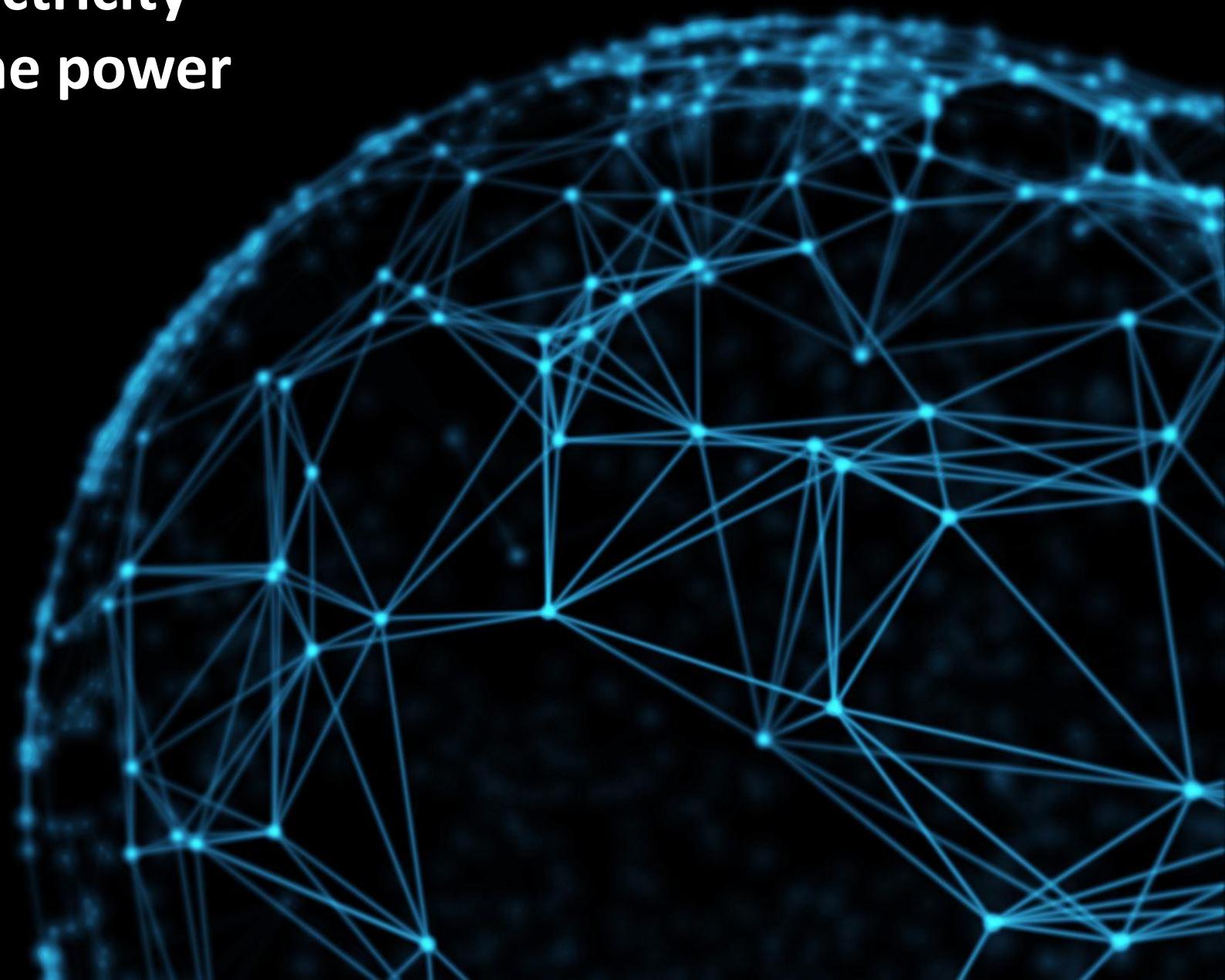


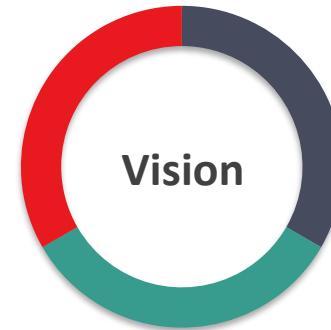
**Power and People: How  
the change in Electricity  
Rules will shift the power  
from Utilities to  
Consumers?**



# The proposed changes in Electricity Rules is an effective pathway to bring the consumers at the centre of the power system and improving the power distribution infrastructure

## Vision of Electricity (Rights of Consumers) Rules, 2020

Reliable services and  
quality electricity



Consumer is Prosumer

24x7 power to all consumers

The Electricity rules serve to “empower” consumers with rights that would allow them to access continuous supply of quality, reliable electricity. The proposed Rules, aimed at protecting rights of consumers, come at an appropriate time when many states have moved away from sustained shortages and have witnessed addition of many new consumers due to the concerted efforts of electrification drives across the country. Some Rules such as tracking new connections, streamlining application process for prosumers, and introduction of automatic compensation mechanisms are welcome steps. The new rules attempt to address this issue by putting in place a structure to make discoms more accountable to the end consumer, placing him at the centre of the regulations.

