



CONSUMER ASPECTS

Concept Paper

Prepared for:

**HARYANA ELECTRICITY REGULATORY
COMMISSION (HERC)**

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16th March 2010

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1. BACKGROUND AND OBJECTIVES

The objectives of power sector reforms in Haryana were to restore reliability of the power industry and to create an environment which would promote private investment, and competition and ensure active consumer participation in the power sector.

In order to achieve the objectives of the reforms, the State Assembly enacted "The Haryana Electricity Reform Bill, 1997". The Haryana Electricity Reform Act, 1997 became effective from 14th August 1998. The Act provided for the constitution of an Electricity Regulatory Commission, restructuring of the electricity sector, and the creation of avenues for consumer participation. The Act also provided for measures conducive for the development and management of the electricity industry in an efficient, economical and competitive manner. Accordingly, the Haryana State Electricity Board was restructured and unbundled into four corporations i.e. (i) Haryana Power Generation Corporation Ltd. (HPGCL); (ii) Haryana Vidyut Prasaran Nigam Ltd. (HVPNL); (iii) Uttar Haryana Bijli Vitran Nigam Ltd. (UHBVN); and (iv) Dakshin Haryana Bijli Vitran Nigam Ltd. (DHBVN)

Given that the reforms in Haryana commenced more than a decade ago, an assessment of The Haryana Electricity Reform Act, 1997, (along with relevant provisions of the Electricity Act 2003¹) in the context of consumer participation in the regulatory process is perhaps overdue. Some key questions are as follows:

- How far has the regulator been successful in enhancing transparency/accountability and ensuring consumer participation?
- Is consumer interest taken into consideration while arriving at important policy decisions?
- Are consumers satisfied with the existing complaint redressal mechanism?

These issues require deeper analysis than what has been conducted so far. Thus, the report is an attempt to examine the status of consumer participation/awareness in/of the regulatory reform process in the electricity sector and the functioning of this sector in Haryana.

In the light of the above, the key objectives of this study are:

- **Assess the scope and role of HERC in promoting consumer participation in the regulatory decision making process**
- **Review the state of consumer satisfaction and overall quality of service standards**
- **Identify various barriers to effective participation by consumers/CSOs (Consumer Service Organizations) in the regulatory process**
- **Suggest measures to promote adequate public participation in the sector**
- **Assess the role of HERC and utilities in creating awareness among consumers**
- **Assess consumer awareness by undertaking a consumer survey**

Apart from this introductory section, this report has six sections.

Section 2 provides the ideal scenario of consumer participation in the regulatory decision making process and the framework provided by the Electricity Act in this regard.

Section 3 reviews relevant provisions of the key documents notified by the HERC to protect consumer interest and the current status of consumer participation in the Haryana.

Section 4 identifies the major gaps and impediments characterising consumer participation in Haryana.

Section 5, the concluding section, summarises and provides recommendations on the basis of the analysis carried out in this report.

¹ Annex I provides the legal and policy framework governing consumer involvement, participation and protection in the Indian Electricity Industry.

2. CONSUMER PARTICIPATION IN THE REGULATORY DECISION MAKING PROCESS

Consumer protection is a primary mandate for infrastructure regulators. To fulfil this mandate, regulators must ensure effective consumer participation in the regulatory process. **Depending on how effectively regulators fulfil their mandate vis-à-vis consumers, the regulatory process benefits from a higher degree of consumer involvement.** The Electricity Act 2003 provides for consumers to play a pro-active role in protecting their interest in the sector (Refer to Box 1)².

BOX 1: CONSUMER PROTECTION: KEY PROVISIONS IN THE ELECTRICITY ACT, 2003

Some of the major provisions pertaining to protection of consumer interests in the Act are:

- Section 23, which, inter-alia, refers to issue of directions to licensees for promoting competition
- Section 42(6) provides for appointment of an Ombudsman by the State Commission.
- Section 57(2) which makes a licensee liable to pay compensation, for non-compliance with the Standards Of Performance, to the person affected as may be determined by the Regulatory Commission.
- Section 64(3) which refers to the procedure for making tariff order after considering all suggestions and objections received from the public.
- Section 60 regarding avoidance of market domination.
- Section 61 regarding the factors which are to be kept in view in tariff determination. Sub-section (c) thereof refers to encouragement of competition, efficiency, economical use of resources, good performance and optimum investments.

As mentioned in Box 2, three progressively higher rungs can be identified in the ladder of consumer engagement, namely Information, Consultation and Partnership. The participation and involvement of consumers in the reform process and governance goes a long way in achieving the basic objective of economic reform and liberalisation - growth with equity.

BOX 2: LADDER OF CONSUMER PARTICIPATION IN THE REGULATORY PROCESS

The literature exploring citizen participation in Government policy making depicts each level of citizen involvement in the political process as a distinct rung in the "ladder of citizen engagement," with successive rungs of the ladder corresponding to progressively higher degrees of citizen empowerment in determining the outcome of the decision-making process (Arnstein 1969). Similarly, there are different gradations of consumer participation in the regulatory process, varying to a significant extent across countries and sectors and depending on the type of regulatory model in place. The following levels of involvement could be identified as four critical rungs of the ladder of consumer participation in the regulatory process:

- **Information**
 - Information is the first step toward legitimate consumer involvement in the regulatory process. **At this rung of the ladder, emphasis is placed on one-way flows of communication (from regulators to consumers) with no channel provided for feedback. Hence, when consumer participation is limited to information, consumers have little opportunity to influence the outcome of the decision-making process.**

² Annexure I provides a detailed description of the Legal and Policy Framework related to consumer aspects at the National Level

- **Consultation**

- Regulators rely on consultation with consumers and other interest groups as a valuable source of non-binding advice to inform the regulatory process. **Consultations can either be conducted on an ad hoc basis on specific consumer issues or throughout the regulatory process.** However, if not combined with other modes of consumer involvement, consultation may not be sufficient to ensure effective consumer participation, as it offers no assurance that consumer input will be taken into account in the decision-making process.

- **Partnership (acting and deciding together)**

- The third rung of the ladder, partnership, involves some degree of “redistribution” of decision-making power as consumers are granted the right to negotiate with the regulator and the other stakeholders the outcome of the regulatory process. **Given the diffuse interests of the consumer constituency, effective partnership with consumers hinges on the appointment of consumer spokespersons fully accountable to the consumer constituency.**

- **Empowerment (delegating decision-making power to consumers)**

- At this rung of consumer engagement, consumers are empowered to manage their own infrastructure. Consumer empowerment works best when infrastructure networks are small and can be within the control of a single community—for example, small town water supply systems are often ideal candidates for local community management. However, consumer empowerment is generally unfeasible in the case of large-scale infrastructure, due to the complexity of managing diffuse consumers groups with conflicting interests.

At the first two rungs of the ladder of consumer engagement (information and consultation), consumer participation plays an advisory role. At the topmost rungs of consumer engagement (partnership and empowerment), consumer participation leads to some degree of sharing of the decision-making power. **However, given that the topmost rung of the ladder (empowerment) is seldom feasible in large infrastructure industries, this study adopts a three-rung ladder (information, consultation, partnership) to illustrate the different levels of consumer participation in infrastructure regulation.**

Depicting different forms of consumer participation as ladder rungs is a useful tool to capture different gradations in consumer participation in the regulatory process. However, the tool presents limitations. First, the ladder is a simplification, as the distinction between the different levels is often blurred. For example, even when consumer advice is not binding, consumers’ opposition to regulatory reforms may be strong enough to de-legitimize the role of the regulator. Second, higher rungs of consumer participation may not necessarily lead to better regulatory outcomes, in particular in newly-established regulatory frameworks without a tradition of consumer representation. **In fact, ascending the ladder of consumer participation is a lengthy and difficult process, which needs to be supported by an enabling institutional environment — the higher the rung of consumer participation, the more sophisticated the institutional environment, needs to be to accommodate additional layers of consultations.**

Source: <http://www.eapirf.org/MenuItems/Resources/Papers/General/rsrc502.pdf> accessed during September 2009

Consumer participation in electricity regulation is highly desirable because of the essential nature of this service as well its crucial role in rapid economic development. Apart from household use, electricity is a basic input into agricultural, commercial and industrial activities. Therefore, **all consumers - domestic, agricultural, industrial and commercial -- have a vital stake in the sector.**

In the pre-reform phase, participation of the general public was almost non-existent, mainly because of the technical nature of the issues and lack of awareness regarding these. Similarly, the grievance redressal mechanism required the registering of complaints with the nearest sub-station and frontline staff. People rarely approached higher authorities if the frontline staff could not redress their grievances, especially in the rural areas. This situation encouraged corruption because paying bribes was a cheaper option than pursuing the matter with higher authorities, from whom redressal anyway was also not assured. Utilities were most of the times unresponsive and insensitive.

