

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub: In the matter of Suo-Motu Petition No. 38 of 2023 under section 142 of the Electricity Act 2003 for non-compliance of regulations and directions given by the Commission by MP Poorv Kshetra Vidyut Vitran Co. Ltd (East DISCOM).**

**ORDER**

(Hearing through Video Conferencing)  
(Date of order:02/02/2024)

**MP Poorv Kshetra Vidyut Vitran Co. Ltd, Jabalpur (East Discom): Respondent**

Shri Sanjay Nigam, Addl. CGM and Shri B. P.Patel, GM, 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 1<sup>st</sup> 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 and rural domestic consumers;
- 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 16th 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 Regulations 8.2 (A) of the 1<sup>st</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> Amendment to the MPERC (Distribution Performance Standards) Regulations 2012 on 15<sup>th</sup> 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 till date only three services have been reported operationalised by East Discom on 21<sup>st</sup> March 2023 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 4<sup>th</sup> May 2023 and subsequently a review meeting was held on 16<sup>th</sup> 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 3<sup>rd</sup> 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 (Copy enclosed as **Annexure-I**). 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:**

- With regard to operationalization of online facility, the Respondent vide letter dated 05/09/2023, submitted that an online facility for registration of claim for compensation by the consumers is provided on Company's website and following services have been incorporated:
  - i. Conversion of services which includes (a) Change of Category; (b) Conversion from LT-1 ph to LT-3 ph vice-versa; c) Change in Consumer Details
  - ii. Reconnection of supply following disconnection
  - iii. Issuance of No dues certificates

It was also submitted that two more services (i) Meter complaints and (ii) Resolution of complaints on consumer bills are under development and would be included shortly. Remaining services will be live on portal gradually within 3 months.

- In response to Commission's data gap query, Respondent vide letter dated 23/11/23, submitted that total 9 services have been incorporated for registration of claim for compensation by the consumer and following three services shall be incorporated by 31<sup>st</sup> December 2023.
  1. Restoration of supply on account of line breakdown
  2. Distribution Transformer failure
  3. Period of scheduled outage
- In response to the Commission's query whether consumers are made aware regarding

online facility through Web portal for registering claim for compensation, Respondent submitted that the relevant guidelines are uploaded on Company's website and IT section of the Company is working towards sending SMS to consumers for making awareness in this regard. It is informed that Respondent has not received any compensation claim by consumer so far. Besides, no analysis was made by Respondent to analyze the reasons as to why consumer claims were not received till date. It is stated that an analysis will be undertaken, and endeavors will be made to enhance the services by Respondent.

- In regard to the Commission's query, Respondent informed that in FY2021-22 and FY2022-23, nearly 47.27 crore SMS were sent to consumers pertaining to Bills and other matters not relating to compensation mechanism.
- In response to the Commission's query it is informed that as per scheduled supply plan Discom is providing 24 hours supply to Non-agricultural consumers and 10 hours to agriculture feeders and also submitting necessary reports related to supply hours to the Commission as and when required. Discom is not carrying out any load shedding in any type of feeders under its jurisdiction. Respondent submitted that it assures uninterrupted and reliable power supply to its consumers, however, compensation mechanism in this regard is also under development and will be deployed on the Company portal for compensation, if any. No compensation is observed till date.

**The Commission's Observations:**

- A. On examination of submissions made by Respondent, it is observed that specific details sought by the Commission on observations of the Ministry of Power, GoI vide letter dated 3<sup>rd</sup> July 2023 in regard to protection of electricity consumers from discretionary and avoidable load shedding, was not submitted in instant reply by Respondent however, vide letter dated 07/08/2023 in reply to the Commission's letter dated 03/08/23, it was submitted that un-scheduling load shedding for March 22 was 28.5MU and for year 2022-23, the same was 360.89 MU. It was also stated in the aforesaid letter of Respondent that MP Power Management Company looks after power availability as against demand forecasted by Discoms, therefore shortage was distributed amongst all three Discoms.
- B. As against specific details from Ministry of power regarding power supply position posed before the Respondent, failure to refute charges on the part of the Respondent establishes the load shedding imposed during March 2022 & FY 2022-23. Respondent did not submit details of any efforts on its part to take up matter with MPPMCL to step up availability so that load shedding could have been avoided. 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.
- C. 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 was required to be created by January, 2022, which was operationalized much later in March 2023 and that too with only three services. Moreover, this was done nearly 9 months after directives were given by the Commission during the review meeting held in 06/06/2022 in this regard. It is notable that initiation towards compliance in this matter was taken up by the Respondent only after the said Review meeting. Further, only two more services were reported to have been added almost in 4 months between operationalization of online portal and issuance of SMP notice. The Commission also observed that Respondent could not complete the task as committed by him and could add only 11 services out of 12 services till December 2023. Respondent has reported that no claims were received for compensation, which indicates that only paper work/computer work was carried out without attaining the desired goals.

