

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
BHOPAL

Sub: In the matter of Suo-Motu Petition No. 37 of 2023 under section 142 of the Electricity Act 2003 for non-compliance of regulations and directions given by the Commission by MP Paschim Kshetra Vidyut Vitran Co. Ltd (West DISCOM).

ORDER

(Hearing through Video Conferencing)

(Date of order: 02/02/2024)

MP Paschim Kshetra Vidyut Vitran Co. Ltd, Indore (West Discom): Respondent

Shri Shailendra Jain, Dy. Director, appeared on behalf of the Respondent.

1. This order relates to Suo-Motu Petition registered by the Commission vide notice dated 26/07/2023 against the Respondent under section 142 of the Electricity Act 2003, (for Vivity “the Act”) taking cognizance of non-compliance of Rules/ Regulations framed under the Act and various directions given by the Commission under the regulations which are subordinate legislation under the Act.

2. It was observed by the Commission that the Respondent is not complying with the provisions of various Regulations made under Section 181 of the Act, 2003 and directions of the Commission. Non-compliance of the Regulations, Rules and directions for which Commission is compelled to register the SMP are as under:-

- I. Non-compliance of Regulations 8.1 (B), (C) and Regulation 8.2 (A) of the 1st Amendment to MPERC (Distribution Performance Standards) Regulations 2012 to operationalize automatic compensation for all services as listed under Guaranteed Standards in MPERC (Distribution Performance Standards) Regulations 2012 and amendments thereof;
- II. Meterisation of DTRs;
- III. Replacement of stopped and defective meters;
- IV. Non-compliance of clause 4.10 and 4.13 of the M.P Electricity Supply Code 2021 and amendments thereof;
- V. Non-compliance of clause 8.15 (Testing of Meters) of the M.P Electricity Supply Code 2021 and amendments thereof.;
- VI. Non-compliance of clause 8.21 of the M.P Electricity Supply Code 2021 and amendments thereof.;
- VII. Non-compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof;
- VIII. Monitoring of Power Supply;
- IX. Measurement of Harmonics;
- X. Policy and procedure for identification of bad debts and writing off the same;
- XI. Non-compliance of directives given through retail supply tariff orders for submitting action plan for line loss reduction, undertaking study related to segregation of technical and commercial losses and to ascertain voltage-wise cost of supply;
- XII. Non-compliance of Regulation 7.1 of the MPERC (Power Purchase and Procurement

- Process) Regulations, 2023;
- XIII. Non-compliance of Regulation 7A (4) of MPERC (Grid Interactive Renewable Energy Systems and Related Matters) Regulations, 2022{RG-39(I) OF 2022} notified on (22 July 2022);
- XIV. Non-compliance of the Regulation 5(1) of the MPERC (Smart Grid) Regulations 2016;
- XV. Non-compliance of Regulation 7(1), 9(1), & 17(1) of the MPERC (Demand Side Management) Regulations, 2016;
- XVI. Delayed submission of MIS Reports, Half-yearly and Annual Regulatory Compliance Report as per MPERC (Guidelines for Reporting of Regulatory Compliance) Regulations, 2005 and amendments thereof read with MPERC (Monitoring Performance of distribution Licensees and state-owned Generating Company) (Revision-I) Regulations, 2022;
- XVII. Non-compliance of Commission's directives given during review meeting held on 15th May 2023;
3. Whole case is built around Section 142 of the Act, therefore, it would be apposite to quote Section 142 of the Act. It runs as under:-

"142 . Punishment for non-compliance of directions by Appropriate Commission :

"In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made thereunder, or any direction issued by the Commission, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of penalty, which shall not exceed one lakh rupees for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand rupees for every day during which the failure continues after contravention of the first such direction."

After going through provisions of various Rules/ Regulations framed under the Act and the directions given by the Commission to the Respondent from time to time, the Commission issued show cause notice to the Respondent with regard to charges framed in relation to contravention of respective Regulations, Rules and directions of the Commission.

ANALYSIS

CHARGE I. Non-compliance of Regulation 8.1 (B), (C) and Regulation 8.2 (A) of the 1st Amendment to MPERC (Distribution Performance Standards) Regulations 2012 to operationalize automatic compensation for all services as listed under Guaranteed Standards in MPERC (Distribution Performance Standards) Regulations 2012 and amendments thereof.

Whereas, the Ministry of Power, GoI in exercise of the powers conferred by sub-section (1) read with clause (z) of subsection (2) of section 176 of the Electricity Act, 2003 (Act 36 of 2003), notified the Electricity (Rights of Consumers) Rules, 2020 on 31st December, 2020. Rule 13 of these Rules provides for compensation mechanism. The relevant sub-rules are reproduced below:

- “
- 13. Compensation mechanism**
- (1) **Consumer shall be automatically compensated for those parameters which can be monitored remotely when it can be successfully established that there is a default in performance of the distribution licensee.**
- (2) **The Commission shall notify regulations for establishment of mechanism, by the distribution licensee, for automatic payment of compensation amount determined under the provisions of sub-section (2) of section 57 of the Act within six months from the notification of these rules.**
- (3) **The Commission shall oversee that the distribution licensee designs and maintains its distribution system in such a way that there is a gradual increase in the list of parameters, which can be monitored remotely and for which automatic compensation can be made to the consumer.**
-
- (5) **The distribution licensee, within six months from the date of notification of the regulations by the Commission under sub-rule (2), shall create an online facility on which consumers may register and claim the compensation amount.**
-”

And whereas, the Commission in pursuance to aforesaid rule, notified the 1st Amendment to the MPERC (Distribution Performance Standards) Regulations 2012 on 15th July, 2021. The relevant provisions of the regulations are reproduced below:

- “.....**8.1B** “The distribution licensee shall design and maintain its distribution system in such a way that there is a gradual increase in the list of parameters, which can be monitored remotely and for which automatic compensation can be made to the consumer.”
- 8.1 C:** The distribution licensee shall establish a mechanism, for automatic payment of compensation amount determined under the provisions of sub-section (2) of section 57 of the Act within six months
- 8.2A** “The distribution licensee, within six months from the date of notification of this regulation by the Commission shall create an online facility on which consumers may register and claim the compensation amount.....”

And whereas, the Commission has observed that only three services were reported operationalised by West Discom on 6th October 2022 for automatic payment of compensation viz. (i) Change of category (ii) Conversion from LT 1-ph to LT-3ph and vice-versa, and (iii) Time taken for change in consumer details, after a delay of more than a year from timelines specified in the aforesaid regulations. In view of the requirement of gradual increase in number of services to be covered under automatic compensation, the Commission held a meeting on 4th May 2023 and subsequently a review meeting was held on 17th May 2023 with Managing Director of the Distribution Licensee. Despite clear directions to expand the scope of number of services under automatic compensation the status of compliance is far from satisfactory.

Whereas, the Commission is in receipt of Ministry of Power (MoP), Govt. of India letter no. F. No. 06/01/2023-RCM dated 3rd July 2023 with regard to ‘Protection of electricity consumers from discretionary and avoidable load shedding – Payment of compensation to the affected person(s) by Distribution Licensees and Penal action against non-complying Distribution Licensees – reg .The MoP on analysing the power supply position (PSP) data as available from CEA website of states for periods during FY 22-23 has observed that power has not been supplied for 0.4% period in Madhya Pradesh. This indicates that load shedding was carried out by distribution licensees in the aforesaid period.

The acts of load shedding and failure to comply with the statutory obligations by the distribution licensee necessitates compensation to the affected persons under sub-section (2) of Section 57 of the Act, and Rule 3, Sub-Rule 12(2), and Rule 13 of the Electricity (Rights of Consumers) Rules 2020 and as per provisions of the MPERC (Distribution Performance Standards) Regulations, 2012 and its amendments thereof. The MoP has desired from distribution licensees to take appropriate action immediately to ensure 24x7 supply of electricity as mandated in the Electricity (Rights of Consumers) Rules 2020. Ministry of Power has advised that this Commission initiate penal action against non-complying distribution licensees.

And whereas, the distribution licensees in Madhya Pradesh have failed to supply 24x7 power to the consumers and providing compensation to the affected consumers for non-supply of electricity as per the communication received from Ministry of Power, Govt. of India.

Distribution Licensee has thus failed to timely operationalise the compensation mechanism laid down under Govt. of India Electricity (Rights of Consumers) Rules 2020 and aforesaid MPERC Regulations and has also failed to ensure gradual increase in the list of parameters to be covered under automatic payment of compensation. Therefore, the Distribution Licensee, has made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent’s Submission:

- (i) With regard to operationalization of online facility, the Respondent submitted that before inclusion of any service in the online compensation mechanism it is imperative to establish a conducive environment for monitoring and verifying performance of services. Timely/accurately entry/documentation of the various events involved in the process is essential to implement the online compensation mechanism. Depending upon the readiness concerned section/department of the Discom has to submit the request of inclusion of service in the online mechanism. Upon receipt of request from the concerned section/department of the Discom, the IT department with the assistance of section concerned prepares the necessary workflow, a prerequisite for the activation of any service on the website as part of the compensation mechanism.
- (ii) It was submitted that the 1st Amendment–to-MPERC (Distribution Performance Standards Regulation) 2012 has been notified on dated 15.07.2021 when the country was facing the COVID-19 Pandemic. Referring to a meeting held with the Commission on 29/06/2022,

Respondent submitted that it was agreed upon that all the Discoms will take 3 months for making operational the mechanism for automatic compensation and would report to the Commission. Subsequently, in a review meeting held during first week of September, 2022, Discoms had committed to establish and operationalize mechanism for automatic compensation by end of September- 2022. However, in Oct 2022 West Discom reported that they have established the portal from where compensation can be claimed for following three services under Guaranteed Standards:-

- i. *Change of Category*
- ii. *Conversion from LT 1-Ph to LT 3-ph and vice-versa*
- iii. *Time taken for change in consumer details*