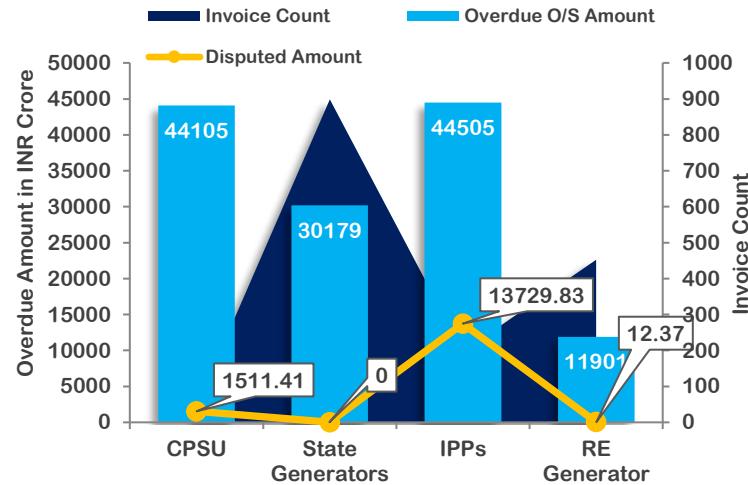
Hence, the implementation as per the rules will bring in new challenges and opportunities to consumers and distribution companies as well. So, it augers well to come up with the impact analysis of the change in electricity rules. Mr. Sumit Sethi (Associate Consultant, R&C Division) will address the current dynamics of distribution utilities infrastructure and Mr. Abhay Pathania (Associate Consultant, R&C Division) will look into the detailed impact analysis of the changes brought in by the new Electricity Rules on distribution utilities and consumers.



## Current Realities of Distribution Infrastructure in India

India's power sector is saddled with various issues, including electricity demand slowing due to economic slowdown aggravated by the impact of COVID-19 in 2020. The absence of competition, unsustainable cross-subsidies, economically inefficient tariff setting processes, dishonouring the PPAs, and a lack of modern technology and infrastructure development are adding to discoms' losses. Consequently, there exist lack of the quality services and round the clock electricity to the consumers. Discoms continue to incur huge financial losses, a clear reflection of massive subsidies, largely unfunded by the state governments. Consequently, the discoms are unable to improve upon distribution infrastructure. For example, the mass rollout of the smart metering deployment is still at the nascent stage even multiple schemes are active. Hence to reduce the gap between power companies and the consumers keeping consumers at the centre, the government announced changes in electricity (Change in Consumer) Rules, 2020 make the distribution companies more accountable to consumers, thus reducing their monopolies and giving consumers more alternatives.

Exhibit: Summary of Overdue Outstanding Amount as on November 2020



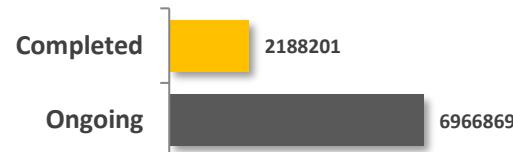
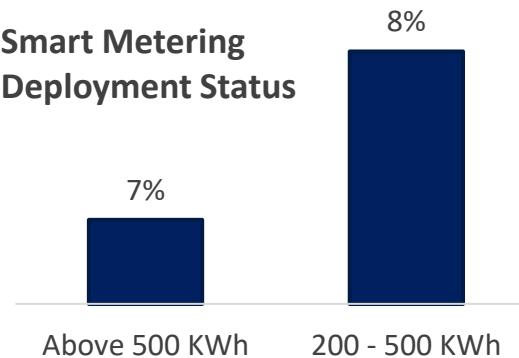
### Outstanding Dues