- D. Respondent has not submitted proper reply to the Commission's query as to why online facility for registering and claiming automatic compensation and incorporation of all the services enlisted for automatic compensation as per the Commission's Regulations could not be operationalized within time line. No tangible reasons /technical glitches were reported due to which Discom could not operationalize automatic compensation for all services within stipulated time lines. The Commission noted that 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 the availability of this technology in respect of consumer services to the Respondent, the Commission does not subscribe to the respondent's submission on this issue.
- E. The Commission noted that so far, none of the consumers has registered claim for compensation through online mechanism since the operationalization of these services. This 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. The Respondent company sent 47.27 crores SMS to consumers during FY 2021-22 and 2022-23. Yet, it is stated that IT section of the Company is still working towards sending SMS to consumers 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.
- F. 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.

- G. On perusal of replies submitted by Respondent, the Commission has observed casual attitude on the part of the Respondent in complying with the provisions of Regulations. The 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 and rural domestic consumers.**

### **a. Meterisation of DTRs**

Whereas, the Commission while reviewing status of compliance of directives of the Commission in retail supply tariff order for FY15-16 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' 17-18 directed East 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:

1. To achieve 100% meterisation of pre-dominant Agricultural DTRs adhering to the timelines submitted to the Commission by the Distribution Licensee. (FY 2018-19)
2. To expedite feeder meterisation and DTR meterisation on priority basis and submit the action plan by 30th November, 2019. (FY 2019-20)
3. 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)
4. To submit an action plan by the 30th June, 2021. (FY 2021-22)
5. 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 FY22-23 again observed that progress of DTR meterisation as on December 2022 by East 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
1,11,890	11,909	10.64%

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 FY2023-24. It has therefore, made itself liable to punishment under Section 142 of the Electricity Act, 2003.**

**b. Unmetered rural domestic consumers**

Whereas, in compliance of directives of the Commission in retail supply tariff order for FY15-16, East Discom has submitted timelines for 100% meterisation of rural unmetered domestic connections as by September-2016.

**And whereas, the Commission through various tariff orders from FY 16-17 onwards reiterated its directions in this regard. However, Distribution Licensee failed to achieve 100% meterisation of rural unmetered domestic connections. Therefore, the Distribution Licensee, has made itself liable to punishment under section 142 of the Electricity Act 2003.**

**Respondent's Submission:**



**a. Meterisation of DTRs**

- Respondent vide letter dated 05.09.2023 has submitted that under RDSS, there is provision for installation of smart meters at feeder level on proposed mixed feeders for separation into pre-dominantly Agriculture (Ag) and non-Ag feeders. In this scheme, there is no provision of meterisation of DTR, however feeder metering has been taken up under the scheme. Further, the Meters removed from non-Ag DTRS under RDSS Project will be installed in Ag dominant DTRs.
- 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 under RDSS, total 1,30,721 DTRs are proposed for Smart Metering which includes 36279 DTRs with functioning meters, 7631 DTRs with non-functioning meters/CT-PTs and 86811 unmetered DTRs and nodal agency PFC sanctioned all 1,30,721 no. DTRs under Smart Metering DPRs with cost of Rs. 300.66 Crore.
- With regard to the different schemes implemented by Discom in past years under which adequate provisions of DTR meterisation were made and numbers of DTRs were installed (Urban, Agriculture & others) under each scheme, Respondent submitted that DTR meters were installed in various schemes such as (i) Feeder Separation (28,056 numbers); ii) Saubhagaya (7630 numbers);(iii) IPDS (1628 numbers) and iv) DDUGJY/RGGJY(29,100 numbers). Further, Respondent also informed that the current progress of DTR meterisation under RDSS is Nil.
- In regard to the Commission's query whether energy audit was carried out on such metered DTRs covered under past schemes, Respondent submitted that they have encountered challenges in energy auditing due to diverse nature of schemes. Each scheme has unique technical aspects, making a tailored approach necessary. Some schemes present data accessibility issues, further complicating the process. In order to address these challenges effectively, Respondent is actively working on refining audit methodologies and exploring technological solutions to streamline the process.