Thereafter, in compliance to directives given in review meeting held by the Commission on 25/05/2023, the Respondent vide letter dated 01/06/2023 has submitted the time line for inclusion of various other services under compensation mechanism. Subsequently, as per timeline communicated, Respondent has included two more services and submitted the revised status vide letter dated 25/08/2023 comprising the following services:-

- a. Change of Category
- b. Conversation form LT-1 ph to LT-3 ph vice-versa
- c. Change in Consumer Details
- d. Time period within which bills are to be served
- e. Issuance of No dues certificates

Respondent submitted vide their letter dated 21/11/2023 that as per present status, by incorporating the additional 5 services, following total 11 services has been included in the online compensation mechanism

https://mpwzservices.mpwin.co.in/mpeb_english/apply-for-compensation-instruction):

- (a) Change of Category
- (b) Conversation form LT-1 ph to LT-3 ph vice-versa
- (c) Change in Consumer Details
- (d) Time period within which bills are to be served
- (e) Issuance of No Dues Certificates on receiving final payment in case of vacation of premises or permanent disconnection.
- (f) Resolution of Complaints on Consumer's Bills.
- (g) Responding to Normal Fuse-off Call and rectifications
- (h) Restoration of Supply on Account of Line Breakdown (Not Including Breaking/Uprooting of Poles) (Urban & Rural Areas)
- (i) Period of Scheduled Outages (Not Exceeding 4 Times a Year) (Maximum duration in a single stretch)
- (j) Release of Temporary/Permanent Connection (NSC LT & NSC HT)
- (k) Application for new connection/enhancement of contract demand/reduction in contract demand (Deviation from Target in case of LT, HT and EHT)

Respondent submitted that by gradual increase from time to time, 11 services have already been successfully implemented as part of the online compensation mechanism. Respondent submitted that it would make its best efforts to include the remaining services by its

respective target date submitted before the Commission. Therefore, Discom is duly complying with the timeline submitted before Hon'ble Commission and there is no willful non-compliance on the part of the Discom in this regard.

- (iii) In response to the Commission's query whether consumers are made aware regarding online facilities through Web portal for registering claim for compensation, Respondent informed that IT section of the Company is working towards sending SMS to consumer for spreading awareness in this regard. It is informed that related instructions and procedures are also mentioned for claiming the automatic compensation on Web Portal and awareness for the same has been communicated to the consumers through SMS and "Consumer advocacy and Literacy" seminars conducted at block level.
- (iv) With regard to payment of compensation for complaints received through call centers/ Web-portal, it is informed that Discom has not made any payment so far as no such claim was found eligible for compensation.

The Commission's observations and findings

- A. On examination of submissions made by Respondent, it is observed that reply sought in matter with regard to protection of electricity consumers from discretionary and avoidable load shedding, was not submitted. While specific details received from Ministry of power regarding power supply position were posed before the Respondent, failure to refute charges on part of the Respondent indicates that it has nothing to say to defend itself. The Commission, therefore, draws inference that the Respondent did not have adequate and proper reasons to deny the aforesaid charges of SMP. Charge of discretionary and avoidable load shedding of consumers stands proven on the Respondent.
- B. Further, pursuant to the Electricity (Rights of Consumer) Rules, 2020 of Central Govt., the Commission had made amendment to MPERC (Distribution Performance Standards Regulation) 2012 on 15.07.2021 which provides that the distribution licensee, within six months from the date of notification of this regulation by the Commission shall create an online facility on which consumers may register and claim the compensation amount and the information in this regard shall be widely circulated among consumers through appropriate means including mass media, bills, SMS, e-mails or by uploading on licensee's website. Accordingly, On line facility for registering and claiming automatic compensation which was required to be created by January, 2022 was operationalized much later in Oct 2022 and that too with only three services. Moreover, this was done nearly 4 months after directives were given by the Commission during the review meeting held in 06/06/2022 to monitor compliance in this regard. It is notable that initiation towards compliance in this regard was taken up by Respondent only after the said Review meeting. Further, only two more services were reported to have been added almost in 9 months between operationalization of online portal and issuance of SMP notice.
- C. It is noted that till date, nearly 4.88 lakhs smart meters have been installed in Indore City and other selected areas of West Discom, which is a testament to the fact that West Discom is better placed as compared to the other two discoms in terms of having a suitable conducive environment for monitoring and verifying the performance of consumers services and having access to suitable and automated technological tools for implementing online

compensation mechanism. Besides, several consumer services like releasing new connections, viewing bills and enabling alert SMS, payment of Bills and registering consumer complaints are already provided through Discom's APP/Portal and dedicated Call center. Given this technological advantage to the Respondent, the Commission does not subscribe to Respondent's argument that it did not have pre-requisites for creating an online facility for registering compensation claim and activating the aforesaid services for automatic compensation within stipulated time lines.

- D.** It is noted that as reported only eight (8) consumers have registered their claim for compensation through online mechanism since the operationalization of these services. Out of the aforesaid claims, four (4) claims were registered for LT name transfer, between May 23 and July 2023. Three(3) claims were registered for delay in bill distribution, while one(1) claim was registered for bill correction during the month of September 2023. The Commission has observed that such meager number of claims for automatic compensation from consumers, despite availability of 11 services is a testament to the fact that end consumers of Discom were not made aware of such facility extended by Discom. The Commission noted that so far, Respondent has not made any visible efforts at making consumers aware regarding online facility through Web portal for registering claim for compensation. It is stated that IT section of the Company is working towards sending SMS to consumer for making awareness in this regard which shows that Respondent lacks the missionary zeal to proactively implement automatic compensation mechanism in their area of supply. Operationalisation of automatic compensation service means putting in place a complete mechanism, which credits compensation in favour of consumer through electricity bill in case performance standards are not met. It is therefore established that the Respondent has failed to operationalize automated compensation mechanism within time frame stipulated under Rules and Regulations despite having access to technological tools.
- E.** It is evident from the submissions that the Respondent failed to ensure compliance within stipulated time line specified in Rules and Regulations. Respondent has halfheartedly worked towards operationalizing the automatic compensation mechanism, only after the SMP notice was served. This indicates that Respondent has not exercised adequate caution in adhering to Rules framed by the Central Government and Regulations framed by the Commission and directives therefor. This is a regrettable situation, more so when the action of the Respondent defeats the objective of the Act to protect the consumers.
- F.** The Commission finds that with the availability of technological tools including smart meters in large numbers and complaint handling call centre/web portal, the licensee Company could have made sincere efforts within stipulated timelines to operationalize automatic compensation services.
- G.** On perusal of replies submitted by Respondent, the Commission has observed casual attitude on part of the Respondent in complying with the provisions of Regulations. Commission has come to the conclusion that there has been willful and deliberate violation of the Commission's regulations, as Respondent has not made any sincere efforts to comply with the provisions of Regulations within time line specified.
- H.** **The Commission considers this act of Respondent as deliberate and willful non-**

compliance of the Rules, Regulations and directives of the Commission. Looking to the adverse implications of this deliberate and willful non-compliance on consumers, the Commission, in exercise of its power vested under section 142 of the Electricity Act, 2003 hereby imposes a penalty of Rs 1,00,000 (Rs One lakh) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.

CHARGE II. Meterisation of DTRs

“Whereas, the Commission while reviewing status of compliance of directives of the Commission in retail supply tariff order for FY 15-16 observed that the agricultural supply in various areas remained un-metered and as such it became difficult to compute accurately the loss reduction level in the utility. The provisions in Section 55 of the Act mandates metered supply within a stipulated timeframe and hence cannot be put on hold for indefinite time period. The Commission had therefore directed Distribution Licensee in retail supply tariff order for FY16-17 to complete 100% meterisation target of pre-dominant Agricultural DTRs by March 2017 without any slippage.

And whereas, in view of non-compliance of aforesaid directions, the Commission again in retail supply tariff order for FY 2017-18 directed West Discom to submit the timeline for 100% meterisation of pre-dominant Agricultural DTRs within 3 months from issuance of order.

And whereas, the Commission further through various tariff orders from FY18-19 onwards has given the following directions:

- (i) To achieve 100% meterisation of pre-dominant Agricultural DTRs adhering to the timelines submitted to the Commission by the Distribution Licensee. (FY 2018-19)
- (ii) To expedite feeder meterisation and DTR meterisation on priority basis and submit the action plan by 30th November, 2019. (FY 2019-20)
- (iii) To submit quarterly progress reports on DTR meterisation along with the **energy Audit** and to submit action plan by the 30th January, 2021.(FY 2020-21)
- (iv) To submit an action plan by the 30th June, 2021. (FY 2021-22)
- (v) The Commission further reiterated that the progress of the Distribution Licensee regarding DTR meterisation is not satisfactory. The Commission observed that simply providing meters is not the total solution but that Distribution Licensee needs to have a complete **energy auditing solution** in order to monitor the energy pilferage. The Distribution Licensee was directed to continue submitting quarterly progress reports on DTR meterisation along with the **energy Audit**. Since action plan was not submitted, Distribution Licensee was directed to submit an action plan within 6 months of issuance of the tariff order. (FY 2022-23)

And whereas, clause 10.3.6 of the Madhya Pradesh Electricity Supply Code 2021 provides as under:

“

10.3.6 The Licensee or Supplier shall install meters on all distribution transformers and carry out energy audit so as to identify localized high loss pockets and take further suitable action for reduction of losses in such pockets.

.....”

And whereas, the Commission while reviewing status of compliance of directives of the Commission given in retail supply tariff order for FY 22-23 again observed that progress of DTR meterisation as on December 2022 by West Discom was not satisfactory as shown below.

Agricultural DTRs		
Total no. of Pre-Dominant Agricultural DTRs	No. of DTRs provided with meters	Percentage (%) of DTRs provided with meters
1,95,584	36,231	18.52%

And whereas, Distribution Licensee has failed to achieve 100% meterisation of Pre-Dominant Agricultural DTRs and also not reported any energy audit on the metered DTRs till date and whereas, by this act the Distribution Licensee has failed to ascertain the consumption of irrigation pumps based on representative samples of agriculture feeders along with sample energy audit on predominantly agricultural DTRs.

