

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Sub: In the matter of Suo-Motu Petition No. 39 of 2023 under section 142 of the Electricity Act 2003 for non-compliance of regulations and directions given by the Commission by MP Madhya Kshetra Vidyut Vitran Co. Ltd (Central DISCOM).

ORDER

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

MP Madhya Kshetra Vidyut Vitran Co. Ltd, Bhopal (Central Discom): Respondent

Shri DP Ahirwar, CGM appeared on behalf of the Respondent.

1. This order relates to Suo-Motu Petition registered by the Commission vide notice dated 26/07/2023 against the Respondent under section 142 of the Electricity Act 2003, (for Vivity “the Act”) taking cognizance of non-compliance of Rules /Regulations framed under the Act and various directions given by the Commission under the regulations which are subordinate legislation under the Act.
2. It was observed by the Commission that the Respondent is not complying with the provisions of various Regulations made under Section 181 of the Act, 2003 and directions of the Commission. Non-compliance of the Regulations, Rules and directions for which Commission is compelled to register the SMP are as under: -
 - I. Non-compliance of Regulations 8.1 (B), (C) and Regulation 8.2 (A) of the 1st Amendment to MPERC (Distribution Performance Standards) Regulations 2012 to operationalize automatic compensation for all services as listed under Guaranteed Standards in MPERC (Distribution Performance Standards) Regulations 2012 and amendments thereof;
 - II. (a) Meterisation of DTRs;
(b) Unmetered 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 15th May 2023;
3. Whole case is built around Section 142 of the Act; therefore, it would be apposite to quote Section 142 of the Act. It runs as under: -

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

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

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

ANALYSIS

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

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

“

13. Compensation mechanism

(1) Consumer shall be automatically compensated for those parameters which can be monitored remotely when it can be successfully established that there is a default in performance of the distribution licensee.

(2) The Commission shall notify regulations for establishment of mechanism, by the distribution licensee, for automatic payment of compensation amount determined under the provisions of sub-section (2) of section 57 of the Act within six months from the notification of these rules.

(3) The Commission shall oversee that the distribution licensee designs and maintains its distribution system in such a way that there is a gradual increase in the list of parameters, which can be monitored remotely and for which automatic compensation can be made to the consumer.

.....

(5) The distribution licensee, within six months from the date of notification of the regulations by the Commission under sub-rule (2), shall create an online facility on which consumers may register and claim the compensation amount.

.....”

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

“.....**8.1B** *“The distribution licensee shall design and maintain its distribution system in such a way that there is a gradual increase in the list of parameters, which can be monitored remotely and for which automatic compensation can be made to the consumer.”*”

8.1 C: *The distribution licensee shall establish a mechanism, for automatic payment of compensation amount determined under the provisions of sub-section (2) of section 57 of the Act within six months*”

8.2A *“The distribution licensee, within six months from the date of notification of this regulation by the Commission shall create an online facility on which consumers may register and claim the compensation amount.....”*”

And whereas, the Commission has observed that only three services were reported operationalised by Central Discom on 21st 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 4th May 2023 and subsequently a review meeting was held on 15th May 2023 with Managing Director of the Distribution Licensee. Despite clear directions to expand the scope of number of services under automatic compensation the status of compliance is far from satisfactory.

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

The acts of load shedding and failure to comply with the statutory obligations by

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

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

Distribution Licensee has thus failed to timely operationalise the compensation mechanism laid down under Govt. of India Electricity (Rights of Consumers) Rules 2020 and aforesaid MPERC Regulations and has also failed to ensure gradual increase in the list of parameters to be covered under automatic payment of compensation as desired. 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, Respondent vide letter dated 25.08.2023 and 11/09/2023 submitted that they have created a link on home page of the Company's website for compensation for eligible consumers for the services under Electricity (Rights of Consumers) Rules 2020 as per the Distribution performance standards provisions.
- Further, in response to the Commission's query regarding reasons for delay in operationalization of aforesaid Online facility, Respondent vide letter dated 10.11.2023, submitted that the Next Generation Billing system, deployed in Discom was developed by the West Discom, and Respondent was initially reliant on West Discom for its development and deployment. Initially, West Discom provided a patch for the Compensation Mechanism for three services. By the end of September, a patch for the remaining 10 services was provided and successfully deployed in the Central Discom environment.
- Respondent informed that in FY2021-22 and FY2022-23, nearly 7.01 Crore and 32.35