**b. Unmetered rural domestic consumers**

- Vide letter dated 05/09/23, Respondent submitted that there are about 1.8 Lakh unmetered domestic consumers in DISCOM area. Provision for meterisation of rural unmetered domestic consumers with smart meters has been taken up in RDSS phase-II.
- In response to the Commission's query as how many rural consumers are unmetered and whether all these connections would be metered under RDSS part II. Respondent submitted that as per RDSS guidelines of Phase-I, DISCOM have target of 11.41 Lakh consumers metering and against this target of Phase-I, DISCOM awarded LOA of part -1 for selected 9.8 Lakhs consumers on all urban feeders within the range of AT&C >15% & <40% covered to achieve expected revenue enhancement. Remaining 1.6 Lakh to be covered in Phase-1, Part-2 (One

tender is under progress). All consumers (other than Agri) not covered in Phase-1, will be covered in Phase-2 (i.e., 40.03 Lakhs).

- It is stated that entire area designated for meterization is encompassed within RDSS, including unmetered rural domestic consumers. Meterisation for all unmetered rural domestic consumers will be carried out in accordance with the RDSS action plan. It is stated that all the consumers under unmetered rural category are billed as per normative norms as approved by the Commission in the tariff order.

### **Commission's Observations:**

#### **a. Meterisation of DTRs**

- i. The Commission 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 10.64% as on December, 2022.
- ii. In response to the Commission's query with regard to efforts taken to arrange finance for executing the mandatory DTR metering works, Respondent submitted that under RDSS, DISCOM proposed total 1,30,721 DTRs for Smart Metering and nodal agency PFC has sanctioned the same with cost of Rs. 300.66 Crore.
- iii. The Company has not furnished the efforts made by it for implementation of Meterisation of pre-dominant Agricultural DTRs although the Commission had granted in principle approval vide its order dated 06/12/2021 in Capex petition, P.No.11/21 filed by Respondent. Vide the said order, Capital Expenditure plan for FY 2020-21 to FY 2021-22 was approved by the Commission for Rs 1596 Crore for various works. Out of these, Rs80 Crore for FY2020-21 and Rs 120 Crore for 2021-22 were earmarked for installation of meters at pre-dominant agricultural DTRs. It is however, regrettable to note that in spite of the Capex approval for Meterisation of Agricultural pre-dominant DTR, Respondent could not implement the aforesaid Capital works for DTR meterisation while being aware of legal provisions. A law abiding Company is expected to fulfill statutory requirements to meet such legal obligations.
- iv. 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 by the Respondent is also likely to come in way of discharging its obligations under BEE Regulations.
- v. **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.

**b. Unmetered rural domestic consumers**

- vi. Respondent Discom has nearly 13.61 % of rural unmetered domestic consumers as on December, 2022. Absence of metering among rural unmetered domestic consumers significantly contributes to increased discom losses. This, in turn, leads to the mis-accounting of energy consumption by unmetered consumers, effectively concealing inefficiencies and the inability of discoms to operate in a financially prudent manner.
- vii. Section 55 of the Act mandates that all consumer connections have to be provided with proper meters and therefore, Respondent discom is obligated to ensure 100% meterisation of domestic consumers in rural areas. The Commission has been consistently nudging the Respondent Discom to ensure 100% rural domestic meterisation through its directions including Retail supply tariff orders. The Commission takes serious note on the poor progress of meterisation and non-compliance of the Commission's directives in this regard.
- viii. **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>
<b><i>(v) Meter Complaints</i></b>		
<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</i>	<i>Within 24 hours in urban</i>	

<i>Service Area</i>	<i>Guaranteed Standards</i>	<i>Compensation payable to affected consumers</i>
<i>or stuck up meters</i>	<i>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 had 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 31<sup>st</sup> March 2023 (as per R-15 report) in respect of East Discom is as shown below:

<b>Total Metered Consumers</b>	<b>Total Defective Meters</b>	<b>% Defective</b>
51,41,596	16,03,448	31.19%

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:**

- Respondent vide letter dated 05/09/2023 submitted that for procurement of 3Lakhmeters intended to replace the faulty ones, an order has been issued. Additionally, a tender has been awarded to M/s Monte Carlo Ltd. Ahmedabad, for installation of 9.8 Lakh smart meters as part of Phase-1 of the RDSS Scheme. Furthermore, a Request for Proposal (RFP) has been issued for installation of 8.5 Lakh smart meters in Phase-2 of the RDSS Scheme. It is stated that after implementation of RDSS scheme, the working meters taken out from the connections will be utilized for replacement of stopped/defective meters.
- In response to the Commission's query, Respondent informed that as per sanction, Discom has to install total 51.44 Lakh consumer meters under Smart Metering and as on 20.11.2023 52,232 smart meters have been installed. Further, 100% area is covered under RDSS for meterization and this includes replacement of stopped/defective meters also. Replacement of stop defective meters will be done under RDSS action plan.
- In response to the Commission's query regarding developing SoP/ detailed documentation for replacement of Stopped /Defective meters, Respondent submitted that identification of stopped/defective meters is being done by meter readers through **Dakshta** app and consumers also report about stopped/defective meters. Approximately 5% of identified stopped/defective meters are being checked by DC In-charge. Once meter is declared as stopped/defective in system, replacement of meter is taken in the priority of Industrial, Commercial, urban and rural consumers.
- 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 subsidy accounting is being done as per sold units booked under R15 as per normative consumption units approved by the Commission.

**Commission's Observations:**

- A. Over 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, out of 51.41 Lakh metered consumers, 31.19 %meters are identified as defective as on 31<sup>st</sup> March 2023 (as per R15 Report ). It is also observed that nearly 93%

stopped /defective meters fall under rural areas, which reveals that Respondent is not replacing such faulty meter with correct meter in stipulated time period as per aforesaid 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, 2023 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 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 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 upon submission of an application by a consumer in hardcopy format, comprehensive assistance is extended through the adequate available resources in the designated office responsible for capturing the particulars of the hardcopy application into the intelligent "Smart Bijli" application. Upon successful upload of the application details, a unique registration number is duly assigned and shared with the applicant. Respondent has submitted the sample accepted hard copies of applications for new connections.

**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. This appears as one of the reasons for accumulation of large number of stopped/defective meters. The Distribution licensee has therefore made itself liable to punishment under Section 142 of the Electricity Act, 2003.**

**Respondent’s Submission:**

- Respondent submitted that there are approx. 2100 HT connections in the East Discom. All the HT meters installed at the HT connection premises are tested once in a year by the meter testing divisions of the respective areas.
- There are approximately 52.0 lakhs LT metered consumers in Discom area. The routine testing of these consumer meters on site as per the regulation is a big challenge looking to the availability of human resource and the equipments. Some outsourced agencies have approached who are already carrying out the routine testing of LT meter in other Discoms.
- Respondent submitted that in respect of Testing of LT meters, tender is already prepared for “Engagement of outsourcing agency for testing of LT meters installed in the premises of consumers of Discom”, but due to model “Code of conduct” of state legislative assembly election, NIT could not be floated. Same will be floated as soon as model code of conduct gets revoked.

**Commission’s Observations:**

- A. The compliance reported in regard to testing of LT meter is not satisfactory. Regular testing of LT meters is of prime importance in identifying stopped and defective meters and to safeguard the consumers’ interest at large.
- B. In response to query of the Commission, Respondent informed that due to shortage of manpower, it intended to engage outsource agency for testing of consumer meters and accordingly tenders were already prepared but due to enforcement of model “Code of conduct” of state legislative assembly election, NIT could not be floated. In the opinion of the Commission Respondent should have engaged an outsourcing agency much earlier, if it faced a Manpower issue. 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.
- C. 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 repeated and continued lapse on the part of Respondent.



D. 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:

“ .....  
81 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:**

- Respondent submitted that the link for “Third party agencies for Meter Testing” have been provided in the Company’s Website.