And whereas, Distribution Licensee has not submitted the Action Plan for meterisation till date as directed by the Commission through retail supply tariff order for FY 2023-24. It has therefore, made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent’s Submission:

- (i) The licensee has submitted that in compliance of directives issued in the Minutes of Meeting dated 25.05.2023, the meterisation for predominant agriculture DTRs has already been incorporated in the Capex Plan of the Discom for the FY 2020-21 to FY 2024-25. At present scheme like RDSS issued by the Central Government does not cover in its scope the work of Ag. DTR meterisation. Accordingly, the work of the Ag. DTR meterisation shall be executed depending upon the availability of the fund.
- (ii) It is submitted by Respondent that the substantial work of separation of pre-dominant agriculture feeders has already been taken place in the West Discom. Therefore, energy accounting with regards to supply of power to the agriculture consumers can be done with meters installed on such Ag-feeders. Accordingly, post feeder separation works DTR metering on Ag-predominant DTRs is not a pre-requisite for the purpose of energy accounting. Respondent requested that considering the feeder separation work and non-availability of fund, requirement of meterisation of pre-dominantly Agricultural DTRs may be dispensed with.
- (iii) Further, in response to the Commission’s query with regard to efforts taken to arrange finance for executing the DTR metering works which were mandatory, Respondent submitted that it had prepared the plan for DTR metering on agriculture pre dominant DTR in previous years and proposal of the same had been sent to State planning cell & Energy Department for seeking allocation of budget for this work. Due to limited fund and other critical works to maintain power supply and load management in Rabi season, fund were not allotted to this head.

- (iv) Further, with regard to the different schemes implemented by Discom in past years under which adequate provision of DTR meterisation were made and numbers of DTRs were installed (Urban, Agriculture & others) under each scheme, Respondent submitted that during past four years excluding RDSS Scheme, there were no scheme implemented under West Discom in which provision has been made of DTR meterisation or providing DTR meter on installation of new/additional DTR. However, prior to four years, DTR meter are installed in various scheme such as DDUGJY/ Saubhagya (6915 nos) and IPDS (5752 nos).It is informed that DTR energy audit is carried out in DTRs provided with meters except agriculture DTRs.
- (v) In response to the Commission's query, it is informed that under RDSS phase 1 & 2, for meterisation of Non AG DTRs out of sanctioned 1.02 lakhs Smart meters, work order for 1.01 Lakhs smart meters were issued and 485 smart meters were installed. Respondent has submitted the following Plan for Agriculture pre-dominant DTR meterisation in areas which are not covered under RDSS:-

Particulars	FY23	FY24	FY25	FY26	FY27	TOTAL
Installation of meter at Agriculture pre-dominant DTR	0	2,000	6,000	10,000	10,000	28,000
Total Amount (Rs in lacs)	0	5.71	17.12	28.54	28.54	79.91

Commission's Observations:

- A. The Commission has observed that Respondent has been making repeated non-compliance of the directions issued to it under the Act and Regulations. Numerous opportunities have been provided to the Respondent to mend its affairs. CEA Regulations mandate installation of meters on all DTRs. Despite strong observations made by the Commission in its Tariff orders every year, Meterisation of pre-dominant Agricultural DTRs was as low as 19% as on December, 2022. Lack of funding is submitted as the cause of non-compliance by Respondent in its reply.
- B. In response to the Commission's query with regard to efforts taken to arrange finance for executing the DTR metering works which were mandatory, Respondent submitted that it had prepared the plan for DTR metering on agriculture pre dominant DTRs in previous years and proposal of the same had been sent to State planning cell & Energy Department for seeking allocation of budget for this work. However, due to limited fund and other critical works to maintain power supply and load management in Rabi season, fund were not allotted under this head.
- C. In this regard, the Commission delved into details of Capex petition, P. No 07/21 filed by Respondent. Capital Expenditure plan for FY 2020-21 to FY 2024-25 was approved by the Commission in-principle for Rs 1022.62 Crore for various works. Out of these, Rs 21.33 Crore for FY 2020-21 and Rs 53.32 Crore for FY 2021-22 were earmarked for installation of meters at pre-dominant agricultural DTRs as per prayer made by the Respondent. It is regrettable to note that inspite of the Capex approval for Meterisation of Agricultural pre-dominant DTR, Respondent could not arrange funds for the aforesaid Capital work while

being aware of legal provisions. A law abiding Company is expected to fulfill statutory requirements by way of arranging funds to meet such legal obligations.

- D. The Commission observes that DISCOMs are also identified as designated consumers under Energy Conservation Act, 2001. As such Respondent is also required to conduct energy audit as per Bureau of Energy Efficiency (BEE) (Manner and Intervals for Conduct of Energy Audit in Electricity Distribution Companies) Regulations, 2021, for which DTR metering would be required. Failure to provide DTR meters will therefore come in way of discharging its obligations under BEE Regulations.
- E. **The Commission considers this act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs. 20,000 (Rs. Twenty thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from date of issue of this order.**

CHARGE III. Replacement of stopped and defective meters

Whereas, clause 8.26 (c) and 8.45 of the Madhya Pradesh Electricity Supply Code 2021 provides as under:

“

Defective Meters

8.26 Replacement of defective or burnt or stolen meters shall be done-

.....

(c) within a time period, not exceeding twenty-four hours in urban areas and seventy-two hours in rural areas by the distribution licensee.

.....

8.45 The licensee shall develop a detailed document describing systems, procedure and accountability regarding replacement of defective meters.

.....”

And whereas, under Appendix - A, of the Guaranteed Standards of the MPERC (Distribution Performance Standards) Regulations 2012 and amendments thereof, the Guaranteed Standards of timelines for replacement of defective meters and compensation payable to affected consumers has been provided as under:

“

<i>Service Area</i>	<i>Guaranteed Standards</i>	<i>Compensation payable to affected consumers</i>
<i>(v) Meter Complaints</i>		
<i>Inspect and Check correctness</i>	<i>Within 7 days</i>	<i>Rs. 100 per week (or part thereof) of delay</i>
<i>Replace slow, creeping or stuck up meters</i>	<i>Within 24 hours in urban areas and 72 hours in rural areas</i>	
<i>Replace burnt meters if cause not attributed to Consumer</i>		
<i>Replace burnt meters in all other cases</i>		

.....”

And whereas, as per regulations 5(2), 5(3) and 6(d) of the MPERC (Procedure for Calculating Expected Revenue from Tariff and Charges) Regulations, 2005 provides as under:

- ".....
- (1) *The licensee or the generating company shall ensure that the electricity supplied by it to any consumer and/ or other licensee is **made through appropriate meters of specified quality and accuracy affixed to the point of supply.***
Provided in case of licensee providing supply to its consumers without appropriate meters, due to its legacy of such practice before the Act came into force, shall carry out metering of such installations on a plan as approved by the Commission.
- (2) *The licensee or the generating company shall evolve schemes for **periodic identification and replacement of faulty metering equipment, to facilitate accurate measurement of electricity supplied.***
"

And whereas, the Commission through retail supply tariff order for FY18-19 directed the Distribution Licensee to carry out the age-wise analysis of stopped and defective meters and submit an action plan for replacement to the Commission by 31st July, 2018.

And whereas, the Commission thereafter through various tariff orders from FY 2019-20 onwards, reiterating timely replacement of defective meters had given directions to submit quarterly progress report on status of defective meters and comprehensive replacement plan of defective/ stopped meters.

At present the status of defective meters as on 31st March 2023 (as per R-15 report) in respect of West Discom is as shown below:

Total Metered Consumers	Total Defective Meters	% Defective
45,04,851	17,58,079	39.03%

And whereas, the Commission has observed that the huge number of stopped and defective meters, showing an increasing trend over the past years is defeating the very basic function of accurate measurement of electricity supplied and the very objective of 100% meterisation as emphasized by the Commission.

And whereas, looking at above, it may be concluded that Distribution Licensee has failed to comply with directives of tariff orders and clause 8.26 of the Madhya Pradesh Electricity Supply Code 2021 (as amended) in respect of replacement of defective meters within specified timelines of twenty-four hours in urban areas and seventy-two hours in rural areas and has made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

- (i) Respondent submitted that there are around 17.79 lakhs Stopped and defective meters (other than agricultural consumers) of which 17.12 lakhs Stopped and defective meters (S/D) meters fall under rural areas. Respondent submitted in accordance with the RDSS all existing meters are required to be replaced with smart meters.

- (ii) It is pertinent to mention that if the Discom were to procure non-smart or traditional meters to replace the existing ones, these newly procured meters would not reach the end of their anticipated lifespan. Consequently, this situation would result in a dual burden of costs- firstly for the non-smart meter used to replace the existing defective meter, and subsequently for the smart meter used to replace the non-smart meter. Given this context, the Discom submits that the task of replacement of defective meters should be carried out in alignment with the implementation of activities under the RDSS scheme. This approach would prevent unnecessary cost burdens and to ensure a coordinated and efficient meter replacement process.
- (iii) As per RDSS Scheme, total 38,79,733 nos existing meters are required to be replaced with smart meters under phase 1 & phase 2 comprising 9,45,980 nos and 29,33753 nos respectively. Under phase 1, works are awarded for 3,79,709 meters while NIT is issued on 5,43,20202. In respect of smart meter installation under RDSS Scheme Phase -II, the proposal is already been submitted to the Government of MP for further decision and decision awaited from government. Accordingly, the action plan for installation of smart meters under RDSS Scheme Phase-II will be submitted shortly.
- (iv) Further, in response to the Commission's query, the Respondent has informed that vide notification dated 23/05/2022 under RDSS scheme, Central Govt has prescribed the trajectory for replacement of existing meters with smart meters for all consumers (other than agriculture consumers) by 31/03/2023 and 31/03/2025 respectively based on prescribed criteria. The present status of smart metering works under RDSS is as under:

Criteria	Circles covered	Awarded Area	Awarded Quantity	Installed quantity
All Union Territories, all electrical divisions with high AT&C Loss (Urban Areas with AT&C loss >15% and Amrut Cities)	Indore City, Indore O&M, Ujjain, Khandwa	Indore (West, North, Central division), Khandwa Town, Pithampur& Nagda	3,84,470	Nil
Industrial and Commercial consumers (Urban)	Indore City Circle and Burhanpur Circle	Indore City Circle and Burhanpur Circle	51,064	Nil
All Government offices at Block level and above	All 15 Circles	All 15 Circles	11,100	Nil
Other high loss feeders	All 15 Circles	All 15 Circles	4,21,586	93,684

- (v) Apart from RDSS scheme the following is the status of Smart Meter installed in other Scheme:

Name of Scheme	Area Covered (Location)	Awarded quantity	Executed quantity	Remark
IPDS	Indore City	1,20,000	1,20,000	
Company Owned	Indore City (> 10 kW)	20,000	20,000	Proposed Under RDSS scheme
IPDS	5RAPDRP town (Dewas, Ujjain, Ratlam,	3,50,000	2,40,049	124477 nodes are short closed under IPDS Scheme

	Mhow,Khargone)			and remaining is proposed in RDSS Scheme.
--	----------------	--	--	---

- (vi) In response to the Commission's query regarding developing SoP/ detailed documentation for replacement of Stopped /Defective meters, Respondent exhibited the flow chart showing procedures in place in respect of identification of stopped /Defective meters, physical verification survey through PMR (Photo Meter Reading)APP, and cross verification by the Company officers in compliance to clause 8.45 of MP Electricity Supply Code 2021 and amendments thereof. In regard to smart meter under RDSS, it is informed that as per scope of work, concerned contractor /supplier is liable to maintain /replace the same for a period of 10 years.
- (vii) Further, in response to the Commission's query as to how subsidy accounting is being done in case of huge numbers of Stopped /Defective meters, Respondent submitted that billing is done on assessment basis and the subsidy accounting is being done considering the billed consumption to consumers.

Commission's Observations:

- A. Over the past many years numbers of stopped/defective meters have not reduced to the target as specified in MPERC (Distribution Performance Standards) Regulations (Rev II), 2012 and amendments thereof. Regulation 9.8 of above said Regulations provides as under: *"9.8 Faulty meters: At least 99.5% cases in urban areas and 98% cases in rural areas should be resolved within time limits.*
- Clause 8.26** of the Madhya Pradesh Electricity Supply Code, 2021 (as amended) specifies timelines for replacement of stopped/defective meters as twenty-four hours in urban areas and seventy-two hours in rural areas. As such as per Regulations only 0.5% of the meters would be defective in urban area and 2% in rural area after the timelines specified for replacement of stopped/defective meters in Regulations.
- At present, around 17.79 Lakh meters are identified as defective by the Respondent which were 17.58 Lakh (39.03% of metered consumers) in March 23. It is also observed that nearly 96% stopped /defective meters fall under rural areas. This reveals that Respondent is not replacing such faulty meters with correct meters in stipulated time period as per above said provisions of Regulations/Supply Code since a long time. It is thus not complying with the provisions of Clause 8.26 of MP Electricity Supply Code 2021 and amendments thereof.
- B. Large numbers of stopped/defective meters, especially in rural areas, also reveal non-compliance with the SOP/ procedures laid down in respect of identification of stopped/Defective meters, physical verification survey through PMR (Photo Meter Reading) APP, and cross verification by the Company officers. Such procedure is to be followed as per clause 8.45 of MP Electricity Supply Code 2021 and amendments thereof.
- C. Section 55 of the Electricity Act 2003, mandates that all consumer connections have to be provided with proper meters. CEA (Installation and Operation of Meters) Regulation 2006 and amendments thereof, provides elaborate provisions in respect of licensee's obligation in respect of standards of consumer meters and associated measures for correct accounting, billing and audit of electricity.

- D. Large numbers of stopped and defectives meters in rural areas result in unwarranted assessed billing for long periods. Non-replacement of stopped and defective meters for long duration impacts projection of sales forecast and demand forecast. For want of accurate sales projections, the MYT framework numbers could be over or under-stated. As per Guidelines for Resource Adequacy planning framework, the peak and energy requirement are to be worked bottom up, which can go haywire in the absence of metered consumption data. Even the subsidy accounting will be inaccurate due to large number of stopped and defective meters.
- E. Respondent is assuring replacement of stopped/defective meters as aligned to RDSS. However, the Commission observed that status of stopped and defective meters is continued at similar level as was in pre -RDSS era and no visible improvement is seen. As such, the Commission is not inclined to accept the Respondent's submission at face value.
- F. The Commission finds that the action of Respondent is not conducive to ensuring compliance in this matter. Despite giving ample opportunity and sufficient time to Respondent to comply with directions of the Commission, Respondent has failed to take necessary steps to replace stopped and defective meters in time.
- G. The Commission considers this act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Looking to its implication on consumers and also on its own revenue, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of R. 1,00,000 (Rs. One lakh) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.**

CHARGE IV. Non-compliance of clause 4.10 and 4.13 of the M.P Electricity Supply Code 2021 and amendments thereof.

Whereas, the consumer has an option to submit hard copy of application for obtaining electricity supply and licensee is obligated to acknowledge the application submitted by him along with registration number within 24 hours of receipt of application. The relevant clauses are as under:

- “
- 4.10 *The applicant shall have an option to submit an application form in hard copy form or an electronic means such as online through web portal or mobile app of distribution licensee.*
-
- 4.13 *An application, complete with all the required information, shall be deemed to be received on the date of generation of acknowledgement with registration number. In case of hard copy submission, the acknowledgement with registration number shall be generated within twenty four hours, of receipt of the application, complete with all the required information;*
-”

And whereas, it has been brought to the notice of the Commission that hard copies of application forms are not being accepted and acknowledged by the licensee. Such practice, if adopted by the distribution licensee would be a violation of Commission's

regulations. Distribution licensee may furnish accepted hard copies of application form, failing which it shall be presumed that the distribution licensee is liable to punishment under section 142 of the Electricity Act, 2003.

Respondent's Submission:

Respondent submitted that in accordance with the provision of Supply Code, hard copies of consumer applications are being accepted. It is further submitted that upon receiving the consumer applications in hard copy, the necessary entries on the portal is being done by Discom's concerned office. It is submitted that instructions have also been issued to the field offices to strictly ensure the compliance of the aforesaid provisions of the Supply Code 2021 and its amendment thereof.

Commission's Observations:

In compliance of clause 4.10 and 4.13 of the M.P Electricity Supply Code 2021 and amendments thereof, the Respondent has submitted sample of hard copies received from applicants. In view of the evidence produced by the Respondent, **the Compliance is found satisfactory and accordingly, the Respondent Discom is exonerated from this charge.**

CHARGE V. Non-compliance of clause 8.15 (Testing of Meters) of the M.P Electricity Supply Code 2021 and amendments thereof.

Whereas the Commission had directed the Distribution Licensee to conduct periodic testing of meters as per clause 8.15 of the Supply Code. The relevant clause is reproduced below:

- “
- 8.15 The licensee shall also conduct periodical inspection/testing of the meters as per the following schedule:
- (a) Single phase /three phase meters: at least once in every five years.
- (b) HT meters: at least once in a year. The CT and PT wherever installed, shall also be tested along with meters.

If required, the licensee may remove the existing meter for the purpose of testing. ”

And whereas, the Commission has observed from past submissions of Distribution Licensee in this regard that LT meter testing is not being done in a phased manner to cover all consumers at least once within the span of 5 years. The Distribution licensee has therefore made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

- (i) Respondent submitted that 100% HT consumer meters have been tested with no pendency as of now for FY-2022-23 and for FY-2023-24 testing of HT meter will be done 100% up to 31.03.2024.
- (ii) However, in respect of testing of LT meters, the tender is under process for "Engagement of outsourcing agency for testing of LT meters installed in the premises of high value consumers of Indore O&M Circle of MPPKVVCL, Indore" as the Respondent is having shortage of manpower and not able to test huge number of LT meters with available

employees.

Commission's Observations:

- A. The compliance reported in regard to testing of LT meters is not satisfactory. Regular testing of LT meter is of prime importance in identifying stopped and defective meters and to assure the consumers of the correctness of meters.
- B. In response to query of the Commission, Respondent informed that due to shortage of manpower, it has resorted to engagement of outsource agency for the purpose of meter testing in respect of meters installed in the premises of high value consumers of Indore (O&M) circle. In the opinion of the Commission Respondent should have engaged an outsourcing agency much earlier, if it faced a Manpower issue.
- C. Respondent also failed to inform the factual status of circles other than O&M circle Indore. The Commission has taken strong exception to the casual approach of Respondent in the matter. Regular and routine testing of LT meters not only has a direct bearing on consumers' interest in terms of raising consumer satisfaction but also has impact on Respondent's commercial performance to keep afloat its operations.
- D. Even after issuance of several directives, Respondent continued to default and also failed to submit any valid reasons for their repeated non-compliance of directions in the matter. Nothing prevented the Respondent to engage an outsourcing agency, as envisaged now, even prior to issue of show cause notice under this SMP. The Commission has taken serious view of such repeated and continued lapse on the part of Respondent.
- E. **The Commission considers this act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 10,000 (Rs Ten thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.**

CHARGE VI. Non-compliance of clause 8.21 of the M.P Electricity Supply Code 2021 and amendments thereof.

Whereas, the licensee is required to upload list of third-party agencies for meter testing approved by the Commission on the website of the distribution licensee. The relevant clause is as under:

“

&I The list of third-party agencies approved by the Commission shall be available in their various offices as well as on the website of the distribution licensee.

.....”

And whereas, it has been brought to the notice of the Commission that licensee has failed to upload list of third-party agencies approved by the Commission for meter testing on the website of the distribution licensee thereby violating Commission's regulations.

Respondent's Submission:

West Discom vide letter dated 25.08.2023 submitted that the list of agencies for meter testing has now been uploaded on the Website of the Discom.