The enactment of the Electricity Act 2003, has led to significant changes in manner in which consumer participate and contribute to the regulatory decision-making process. **The Electricity Act 2003 requires Electricity Regulatory Commissions (ERCs) to invite consumers to participate in the decision making process. Thus, protection of consumer interest is one of the major functions mandated to the Haryana Electricity Regulatory Commission (HERC) as per the Act.** In addition, various provisions in the Haryana Electricity Reform Act 1997 also require the HERC to safeguard the interests of electricity consumers while promoting competition in the industry. For example, Section 11 1(f) states that the Regulatory Commission should “*promote competitiveness and progressively involve the participation of private sector, while ensuring a fair deal to the customers*”. Further, it also requires the Commission to ensure consumer safety and good quality of service in the sector.

The following section discusses in detail the provisions related to consumer participation and involvement in various documents notified by the HERC, key steps initiated by the HERC and the current status of consumer participation in the state.

3. PROVISIONS RELATED TO CONSUMER ASPECTS IN HARYANA AND THE CURRENT STATUS

3.1. PROVISIONS RELATED TO CONSUMER ASPECTS IN HARYANA

One of the important objectives of electricity reforms is to protect consumer interest through adequate consumer participation in the policy formulation and decision making process. In the same context, the Electricity Act 2003 and National Electricity Policy require ERCs to follow a transparent process while framing regulatory decisions. For example, Section 64(30) states that “...after considering all suggestions and objections received from the public, the regulatory commission would issue a tariff order...” Similarly, the National Electricity Policy assumes transparent and accountable decision making through community participation. It also requires the Appropriate Commission to fix norms for quality of service and consumer protection. Further, Part X of the Haryana Electricity Act has laid down the provisions for constitution of an advisory committee as well as consumer consultations to make the system more transparent and accountable.

Under the provisions of the Electricity Act 2003, **HERC had issued various documents/notifications to protect the interest of consumers. The provisions made available therein are mentioned below. However, the effectiveness and actual implementation of these provisions needs to be ascertained. Review of the various documents notified by the HERC, stakeholder consultation and the consumer survey, as part of this assignment, would largely verify the above mentioned aspects. Some of the key provisions provided in various documents notified by the HERC are given below:**

i. Conduct of Business Regulation (dated 31.08.2004)

- This important document specifies various procedures to be followed by HERC. **It clearly mentions that all proceedings of the Commission should be open to the public.** It further provides guidelines about the publication of public notices, hearings and replies sent by respondents such as utilities.
- Other relevant information such as working hours, location of offices and language to be used for communication is also provided by the regulation. Thus, this regulation and the corresponding document elaborate clearly on the functioning of HERC.

ii. Standard of Performance (dated 16.07.2004)

- The **objective of this document is to facilitate protection of consumer interest through minimum service standards.** Apart from the technical quality of service such as voltage fluctuation & load shedding, norms for consumer services have been specified along with acceptable time limits. For example, resolution of meter complaints and requests for change in ownership within seven days of registration of the complaint/request is required
- The provisions require licensees to compensate the consumers on non-resolution of complaints within specified time limits. To facilitate and aid continuous monitoring, distribution companies are required to submit information on overall quality of service achieved by them on a regular basis.
- **The interaction of the team with the Office of the Ombudsman reveals that distribution companies are not submitting reports about enforcement of SOPs regularly. HERC has recently notified the SOPs and thus, its too early to expect the companies to submit their reports. Thus, the Commission is now considering adoption of a monitoring mechanism to ensure timely and regular submission of reports and effective implementation of SOPs by the distribution companies.**

iii. New Connection and Security Changes (dated 26.07.2005)

- Under the provisions of the Act, the Commission has laid down various norms regarding the issue of new connections. This document also specifies security amounts to be deposited by consumers in various categories.

iv. Electricity Supply Code (dated 10.08.2004)

- It is a very useful document for consumer reference. Various procedures adopted by the licensee for billing, connection, disconnection and restoration of electricity supply are given in the document. **With the benefit of consumers in mind, the Commission has specified that the electricity bill would contain all relevant details needed to ensure transparency in billing and collection of charges. Further, distribution companies have been directed to not cause undue harassment of consumers while ensuring payment of bills.**

v. Complaint Redressal Mechanism

In the pre-reform period there was a lack of transparency and accountability in the complaint redressal mechanism. Consumers were provided very little or no opportunity to appeal if they were not satisfied with the redressal process. However, the new mechanism allows the consumer to make an appeal to the higher authority.

Under the provisions of the Electricity Act 2003, HERC has issued regulations for the constitution of the *Complaint Redressal Forum* and *Electricity Ombudsman* under the *Guidelines for the Constitution of Forum of Redressal of Grievances of Consumers (dated 12.04.2004)*, further amended in 2006 and 2007. The main objective of these regulations is to ensure more consumer satisfaction and improve service delivery. It has been observed that Complaint Redressal Forums in other states of India have been more effective (subsequent section elaborate upon this aspect in detail). **One important criterion to ensure effectiveness of the forums is to make them independent and provide them autonomy from the distribution company.**

Further, access to complaint redressal forums by remote or rural consumers is another important issue. Rural consumers will not have access to these forums unless multiple forums are constituted in the area of the distribution licensee. In a few states such as Tamil Nadu, Orissa and Uttar Pradesh, such multiple forums exist but this is not the case in Haryana. This state of affairs needs to be appropriately corrected.,

Section 7 of the Regulation states that the consumer may file appeals of any nature, except in cases related to theft and unauthorised use of electricity. **The procedures for filing, registration and acceptance of complaint are also provided in the regulations. Further, consumers may also file appeals to the Electricity Ombudsman if they are not satisfied with the decision made by the Complaint Redressal Forum. The Ombudsman is an independent authority constituted under the provisions of the Electricity Act 2003.** The status of complaints received and their redressal is given in the Table 1.

Table 1: Status of Complaint Handling by CGRFs and Ombudsman (Complaints disposal by fora between 1/7/2006 to 31/07/2009)

Name of office	Total no. of received complaints	Total no. of complaints disposed off	Total no. of pending complaints
Ombudsman	90	87	3
CGRF- DHBVNL	365	344	21
CGRF- UHBVNL	300	272	28

Source: Data collected from the HERC/Ombudsman

Till date, no information on nature and type of complaints has been made available by utilities. The ombudsman revealed that most consumer complaints relate to billing and metering. **However, the HERC has now directed the utilities to make a detailed classification of complaints received from consumers according to their nature and time taken in resolving the indicated consumer problem.** This would be a useful facilitator of effective enforcement of standards of performance. Further, both the utilities are in the process of computerising complaint redressal to ensure its effective monitoring

and submission of the required data on nature of complaints, average time taken in resolving various types of complaints etc to HERC within stipulated time limits.

Since its inception, **the Ombudsman so far has received 92 appeals against orders of CGRFs and almost all except 3 appeals received recently have been decided. During the year 2008-09, utilities challenged 9 orders (8 were challenged by Dakshin Haryana Bijli Vitran Nigam Limited and 1 by Uttar Haryana Bijli Vitran Nigam Limited) made by Ombudsman in higher forums. However, no consumer appeal against the order of the Ombudsman is pending.**

The above reflects that the Office of the Ombudsman is disposing of appeals received judiciously and consumers are largely satisfied with orders. However, the small number of consumers approaching the Ombudsman reflects that a very large number of consumers are still not aware of the presence of this institution. Thus, there is a need to create awareness about the redressal mechanism, especially in rural areas.