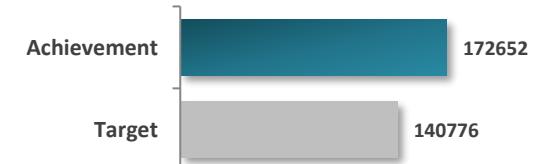
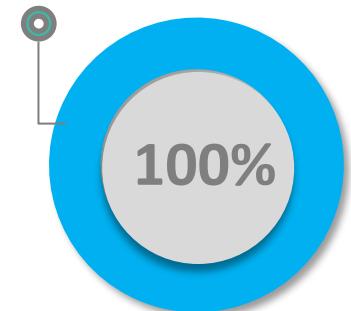
Power producers' total outstanding dues owed by distribution firms rose over 47% year-on-year to INR 1.30 lakh crore in November 2020

Exhibit: Status of Smart Metering and Feeder Metering in India as on 2020

### Smart Metering Deployment Status

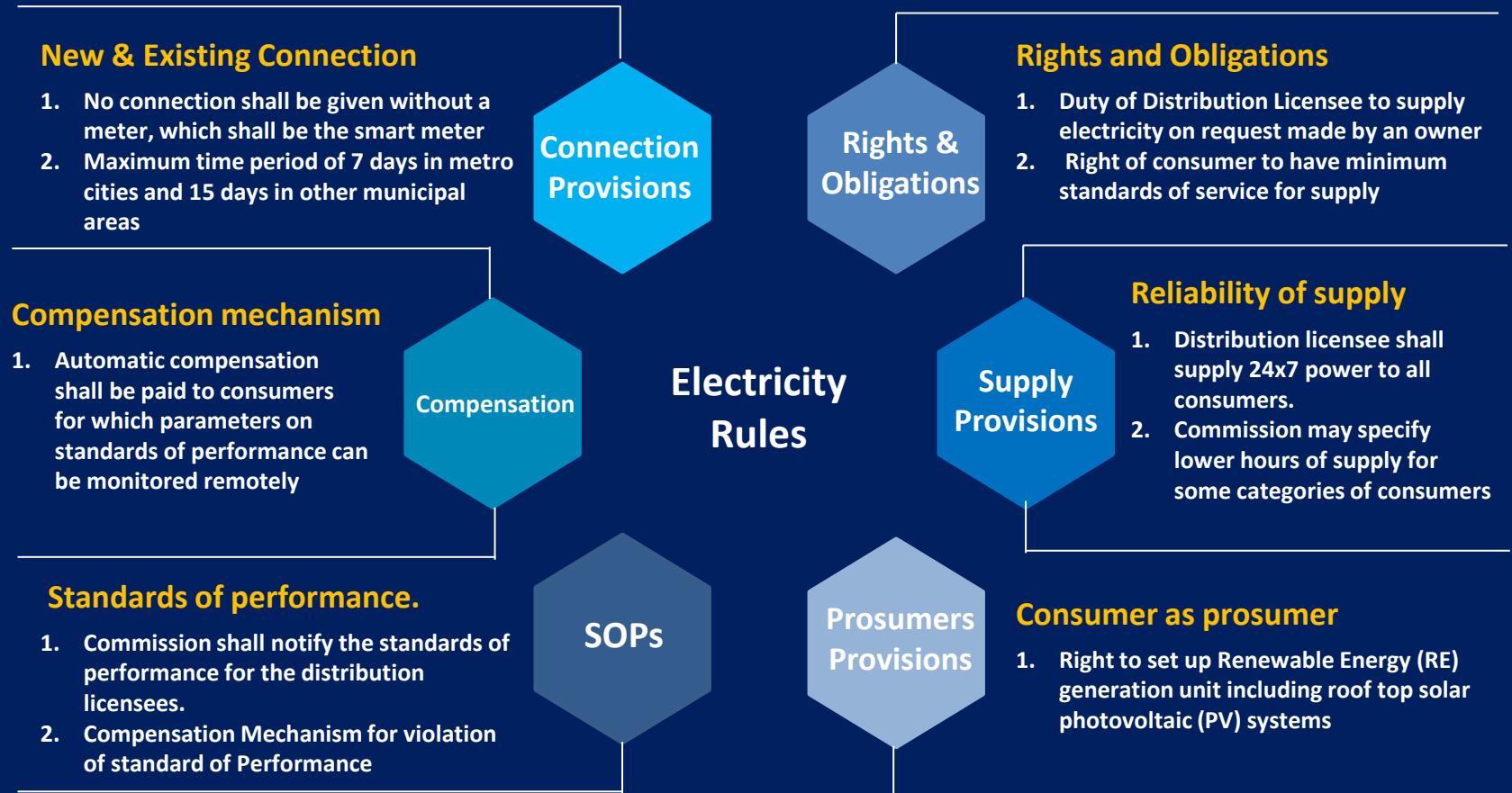


### Feeder Metering (Urban & Rural)



Source: eninrac consulting, Ministry of Power, NSGM, UDAY & Channel checks

# The track of the changes in Electricity Rules, 2020 – The Major Changes Made



**Impact**

Bring the consumers at centre stage of power system

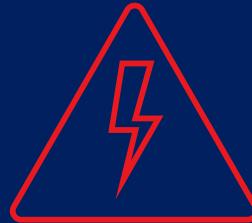
Helps build Distribution Utilities Infrastructure