Commission's Observations:

The Commission noted the submission of Respondent that list of agencies for meter testing has been uploaded on the Website of the Discom after SMP notice was served. In view of the admitted non-compliance at the time of issue of SMP notice, the Commission directs the Respondent that directive of the Commission be complied in timely manner in future and at the same time, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a token penalty of Rs 1000 (Rs One thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.

CHARGE VII. Non-compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof.

Whereas the licensee is required to maintain/display billing details of last 1 year for all consumers on the licensee's website. The clause 8.55 of the Madhya Pradesh Electricity Supply Code, 2021 provides as under:

“
 8.55 The distribution licensee shall also upload the bill on its website on the day of bill generation:
Provided that the billing details of last one year for all consumers shall also be made available on the licensee's website.
 ”

The Distribution licensee has failed to display billing details of last one year for all the consumers and made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

Discom is already maintaining 2 years billing details of all LT Consumers on Company's website through consumers passbook.

Commission's Observations:

Respondent has submitted that the licensee is already maintaining 2 years billing details of all LT Consumers on Company's website through consumers passbook. Accordingly, compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof, whereby licensee is required to maintain/display billing details of last 1 year for all consumers on the licensee's website is complied with. The Compliance is found satisfactory and Distribution Licensee is Exonerated from this charge.

CHARGE VIII. Monitoring of Power Supply

Whereas, the Commission, reviewed status of supply of uninterrupted power to consumers during April and May 2023 on weekly basis.

Whereas, the Commission sought response from Distribution Licensee on observations / shortcomings in respect of reports received from Distribution Licensee vide letters dated 21/04/23, 27/04/23, 18/05/23 and 25/05/23. However, the Distribution Licensee failed to respond appropriately. The Commission has viewed the negligent approach of the Distribution Licensee seriously. Not furnishing desired information to the Commission is violation of Regulation 9.2 of the MPERC (The Conditions of distribution license for distribution licensee (including deemed licensee), 2004 and amendments thereof.

Whereas, on scrutiny of reports the Commission observed that outages were beyond specified limits for Commissioner HQ viz. Indore City as per Regulation 7.3 of MPERC (Distribution Performance Standards) (Revision-II) Regulations 2012 and amendments thereof as shown below.

S No	Town	Distribution Licensee	No. of Feeders	Monthly outages per feeder calculated on the basis of information	
				May-2023	
				No of outages	Duration of outages
As per regulations specified no and duration of outages per feeder per month				5	5 Hrs/300 minutes
1	Indore	West Discom	505	10	5:24

This indicates failure of West Discom in preparedness for maintaining uninterrupted and reliable power supply as laid down in performance standards. The regulation 7.3 is reproduced below:

“

The Commission has initially fixed the following levels of Supply Interruption Parameters

Level of Supply Interruption Parameters

Particulars	Commissionary HQ	District HQ	Industrial Growth Centres
No. of outages per feeder per month	5*	25*	5*
Outage duration per feeder per month in hours and minutes	300 minutes/ 5 hours*	900 minutes/ 15 hours*	300 minutes/ 5 hours*
Reliability Index in %	99.5%	98%	99.5%

**Prior approval of Commission shall not be required for duration of interruptions up to this limit and the Licensee must obtain approval beyond this limit within 15 days from the end of the relevant month.*

.....”

Whereas the Distribution Licensee has not been complying with the provisions of the aforesaid regulations and not reporting instances and obtaining approval when interruptions were beyond the specified standards for the approval from the Commission. The Distribution licensee has therefore made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

- (i) Respondent submitted that directives received through letters dated 27.04.23 and 25.05.23 which pertain to weekly uninterrupted supply position has been complied by him through letter No. 514 dated 02.08.23 and dated 17.08.23 to the Hon'ble commission. With regard to compliance of weekly uninterrupted supply position sought vide letter dated 18.05.23 and

21.04.23 it is submitted that information has now received from region office Indore &Ujjain. Both the letters have been submitted with the response for kind perusal of the Hon'ble Commission.

- (ii) In subsequent submission, Respondent submitted that in the month of May '23, SE (City), Indore City, informed that due to heavy wind, rain and storms, tripping on most of the 11 kV feeders had transient nature and the rest of the faults occurred due to the fall of trees, tree branches, insulator punctures or damage, guarding and conductor that was broken. Planned shutdown approval has also been given for the road widening, maintenance, and system strengthening works that are necessary to run the power supply smoothly.
- (iii) Respondent submitted that it is continuously monitoring the directives given by the Commission, and the same is being communicated to the Regional Chief Engineer (Indore Region/ Ujjain Region) and field Superintending Engineer (City/O&M) to ensure approval from the Commission in case interruptions were beyond the specified standards.

Commission's Observations:

- A. On deviation from norms of outage, the Commission observed that outages were beyond specified limits for Commissionary HQ such as Indore city where monthly outage was reported as 10 Nos (against norms of 5 Nos) and duration of outage as 5:24 hours (against norms of 5 hours) for the month of May 2023.
- B. The Commission observed that there has been inordinate delay in responding to the Commission's communication by the Respondent. The Commission has viewed this negligent approach of the Distribution Licensee seriously.
- C. With regard to power supply interruptions that occurred in the month of May 2023 in Indore City, Respondent has failed to comply with Regulation 7.3 of MPERC (Distribution Performance Standards) (Revision-II) Regulations, 2012 as amended. Necessary approval should have been sought from the Commission, beyond the specified levels of Supply Interruption Parameters specified in Regulation within 15 days from the end of the relevant month. Desired details as per relevant Regulations were submitted by Respondent after the SMP notice was served, which indicates that Respondent is casual in adhering to Commission's regulations and directives within stipulated time lines.
- D. Main function of Licensee is to provide 24X7 supply to all non-agricultural consumers. Commission has set performance standards for supply. There are specific provisions to seek approval from the Commission in case supply falls short of levels set by the Commission. This provision is made so that Licensee is vigilant towards maintaining supply as per standards and comes up with details of shortfall along with reasons of such interruptions. Licensee was required to make a communication seeking approval to the instances cited in show cause notice. No justification can be accepted, if the Licensee chooses to ignore provisions of sub-ordinate legislation and fails to make a communication in time giving reasons for shortfall in meeting performance level. The information was required by the 15th June, 2023, however it was given by the Respondent after registering of the Suo Motu Petition. Interruptions involved were related to the most important Commissionary HQ other than State Capital viz. Indore City. Not making a communication in time to the Commission mandated under Regulations relating to

discharge of its main function is serious in nature. Tendency to provide supply at levels below performance standards to consumer without assigning reasons has to be curbed sternly by the Commission.

- E. **The Commission considers this act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 1,00,000 (Rs. One lakh) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.**

CHARGE IX. Measurement of Harmonics

Whereas the clause 6.44 of M.P Electricity Supply Code 2021 provides as under:

“..... If the licensee detects and proves to the consumer that the consumer’s system is generating harmonics, the licensee shall request the consumer to install appropriate harmonic filter.”

And whereas, the Commission had also specified provisions related to harmonics under regulations 6.2.1, 6.2.2 and 6.2.3 of MPERC (Distribution Performance Standards) (Revision-II) Regulations, 2012 and amendment thereof as under:

“.....
6.2.1. Licensee shall monitor harmonics at regular interval at strategic points in respect of HT consumers, which it considers prone to harmonic voltage generation and ask the user to comply with the specified standards.
6.2.2. The harmonic currents drawn by various consumers shall be measured and its records shall be maintained. The following is a non-exhaustive list of harmonic generating equipment:
a. Salient pole synchronous generating units.
b. Transformers operated with core saturation.
c. Rolling mills.
d. Induction furnaces.
e. Welding equipment.
f. Static power loads incl. computers & television sets.
g. Inverters/Power Rectifiers.
h. Railway Traction Loads
3.2.3. The Distribution Licensee shall follow the Voltage and Current Harmonics Distortion Limit as specified by the Authority
.....”

And whereas, in view of no receipt of any reports on compliance of aforesaid regulations, the Commission convened a meeting with officers of Distribution Licensee and Transco on 18th April 2023 to discuss issues regarding harmonics measurement and mitigating its adverse impact on power system. The Commission provided certain directives along with timelines vide minutes of meeting circulated vide letter dated 24/04/2023 to the Distribution Licensee for executing different activities.

Following activities are not complied by the Distribution Licensee till date:

Timeline	Activity
15th May 2023	Order on Role and responsibilities of field officers for Harmonic measurement and related works

However, the Distribution Licensee failed to adhere to the directions and timelines provided by the Commission and made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

Respondent submitted that as per directives of the Commission in the matter, vide circular no 595 dtd 18.08.2023, roles and responsibilities of field officers for implementation of Harmonics measurement are assigned. In addition, Respondent has made following submission:-

- i. A Notice Inviting Tender (NIT) has been issued to engage an agency to study and measure harmonics at identified locations of potential EHT & HT consumers. The aforementioned study aims to assess the impact of harmonics generated by HT consumers in the distribution licensee's network. The date of opening of TS-1731 is 09.11.2023.
- ii. West Discom is currently in the process of procuring 3 units Power Analyzers for conducting Harmonic Measurements. The tender was opened on 01.08.2023. The procurement of the Power Analyzers is being carried out under TS-1707, and the offers from 4 bidders are currently undergoing evaluation and demonstration.
- iii. Notice has been issued by the regional Chief Engineer to all EHT -consumers and Steel plants consumers to inform these consumers about the requirement to replace their current meters with power quality meters that are in accordance with the provisions outlined in IEC 61000-4-30 class A.
- iv. The process of procuring 50 nos. of power quality meters is under consideration. These meters will be utilized for upcoming new bulk HT connections and for measuring harmonics at the 33 KV substations in accordance with regulations.
- v. An awareness campaign was conducted for HT consumers in the Indore region on 13.10.2023 and for consumers in the Ujjain region on 31.10.2023 through video conferencing (VC). However, prior instructions had already been issued to all Field Officers (SEs) to conduct awareness programs at the circle level regarding the adverse effects of harmonics.
- vi. Roles and Responsibility for implementation of Harmonics measurement is also prepared and conveyed vide circular no. 595 dated 18.08.2023. A copy of the said circular has also been submitted.