**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:**

- Respondent submitted that on Company's website under "View and pay your LT Bill" after submission of IVRS number two tabs are provided. One for instant Bill and other for payment history. Under instant bill- current month bill and last six- month consumption is available and under payment history- all payments made by the consumer for last two years are shown. The facility to view last twelve month bill is under preparation and to be made available by September 2023.
- Further in response to the Commission's query, Respondent vide letter dated 23.11.2023 has submitted that the provisions have been made in the company's website for viewing the billing details of last one year for all the consumers.

**Commission's Observations:**

**The Commission noted the submission of Respondent that the provisions have been made at the company's website for viewing the billing details of last one year for all the consumers 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 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 has 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, 16/05/23, 18/05/23 and 25/05/23. Although Distribution Licensee has responded to Commission's letter dated 16/05/23, it has however failed to respond appropriately on the others. 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 Commissionary HQ of Jabalpur 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			
				April-2023		May-2023	
				No of outages	Duration of outages	No of outages	Duration of outages
As per regulations specified no and duration of outages per feeder per month				5	5 Hrs/300 minutes	5	5 Hrs/300 minutes
1	Jabalpur	East Discom	192	10	2:01	7	2:21

This indicates failure of East 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***

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

- Respondent submitted that weekly information as desired by the Commission vide letter no. 626 dated 24/03/23 is provided comprising weekly supply position (Ag & Non-Ag feeders, Outage in various time blocks, Supply/Tripping/SAIFI-SAIDI of Jabalpur Town area).
- Further, the Discom had undergone various Force majeure conditions due to unexpected weather conditions in the month of April & May which has been encountered by the field staff and the entire field entities engaged in restoration of supply due in such circumstances.
- As per standard practice, Discom performs pre-monsoon and post monsoon maintenance to provide uninterrupted power supply to its consumers. The pre-monsoon maintenance was being carried out in the said months and simultaneously uneven showers were seen

which badly retarded the maintenance works. The same was also appraised to the commission vide this office letter.

- Respondent stated that for CHQ (Commissionary Headquartered) area as per the level of Supply Interruptions Parameters fixed by the Commission, the permissible No. of outages per feeder per month is 5 and outage duration is 5 Hours. However, in Jabalpur city, the number of outages was lying outside of the set boundary in April and May 2023. In this regard, it was requested to the Commission vide letter 262 dated 31.05.23 to relax the level of supply parameters considering the Force Majeure during the months.
- Respondent submitted that in respect of outages occurred in May, 2023 in Jabalpur City Area, it is appraised to Hon'ble Commission that the Jabalpur city area is equipped with SCADA RMU (ring mains unit) and the majority of tripping recorded are of momentary nature (<5 mins.), no. of such tripping is 3.87 tripping per feeder, which occurred mainly due to switching of load from one feeder/section to another as per field conditions, thus there is no event of violation of Regulation 7.3 of said Regulations set by the Commission. Respondent is strictly adhering to the norms set by the Commission and will always undertake permission in case of violation of any.

**Commission's Observations:**

- A. With regard to power supply interruptions occurred in the month of April and May 2023 in Jabalpur 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 the Commission's regulations and directives within time lines.

As a Supplier, main function of Licensee is to provide 24X7 supply to all non-agricultural consumers and 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.

It is noted that in Jabalpur city, the number of outages was lying outside of the set boundary in April and May 2023. Vide letter dated 31.05.23, Respondent requested the Commission to relax the level of supply parameters considering Force Majeure conditions for outages occurred during April 2023, however, Respondent failed to seek such approval for month of May 2023 which was required by the 15th June, 2023. The same was provided by the Respondent only after registering of the Suo Motu Petition. 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.

- B. 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*

**6.2.3. 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 18<sup>th</sup> 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
<b>15th May 2023</b>	Order on Role and responsibilities of field officers for Harmonic measurement and related works
<b>Prior to Review Meeting held on 16th May 2023</b>	Decision of Distribution Licensee regarding outsourcing / inhouse harmonics measurement and intimation of decision to the Commission
<b>15th June 2023</b>	Comprehensive Proposal for penalty for defaulter consumers for operationalization of Clause 6.44 of MP Electricity Supply Code.