Crore SMS were sent to consumers, however, no SMS were sent to make consumers aware regarding On line facility available through Web Portal for registering claim for compensation. It was stated that Discom would send the SMS for an awareness campaign after the Model Code of Conduct once the Legislative Assembly election would over. With regard to payment of compensation for complaints received through call centers/ Web-portal, no details were submitted by the Respondent.

Commission's Observations:

- A. On examination of submission made by the Respondent, it is observed that reply sought in matter with regard to protection of electricity consumers from discretionary and avoidable load shedding, was not submitted. While specific details received from Ministry of power regarding power supply position were posed before the Respondent, failure to refute charges on part of the Respondent indicates that it has nothing to say to defend itself. The Commission, therefore, draws inference that the Respondent did not have adequate and proper reasons to deny the aforesaid charges of SMP. Charge of discretionary and avoidable load shedding of consumers stands proven on the Respondent.
- B. Further, pursuant to the Electricity (Rights of Consumer) Rules, 2020 of Central Govt., the Commission had made amendment to MPERC (Distribution Performance Standards Regulation) 2012 on 15.07.2021 which provides that the distribution licensee, within six months from the date of notification of this regulation by the Commission shall create an online facility on which consumers may register and claim the compensation amount and the information in this regard shall be widely circulated among consumers through appropriate means including mass media, bills, SMS, e-mails or by uploading on licensee's website. Accordingly, on line facility for registering and claiming automatic compensation which was required to be created by January, 2022 was operationalized much later in Oct 2023 and that too with only five services. Moreover, this was done nearly 16 months after directives were given by the Commission during the review meeting held in 06/06/2022 to monitor compliance in this regard. It is notable that initiation towards compliance in this regard was taken up by Respondent only after the said Review meeting.
- C. Respondent has not replied the Commission's specific query as to why all the services enlisted for automatic compensation as per the Commission's Regulations could not be operationalized within time line except transferring its responsibility to West Discom. Respondent Discom is an independent Distribution licensee in its geographical area and is bound to abide by Rules and Regulations on its own. Passing on responsibility to West Discom in discharge of legal obligations is not acceptable. In case any support was required to be taken from any other agency, Respondent Company should have acted on time to meets its mandatory obligations. No tangible reasons /technical glitches were reported due to which Discom could not operationalize

automatic compensation for all services within stipulated time lines. It is observed that several consumer services like releasing new connections, viewing bills and enabling alert SMS, payment of Bills and registering consumer complaints are already available through Discom's APP/Portal and dedicated Call center and with this technical advantage, the operationalisation of automated compensation mechanism could have been initiated within timelines.

- D.** The Commission regretfully noted that so far, Respondent has neither fully operationalized automatic compensation mechanism as none of the consumers have registered for claiming automatic compensation, nor did Discom make any visible efforts in making consumers aware that online facility is available for registering compensation claims. Respondent lacks the missionary zeal to proactively implement automatic compensation mechanism in their area of supply. Operationalisation of automatic compensation service means putting in a complete mechanism, which credits compensation in favour of consumer through electricity bill in case performance standards are not met. It is therefore established that the Respondent has failed to operationalize automated compensation mechanism within time frame stipulated under Rules and Regulations despite having access to technological tools.
- E.** It is evident from the submissions that the Respondent failed to ensure compliance within stipulated time line specified in Rules and Regulations. Respondent has half heartedly worked towards operationalizing the automatic compensation mechanism, only after the SMP notice was served. This indicates that Respondent is casual in adhering to Rules framed by the Central Government and Regulations framed by the Commission and directives issued therefor. This is a regrettable situation, more so when the action of the Respondent defeats the objective of the Act to protect the consumers.
- F.** On perusal of replies submitted by Respondent, the Commission observed casual attitude on 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.
- G.** **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 Central 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 Central 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
2,86,057	64,139	22.42%

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 also failed to comply with clause 10.3.6 of the Madhya Pradesh Electricity Supply Code 2021 and identify localized high loss pockets and take further suitable action for reduction of losses in such pockets, which has resulted in non-achievement of normative distribution loss level as specified by the Commission.