Commission's Observations:

- A. Harmonics generation adversely impacts power quality to consumers and related provisions were available since 2012 in MPERC (Distribution Performance Standards) (Revision-II) Regulations, 2012 and Supply Code 2013. However, initiative towards compliance was taken after review meeting in this regard and part compliance was reported after the SMP notice was served. This indicates that Respondent is casual in adhering to the Commission's regulations and directives within specified time line. The Commission has considered the submission made by the Respondent in the matter.

- B.** Although **the provisions of Regulations are yet to be complied with, keeping in view finalization of tender by the Respondent, the Commission directs the Respondent that compliance be met in timely manner in future and at the same time, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a token penalty of Rs 1000 (Rs One thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.**

CHARGE X. Policy and procedure for identification of bad debts and writing off the same

Whereas, Regulation 37 of the MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 (RG-35(III) of 2021), specifies as follows:

“

37. Bad and doubtful debts
The Licensee shall submit the Draft policy and procedure for identification of bad debts and writing off the same for the approval of the Commission within three months from the date of notification of these Regulations.

.....”

And whereas, Distribution Licensee was required to submit the draft policy and procedure for identification of bad debt and write off the same by March 2022. However, Distribution Licensee failed to prepare and furnish the same. In view of above, the Commission in tariff order FY 2022-23, again directed the Distribution Licensee to submit the aforesaid policy & procedure within 3 months from the date of issuance of the tariff order. However, Distribution Licensee failed to comply the same.

And whereas, the Commission through retail supply tariff order for FY 2023-24 had directed MPPMCL to submit a uniform policy for three Distribution Licensees within three months to get approval of the same from the Commission. However, the same was not submitted.

And whereas, looking to the non-submission, the Commission further through review meetings held on 17th May 2023 with West Discom directed to submit individual policy & procedure to the Commission by 31st May 2023. **However, the Distribution Licensee failed again to submit the same within the timeline specified and has made itself liable to punishment under Section 142 of the Electricity Act, 2003.**

Respondent's Submission:

Respondent submitted that as per the direction of the Commission given in the meeting held on 02.06.2023 the draft policy and procedure for identification of bad debts and writing off the same has been prepared. It is submitted that the delay has occurred because the draft was circulated to various sections of the Discom for comments. The comments received from various sections has been incorporated in the policy and submitted to higher authorities for kind consideration and approval. The Draft Policy has now been submitted before the Commission.

Commission's Observations:

- A. Compliance is reported after the SMP notice was served, which again indicates casual approach of Respondent in adhering to the Commission's regulations and directives within specified time frame.
- B. The draft policy has been finally submitted to the Commission. The Commission directs the Respondent that compliance be met in timely manner in future and at the same time, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a token penalty of Rs 1000 (Rs One thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.**

CHARGE XI. Non-compliance of directives given through retail supply tariff orders for undertaking study related to segregation of technical and commercial losses and ascertain voltage-wise cost of supply

(A) Segregation of Technical and Commercial Losses

Whereas, the Commission had directed the Distribution Licensee through retail supply tariff order for FY16-17 to draw up a time bound programme for segregation of technical and commercial losses through energy audit and further strategize efforts for curbing of distribution losses effectively.

And whereas, the Commission not being convinced with the submissions of the Distribution Licensee and therefore vide retail supply tariff order for FY17-18 again directed them to carry out a detailed study with representative sample size along with next tariff filing.

And whereas, the Commission through retail supply tariff order for FY18-19 provided further time to Distribution Licensee to conduct the study and submit the report on the subjected study by 30th September, 2018.

Further, Regulations 26.3 and 26.7 of the MPERC MYT Regulations, 2021, specifies as follows:

“

*26.3. A **time bound programme shall be drawn up** by the Distribution Licensee for segregation of technical and commercial losses*

.....

*26.7. The **Distribution Licensee shall also propose voltage wise losses for each year of the Control Period** for the determination of Voltage-wise Cost of Supply. The Distribution Licensee shall be required to conduct the energy audit on representative sampling basis to segregate technical (i.e., Ohmic/Core losses in the lines, substations and equipment) and Commercial Loss (i.e., unaccounted energy due to metering inaccuracies/inadequacies, pilferage of electricity etc.). The Distribution Licensee(s) shall submit the first report on segregation of technical and commercial losses within one year from the date of notification of these Regulations. **From FY 2023-24 onwards, the Distribution Licensee shall be required to submit detailed information for each year on Voltage-wise Distribution Losses segregating them into technical loss and Commercial Loss to the Commission.***

.....”

And whereas, the Commission further through review meetings held on 5th September 2022 and on 17th May 2023 had directed Distribution Licensee to conduct study themselves or through independent agencies to ascertain the actual technical losses.

And whereas, Distribution Licensee has not complied with the above said directives of the Commission by carrying out desired study with adequate representative sample size, approach and methodology, it has violated Regulation 9.6 of the MPERC (The Conditions of distribution license for distribution licensee (including deemed licensee), 2004 and amendments thereof. It has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

(B) Technical studies of the Distribution network to ascertain voltage-wise cost of supply

Whereas, the Commission through retail supply tariff order for FY16-17 and onwards had directed the Distribution Licensee to carry out study to determine the voltage-wise cost of supply on Distribution network and furnish report within three months from issuance of order.

And whereas, the Commission observed that Distribution Licensee had not carried out the study and therefore the Commission again directed through retail supply tariff order for FY17-18 to submit the said report on the subjected study along with the next tariff petition.

And whereas, taking cognizance of the non-compliance in the matter the Commission has again directed through retail supply tariff order for FY18-19 to submit the said report by 30th September, 2018.

And whereas, the Commission observed non-compliance in the matter and through retail supply tariff order for FY19-20 had further directed the Distribution Licensee to submit the report on the subjected study by 30th November, 2019.

And whereas, the Commission has observed that the sample size and the sample selected by the Distribution Licensee is not the representative sample of the State or the respective Distribution Licensee. The Commission therefore through retail supply tariff order for FY20-21 had directed the Distribution Licensee that a comprehensive study with large representative sample covering all consumer categories, climate zone, water level status, crop patterns be conducted through an outsourced independent agency of repute to arrive at a meaningful conclusion and the results be shared with the Commission within timeframe specified in the order.

And whereas, the Commission again observed non-compliance in the matter and through retail supply tariff order for FY21-22 had further reiterated and directed the Distribution Licensee to submit the comprehensive study within timeframe specified

in the order.

And whereas, the Commission observed that the desired study was yet to be done by the Distribution Licensee. The Commission has been continuously directing the Distribution Licensee to submit the study reports. However, in every year petition, Distribution Licensee has been submitting same response that it will be submitting shortly. This lackadaisical approach of the Distribution Licensee is not acceptable and amounts to non-compliance of directives. Further, Regulations 26.3 and 26.7 of the MPERC MYT Regulations, 2021, specifies as follows:

“

26.7. The Distribution Licensee shall also propose voltage wise losses for each year of the Control Period for the determination of Voltage-wise Cost of Supply. The Distribution Licensee shall be required to conduct the energy audit on representative sampling basis to segregate technical (i.e., Ohmic/Core losses in the lines, substations and equipment) and Commercial Loss (i.e., unaccounted energy due to metering inaccuracies/inadequacies, pilferage of electricity etc.). The Distribution Licensee(s) shall submit the first report on segregation of technical and commercial losses within one year from the date of notification of these Regulations. From FY 2023-24 onwards, the Distribution Licensee shall be required to submit detailed information for each year on Voltage-wise Distribution Losses segregating them into technical loss and Commercial Loss to the Commission.

.....”

And whereas, the Commission in retail supply tariff order for FY 2022-23 has directed the Distribution Licensee to submit the comprehensive study as per above Regulations along with the next tariff petition. Non-submission of report will tantamount to non-compliance of the Commission’s direction and the Commission may take appropriate action against Distribution Licensee.

And whereas, the Commission in retail supply tariff order for FY 2023-24 observed that the study reports are not accordance with Regulation 26.7 of the MYT Regulations, 2021 and amendments thereof. In view of above, Commission directed the Distribution Licensee to submit the comprehensive study as per Regulations 26.7 of the MYT Regulations, 2021 and amendments thereof along with the next tariff petition. Further, the Distribution Licensee was directed to submit methodology of the study and get it approved by the Commission within 2 months of issuance of this Order.

And whereas, the Distribution Licensee has not submitted the methodology of the study for determination of voltage wise cost of supply to the Commission for approval within stipulated times and the same is still awaited. It has violated Regulation 9.6 of the MPERC (The Conditions of distribution license for distribution licensee (including deemed licensee), 2004 and amendments thereof and has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

- (i) Respondent submitted that in compliance of directive in the Tariff Order FY 2018-19 in respect of segregation of Technical and Commercial loss, a study carried out through consultants, has been submitted before Hon'ble Commission by MPPMCL vide letter dated 11.03.2019. Upon consideration of the said study, Hon'ble Commission has directed to conduct a comprehensive study with increased sample size. As per directive of the Hon'ble Commission, the study on segregation of technical and commercial losses has again been carried out through consultant M/s PwC and submitted to the, Hon'ble Commission along with tariff petition of FY 2023-24. Hon'ble Commission vide tariff order FY23-24 has directed to submit comprehensive study as per Regulation 26.7 of MYT Regulation 2021. Vide MoM of review meeting dated 17.05.2023 Hon'ble Commission has desired the methodology to carry out the study on segregation of technical and commercial losses. The methodology so adopted has been submitted before Hon'ble Commission vide letter dated 01.06.2023.
- (ii) Further, in this regard, a meeting was conducted through VC on dt 25.05.2023 chaired by the Hon'ble Commission in presence of CPRI member and MPPMCL. In the meeting West Discom has demonstrated the methodology adopted to carryout aforesaid study. It was decided that the study report will have to be submitted to CPRI for further analysis. The same has been submitted via email on dt 21.06.2023 to CPRI by the West Discom. Any suggestion/directions if received shall be incorporated in the methodology.