Realising these inadequacies, the Commission has given instructions to utilities to print information about CGRF and Ombudsman on the consumer bill to generate awareness among consumers about the redressal process. The initiative taken by the Commission is noteworthy; however, it still needs to do much more to create awareness about the regulatory process and ensure effective consumer participation

3.2. CURRENT STATUS OF CONSUMER PARTICIPATION IN HARYANA

Since inception, HERC has followed a transparent decision making process. Consumers have been invited to participate in the decision making process on various issues such as proposals on Annual Revenue Requirement (ARR), tariff applications and other draft regulations. At the same time, the Commission has directed the utilities to respond to queries raised by consumers. This move on behalf of the Commission has created a new platform for the consumers/stakeholders to question the process. In addition, the Commission has also motivated consumers by publishing public notices in newspapers as well as on its official website.

This section reports the current status of consumer participation in the state, categorized under different elements.

i. Web posting of important documents

Since inception, HERC has been putting all major documents on its official website. Every public notice, draft proposal summary of ARR, tariff order, etc is available on the website. **However there are a few important documents such as the tariff schedule, terms and conditions of supply, schedule of other charges, cost of supply model used by HERC and studies undertaken by utilities that have not been uploaded.** It might be useful to have a 'visit meter' on the website to record the number of consumers visiting the website and downloading documents and information.

ii. Availability of proposals at multiple places

Every proposal under the consideration of the Commission has been made available at multiple places for public inspection and record. For example, the distribution as well as transmission companies have been required to make copies of the ARR document available at the district level head offices. **Further, for the convenience of consumers, the licensees are now also required to prepare a summary of the large ARR document. These summary documents should, however, be also made available in Hindi, which is currently not the practice. This has also been suggested in the public hearings held as part of the ARR process.**

iii. Provision for public hearings in remote areas

There is also a provision in the official guidelines on *Conduct of Business Regulations* that the Commission may conduct proceedings/meetings at any place in the state. This may help in promoting better consumer participation in public hearings. **However, public hearings have till date been conducted at locations other than Panchkula only on very few occasions. The frequency of meetings in remote areas**

needs to be enhanced. For example, in Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra etc, SERCs have organised public hearings at different locations (covering the geographical spread of the state) to enable effective participation on behalf of various stakeholders.

iv. Oral presentations by consumers

During public hearings, **consumers have been allowed to make oral presentations even when they have not submitted any written objections/comments.** The views presented orally by the consumers are recorded as part of the proceedings and taken into consideration at the time of taking decisions. (Refer to Table 2)

Table 2: Status of consumer participation in public hearings

S. No	Year	Occasion/Source	Consumer comments/objections	
			Written	Oral
1	2003	Public hearing on ARR of HVPNL for T&BS Business for FY 2003-04	3	1
2	2003	Public hearing on ARR of HVPNL for T&BS Business for FY 2003-04	--	4
3	2004	Public hearing on DHBVNL revised ARR for D& DS Business of for FY 2004-05	1	0
4	2004	Public hearing on UHBVNL revised ARR for D& DS Business of for FY 2004-05	1	0
5	2004	On HVPNL ARR for T&BS Business for FY 204-05 and T&BS Business	0	0
6	2005	Public hearing on ARR of DHBVNL for FY 2005-06	3	3
7	2005	Public hearing on ARR of UHBVNL for FY 2005-06	2	3
8	2006	Public hearing on ARR of HPGCL for BS Business, trading margins & BS Business for FY 2006-07	0	0
9	2007	Public hearing on ARR for FY 2007-08 of DHBVNL	2	0
10	2007	Public hearing on ARR of UHBVNL for distribution and retail supply business for FY 2007-08	4	
11	2008	Public hearing on Generation Tariffs of HPGCL for FY 2008-09	0	0
12	2008	Public hearing on distribution and retail supply tariff petition filed by UHBVNL & DHBVNL to bridge the revenue gap	800	
13	2008	Public hearing on ARR of HVPNL for ARR for transmission business and operating cost of SLDC for FY 2008-09	0	0
14	2009	Public hearing on ARR for transmission Business & SLDC for FY 2009-10 and transmission tariff & SLDC charges	3	1
15	2009	Public hearing on HPGCL generation tariff application for FY 2009-10	96	4

Source: Tariff order for the respective year passed by HERC

v. Nomination to the State Advisory Committee (SAC)

As per Section 87 of the Electricity Act 2003, HERC has also constituted SAC. Consumer nominees have been included in the SAC to enable them to represent consumer concerns and participate in the regulatory process. **In 2009, the SAC was reconstituted to comprise 18 members including three ex-officio members (Chairman and members of the Commission).** Given the earlier absence of active

consumer organisations/NGO working on issues relevant to the power sector, two representatives of the Resident Welfare Associations were also included in the SAC.

However, the said representatives are not very active and have not made any significant contributions till date. The ad hoc functioning of SAC in the state was also questioned during a public hearing on the proposed hike in retail tariff in 2008. Overall, there is an urgent need to strengthen the role of SAC so that consumer interests are protected³. As per discussions with the HERC, it is in the process of nominating additional/new members to further the interests of consumers more effectively.

vi. Handling of consumer complaints

The Commission has specified the complaint handling procedure dealing with consumer appeals against the decisions of consumer redressal forums or the electricity Ombudsman. **However, in the document on the Commission's Complaint Handling Procedure, it has been clarified that the consumer should use the redressal process established by the licensee under the provision of the Act before filing a complaint.**

vii. Interventions made by Staff

Since inception, consumer participation has been very poor. Therefore, the Commission in the past has requested its staff to make representations on behalf of consumers. Though this 'artificial representation' has not been very effective, the staff presentations have succeeded to an extent in voicing the interests of consumers.

The following section discusses the practices adopted by other Indian states and internationally, and identifies key gaps that exist in the current provisions and practices.

³ Media Report (The Tribune, August 19 2008)
<http://www.tribuneindia.com/2008/20080819/haryana.htm#4>

4. GAPS IN STATUTES, POLICY AND REGULATION

Though there are good provisions in the relevant statutes, policies and regulations, certain gaps continue to exist due to poor awareness among consumers, lack of demand for remedial action, and absence of proactive steps by the HERC. These gaps need to be bridged very soon so that effective consumer participation and protection of consumer interest can be ensured. Some of the major gaps are summarised below:

i. Weak Participation in public hearings

To attract more attention to **public notices, these have been published in English as well as Hindi newspapers** (Refer to Annexure II for sample notice published by the HERC). The Commission has made it mandatory even for the utilities to publish important notices in both languages so that there is no communication gap and consumers are empowered to participate effectively in the consultation process. **However, evaluation of various consultations reveals hardly any representation from rural and agricultural consumers. Most of the representations are made on behalf of industrial and commercial associations. Thus, despite several initiatives, consumer representation in policy formulation and decision making is negligible. One of the reasons for this trend is also the limited geographical spread of public hearings which are generally held only in Panchkula.**

Information on consumer comments during consultations before finalisation of regulations is generally not updated on the HERC website. Thus, analysis and review of consultations to leverage benefits from consumer participation is the need of the hour. The consumers need to be communicated the benefit of participating in the regulatory process. If consumers feel that their requirement has been properly understood, reflected and addressed in the tariff orders (and other orders), then this will not only encourage them to actively participate in this process but also foster trust.

The appointment of **consumer advocates (KERC); formation of consumer cells (TNERC)⁴; increase in the number of vernacular publications; greater use of web postings; and institution of appropriate consumer capacity building/awareness generation programmes can be effective tools for fostering better consumer participation in the reform/regulatory process and thereby consumer protection and welfare (Refer Annexure III).** The practice adopted by TRAI to register Consumer Advocacy Groups (CAGs) for building their capacity and generating consumer awareness is an effective strategy, which can be considered by HERC.

ii. Inadequate written comments on the proposal

Since there is no information available on the HERC website about the receipt of written comments on any of its proposals, the precise number and quality of comments cannot be determined. **Reviews reveal that written comments generated by consumer representation in public hearings are rare. The main underlying reasons are poor capacity of common consumers for comprehending the involved issues, non-availability of simple information in the vernacular language, high cost of procuring relevant documents etc.**

Given that Hindi is the local language in Haryana, consumers prefer communication in this vernacular language. Though the Commission officially accepts submissions in the vernacular language, important documents posted on the website are available only in English. It is a major limitation as most of the consumers are not able to comprehend documents prepared in English. This issue has also been raised by a few consumers during public hearings. **Thus, it is important that all the key documents are translated into Hindi. Like few other SERCs, HERC also should have a bilingual website in Hindi and English for better access of consumers to relevant documents/information which in turn would stimulate informed interventions.**

⁴ Annexure III provides a description of the steps taken by various SERCs in Capacity Building of Consumer Groups and Facilitating Consumer Participation

iii. Lack of consumer representation in SAC

The *Haryana Electricity Regulation Commission (establishment of State Advisory Committee) Regulation, 2004* provides for the appointment of consumer representatives to the SAC for consultation with all stakeholders. **The SAC may have a maximum of 21 members representing various stakeholders. At present, there are 18 members who are mostly ex-officio in nature. Even though there are 3 representatives of Resident Welfare Associations, they have yet not made any significant contributions to the meetings due to lack of capacity for comprehending the involved issues.**

During a recent visit of the project team, it was mentioned by HERC staff that SAC meetings, though held regularly, have not been able to make any major recommendations apart from that requesting the circulation of draft orders for public comments.