**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:**

- i. Respondent submitted that a letter has been issued vide no. EZ/Comml/1320 on dated 25.10.23, regarding 'Roles and Responsibilities of Field Officers for Harmonics measurement' and same has been submitted before the Commission.
- ii. The Company has decided to measure the Harmonics by outsource agency only through competent bidder.
- iii. In response to the Commission query with regard to reasons for delay in compliance of Regulations, Respondent submitted that tender documents for appointment of third-party agency for harmonics measurement was ready but couldn't be made live due to model code of conduct of state legislative assembly election. Same will be floated as soon as model code of conduct gets revoked.

**Commission's Observations:**

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.

**Although the provisions of Regulations are yet to be complied with in comprehensive manner, however, keeping in view of part compliance, 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 16<sup>th</sup> May 2023 with East Discom directed to submit individual policy & procedure to the Commission by 31<sup>st</sup> 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 Draft policy and procedure for identification of Bad debt and write-off the same', has been submitted to MPPMCL for review and subsequent action.

**Commission's Observations:**

- A. The Draft policy is not submitted to the Commission even after the SMP notice was served, which indicates lackadaisical approach of Respondent in adhering Commission's regulations and directives within specified time frame. This is sorry state of affairs on the part of Respondent. The Respondent needs to be vigil 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 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. Distribution loss reduction**

Whereas, the Commission has observed that the distribution loss level of the Distribution Licensee is far from satisfactory levels and there exists a huge gap between the targeted losses and actual losses of the company. A comparative of distribution losses vis-à-vis normative distribution losses of the company for the past 5 years is shown below:

<b>Year</b>	<b>Distribution Loss (%)</b>	<b>Normative (%) as per MPERC MYT Tariff Regulations</b>
2018-19	30.57%	16%
2019-20	22.52%	16%
2020-21	29.19%	16%
2021-22	27.31%	16%
2022-23	27.39%	15.75%

This shows that efforts taken by the Distribution Licensee to reduce losses were not adequate or as envisaged through Capex investments. As a result, Distribution Licensee is incurring high financial loss against these losses as the Commission has been allowing only the normative losses to be passed on to the consumers. **Thereby, the distribution licensee has failed to comply with the provisions of the MYT Regulations and made itself liable to punishment under Section 142 of the Electricity Act, 2003.**

**B. 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 6<sup>th</sup> September 2022 and on 16<sup>th</sup> 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.**

**C. 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 (i.e., by 27<sup>th</sup> May 2023) 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:**

- Respondent vide letter dated 05.09.2023 has made following submission :
  - i. **Action plan towards loss reduction plan:**
    - Action plan for loss reduction is already approved in RDSS scheme and informed to MPERC. Also, a capex plan is already approved by MPERC for loss reduction activities under RDSS. Major parameters of loss reduction are i) Smart metering, ii) New S/s, iii) Feeder Separation, iv) AB cabling, v) Feeder Bifurcation and, vi) IT/OT.
  - ii. **Segregation of technical and commercial losses:**
    - A VC was conducted with Hon'ble Commission on dated 06.09.2022 for presenting the comprehensive measurement of technical Losses being carried out using Cymdist software as well as GIS database.
  - iii. **Technical study for determination of voltage wise cost of supply:**
    - It is submitted to Hon'ble Commission that, the detailed technical study of distribution network to ascertain the voltage wise cost of supply is associated with the study of segregation of technical and commercial losses. The same was submitted by the Petitioners in its tariff petition for FY 2019-20. Further, in its tariff order from FY 2020-21 to FY 2023-24 the Hon'ble Commission has kept a sole directive concerning to Segregation of technical and commercial losses.
- In response to the Commission query Respondent submitted that it has already submitted detailed study done by it on segregation of technical & commercial loss and voltage wise cost of supply vide their letter dated 20/05/22 and 05/09/23. If any further study is required, then same maybe suggested and Discom will comply as per the valuable suggestions of the Hon'ble Commission.