Commission's Observations:

- A.** With regard to study on segregation of technical and commercial losses, the Commission vide letter dated 22.12.2023 has now conveyed the comprehensive approach and methodology after due consultation with State Discoms and CPRI, to be followed in estimation of technical and commercial losses in respective Discom area. If the study report is not submitted within 4 months after 22.12.23, appropriate action under section 142 of the Act will be initiated.
- B.** The Commission observed that as per Regulation 26.7 of MYT Regulations 2021 and amendment thereof, the Respondent was required to propose voltage wise losses for each year of control period for determination of voltage wise cost of supply. During review meeting with Discom on 17.05.2023, it was also directed that in view of 100% geotagging of assets, a study for voltage wise cost of supply be carried out and action taken be communicated by 15.06.2023. The desired comprehensive study as per MYT Regulations and as directed in above said review meeting was not submitted by the Respondent.
- C.** **The Commission observed that Respondent has not made adequate efforts in carrying out study on voltage wise cost of supply nor did it furnish desired study as per provisions of tariff Regulations. The Commission considers this aforesaid act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 50,000 (RsFifty thousand) on Respondent. The above penalty shall be deposited with the Commission within 15 days from the date of issue of this order.**

CHARGE XII. Non-compliance of Regulations 7.1 of the MPERC (Power Purchase and Procurement Process) Regulations, 2023

Whereas, the Commission notified the MPERC (Power Purchase and Procurement Process) Regulations, 2023 on 24th February 2023. As per Regulation 7.1 of the aforesaid regulations, the licensee was required to set up a **dedicated cell for power procurement planning** having requisite capability and tools and power as specified in aforesaid regulations within 3 months (i.e., by 24th May 2023) from notification of these regulations. Another **round the clock dedicated cell for power purchase/sale in real time shall also be established and** Distribution Licensee was required to frame suitable guidelines for modus operandi of the dedicated cell within 45 days and apprise the Commission by 5th April 2023. The relevant regulation is as under: -

“Constitution of dedicated cells

7 The Distribution Licensee shall establish a planning cell for power procurement within three months from the Regulation coming into force. The cell shall have the requisite capability and tools for energy forecast. Another round the clock dedicated cell shall be constituted by the distribution licensees within three months from the regulation coming into force. The cell should have the requisite capability and tools for energy forecast. The cell shall have the power to purchase/sell the energy in real-time, intra-day, day-ahead, week ahead or any longer duration through Power Exchanges or any other means. The licensees shall frame suitable guidelines for the modus operandi of the dedicated cell in line with the spirit of this Regulation and shall apprise the Commission for the same within 45 days from the coming into force of this Regulations.

.....”

And whereas, the Commission has observed that Distribution Licensee has not reported constitution of dedicated cells and also failed to submit guidelines for modus operandi of the dedicated cell to the Commission, it has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent’s Submission:

Respondent submitted that Power Procurement Planning on behalf of Discoms is being done by MPPMCL. In the Discom a separate operation section is dealing with the power bills, load management and demand forecasting related functions.

Commission’s Observations:

- A.** The Commission has observed that the Respondent has not established dedicated cell for power purchase planning with the necessary capacity, tools, and power as stipulated in the aforementioned regulations within the stipulated time thereby failing to comply with Regulation 7.1 of said Regulations. Power purchase is major cost component for Discom and Respondent is supposed to take all directions issued by the Commission in respect of power purchase seriously. It is regrettable to note that the Respondent has not taken steps to ensure compliance, even after serving the SMP notice in the case. This amounts to a violation of the aforementioned regulations.
- B.** The Commission, consider this aforesaid act of Respondent as deliberate and willful

non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 20,000 (Rs. Twenty thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.

CHARGE XIII. Non-compliance of Regulation 7A (4) of MPERC (Grid Interactive Renewable Energy Systems and Related Matters) Regulations, 2022{RG-39(I) OF 2022} notified on (22 July 2022).

Whereas, the Commission notified the MPERC (Grid Interactive Renewable Energy Systems and Related Matters) Regulations, 2022 on 22th July 2022. As per Regulation 7A (4) of the aforesaid regulations, the licensee is required to revise and update the settlement period for net metering consumers from first day of October as per English calendar year and ending with the thirtieth day of September and the amount towards unadjusted net credited units of electricity at the end of settlement period shall be payable by the Distribution Licensee by 15th November of every year. The relevant regulation is as under: -

“

2. Definitions

(y) "**Settlement Period**" means the period at the end of which Net Metering or Gross Metering Arrangement's settlement of the net credited units or the credited carried forward amount, as the case may be, between the Distribution Licensee and the prosumer takes place, generally **beginning from the first day of October as per English calendar year and ending with the thirtieth day of September of the next year.**"

.....

7. Energy Accounting and Settlement

7A. Net Metering Arrangement

.....

(4) **The amount towards unadjusted net credited units of electricity at the end of settlement period shall be payable by the Distribution Licensee by 15th November of the current financial year....."**

And whereas, the Regulation was notified on 22nd July 2022 and the Commission has observed that the licensee has failed to report compliance in regard to payment of amount towards unadjusted net credited units by 15th November 2022 as specified in regulation, it has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

Respondent submitted that Gazette Notification regarding revised settlement period was published on dated 22nd July 2022 and according to the Notification, settlement period was revised from 1st October to 30th September. Earlier the settlement period was the financial year and settlement was already been done for the period 01.04.2021 to 31.03.2022. Accordingly, necessary amendment in the billing software has been done and next settlement regarding the net metering consumer shall be done by 15.11.2023 as per provisions of the Regulation 7 A(4) of the MPERC (Grid interactive Renewable Energy systems and related matters) Regulations, 2022.

Commission's Observations:

- A. Respondent has submitted that necessary changes in billing software has been done as per the new settlement period beginning from the first day of October as per English calendar year and ending with the thirtieth day of September of the next year. It is informed that next settlement regarding the net metering consumer shall be done by 15.11.2023 as per provisions of the Regulation 7A(4) of the MPERC (Grid interactive Renewable Energy systems and related matters) Regulations, 2022. Accordingly, the Commission has directed the Respondent to submit the compliance within one month from the date of this order. **The Compliance is found satisfactory and the Respondent is exonerated from this charge.**

CHARGE XIV. Non-compliance of the Regulation 5(1) of the MPERC (Smart Grid) Regulation 2016

Whereas the Commission has notified the MPERC (Smart Grid) Regulation 2016 on 7th October 2016. As per Regulation 5(1) of these regulations, Distribution Licensee is required to constitute a Smart Grid Cell within 3 months from notification of these Regulations. The relevant regulation is as follows: -

“

(5) Constitution of Smart Grid Cell, its roles & responsibilities: -

(1) Every transmission licensee and the distribution licensee shall, constitute Smart Grid Cell within three months of the publication of notification of these Regulations.

.....”

And whereas, no information on compliance of the provisions of aforesaid Regulations have been given by the Distribution Licensee, it has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

Respondent submitted that it has constituted Smart Grid Cell by order no. 593 dated 17/08/2023.

Commission's Observations:

- A. Respondent submitted that it has constituted Smart Grid Cell as per provisions of the Regulations. The Commission, however, observed that Respondent has constituted the Smart Grid cell after 7 years of notification of Regulations and after issue of SMP notice. This is sorry state of affairs on the part of Respondent. The Respondent needs to be vigilant and proactive in making sure that regulations and directives of the Commission are followed scrupulously.
- B. The Commission, considers the aforesaid act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 10,000 (Rs Ten thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.**

CHARGE XV. Non-compliance of Regulation 7(1),9(1), & 17(1) of the MPERC (Demand Side Management) Regulations, 2016.

Whereas the Commission had the Commission has notified the MPERC (Demand Side Management) Regulations 2016 on 5th October 2016. As per Regulations 7(1), 9(1), & 17(1) of these regulations, the Distribution Licensee was directed to constitute a dedicated cell to conduct load research and formulate DSM Plan and preparation of the DSM Programme Document. The relevant regulations are as under:

“

7. Constitution of DSM Cell, its roles and responsibilities.-

(1) The DSM Cell so constituted by the Distribution Licensee shall be provided with necessary authority and resources so as to execute the functions assigned to it under these Regulations

.....

9. Formulation of DSM Plan.-

(1) Distribution Licensee shall formulate and submit to the Commission a perspective DSM plan covering period of the control period, within one year of notification of these regulations. The Plan shall include:

(a) an overall goal for DSM Plan;

(b) description of DSM programmes to form a part of DSM Plan;

(c) implementation process and schedule of each programme in the plan as a whole;

(d) plan for Monitoring and Reporting;

(e) indicative cost effectiveness assessment of programmes.

Provided that the first DSM plan shall be prepared within one year of the date of notification of these Regulations and shall be applicable for the period till the end of ongoing MYT Control Period.

.....

17. DSM Plan and Programme Completion Report.-

(1) Reports on progress of DSM Plan and expenses incurred on implementation of DSM Plan shall be submitted by the Distribution Licensee every six months.

.....”

And whereas, no information on compliance of the provisions of aforesaid Regulations has been given by the Distribution Licensee thereby violating Commission’s regulations, it has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent’s Submission:

- (i) Respondent submitted that as per the BEE letter No. 30/6Cop DISCOM-II/2018/10350-406 dated 18/01/2019 a load research was conducted by M/s. PWC Ltd. Gurgaon and consequent upon its findings a DSM Action Plan was chalked out. Under the plan some activities beyond the consumer meter were identified for following categories of consumers:
1. Domestic Sector
 2. Commercial Sector
 3. Municipal Sector
 4. Agriculture Sector
- (ii) A total expenditure of Rs. 5,520 Cr was estimated to be taken up for 3 years with potential savings of Rs. 2743 Cr and average payback period of 2 yrs is expected. The proposal was approved by the Competent Authority and later on vide letter No. MD/WZ/TECHNICAL/2020/11935 Indore dated 15.09.2020, the proposal was sent to

Hon'ble Commission for approval. The proposal was principally approved by the Commission vide letter no. MPERC/RE/2020/1268 dated 24.10.2020 with instructions to file appropriate petition. Therefore, DSM plan has been prepared by Discom and the work of filing such petition is under progress.