The recommendations emerging out of this finding is that regulation should specify the number of consumer representatives required to complete the quorum, and HERC should try to involve a few active consumer organisations from neighbouring states working on power sector issues.

iv. Poor independence of Grievance Redressal Forums (GRM)

HERC has specified in the *Haryana Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers and Electricity Ombudsman) Regulation, 2004* that the Forum shall consist of three members including the Chairperson, with no member being affiliated to the licensee. **But in practice, all the members are appointed by the distribution licensee, which also has the power to determine terms and condition of service, salaries, TA/DA etc. Thus, the independence of these forums is not being safeguarded.**

Further, during the visit of the team, adequate staffing of CGRF was also found to be an issue. Of the three members constituting a CGRF, two members (in both CGRFs) had retired without their positions being filled.

In certain states, the SERCs obtain a panel of names from the licensee and approve them -- for example in Madhya Pradesh, the Chairperson is appointed by the SERC. Therefore, it is recommended that the SERC should appoint the forum members, and decide the terms and condition of their service to ensure the forum's independence.

In Haryana, the Electricity Ombudsman can entertain consumer complaints only after implementing the remedy provided by the Forums, or in the case of absence of action by CGRF in response to complaints. The Ombudsman can only hear an appeal against the order of the CGRF or a complaint about its inaction. To make the role of the Ombudsman effective, it should be given powers to intervene in urgent matters. **An example worth noting is that of Tamil Nadu, where any matter involving the interests of a large number of consumers can be directly brought up to the Ombudsman by the state level consumer associations.**

v. No mechanism to monitor implementation of Standards of Performance (SoPs)

Comparative analysis of SoP regulations of various states (Refer Annexure IV) suggests that to a large extent the SoP regulations adopted by HERC are good; **however, there are areas for further improvement. But the key issue is the effective implementation and monitoring of SoP. The idea should be to emulate SERCs, such as RERC and MPERC, which do undertake such monitoring and make all relevant reports available on their websites.** In addition to monitoring, under section 142, the SERCs have the power to penalise distribution companies if they do not meet the guidelines of SoP regulations, as shown below. In some states such as Andhra Pradesh, Delhi, Orissa, Maharashtra etc. distribution companies have been penalised for not meeting the Standard Of Performance Regulations or for causing unnecessary harassment of consumers. **For example, Maharashtra Electricity Regulatory Commission (MERC) has imposed a fine of Rs 10,000 on Maharashtra State Electricity Distribution Company Ltd (MSEDCL) for disconnecting the power supply of a consumer without prior notice (March 2009).**

vi. Lack of awareness

Consumers need adequate information on the regulatory system and procedures, and the skills to analyse and interpret such information to provide appropriate responses. **The HERC does not undertake activities such as seminars, conferences, workshops etc, to build the awareness of the consumers on a regular basis. Relevant provisions in the statutes and regulations do require HERC to take steps to generate awareness on policy and regulatory issues.**

To benchmark this against a developed country case, **it should be noted that most PUCs (Public Utilities Commission) in United States brings out public involvement guides for their consumers.** These guides contain information to help consumers participate in Commission activities, and acquaint them with key PUC personnel and publications. The Commission disseminates relevant information through press releases on important PUC decisions and activity fact sheets as well as consumer bulletins on various PUC programmes and current utility issues. Copies of these publications are made available to the interested public. Notices of tariff filings by regulated utilities to change a rate or service are also disseminated. The Commission holds public meetings at a pre-announced location. It also sets time aside at each meeting for public comments during which, members of the public can bring up any subject related to a rate or service regulated by the Commission, or comment on matters for Commission action. Consumer assistance organisations also represent consumers in matters before the PUC.

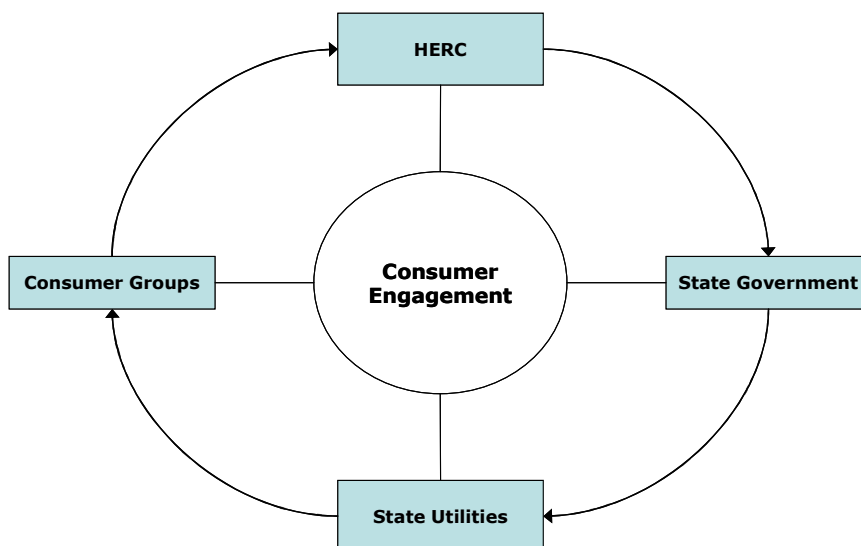
ERCs such as **Andhra Pradesh, Karnataka, and Delhi have conducted a few programmes to build the capacity of consumers in their respective states. Thus, HERC too should organise training programmes, workshops, etc from time to time to generate awareness among consumers.**

Other examples of consumer awareness generation include:

- Madhya Pradesh Electricity Regulatory Commission (MPERC) has involved NGOs for consumer education and empowerment and is reported to have used the technique of street plays to spread information in the local language and dialect.
- Uttar Pradesh Electricity Regulatory Commission has engaged an NGO for consumer education.
- The Jharkhand Electricity Regulatory Commission (JSERC) has advertised through the '*Kya Aap Jante Hai?*' series to educate the consumers about their rights and duties in terms of availing electricity supply from the SEB. As part of this initiative, the Commission periodically publishes information about facilities that consumers can avail of and the provisions laid by the Commission for the betterment of the service in the leading newspapers. Under this series, a case came to light wherein a village under the Ranchi zone filed a petition before the Commission against the JSEB (Jharkhand State Electricity Board) against its being denied connection despite filling of the application as per the rules and paying of the requisite amount. In response to the same, electrification work was started in the village. JSERC has also started the "Nukkad Natak" concept to create awareness in rural areas.
- **Vernacular publications, web pages, web posting of information, consumer capacity building/awareness programmes etc can be effective tools for ensuring better consumer participation in the reform/regulatory process and enhancing consumer protection and welfare.** The practice adopted by TRAI to register Consumer Advocacy Groups (CAGs) for building their capacity and awareness is also an effective strategy, which can be considered by HERC. TRAI is also organising training for CAGs by utilising the consumer welfare fund created from license fee collections and penalties imposed on utilities for violation of regulations.
- The Uttarakhand Electricity Regulatory Commission (UERC) has instructed utilities to have display boards at all cash collection centres, and divisional and sub-divisional offices of distribution licensees so that awareness regarding key regulations and consumer issues is created **The Commission has conducted *Jan Goshthies* at various remote places to educate consumers about their rights under the Commission's Regulations.**
- The website of **Delhi Electricity Regulatory Commission (DERC)** is very useful for consumers and provides them relevant information ranging from FAQ on electronic metering to energy conservation and grievance redressal mechanism. It is a good example of pro-activeness of an ERC. DERC also gets periodic Consumer Satisfaction Surveys administered. It also holds training programmes for consumer awareness and capacity building.

