the Commission circulated the General Terms and Conditions for Supply for modification in response to the proposal from the Distribution and Retail Supply licensees. During the same period APCPDCL also circulated draft Distribution Code for comments and suggestions. The new Electricity Act – 2003 attempts to bring in drastic changes in all aspects in to the power sector. This affects all segments of sector. This has implications for different Regulations that the APERC has formulated until now. We suggest that in stead of looking at each Regulation separately in a piecemeal manner all the Regulations be reexamined comprehensively in the light of the new Act and if needed be altered. Otherwise, one Regulation may contradict other Regulations as Regulations overlap in terms of subject and scope. Before that, it would be helpful if the staff of the Commission prepares discussion note on implications of the Act for different Regulations. This is necessary because only a handful among the public had the knowledge of the Act and its implications.

3. One of the key guiding principles of the E-Act and the reform program in AP has been to increase the accountability of utilities. In this regard, we have a few suggestions.
 - 3.1 Outage information: As part of the ARR process, each distribution utility should submit the detailed outage information for the past financial year. The average duration of supply to different categories of consumers in different types of locations (city, district head quarters, rural etc) should be given. Current ARRs give outage data of DT's or at feeder levels. Reports given by UPPCL is a good indicator (see excerpts in Annexure -I)
 - 3.2 The current guidelines give the service quality standards to the utility. There is no mechanism for independent monitoring of these, especially at the consumer end.

- RC could consider involving consumer groups to undertake such studies using simple measuring equipment (eg. those which only monitor availability of supply).
- 3.3 Once independent monitoring of service quality is in place, RC could consider implementing financial penalties on the utility if they do not meet it. (WBERC is reported to have issued regulation to this effect on September 25, 2003).

Annexure - 1

Excerpts from UPERC Tariff order for 2003-4 (Sections 2.43-45), Section (available at www.uperc.org)

Average Hours of Supply Per Day

Area	FY 01	FY 02	FY03
Rural	8.45	10.13	9.08
Tehsil	16.55	18.03	9.43
District H.Q.	18.51	20.05	16.5
Commissionery	20.53	21.58	18.1
Mahanagar	22.17	22.51	20.5
Supply to Industries	22.3	22.3	23.4

Source: UPPCL

It is clear from the above table that, with the exception of industries and Mahanagar areas, electricity supply during FY 03 has been severely constrained as compared to the previous year. The supply restrictions are largely attributable to the curtailment of power purchase by UPPCL consequent to the signing of the tripartite agreement for payment of CGS dues and operationalization of the ABT regime. This deterioration in supply hours has resulted in net decrease in electricity consumption as compared to the tariff order for FY03 and has had an adverse impact on the sales and revenue figures of the Licensee. But by restricting power purchase, it has created an illusory improvement in losses during FY 03.

The Licensee has actually alluded to 'reduction in supply to rural areas' as a device for controlling T&D losses. This is an admission of its attitude to rural consumers as well as a violation of the terms of the license. Also, the severe cut imposed on the Tehsil Headquarters thus bringing them almost at par with rural supply, creates a situation where an imposition of urban tariff on the tehsil consumers looks unjustified as they are pressed to make substantial investment on alternative arrangements. This fact also confirms that the Licensee has fallen short in terms of delivery as compared to the promises made in ARR filings.