### **Commission's Observations:**

#### **A. Distribution loss reduction**

- As regard meeting distribution loss reduction target specified in MYT tariff Regulations, the Commission observed that Respondent has not furnished adequate, proper and specific details of measures taken to reduce loss level, although adequate Capex was approved by the Commission in various schemes for loss reduction in respective Capex petitions filed by it. Respondent has mainly relied on RDSS to reduce losses in future. RDSS already appears to be running behind the schedule. Respondent has mentioned general measures in its reply but have failed to give specific details of reduction in quantum of losses achieved through each of such measures.
- The Commission observed that that distribution licensee has failed to comply with the provisions of the MYT Regulations and made itself liable to punishment under Section 142 of the Electricity Act, 2003.
- **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 (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.**

- B. Segregation of technical and commercial losses :** With regard to study on segregation of technical and commercial losses, the Commission vide letter dated 22/12/2023 has 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 month after 22/12/2023, appropriate action under section 142 of the Act will be initiated.
- C. Technical studies of the Distribution network to ascertain voltage-wise cost of supply :** 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. A comprehensive study as per MYT Regulation in desired manner was not submitted by the Respondent.

**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 (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 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 24<sup>th</sup> 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 24<sup>th</sup> 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 5<sup>th</sup> 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 Madhya Pradesh Power Management Co. Ltd. is the obligated entity on behalf of three Distribution Licensee, towards planning, monitoring, and procurement of power as per Corporate Functions Agreement' executed between Madhya Pradesh Power Management Co. Ltd. (MPPMCL) and Discoms. Accordingly, response on same may please be obtained from MPPMCL as all power procurement activities are being carried out at their end on behalf of Discoms.

**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 22<sup>th</sup> 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**

.....

(3) **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 22<sup>th</sup> 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 15<sup>th</sup> 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:**

- Discom has submitted before the Hon'ble Commission that the provision regarding the settlement of the net credited unit or the credited carried forward amount has been introduced in EZ billing system. Therefore, amount towards unadjusted net credited unit of electricity at the end of settlement period payable by the distribution licensee has been implemented in EZ billing system as per 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 7<sup>th</sup> 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 regulations 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 a smart Grid cell has been incorporated vide order no. 1414 dated 06/10/2023 and Shri Vivek Chandra, GM & Head IT has been appointed as the Nodal Officer.

**Commission’s Observations:**

- A. Compliance is reported. Respondent submitted that it has constituted Smart Grid Cell as per provisions of the Regulations. The Commissions, 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 vigil 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 5<sup>th</sup> 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:**

- Respondent submitted that during the FY 2019-20, Discom has conducted various activities for DSM & Energy Efficiency (EE). The details of the activities carried out were as follows:
  - i. **Training Program:** Training programs was conducted with the aim of creating master trainers regarding DSM Regulation, DSM Techniques, EE etc.
  - ii. **Load Research (LR) Report:** The load research was carried out at different locations of EZ and was based on questionnaire surveys (sampling of consumers). The research was submitted on 6th Jan-2021.
  - iii. **DSM Action Plan:** The action Plan was prepared on the basis of LR Report & Ratio of energy consumption recorded for each category of consumer and was submitted on 6th Jan-2021.
- Further, in response to the Commission query, Respondent submitted that due to outbreak of Covid-19 epidemic continuously during the FY 2020-21 & FY 2021-22 and severe operational protocol thereof, further work related to DSM on field activities of survey etc. were badly affected. However, the petition will be filed shortly.

**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, 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 here by 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 quarterly MIS reports within timelines as prescribed in the MPERC (Monitoring Performance of distribution Licensees and state-owned Generating Company) (Revision-I) Regulations, 2022. The relevant regulation is reproduced below:

“ .....  
**4.3 Last date of submission of each report shall be 60 days from the end of the quarter.**  
 ..... ”

And whereas, the Commission has observed that East Discom have not furnished the quarterly MIS reports for FY22-23 within the stipulated time-frame as shown below:

<b>East Discom (MIS Submission)</b>	<b>Q-2 of FY22-23</b>
<b>Due Date as per Regulation</b>	30 <sup>th</sup> Nov 2022
<b>Actual Date of Submission</b>	12 <sup>th</sup> Dec. 2022
<b>Delay (in days)</b>	12 Days

And 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 31<sup>st</sup> December, and Consolidated report for the financial year be submitted by 30<sup>th</sup> June.**  
 ..... ”

And whereas, the Commission has observed that the Half-yearly Regulatory Compliance Report for FY22-23 was submitted with significant **delay of 27 days** by East 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 timelines 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 made following submission citing the reasons for delay in furnishing compliance reports within stipulated time period.