5. CONCLUSIONS AND RECOMMENDATIONS

Effective consumer involvement and engagement in the regulatory and policy formulation process revolves around active involvement of all stakeholders i.e. the HERC, the State Government, the utilities in the state and Consumer Groups/Consumer Service Organizations.



Having identified the key gap areas and initiatives undertaken by other states, this section discusses the key recommendations and role of each of the above stakeholders in improving the consumer participation in the regulatory decision making process.

5.1. Role of HERC

Haryana Electricity Regulatory Commission (HERC) was constituted more than a decade ago to protect the interests of consumers and promote transparency and accountability in the decision making process. After its constitution, HERC has issued a number of regulations for the discharge of functions by utilities, government and even consumers in a predictable and accountable manner. As required by the Act, HERC has been inviting consumers to participate in the decision making process and express their views on various proposals. At the same time, the Commission has put pressure on power utilities in the state to improve service delivery to consumers. The complaint redressal mechanism has been restructured to resolve the various problems faced by consumers without causing them any harassment. However, there are certain gaps which need to be addressed properly in order to ensure effective consumer participation and protection.. These have been summarised below under four different heads i.e. participation, awareness, redressal and protection.

5.1.1. Participation

Consumer participation is the key to effective regulatory decision making. Unless consumers participate effectively in the decision making process, their views remain unrepresented and their interest by implication unprotected.

At the same time, from the analysis of various orders such as those on ARR and tariff applications, it seems that both intensity and quality of consumer participation has been inadequate. Unless the capacity of consumers is enhanced, better outcomes in terms of consumer participation and its effectiveness are not possible. From the data available on orders

and website postings, it seems that the Commission has not taken any proactive steps to promote consumer participation in the regulatory process.

Further, though the Commission has followed a transparent decision making process, it is not mandatory as per the Electricity Act 2003 or Haryana Electricity Reforms Act 1997 to conduct public hearings. **Ideally, there should be detailed provisions specifying methods, requirements, public notices and other details underlying procedures relating to public hearings so that regulatory bodies such as HERC become duty bound to take necessary steps to protect the interest of consumers.**

5.1.2. Awareness

In order to involve rural consumers and increase their awareness regarding reforms, **the following additional and targeted steps should be undertaken by HERC:**

- **Involvement of the Panchayat in seminars and workshops to foster effective participation by local institutions and thus evoke a positive response towards reforms**
- **Production of a documentary film to capture best practices and benefits from reforms and disseminate information**
- **Generation of involvement by consumers in various initiatives pertaining to QoS (Quality of Supply) and billing related issues through camps**
- **Involvement of local CSOs by conducting local level activities pertaining to grievance redressal mechanism issues, etc**

5.1.3. Redressal

- **Constitution of Redressal Forums and Ombudsman is a progressive step taken by HERC. However, consumers are still unaware of the new redressal mechanism, especially the procedure for filing complaints. The Commission should direct the licensees to create awareness among consumers about functioning of these forums.**
- **Although HERC has tried to make the CGRFs independent of the licensee through these provisions most matters have been left to the discretion of the utility, which can hamper the working independence of CGRFs. It is recommended that the SERC should appoint the forum members, meet their expenses and recover costs from the licensee; this will help to ensure independence of the forum.**
- **The CGRFs in Haryana are located only at two places (CGRF UHBVNL at Panchkula) and (CGRF DHBVNL at Hisar), which is not convenient for the consumers, especially rural ones. The location of CGRFs should ensure easy accessibility to all consumers under the jurisdiction of any Forum. If that is not possible, each CGRF should at least hold sittings at different places on predefined dates to hear consumer grievances, as followed in states such as Madhya Pradesh.**
- **In Haryana, the Electricity Ombudsman can only hear appeals against the orders of the CGRF or its inaction in response to complaints. In the state of Tamil Nadu, any matter involving the interests of a large number of consumers can be directly brought up to the Ombudsman by state level consumers associations. In Haryana, the Ombudsman is required to submit only an annual report of its working to the HERC. This can be made quarterly or at least half yearly for better monitoring and analysis of its working.**

5.1.4. Protection

- **Consumer access to the regulatory body and its processes** - HERC should take concrete steps to enable closer working relationships with the consumers. One of the ways to achieve the same is by

conducting public hearings at multiple places, especially in remote and rural areas. This would encourage wider and deeper participation by consumers/CSOs.

- **Provision of funds for consumer education programmes** – A reasonable but significant share of the annual budget of the Commission can be used to educate consumers on various regulatory and policy issues in the power sector. In the changing regulatory scenario, consumers have a vital role to play to make the system more transparent and accountable. Therefore, the Commission should spare adequate budget for conducting training programmes to make consumers aware about their role and responsibilities. For this purpose, some levy may be imposed on the revenue collected by distribution companies.
- **Publication and dissemination of its annual report** - Most of the Regulatory Commissions have been posting their annual reports on their websites. In a few cases such as Uttar Pradesh, copies of annual reports have also been made available in the vernacular language so that more and more consumers are able to go through these documents. HERC should also do the same
- **Periodic consumer perception surveys** – A periodic consumer survey is an important tool for assessing the satisfaction of consumers regarding the quality of service. The suggestions made by consumers should also be taken into account to improve delivery of service. Certain SERCs such as Madhya Pradesh Electricity Regulatory Commission and Delhi Electricity Regulatory Commission have already undertaken or are proposing to undertake consumer surveys. (Refer to the following web links to get access to relevant questionnaires developed by MPERC for the consumer survey - <http://www.mperc.org/CSS-Questionnaire-HT.pdf> ; <http://www.mperc.org/CSS-Questionnaire-LT.pdf> .)
- **Ensuring timely resolution of complaints** - Standards of performance (SOP) should be implemented effectively to ensure easy and timely redressal of consumer complaints. For this purpose, the Commission should monitor the complaint handling status on regulator basis.
- **Publication of documents in vernacular language** - For the purpose of wider dissemination and effective consumer participation, all the key regulations such as SOP, Conduct of Business regulation, constitution of complaint redressal forums should be translated into the vernacular language, Hindi. The electricity bills issued by distribution companies should also be available in Hindi.
- **Development of consumer friendly service techniques and systems**- The Commission should direct the distribution companies to use appropriate IT tools and techniques to avoid unnecessary consumer harassment. Such tools can be helpful in ensuring more transparency and accountability in the system.
- **Consumer Impact Assessment (CIA) of all important regulatory decisions**- Before enforcing a regulatory decision, CIA exercise should be conducted by the HERC. The impact of potential new regulations on consumers should be examined All likely benefits as well as costs should be evaluated so that regulatory decisions lead to positive outcomes for consumers.

Overall, the HERC should undertake the following broad steps to ensure a better impact:

- **Adoption and implementation of a Communication Strategy**
- **Translation of documents and webpage into the vernacular language, Hindi**
- **Creation of a Consumer Welfare Fund**
- **Capacity building seminars to encourage participation of CSOs**
- **Creation of support for the Office of Consumer Advocate**

5.2. Role of State Government

- **The State Government has an important role in policy formulation in the power sector with implications for all stakeholders. Before making any policy or law, the Government should have free and fair consultations with all stakeholders affected by the decision. The State Government also has a role in subsidy payments to different categories of customers, in shaping a common outlook on reforms and enabling legislation, and rendering operational**

support to the ERC and utilities for toning up their functioning and implementation of the reform agenda.