Forcing discoms to improve their performance standards, and adopt a more consumer centric approach

# The track of the changes in Electricity Rules, 2020 – Impact on the Consumers

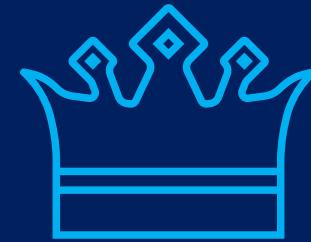
## Consumer the new king

The Power distribution companies, whether public or private entities, are essentially geographical monopolies which leaves the end consumer with no alternative to shift even if they are unhappy with the services. But with new rules in picture, the power distribution companies will be held more accountable to the end consumer.



## Timely Judgement

The new rules aim at providing consumers timely and fair decisions for their grievances. For this purpose, Consumer Grievance Redressal Forum (CGRF) will have to include consumer and prosumer representatives and the number of consumer's representatives will also be increased from one to four.



## Relief from long power cuts

Distribution licensee will now have to supply 24x7 power to all consumers except for some categories of consumers like agriculture. If the distribution licensee is unable to resume power supply beyond a particular duration, then it needs to compensate consumers for the irregularity.



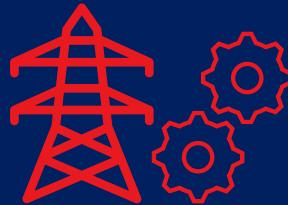
## Defaulter Discom to compensate consumers

An automatic compensation mechanism will be put in place to keep a check on the discoms so that the licensee adheres to the standard of performances setup by the commission which will help in providing best quality and reliable power supply to the consumers.

# The track of the changes in Electricity Rules, 2020 – Impact on the Distribution Licensee

## Improve efficiency

The Power distribution companies now need to be on their toes to tackle any problem as the new rules strictly states timely execution of every task whether it be providing new connections, changing of faulty meters or resuming power supply . The introduction of time bound structure demands the discoms to be more vigilant and efficient else they will face penalty which will be paid to the consumers.



## Build strong & reliable network

With the introduction of new rules, the discoms will have to adopt new standard of performance parameters for reliable power supply. The distribution licensee needs to put in place a mechanism, preferably with automated tools and standard equipments in the distribution network for monitoring and restoring outages.



## Improve AT&C losses

According to the new rules, distribution licensee will now only install prepaid meters which will help discoms in improving their financial health as this step will reduce the numbers of consumers from defaulting payments. Also, the discoms now need to strictly follow the set standard of performance parameters which directly will help in reducing technical losses.



## Adoption of IT to expand the capabilities

The distribution licensee needs to have an operational website & mobile app for online submission of various forms, electricity bills & complaints, the online portals need to be updated regularly so that all information is readily available to consumers. 24x7 customer care service is also a must and the consumers need to be informed through SMS about planned or unplanned outages along with estimated time for restoration.

**For any queries, please contact:**

**Sumit Sethi**  
**Associate Consultant - Research**  
**and Consulting Division**

**Email ID:**  
**sumit.sethi@eninrac.com**

**Contact:+ 91 9717707602**

**Abhay Pathania**  
**Associate Consultant - Research**  
**and Consulting Division**

**Email ID:**  
**Abhay.pathania@eninrac.com**

**Contact:+ 91 9882092502**



The life of a man consists not in seeing visions and in dreaming dreams, but in active charity and in willing service

- Henry Wadsworth Longfellow

Become a Client | Contact Us |



vantedge<sup>+</sup>

MRAC<sup>+</sup>

OCORE<sup>+</sup>

Contact – Head Office

Address : 5th floor, Caddie Commercial Tower, Aerocity (DIAL), New Delhi - 110037

Contact – NCR Office

Address : 7<sup>th</sup> Floor, I-Thum Towers, Noida, NCR Region, Uttar Pradesh, India

Contact – Mumbai Office

Address : 4<sup>th</sup> Floor Duru House, Juhu, Opposite JW Marriott, Mumbai, Maharashtra



[connect@eninrac.com](mailto:connect@eninrac.com)



+91 120 4147 000



[www.eninrac.com](http://www.eninrac.com)