- (iii) It is submitted that due to outbreak of Covid-19 epidemic continuously during the FY 2020-21 & FY 2021-22 and severe operational protocol thereof the further work of DSM related on field activities of survey etc. were badly affected. However, the petition will be filed shortly, within two months positively.

Commission's Observations:

- A.** The Commission observes that DSM action plan will be important in integration of renewable energy. Commission has noted that the Respondent has not established dedicated cell to conduct load research and formulate DSM Plan and preparation of the DSM Programme as stipulated in the aforementioned regulations within stipulated time frame. It has therefore failed to comply with Regulation 7(1), 9(1), & 17(1) of relevant Regulations. It is regrettable to note that the Respondent has not taken any steps to ensure compliance, even after serving the SMP notice in the case. This amounts to a willful violation of the aforementioned regulations.
- B.** **The Commission, considers the aforesaid act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 50,000 (Rs. Fifty thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.**

CHARGE XVI. Timely submission of Half-yearly and Annual Regulatory Compliance Report as per MPERC (Guidelines for Reporting of Regulatory Compliance) Regulations, 2005 and amendments thereof

Whereas, the Commission had directed the Distribution Licensee to submit the half-yearly regulatory compliance report within timelines as prescribed in the MPERC (Guidelines for Reporting of Regulatory Compliance) Regulations, 2005 and amendments thereof. The relevant regulation is reproduced below:

“
 6.7 *Regulatory Compliance Report shall be submitted to the Commission as per following periodicity*
Half- yearly report for the period April to September be submitted by 31st December, and Consolidated report for the financial year be submitted by 30th June.
 ”

And whereas, the Commission has observed that the Half-yearly Regulatory Compliance Report for FY22-23 was submitted with significant delay of **54 days** by West Discom from the due date of submission which is viewed seriously by the Commission.

And whereas, Distribution Licensee has failed to submit the aforesaid reports within time as specified in the regulations, it has thus made itself liable to punishment under

Section 142 of the Electricity Act, 2003.**Respondent's Submission:**

Respondent has submitted that there has been a delay in submitting of the Half- Yearly RoC report owing to the absence of an appointed RoC (Reporter of Compliance). The initially selected RoC declined the appointment, necessitating the initiation of a fresh process for a new RoC, which delayed the submission of Half-Yearly regulatory compliance report. It is humbly submitted that all the quarterly and yearly reports were submitted within time limits and timely submission shall be ensured in future also.

Commission's Observations:

The Commission noted that there was substantial delay in submitting the Half- Yearly RoC report, which was due to the absence of an appointed RoC (Reporter of Compliance). The Commission directs the Respondent that as per Regulation 7.2 of aforesaid Regulations, approval of the Commission be sought well in time in future for appointment of new RoC and reports be submitted on time to the Commission and at the same time, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a token penalty of Rs 1000 (Rs One thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.

CHARGE XVII. Non-compliance of Commission's directives given during review meeting held on 17th May 2023.

Whereas, as per Regulation 9.2 of the MPERC (The Conditions of distribution license for distribution licensee (including deemed licensee), 2004 and amendments thereof, the licensee is required to furnish to the Commission all such information / documents / details related to the Licensed Business as the Commission may require for its own purposes or for the purposes of the Government of India, State Government, the Central Commission and/or the Central Electricity Authority.

And whereas the Commission had held review meeting with West Discom on 17th May 2023 to discuss issues related to consumer services, quality of power supply and other matters related to the distribution business of the licensee. During the course of the review meeting and subsequent meetings held on 2nd June 2023, Distribution Licensee was directed to comply with the Commission's directives and submit all necessary information/documents to the Commission by 15th June 2023.

And whereas, West Discom vide letter dated 1st June 2023 and 19th June 2023 has submitted the information in compliance of the directives of the Commission. However, on perusal of the information, it has been observed that licensee has not furnished comprehensive information and data as directed by the Commission.

And whereas, the provisions of Regulation 9.2 of the MPERC (The Conditions of distribution license for distribution licensee (including deemed licensee), 2004 and amendments thereof are violated by Distribution Licensee as above, it has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

Respondent has submitted the requisite information vide letter dated 25.08.2023 and 21.11.2023 on following issues:

- a) Submission of quarterly reports as per Result Evaluation Matrix as prescribed by the competent authority. Current progress report for FY 22-23 and upto date FY 23-24 be submitted by June 15, 2023.
- b) Specific report on measures taken regarding Consumer Literacy and Consumer Advocacy
- c) A report on independent study carried out by IIM Indore in the West Discom service area on Consumer satisfaction be shared by 15th June. 2023.

Commission's Observations:

The Commission has noted that the requisite information was made available after issue of SMP notice. The Commission, therefore, directs the Respondent that directive of the Commission be complied in timely manner in future and at the same time, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a token penalty of Rs 1000 (Rs One thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.

Summary of Commission's findings

4. Improving consumer services through various means including Rules and Regulations is one of the key objectives of the Electricity Act, 2003. Therefore, inadequate efforts towards compliance with law and indifferent attitude and callous approach towards sub-ordinate legislation governing distribution sector in general and consumer services in particular is neither desirable nor acceptable. Due to continued violation of legal provisions by the Respondent licensee, the Commission was left with no other option, but to initiate Suo-motu proceedings against Respondent under Section 142 of the Electricity Act 2003 on issues of non-compliance.

5. Continued non-compliance of the Rules and Regulations made under Electricity Act, 2003 and directions of the Commission issued thereunder is a serious matter and the Commission intends to deal with it sternly. The Commission cannot be a mute spectator to wrongdoings of the Distribution licensee, more so when such action of the Licensee is affecting consumer services.

6. In light of the aforesaid observations, the Commission is of the view that after giving ample opportunity and sufficient time for compliance of the Commission's Regulations and directives, Respondent willfully failed to comply with provisions of Regulations and directives on various charges as narrated in foregoing paragraphs.

7. Hence, the Commission orders as follows:

Issue No	Issue of non -compliance	Status of Compliance	Imposition of Penalty under Section 142 of Electricity Act, 2003
I	Non-compliance of Regulation 8.1 (B), (C) and Regulations 8.2 (A) of the 1 st Amendment to MPERC (Distribution Performance Standards) Regulations 2012 to operationalize automatic compensation for all services as listed under Guaranteed Standards in MPERC (Distribution Performance Standards) Regulations 2012 and amendments thereof.	Non-compliance	Rs. 1,00,000/-
II	Meterisation of DTRs	Non-compliance	Rs. 20, 000/-
III	Replacement of stopped and defective meters	Non-compliance	Rs. 1,00,000/-
IV	Non-compliance of clause 4.10 and 4.13 of the M.P Electricity Supply Code 2021 and amendments thereof	Complied	Exonerated
V	Non-compliance of clause 8.15 (Testing of Meters) of the M.P Electricity Supply Code 2021 and amendments thereof.	Non-compliance	Rs 10,000/-
VI	Non-compliance of clause 8.21 of the M.P Electricity Supply Code 2021 and amendments thereof.	Not complied till issue of SMP Notice	Rs 1000/-
VII	Non-compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof	Complied	Exonerated
VIII	Monitoring of Power Supply	Non-compliance	Rs 1,00,000/-
IX	Measurement of Harmonics	Not complied fully	Rs 1000/-
X	Policy and procedure for identification of bad debts and writing off the same	Not complied till issue of SMP Notice	Rs 1000/-
XI	Non-compliance of directives given through retail supply tariff orders for submitting action plan for line loss reduction, undertaking study related to segregation of technical and commercial losses and ascertain voltage-wise cost of supply		
	a) Segregation of technical and commercial losses	Time up to April 24 is given to the Respondent to submit Report	NIL
	b) Ascertain voltage-wise cost of supply	Non-compliance	Rs 50,000/-
XII	Non-compliance of Regulations 7.1 of the MPERC (Power Purchase and Procurement Process) Regulations, 2023	Non-compliance	Rs 20,000/-
XIII	Non-compliance of Regulation 7A (4) of MPERC (Grid Interactive Renewable Energy Systems and Related Matters) Regulations, 2022{RG-39(I) OF 2022} notified on 22 July 2022.	Complied	Exonerated

Issue No	Issue of non -compliance	Status of Compliance	Imposition of Penalty under Section 142 of Electricity Act, 2003
XIV	Non-compliance of the Regulation 5(1) of the MPERC (Smart Grid) Regulations 2016;	Not complied till issue of SMP Notice	Rs 10,000
XV	Non-compliance of Regulation 7(1), 9(1), & 17(1) of the MPERC (Demand Side Management) Regulations, 2016.	Non-compliance	Rs 50,000/-
XVI	Timely submission of Half-yearly and Annual Regulatory Compliance Report as per MPERC (Guidelines for Reporting of Regulatory Compliance) Regulations, 2005 and amendments thereof	Not complied	Rs 1,000/-
XVII	Non-compliance of Commission's directives given during review meeting held on 17th May 2023	Not complied	Rs 1,000/-

8. The Commission directs the Managing Director of Respondent Discom to deposit the penalty as summarized above within 45 days from the date of issue of this order and to ensure timely compliance in future of the Rules and Regulations issued under the Act and also the directions of the Commission issued from time to time. In future, noticeable improvement in consumer services must be demonstrated by the Respondent.

9. Secretary of the Commission is directed to send copy of this order to Energy Department, GoMP and Managing Director, MP Power Management Co. Ltd.
With the above directions, instant petition is disposed of.

(Prashant Chaturvedi)
Member

(Gopal Srivastava)
Member (Law)

(S.P.S Parihar)
Chairman