- The Haryana Government should also follow the example set by the Government of the National Capital Territory of Delhi, which has instituted the Electricity Consumer Advocate Committee (ECAC) for representing consumer interests.
- **In exercise of the powers conferred by Sub-section (5) of Section 166 of the Electricity Act, 2003 the Governor of Haryana had constituted District Committees for better coordination between utilities and consumers. Unfortunately most of them are not functional. Functioning of these Committees has to be ensured by the State Government.**

5.3. Role of Utilities

- Build capacity of consumers/consumer organisations so that these can act as watch dogs for monitoring the functioning of service providers
- Conduct periodic consumer satisfaction surveys and needs assessment
- Have in place a consumer friendly website and bring out publications in the vernacular language
- **Organise consumer interface meetings and ensure consumer involvement in decision making**
- Sensitise and orient staff to new roles under the reform process and laws.
- **Develop a mechanism to support consumer interventions in the regulatory process**
- **Constitute Electricity Committees at the village level to create awareness about grievance redressal procedures, the consultation process, the reform process and implications of power theft.**
- Improve quality of service and reduce tariffs
- Undertake energy Audit and technical measures to improve quality of service
- Provide incentives to people to help curb power theft, and undertake welfare activities in areas characterised by low power thefts, as practiced by utilities in Rajasthan

5.4. Role of Consumers and Consumer Organisations

Electricity Act 2003 envisages effective consumer participation in the regulatory decision-making process. Thus, it becomes necessary that all stakeholders, including consumers, understand their responsibilities. **It is expected that consumer participation will help in making the system more transparent and accountable. Consumer organisations can also play an effective role in the power sector reform process. Each consumer organization has to chalk out its own programme and find methods to strengthen power reforms which involve:**

- **Institution of policy and regulatory processes**
- **Reduction of energy losses**
- **Energy Conservation**
- **Curbing of power theft**
- **Monitoring of implementation of regulations**
- **Provision of feedback to HERC and utilities**

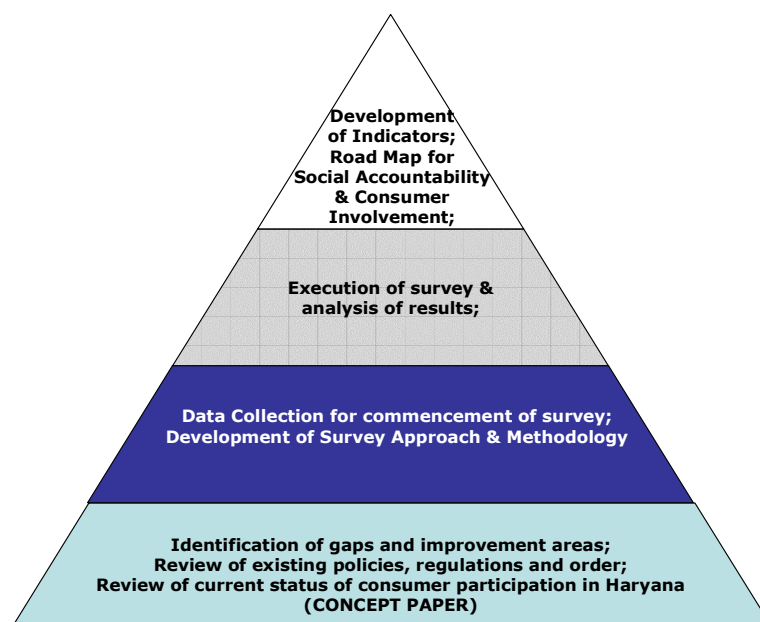
To make power reforms a reality, it is of utmost importance that Regulatory Commissions, Discoms, consumer and the Government work in concert towards developing the sector, while clearly recognising and respecting each other's roles and functions.

5.5. WAY FORWARD

Consumers are important stakeholders and their involvement in the process of regulatory reforms is quite critical for ensuring transparency and accountability. The basis of this report is the need for active involvement of consumers and the review of that involvement in the state of Haryana. **The review paints a bleak picture with low level of consumer participation in the state. Certain steps as recommended would need to be undertaken to encourage and enhance consumer participation.**

In addition, having undertaken an extensive literature review, there is also a need to review the state of consumer satisfaction and perception about the overall quality of service standards, identify barriers to effective participation by consumers in the regulatory process, and suggest measures to promote adequate consumer participation. Thus, a consumer survey has been proposed as the next activity, which will help HERC develop concrete recommendations to enhance consumer participation⁵. Based on the analysis of survey results, appropriate indicators for measuring consumer satisfaction would be developed and a road map for stimulating social accountability and consumer involvement would be prepared for adoption by the HERC.

Figure 1: Graphic indicating the way forward for the current assignment



⁵ Concept paper highlighting the methodology for consumer survey and questionnaire is being circulated separately

Annexures

Annexure I: Legal and Policy Framework Related to Consumer Aspects

Electricity reforms were initiated in the mid nineties as a part of overall economic reforms in India. One of the key objectives of reforms was to promote a competitive electricity market to ensure affordable and reliable power supply to the consumers. During the reform process, radical policy changes were adopted, such as the adoption of the Electricity Act, 2003 to ensure that the reform process is transparent and accountable.

Before the reforms were implemented, the electricity industry was under the ownership of the Government and controlled by the State Electricity Boards (SEBs). The functioning of most of the SEBs in India was not transparent and key decisions such as tariff fixation, investment allocation and capacity addition were highly influenced by political groups and vested interests. As a result of poor technical and financial performance, the SEBs became financially unviable. High transmission and distribution losses (T&D losses), low recovery of dues, poor quality of service, etc. were among the common problems that resulted from poor operational performance. Thus, in order to rectify the problems, regulatory reforms were implemented in the sector with the motive of improving economic efficiency and ensuring provision of affordable and quality service to the consumers.

Orissa was the first state to implement reforms in 1996. Apart from unbundling and privatisation of utilities, an Electricity Regulatory Commission (ERC) – the State Electricity Regulatory Commission (SERC) -- was constituted at the state level. A few other states in India such as Andhra Pradesh, Delhi, Gujarat, Haryana, Rajasthan etc. followed the example of Orissa and restructured the power industry at the state level. However, only two states, Orissa and Delhi, privatised the distribution business after unbundling SEBs while the others continued with Government ownership of the distribution sub-sector. Later, to consolidate the reforms and promote a national level electricity market, the Electricity Act 2003 was enforced by the Government of India (GoI). The main objective of the Act was to promote a competitive market through facilitation of open access to the transmission and distribution network and effective regulation. The key features of the Act are given in Box 1.

Box 1: The Electricity Act 2003: Key features

- De-licensing of generation and complete liberalisation of captive generation
- De-licensing of the distribution business in notified rural areas
- Permission for private entry into the transmission business, which would however, be subjected to detailed regulation
- Recognition of trading as a distinct activity and provision of authority to Regulatory Commissions to fix ceilings on trading margins, if necessary and thereby curb excesses
- Open access in distribution with provision for surcharge consistent with the current level of cross subsidy, which would, however, gradually be phased out
- Freedom to acquire 'distribution licensees' to undertake generation and trading
- Reorganisation of State Electricity Boards (SEBs) which can however continue to perform the role of State transmission utilities and licensees, subject to approval from the Central and state governments
- Setting up of the State Electricity Regulatory Commissions (SERCs) made mandatory
- Constitution of an Appellate Tribunal to hear appeals against decisions of the Central Electricity Regulatory Commission (CERC) and SERCs
- Metering of electricity consumption made mandatory
- Provisions relating to theft of electricity made more stringent

ERCs were constituted both at the central as well as the state level and were assigned important responsibilities such as promotion of competition as well as consumer protection. These bodies were supposed to function independently and take decisions on the basis of a balanced consideration of various interests represented by suppliers of services, consumer's etc. But, for all practical purposes, these bodies are not truly independent and face continuous intervention in their day-to-day functioning from the line ministries or other vested groups.

Under the provisions of the Electricity Act 2003 (and also earlier reform legislations), SERCs were assigned important regulatory functions. These functions include issue of licences, approval of annual revenue requirement (ARR) and tariffs payable, setting of standards and norms of service, monitoring the quality of service and promoting competition in the sector. Regulatory decisions on these issues are crucial and directly affect the interests of consumers at large. Hence, the Act envisages provision of an opportunity to consumers to participate in the regulatory decision making process. Regulators are required to take into account the views of consumers before passing orders on various proposals such as aggregate revenue requirement (ARR) and tariff applications filed by the utilities. As part of the regulatory reform process, the consumers are supposed to play a pro-active role in protecting their own interests and participate in the regulatory processes actively.