- i. Shri Ashok Kumar Jagdeo, SE (Superannuated on dt 31.05.2022) was appointed as Reporter of Compliance (ROC) vide Company's order No. 6657-58 dated 07.08.2019 who thereafter resigned from company services in Aug 2022.
- ii. The process of appointing the new 'ROC' was initiated during first week of May 2022 and advertisement no. 3691 dated 10.05.2022 was issued by the company. No eligible candidate applied against the said advertisement.
- iii. In light of above, letter no. 4911 dated 13.06.2022 and 5827 dated 14.07.2022 were sent to Hon'ble Commission for appointment of Shri A K Jagdeo, Retd. SE as ROC of the company. The Secretary, MPERC vide letter no. 1563 dated 28.07.2023 approved the proposal and accordingly Shri A K Jagdeo was appointed as new ROC vide order no. 6618 dated 02.08.2023.
- iv. Thereafter, Shri A K Jagdeo vide application dated 12.09.2022, conveyed that he is unable to continue as ROC due to health issues.
- v. Due to the stay on promotions, there is extreme shortage of senior officers in the Company. Thus, a proposal dated 21.09.2022 was sent to the Hon'ble Commission to appoint Shri Ashish Kumar Shukla, GM as ROC as temporary arrangement.
- vi. In Oct 2022, Shri. Ashish Shukla, GM (Estt.) was verbally given charge for the handling of RRC workings.
- vii. Thereafter, Shri T K Mishra, SE was appointed as full time ROC of the company vide order no. 4832-33 dated 26.12.2022.
- viii. Thereafter, the respective half yearly report was submitted to the Commission vide email dated 17.01.2023.
- ix. In the month of Mar 2023, the hard copy duly signed by MD, MPEZ was shared with the Hon'ble commission.

**Commission's Observations:**

**The Commission noted that delay in submitting of compliance report 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 16th 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 East Discom on 16<sup>th</sup> 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 2<sup>nd</sup> June 2023, Distribution Licensee was directed to comply with the Commission's directives and submit all necessary information/documents to the Commission by 15<sup>th</sup> June 2023.

And whereas, East Discom vide letter dated 5<sup>th</sup> July 2023 (after a delay of almost 20 days) 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 reply with regard to methodology for technical loss reduction, action plan to reduce AT & C losses in high loss divisions, and action taken on problematic feeders.

**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 to be compliant with law and indifferent attitude and callous approach towards consumer services 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 E Act 2003 ( in Rs )
I	Non-compliance of Regulation 8.1 (B), (C) and Regulations 8.2 (A) of the 1 <sup>st</sup> 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	1,00,000/-
II	a) Meterisation of DTRs	Non-compliance	20, 000/-
	b) Unmetered rural domestic consumers	Non-compliance	20,000/-
III	Replacement of stopped and defective meters	Non-compliance	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	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	1000/-
VII	Non-compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof	Not complied till issue of SMP Notice	1000/-
VIII	Monitoring of Power Supply	Non-compliance	1,00,000/-
IX	Measurement of Harmonics	Not complied	1000/-
X	Policy and procedure for identification of bad debts and writing off the same	Not complied	10,000/-
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	Non-compliance	50,000/-
	a) Distribution loss reduction	Non-compliance	50,000/-
	b) Segregation of technical and commercial losses	Time up to April 2024 is given to the Respondent to submit Report	NIL

Issue No	Issue of non -compliance	Status of Compliance	Imposition of Panalty under Section 142 of E Act 2003 ( in Rs )
	c) To ascertain voltage-wise cost of supply	Non-compliance	50,000/-
XII	Non-compliance of Regulations 7.1 of the MPERC (Power Purchase and Procurement Process) Regulations, 2023	Non-compliance	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
XIV	Non-compliance of the Regulation 5(1) of the MPERC (Smart Grid) Regulation 2016	Non-compliance	10,000/-
XV	Non-compliance of Regulation 7(1), 9(1), & 17(1) of the MPERC (Demand Side Management) Regulations, 2016.	Non-compliance	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 till issue of SMP Notice	1000/-
XVII	Non-compliance of Commission's directives given during review meeting held on 17th May 2023	Not complied till issue of SMP Notice	1000/-

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**