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. 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 has submitted the status of Agricultural predominant DTR meterisation as shown in Table below:

FY	No. of Ag-DTRs	No. of Ag-DTRs metered	% DTR meterisation

2016-17	1,38,026	46,320	33.56
2017-18	1,65,728	52,005	31.38
2018-19	2,14,629	58,744	27.37
2019-20	2,31,403	59,351	25.65
2020-21	2,66,884	60,314	22.6
2021-22	2,79,354	63,423	22.7
2022-23	2,86,057	64,139	22.42

- Respondent submitted that due to unavailability of fund, DTR meterisation could not be done. Meters removed from Urban DTRs after Smart Metering under RDSS project will be installed in Agri DTRs. However, 100% meterisation of 11 KV feeders has been completed since 2016 and energy Audit is being done on 11KV feeder. On the basis of input energy recorded on Agri feeders, checking of connections are being done to curb theft which result in reduction of T&D losses. Due to acute shortage of manpower DTR level energy audit is not started however company is planning to do it through outsource agency. It is stated the Company is identifying loss pockets through feeder level energy audit.
- In regard to clause 10.3.6 of MP Supply code, Central Discom has taken an initiative of installation of Auto-Cut DTR in theft prone area where supply gets disconnected on unauthorized load usage.
- Discom has also implemented Vidyut Prahari scheme for high loss feeders of Bhind & Morena, however desired results could not be achieved due to local resistance.
- With the various effort been taken to reduce distribution loss, Discom has reduced its T&D loss from 36.15 % in FY 16-17 to 22.92 % in FY 22-23.
- Respondent is committed towards 100% achievement of meterisation of DTR's by FY 25.
- Respondent vide letter dated 10.11.2023 further submitted that the tendering for procurement of smart meter is under process. Since model code of conduct is announced therefore order is not placed to agency. Meters removed from urban DTRs after smart metering under RDSS Project will be installed in DTRs under non-RDSS areas.
- Discom also submitted details regarding DTR metering in past schemes:

	Name of Scheme	Period of Scheme	Provision	Achievement

	RAPDRP-B	2012 to 2016	3202	3202
	IPDS	2016 to 2020	1223	1223
	RGVY	2008 to 2019	16090	16090
	DDUGY	2016 to 2020	8119	8119
	ADB	2010 to 2018	15844	15844
	FSP	2010 to 2020	25615	25615
	Total		70093	70093

- Regarding energy audit, respondent has submitted that DTR level Energy Audit will be conducted through outsource agency after installation of smart meter on DTRs.
- In response to meterisation of non-Ag DTRs, respondent submitted that procurement of smart meters is under progress, after which the work of meterisation of non-Ag DTR will be taken up.

b. Un metered Rural domestic consumers:-

- Respondent submitted that there are around 2.6 Lacks unmetered domestic rural connections in Discom area and it is planned to install meter in next 6 months.
- In response to the Commission's query, Respondent informed that as on Sept 2023, 26,221 Meters are available in stock while order for procurement of 1.74 lakhs meters were placed.
- Respondent submitted comprehensive Action plan for meterisation of all unmetered rural domestic consumers in areas which are not covered under RDSS/ balance in RDSS areas as per following :-

Balance for replacement	Action Plan for replacement	Installation Plan				
		Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
256646	Up to March-24	50000	50000	50000	50000	56646

- In response to the Commission's query. it is informed that No unmetered rural connection is billed more than norms as specified by MPERC.

Commission's Observations:

(a) Meterisation of DTRs

- The Commission has observed that Respondent has been making repeated non-compliance of the directions issued to it under the Act and Regulations inspite of the fact that numerous opportunities have been provided to it 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 is as low as 22.42% as on March 2023. Lack of funding is cited as the cause of non-compliance as submitted by Respondent in their reply. It is stated that Meters removed from Urban DTRs after Smart Metering under RDSS project will be installed in Agri DTRs.