The Electricity Act 2003

As per provisions of the Electricity Act 2003 protection of consumer interest is one of the major objectives of reforms. A number of steps have been taken to ensure consumer empowerment in this sector. Some of the key provisions are described below:

The commitment of the law makers in terms of safeguarding consumer interest is referred to in the preamble of the Act, as mentioned below:

*"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**, rationalization 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."*

The Act goes on to make specific provisions seeking to protect consumer interest. Section 43 of the Act provides for universal service obligation for the licensee to provide connection to a consumer within a stipulated period of time, failing which the licensee is liable to pay compensation to the affected consumer. The relevant provision is mentioned below:

- "Section 43 (Duty to supply on request): --- (1) Save as otherwise provided in this Act, every distribution licensee, shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply:

Provided that where such supply requires extension of distribution mains or commissioning of new sub-stations, the distribution licensee shall supply the electricity to such premises immediately after such extension or commissioning or within such period as may be specified by the Appropriate Commission:

Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necessary for electrification of such village or hamlet or area.

Further, poor redressal of consumer complaints was one of the major problems faced by consumers. The Act has required utilities as well as respective Regulatory Commission to ensure consumer friendly grievance redressal system. Relevant clauses of Section 42 may be quoted here:

- Section 42(5): Every distribution licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for redressal of grievances of the consumers in accordance with the guidelines as may be specified by the State Commission.

- Section 42(6): Any consumer, who is aggrieved by non-redressal of his grievances under sub-section (5), may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the State Commission.
- Section 42 (7): The Ombudsman shall settle the grievance of the consumer within such time and in such manner as may be specified by the State Commission.”
- Sections 56 of the Act specifies that that no sum due from a consumer can be recovered after a period of two years unless such sum has been shown as arrears continuously from the date such sum became first due. Further, section 57 requires Regulatory Commissions to fix standards of performance in consultation with various stakeholders. At the same time it also allows for compensation if performance standards are not achieved by the licensees. Section 173 secures consumer rights specified under the Consumer Protection Act 1986.
- Section 57 of the Act requires the Appropriate Commission to frame regulations on standards of performance that a licensee is required to follow, failing which he is liable to pay penalty.
- Section 59 of the Act provides for monitoring all such performance standards through periodic reports to be submitted before the Appropriate Commission.

The Electricity Rules 2005

The GoI has framed rules giving flesh to the provisions of the CGRF and Ombudsman. The relevant rules [Rule 7 of the Electricity Rules, 2005 (as amended)] are quoted below:

Rule-7: Consumer Grievance Redressal Forum and Ombudsman

(1) The distribution licensee shall establish a Forum for Redressal of Grievances of Consumers under sub-section (5) of section 42 which shall consist of officers of the licensee. The Appropriate Commission shall nominate one independent member who is familiar with the consumer affairs. Provided that the manner of appointment and the qualification and experience of the persons to be appointed as member of the Forum and the procedure of dealing with the grievances of the consumers by the Forum and other similar matters would be as per the guidelines specified by the State Commission

(2) The Ombudsman to be appointed or designated by the State Commission under sub-section (6) of section 42 of the Act shall be such person as the State Commission may decide from time to time.

(3) The Ombudsman shall consider the representations of the consumers consistent with the provisions of the Act, the Rules and Regulations made hereunder or general orders or directions given by the Appropriate Government or the Appropriate Commission in this regard before settling their grievances.

(a) The Ombudsman shall prepare a report on a six monthly basis giving details of the nature of the grievances of the consumer dealt by the Ombudsman, the response of the licensees in the redressal of the grievances and the opinion of the Ombudsman on the licensee’s compliance of the standards of performance as specified by the Commission under section 57 of the Act during the preceding six months.

(b) The report under sub-clause (a) above shall be forwarded to the State Commission and the State Government within 45 days after the end of the relevant period of six months.

Under the provisions of Electricity Act 2003, the Government of India has framed Electricity Rules and National Electricity Policy. There are some important provisions in the rules to ensure better consumer protection in the sector. For example, Rule 7 specifies guidelines for constituting grievances redressal forums and electricity Ombudsman.

National Electricity Policy 2005

According to the National Electricity Policy 2005, the Central Govt., **respective State Governments and Regulatory Commissions should enable the protection of consumer interest and adherence to quality by specifying standards and norms of quality of service. It also requires Regulatory Commissions to conduct consumer satisfaction surveys and build the capacity of consumers to participate in regulatory decision making.**

“5.13.1 Appropriate Commission should regulate utilities based on predetermined indices on quality of power supply. Parameters should include, amongst others, frequency and duration of interruption, voltage parameters, harmonics, transformer failure rates, waiting time for restoration of supply, percentage defective meters and waiting list of new connections. The Appropriate Commissions would specify expected standards of performance.

5.13.2 Reliability Index (RI) of supply of power to consumers should be indicated by the distribution licensee. A road map for declaration of RI for all cities and towns up to the District Headquarter towns as also for rural areas should be drawn by up SERCs. The data of RI should be compiled and published by CEA.

5.13.3 It is advised that all State Commissions should formulate the guidelines regarding setting up of grievance redressal forum by the licensees as also the regulations regarding the Ombudsman and also appoint/designate the Ombudsman within six months.

5.13.4 The Central Government, the State `s and Electricity Regulatory Commissions should facilitate capacity building of consumer groups and their effective representation before the Regulatory Commissions. This will enhance the efficacy of regulatory process.”

Relevant provisions mentioned in the Acts, do lay emphasis on the importance of consumer protection and participation. However, in the absence of political will, lack of support from regulatory bodies and absence of capacity of consumers, public participation has not been effective in many Indian states.

The Forum of Regulators (FOR) in its meeting held in June 2008, felt the need to review the steps taken by various states on issues specific to the protection of consumer interests and address the issues requiring clarification so as to evolve consensus and uniformity of approach in handling consumer related issues. The FOR thus constituted a Working Group to examine all such issues in detail, which submitted its report⁶ for consideration by the FOR in its meeting held in September, 2008.

The report suggests various steps to make the functioning of the CGRF and Ombudsman effective. The report specifically: (i) recommends measures to ensure financial and operational autonomy to these institutions; and (ii) suggests a framework for monitoring the performance of these institutions, implementation of their orders, and steps to tackle non-compliance of their orders. The report also goes into the issues relating to institutionalisation of consumer advocacy and suggests a model consumer charter for adoption by State Commissions.

6

<http://www.forumofregulators.gov.in/Data/HomePage/FOR%20Report%20on%20Protection%20of%20Consumer%20Interest-11.11.2008.pdf>

Annexure II: Sample Notice Issued by the HERC

PUBLIC NOTICE

At the existing electricity tariff which has been fixed in December, 2000, the projected income of the power distribution utilities of the state during the year 2008-09 falls short of the projected expenditure during the same year by approximately Rs.522 crores. Hence, there is proposal to recover this amount of Rs.522 crores by modifying the existing tariff as per the table given below. Before the same is finalised, Haryana Electricity Regulatory Commission invites objections / suggestions from the stakeholders in the state on the proposed revision/adjustment of tariff.

Salient features of the proposed tariff

(All the proposed slabs are for monthly consumption and non-telescopic).

Category	Existing Monthly Slab & Tariff (Rs/kWh)		Proposed Monthly Slab & Tariff (Rs/kWh)	
Domestic	0 – 40	2.63	0 – 60	2.50
	41-300	3.63	61-300	3.65
	Above 300	4.28	Above 300	4.55
NDS (Commercial)	4.19		0-100	4.00
			101-250	4.40
			Above 250	5.60
			Hoardings	7.50
LT Industry	4.28		0-500	4.35
			Above 500	4.75
HT Industry	4.09		4.75	
Agriculture Tube wells	NO CHANGE			
MITC/Societies	NO CHANGE			
Lift Irrigation	4.00		4.50	
Public Water Works	4.00		4.50	
Railways	3.85		5.00	
Bulk Supply	4.19		4.50	
Public Street Lighting	NO CHANGE			

All interested parties should submit six copies of their objections/suggestions along with supporting material, if any, to the Secretary, Haryana Electricity Regulatory Commission, Bays No.33-36, Sector 4, Panchkula-134109 and the seventh copy should be directly submitted to the Managing Director, DHBVNL, Vidyut Nagar, Hisar and Managing Director, UHBVNL, Shakti Bhavan, Panchkula. Response from the stakeholders must reach before 5 P.M. of 14th August, 2008.

The objections should carry full name and postal address of the sender and shall be supported by an affidavit as per the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2004.

The Public Hearing on the subject shall be held on 18th August, 2008 at 11.30 AM in Haryana Electricity Regulatory Commission's Office at Bays No.33-36, Sector 4, Panchkula.

