



KERALA STATE ELECTRICITY REGULATORY COMMISSION

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Sub: Kerala State Electricity Regulatory Commission – Implementation of the Scheme for Protection of Consumer Interests and Empowerment of Consumers- Engagement of Junior Consultant (Consumer Advocacy)- Orders issued.

Order No. 2394/Admn./2015/KSERC

The Commission is pleased to approve the Scheme for Protection of Consumer Interests and Empowerment of Consumers. The scheme is appended.

The expenditure for implementing the scheme will be met from the Commission's own fund. Sanction is also accorded for providing an additional amount of Rs. 17,01,000/- (Rupees Seventeen Lakh and One Thousand Only) in the current year's budget for meeting the expenses.

Secretary

KERALA STATE ELECTRICITY REGULATORY COMMISSION

Scheme for Protection of Consumer Interests and Empowerment of Consumers

The Indian electricity supply industry has been undergoing significant changes over the last two decades. There have been notable improvements, especially in the physical infrastructure. But the state of service delivery has not achieved desirable levels, even though there was a significant structural reform in the sector that evolved and shaped the sector and enabled the sector to come to its present position and shape.

Consumer protection and participation in the regulatory process are crucial for better governance in the sector. Participation strengthens the information base available to regulators as they make decisions, and helps them understand the consumers' perspective. Participation also increases the social acceptance of technical decisions that the regulators take, and measures for consumer protection help build consumers' trust in the system. Together effective consumer protection and participation in the regulatory governance are expected to contribute to democratic legitimacy of independent sector regulators.

Consumer protection and participation can be seen as consisting of two parts: (1) grievance redressal; and (2) consumer participation in regulatory proceedings. Consumer participation is thus necessary to ensure representation of public interest and ensure social acceptance to regulatory decisions. While building consumers' trust in the regulatory system, it also contributes to institutional and democratic legitimacy of the independent regulators. Moreover, in the absence of public inputs, regulators often make major decisions on behalf of the consumers, "on the basis of limited information". Active and effective consumer engagement in the regulatory process would be able to address the information asymmetry and improve regulatory decision making.

What matters most for an effective and inclusive participation is the fora of participation. Public awareness of such fora, ease of access to these fora and size of such fora determine the level of public involvement. To sustain public engagement the fora must be transparent, accountable and responsive to public concerns.

Consequently, the 2003 Act made three relevant provisions for representation of consumer interests and promotion of consumer participation. First, retaining the provision for State Advisory Committees at the SERC level (as in 1998 Act), the Act allowed representation of various consumer interests in the regulatory process. Second, it required the regulatory commissions to hold regular public consultations and hearings on important matters to seek their inputs. Third, the act made provisions for Consumer Grievance Redressal Forums (CGRFs) at the discom level and one or more Ombudsman at the state level, to ensure accountability of service providers to consumers, and build consumers' trust in the system. The 2003 Act is the first in the series of regulations to give significant thought to consumers' requirements, by

mentioning 'protecting interests of consumers' as one of the objectives in the preamble. Though this is more of a symbolic development, it marks advancement from the past. It further strengthens consumer protection from service providers by proposing a set of standards of performance for the licensees, building on the state reform Acts, and making provision for a multi-level consumer grievance redressal mechanism. It should be noted that while the preamble and the Act include the consumer in their considerations, there still remains a lot to be done in this front.

The preamble of the Act clearly mentions protection of consumer interest as a key goal:

"An Act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto"

Protection of interests of consumers is one of the declared objectives of the Electricity Act, 2003, as stated clearly in the preamble of the Act. Section 23 empowers the Commission to give directions to any licensee for maintaining efficient supply, recurring equitable distribution of electricity and promoting competition. The intention of legislature with regard to protection of consumer interests can be seen in Sections, 42, 43, 46, 50, 53, 55, 56, 57, 61, 62, 63, 64, 66, 87, 88 etc. Sub section (5) of the Section 42 provides for establishment of Consumer Grievances Redressal Forum and sub-section (6) of Section 42 provides for establishment of the Electricity Ombudsman. Section 50 empowers the Commission to issue the Electricity Supply Code. Section 57 empowers the Commission to specify by regulations, the standard of performance which should be ensured to the consumers by the licensee. Section 61 among other things, stipulates that the tariff should be determined safeguarding consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner. The whole process of determination of tariff has to be transparent, efficient and competitive. . As per the Section 86, the SERCs have been empowered to issue and enforce the regulations on standards with respect to quality, continuity and reliability of service by the licensees. As per Section 87, of the Act, it is mandatory to include representatives of consumers in the State Advisory Committee. One of the mandatory objects of the State Advisory Committee, as stipulated by Section 88 of the Act, is protection of consumer interest. A careful examination of the scheme of law in Electricity Act, 2003, will clearly show that it is envisaging at providing good quality power at affordable rates to all citizens of the nation, which safeguarding interests of all stakeholders, especially the consumers.

Power sector can achieve optimum development only in an atmosphere of co-operation among all the stakeholders including the generators, the licensees and the

consumers. Among the stakeholders, it is generally found that the generators, licensees and industrial consumers are more informed and organized. Domestic and agricultural consumers, especially in rural areas are found to be less informed and less organized. It is understood that ignorant and unenlightened consumers are easy prey for exploitation in the market place. Educating the consumer minimizes consumer exploitation and enhances consumer protection in the electricity sector. Emphatically, lack of awareness is the major challenge for the electricity consumers' protection. Therefore, it is absolutely necessary that such less informed and less organized consumers are enlightened about their rights and duties.

