

Electricity (Rights of Consumers) Rules, 2020

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Electricity Distribution Companies (both government or private) across India are monopolies – and the consumers have no alternative but to choose the distributor in their area. So, it was necessary that the consumers' rights be laid down in Rules and a system for enforcement of these rights be put in place. To address this issue, the Union Ministry of Power has promulgated rules laying down the rights of power consumers in the country.

In news: Union Government for the first time lays down Rights to the Electricity Consumers through “Electricity (Rights of Consumers) Rules, 2020”

Placing it in syllabus: Economy

Dimensions

- Provisions
- Significance
- Concerns

Content:

Provisions

The Ministry of Power framed the Electricity (Rights of Consumers) Rules, 2020 under **Section 176 of the Electricity Act 2003**.

The major provisions of the Electricity (Rights of Consumers) Rules, 2020 are:

- **Rights and Obligations:**
 - **Distributor:** It is the duty of every distribution licensee to supply electricity on request made by

an owner or occupier of any premises in line with the provisions of Act.

- **Consumer:** Consumers have a right to have minimum standards of service for supply of electricity from the distribution licensee.
- **Time-bound Connection:** Maximum time period of 7 days in metro cities and 15 days in other municipal areas and 30 days in rural areas, has been fixed to provide new connection and modify an existing connection.
- **Compulsory Metering:** No connection shall be given without a meter that shall be a smart prepayment meter or prepayment meter.
- **Billing and Payment:** There should be transparency applicable to consumer tariff and bills, with the option to pay advance bills.
- **Reliability of supply:** The distribution licensee shall supply 24x7 power to all consumers. However, the Commission may specify lower hours of supply for some categories of consumers like agriculture.
- **Prosumers are treated as consumers:** While the **prosumers** will maintain consumer status and have the same rights as the general consumer, they will also have the right to set up **Renewable Energy (RE) generation** units including roof top solar photovoltaic (PV) systems – either by himself or through a service provider.
- **Compensation mechanism:** Automatic compensation shall be paid to consumers for which parameters on standards of performance can be monitored remotely.
- **Call Centre for Consumer Services:** Distribution licensee shall establish a centralized 24x7 toll-free call center.
- **Grievance redressal mechanism:** Consumer Grievance Redressal Forum (CGRF) to include consumer and prosumer representatives. Though Maximum timeline of 45 days has been specified for grievance redressal, licensee shall specify the time within which various types of grievances will be resolved.

Prosumer: It means a person who consumes electricity from the grid and can also inject electricity into the grid for distribution licensees using the same point of supply.

Electricity is a concurrent subject and the Centre has the power to make rules to be implemented in each state.

Significance

- In an environment where distribution companies are monopolies, the rules are expected to bring the consumers at centre stage.
- The rules specify minimum service standards to electricity consumers.
- They will help to introduce corporate culture in the distribution utilities
- These rules will bring in uniformity across states and discoms
- These rules serve to empower consumers with rights that would allow them to access continuous supply of quality, reliable electricity.
- There will be penalties if the discoms violate norms. The services will have to be provided in the specified time.
- The provisions make distribution companies more accountable to consumers.

Concerns

Readiness of discoms and states:

- Many discoms are not fully prepared in terms of infrastructure, processes to implement these changes

Detrimental to Rooftop Solar projects:

- Under the Rights of Consumers Rules, provisions relating to limiting net metering for loads up to 10 kW and

mandating gross metering for loads above 10 kW has also been introduced.

- This has drawn severe criticism on account of it being detrimental to the growth of the rooftop solar industry in India.
- Net metering arrangement usually helps consumers in decreasing their electricity bills, this has proved to be a major attraction for commercial, industrial and residential consumers (“C&I Consumers”) to install rooftop solar projects on their premises.
- Mandatory gross metering for loads above 10 kW will take away an incentive to install rooftop solar projects.
- MNRE Phase-II scheme for Residential Rooftop will fail since major capacity of the projects are > 10KW
- Therefore the provision has neither benefits nor serves the cause of the consumers, but is beneficial to the Discoms.

Net Metering:

- **Net metering** is a mechanism in which electricity exports are adjusted against imports.
- This adjustment results in lowering of the electricity bill of consumers as electricity produced from the rooftop project is deducted from the total electricity consumed from the grid over a fixed period of time.
- Net metering arrangement usually helps consumers in decreasing their electricity bills

Gross Metering:

- **Gross metering** is a mechanism in which a consumer is reimbursed at a **fixed feed-in tariff** for the total number of units of energy generated and exported to the grid.
- However, the consumer is required to pay the distribution company (“Discom”) a retail HT tariff for electricity obtained from the grid.

- The fixed feed-in tariff and retail HT tariff usually vary to a great extent.
- The rate of the HT tariff is higher than the rate of the fixed feed-in tariff.

Mould your thought: What are the major provisions of Electricity (Rights of Consumers) Rules, 2020? Critically evaluate their significance for Electricity distribution in India.

Approach to the answer:

- Introduction
- Mention the major provisions of the rules
- Discuss the significance of the rules
- Discuss the concerns related to them
- Conclusion