Secretary
Haryana Electricity Regulatory Commission

Annexure III: Steps taken by various SERCs in Capacity Building of Consumer Groups and Facilitating Consumer Participation

SERC	STATUS
AERC (Assam)	A consumer advocacy cell was set up by the Commission in Feb 2004. The Cell empanelled 12 consumer groups from all over the state. Three 'Electricity Consumers Awareness Meets' were organised to provide a forum for interaction among representatives from empanelled consumer groups and suppliers. Also direct feedback on power supply and performance of the Discoms is being gathered from consumers in various parts of the state and sent to the Discom for action.
BERC (Bihar)	BERC ascertains views of consumer groups before finalising any regulation, concept paper or tariff order to enhance the efficacy of the regulatory process.
DERC (Delhi)	The GoNCTD have notified the appointment of Electricity Consumers Advocate Committee (ECAC) for representing the interests of consumers in proceedings before the Commission as well as other Forums, Appellate Tribunals for Electricity, Courts, etc.
HERC (Haryana)	HERC has not authorised any person to represent interests of consumers in proceedings before the Commission.
HPERC (Himachal Pradesh)	The Commission has appointed a Consumer Representative to represent the common interests of consumers in all matters, hearings and proceedings before the Commission, though consumers are also free to present their views on their own. Any consumer organisation registered under the law of the State and having the protection of the interest of consumers as its objective is also recognised as a consumer forum which can appear before the Commission. The Commission has an officer of the rank of Dy. Director (Consumer Affairs), facilitating the settlement of consumers grievances.
KERC (Karnataka)	Pioneering steps by SERC to promote consumer participation include provision of legal status to consumer advocacy; and appointment of the Office of the Consumers Advocacy (OCA) inside SERC in 2001. In the last six years, OCA has undertaken several activities to empower inform and educate the public in general and several societies/organizations in particular about developments in the electricity sector. OCA has been conducting various activities and events to disseminate information to the public. OCA publishes newsletters, leaflets, pamphlets, alerts and fact sheets to educate consumers on several issues. OCA has published a training module covering all aspects of electricity regulations, which can be used by consumers groups in their training seminars. It holds Public Outreach Meeting (POM), capacity building programmes, public hearings etc. The Consultant (Consumer Advocacy) also appears before the Commission in public hearings wherever consumer interest is involved. It has been a party in various petitions before SERC, High Court and Appellate Tribunal for Electricity.
MPERC (Madhya Pradesh)	About 120 NGOs spread across the State have been registered with the Commission. They are also invited to the hearings on the determination of ARR/Tariff petitions for representing the interest of the consumers. A workshop has been conducted to apprise the consumer groups about performance standards, various compensations, grievance redressal forum and Ombudsman. MPERC has also authorised the consumer organisations to take up the matter of consumer interests before the Forum/Ombudsman. MPERC has designated an officer of the Commission as "Consumer Advocacy Officer" to look after consumer interests and educate Consumers,
MERC	MERC has authorized four consumer Representatives :

SERC	STATUS
(Maharashtra)	<p>a. Prayas (Energy Group), Pune b. Mumbai Grahak Panchayat, Mumbai c. Thane Belapur Industries Association, Navi Mumbai d. Vidarbha Industries Association, Nagpur</p> <p>All these representatives have been called for every hearing. They have been provided with data/suggestions/Applications/Records required for conducting analysis and making comments/suggestions/objections. SERC has also framed comprehensive "Electricity Consumer's Rights Statements (ECRS)". MERC has established a 'Consumer Advocacy Cell' to look after activities such as Consumer Awareness, Media Communications, Public Relations. And Compliances pertaining to Consumer Grievance etc.</p>
RERC (Rajasthan)	<p>The Commission has identified persons/agencies representing different groups of consumers to whom draft documents along with background papers relating to proposed amendments are provided to enable them to present their views before the Commission in public hearings. If so needed, they may seek further information directly from the concerned Discoms. Further, as and when required, the Commission also appoints <i>amices curie</i> to present the consumer interest before the Commission. The Members of the State Advisory Committee are also appointed in a manner which encourages representation by different groups of consumers.</p>
TNERC (Tamil Nadu)	<p>TNERC has established a 'Consumer Advocacy Wing' on Dec 5, 2005 which has engaged in educating consumers and creating awareness on their rights and responsibilities through the publication of News Letters, Consumer Guideand Pamphlet etc. For capacity building of consumer groups, TNERC has proposed a one day seminar cum workshop in all 9 distribution regions of the Licensee and is also in the process of authorising a knowledgeable person from a Consumer Action Group to represent the interests of consumers on their behalf at various forums.</p>
UPERC (Uttar Pradesh)	<p>A MOU was signed between UPERC and Voluntary Organization in Interest of Consumer Education (VOICE) for setting up a Cell for Consumer Education and Advocacy (CCEA) in U.P., to build awareness & empower the consumer on electricity related issues.</p>
<p>Source: http://www.forumofregulators.gov.in/Data/HomePage/FOR%20Report%20on%20Protection%20of%20Consumer%20Interest-11.11.2008.pdf</p>	

Annexure IV: Comparative Analysis of Standard of Performance Regulations of various states

Performance Indicator	SERCs	Prescribed time to act	Compensation payable to consumer in case of violation of Standard
Service line breakdown	Haryana	Within 8 hours (12hours if pole broken) in cities and towns Within 16 hours (24hours if pole broken) in rural areas	Rs. 100 to each affected consumer
	Delhi	Within six hours for Urban areas and within twelve hours for Rural areas	Rs. 50 for each day of default
	Kerala	Within 12hours in cities and towns and 24hours in rural areas	Rs.25 to each affected consumer
Distribution transformer failed/burnt	Haryana	Within 24 hours in Urban and 48 hours in rural areas	Rs. 100 per day or part thereof to each affected consumer subject to a maximum of Rs 3000/-
	Delhi	Temporary Restoration of supply through mobile transformer or another backup source within eight hours, wherever feasible. Replacement of failed transformer within forty eight hours.	Rs. 100 for each day of default
	Kerala	Within 24 hours of reporting in Urban and Within 48 hours in rural	Rs.25 to each affected consumer
Period of schedule outages	Haryana	Not to exceed 8 hours a day and restoration by 6PM on any day. To inform 24 hours in advance	Rs. 200 to each affected consumer
	Delhi	Interruption in power supply due to scheduled outages, other than the load-shedding, has to be notified in advance and shall not exceed twelve hours in a day and in each such event, the Licensee has to ensure that the supply is restored by 6:00PM	-
	Kerala	Not to exceed 12 hours in one stretch and restoration by 6PM on any day.	Rs.25 to each affected consumer
Replacement of faulty meters	Haryana	Within 7 days of being so established after checking	Rs.100 for each day of delay subject to a maximum of Rs 3000/-
	Delhi	Within six hours restoration of supply by bypassing the burnt meter. Meter to be replaced within three days	Rs. 50 for each day of default

Performance Indicator	SERCs	Prescribed time to act	Compensation payable to consumer in case of violation of Standard
	Kerala	Within 30 days, or Within 7 days of receipt of complaint if cause not attributable to consumer	Rs.10 in each case of default
Releasing of new connection where network exists	Haryana	Within 1 month of receipt of complete application	Rs. 200 for each day of default, subject to Section 44 of Act and also subject to a maximum of Rs 3000/-
	Delhi	Within thirty days of receipt of application (along-with prescribed charges)	Rs.10 per Rs 1000 (or part thereof) of the demand charges deposited by consumer for each day of default
	Kerala	Within one month of receipt of application with connection charges	Rs.50 for each day of default
Redressal of consumer's complaint regarding billing	Haryana	Within 24 hours or within 7 days if additional information required	Rs. 100 for each day of default subject to a maximum of Rs 3000/-
	Delhi	Immediately, if received in person, or within three days from the date of receipt if received by post.	-
	Kerala	Within 24 hours of receipt of complaint	Rs.25 for each day of default
Reconnection of supply following disconnection	Haryana	Within 6 hours from payment in cities and within 12 hours from payment in rural	Rs. 100 for each day of default subject to a maximum of Rs 3000/-
	Delhi	Within two days of payment of applicable dues	-
	Kerala	On the same day in urban areas and Within 24 hours of receipt of payment in rural areas	Rs.50 for each day of default