It is also noticed that, many issues at the cutting edge level in the field, arise out of ignorance or lack of proper appreciation about the relevant statutory provisions and regulations. Therefore there is an urgent need to educate the field staff of the licensees about their duties and responsibilities and the relevant regulations and other statutory provisions.

Towards meeting this end, KSERC has been actively in the forefront and Commission has issued the following regulations to govern the terms and conditions of determination of tariff, terms and conditions of distribution of electricity, standards of performance of licensees etc.

1. The KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2014
2. The Kerala Electricity Supply Code, 2014
3. The KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015

The Commission has also issued KSERC (Compliance Audit) Regulations, 2012. Compliance Examiner is not primarily fault finding machinery for imposing punishments on the licensees. The prime objective of compliance audit is to identify defects, deficiencies and delays in the implementation of the statutory provisions and regulations in the field and to assist the licensees to work out practical and tangible solutions for improving the situations.

The present scheme envisaged by KSERC is for strengthening compliance audit and consumer advocacy activities.

Objectives

The main objectives of the scheme are;

- (1) To inspect section offices of the licensee and to assess the level of compliance of regulations and other statutory provisions.
- (2) To educate and enlighten the consumer groups with a view to enabling them to protect their interests and to perform their duties
- (3) To educate and enlighten the field staff of the distribution licensees about the government policies and programs as well as the rules, regulations and other statutory provisions with a view to improving their efficiency and services to consumers.

- (4) To develop and maintain a congenial atmosphere wherein the consumer and the employees of the licensees work together as partners in the process of development of power sector.
- (5) To enlighten the consumers and the employees of the licensees about their duties and responsibilities regarding conservation of energy, management of load and generation of renewable energy so that they can contribute effectively towards the national programs and policies for conservation of environment, nature and natural resources.

Action Plan:

The main activities proposed under this project include;

- (1) Inspection of 747 sections in 70 Divisions in 25 Circles in a period of 2 years. Inspection of 432 section offices during 2016-17 & 315 sections in 2017-18, at an average of 36 inspections per month.
- (2) Review of the inspection reports and assessment of defects, deficiencies and developments in implementation of regulations and other statutory provisions.
- (3) Interactive workshops with consumers and employees:
24 Nos. @2 per month
- (4) Workshops on renewable energy, demand side management (DSM), Energy efficiency, and conservation of energy.
- (5) Inspection of Sections and preparation of inspection report as per the formats in annexure.
Review of inspection reports and assessment of defects, deficiencies against the statutory provisions by the Compliance Examiner.
H.E details – 747 Section 432/ year 4 Junior Consultant
25 circle 9 Section / Circle / annum 108 Section / Junior consultant / year

Interactive workshops with Consumers to create awareness about the various provisions of

- (1) Kerala Electricity Supply Code, 2014
- (2) KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015.
- (3) Demand side management
- (4) Conservation of energy
- (5) Safety
- (6) Consumer Grievance Redressal Mechanism.
- (7) Awareness of regulatory decision making process so as to build up the capacity required for effective participation.

Interactive workshops with employees of licensees to create awareness about the various provisions of

- (1) Kerala Electricity Supply Code, 2014

- (2) KSERC (Standards of Performance of Distribution Licensees) Regulations, 2015.
- (3) Demand side management
- (4) Safety
- (5) Renewable energy
- (6) Conservation of energy

Resource requirements for the implementation of the scheme

Human Resources

Junior Consultants – for inspection

Expert Consultants – for workshops

Compliance Examiner for review

Financial Resources

The details of the financial requirement for effective implementation of the envisaged scheme is given below:

Sl. No.	Particulars	2016-17 (9 months)	2017-18	2018-19
1	Remuneration to the consultants for inspection – 2000/section	648000	864000	864000
2	TA, DA – 2000/section	648000	864000	864000
3	Workshop	90000	120000	120000
4	Consultant fee, TA, DA, Refreshment - 10000/workshop	180000	240000	240000
5	Reading materials	90000	120000	120000
6	Conference expenses, advertisement charges	45000	60000	60000
	Total	17,01000	22,68000	22,68000

BENEFITS

- (1) Better licensee- consumer relation.
- (2) Creating/building awareness of demand side management measures for consumers and employees of the licensees.
- (3) Creating/building awareness of energy conservation measures for consumers and employees of the licensees.
- (4) Awareness of the public regarding the benefits of renewable energy generation.
- (5) Awareness of electrical safety among consumers and employees which will reduce electrical accidents.

- (6) Better awareness of the statutes and regulations in the electricity sector which will minimize the grievances before CGRF and Ombudsman and saving of expenditure thereof.

REVIEW

The project will be subjected to review in every six months. The achievement against the objectives through interactive workshops with consumers and employees of the licensees and section level inspections will be reviewed and corrective measures be taken in the case of any lapse with regard to the benefits to be achieved through this project.

KSERC FUND REQUIREMENT

The fund required for the proposed scheme for the year 2016-17 (9 months period) is about Rs. 17,01,000/- Since, the budget for the year 2016-17 has already been prepared and approved by the Commission, the proposed expenditure of Rs, 17,01,000/- is required to be approved by the Commission. Accordingly, the expenditure to be incurred is prepared under the heads of account as per KSERC Fund Rules, 2013.

The proposed expenditure for the years 2017-18 and 2018-19 is Rs. 22, 68,000/- each, which will be considered at the time of preparation of the budgets for the respective financial years.

Secretary.