- ii. The Company has not furnished the efforts made by it for implementation of Meterisation of pre-dominant Agricultural DTRs although the Commission has granted in principle approval vide its order dated 06/12/2021 in Capex petition, P.No 13/21 filed by Respondent. Vide the said order, Capital Expenditure plan for FY 2021-22 was approved by the Commission for Rs 389 Crore for various works including DTR metering. It is however, regrettable to note that even with availability of the Capex approval, Respondent could not implement the aforesaid works for DTR meterisation, despite being aware of legal provisions. A law abiding Company is expected to fulfill statutory requirements to meet such legal obligations.
- iii. Regarding energy audit, Respondent submitted that due to acute shortage of manpower, DTR level energy audit is not started and the same will be conducted through outsource agency after installation of smart meter on DTRs.
- 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 is required.
- 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. 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.

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 orders including Retail supply tariff orders. The Commission has taken serious note on the poor progress of meterisation and non-compliance of the Commission directives in this regard.

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

CHARGE III. Replacement of stopped and defective meters

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

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

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

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

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

“

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

.....”

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

“

(1) *The licensee or the generating company shall ensure that the electricity supplied by it to any consumer and/ or other licensee is **made through appropriate meters of specified quality and accuracy affixed to the point of supply.***

*Provided in case of licensee providing supply to its consumers without appropriate meters, **due to its legacy of such practice before the Act came into force, shall carry out metering of such installations on a plan as approved by the Commission.***

(2) ***The licensee or the generating company shall evolve schemes for periodic identification and replacement of faulty metering equipment, to facilitate accurate measurement of electricity supplied.***

.....”

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

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

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

Total Metered Consumers	Total Defective Meters	% Defective
37,77,877	20,28,778	53.70%

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 25/08/2023 and 11/09/2023 submitted that most of the stopped /defective meters are in rural areas. It is proposed to install smart meters in urban areas on priority. After the implementation of RDSS scheme, the working meters taken out from the connections will be utilized for replacement of stop/defective meters in rural area. Company shall change the stop defective by FY 25.
- The Company is committed towards elimination of Defective meters from its system. A special drive shall be conducted for identification of meters those are working but out of circuit as an estimation approx. 30% of defective meters are out of circuit. The drive shall be conducted in phased manner and is proposed to be completed by March -24.
- The estimated cost of replacement of 100% defective meters is approx. Rs 200 Crore.
- Discom vide letter dated 10.11.2023 further submitted that as per RDSS guidelines, following criterion has been taken for the smart metering works: -
 - a. AMRUT City divisions with AT&C losses more than 15%
 - b. Divisions having more than 50% consumers in urban areas with AT&C losses more than 15%
 - c. All Government Offices connection- block level and above
 - d. All industrial, Commercial connection - Urban

- e. DT Meters
- f. HT Consumer Meter
- g. Feeder / Boundary meter
- Discom further submitted that since procurement of smart meters is under progress therefore priority for replacement of stopped /defective meters of Industrial, NDL, Public w/w and street light connections with non-smart meter have been given. After installation of smart meter in RDSS area, removed meters will be utilised in non RDSS area. The details of meters replaced from July'23 to Oct'23 are given as below:

Category	No. of Stop/Defective Meter as on June-23	Replaced during July-23 to Oct-23 as reported by field officers	Balance for replacement	Action Plan for Replacement
Stop/defective Industrial	6392	3997	2395	Up to Dec-23
Stop/defective NDL Consumer	62312	52113	10199	Up to Dec-23
Stop/defective Public WW/Street Light	8612	1821	6791	Up to Dec-23
DL Unmetered Consumer	267736	11090	256646	Up to Mar-24
Stop/defective Irrigation	3332	269	3063	Up to Dec-23
Stop/defective Domestic Urban	353108	2125	350983	Up to Mar-24
Stop/defective Domestic Rural	1595548		1595548	Up to June-24

- In response to the Commission's query, Respondent submitted that Presently as per GoMP subsidy orders, Subsidy has to be given to all eligible consumers irrespective of his meterisation status. Therefore, subsidy is being provided to consumers having stopped /defective meters also.

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.

It is observed that since a long back status of defective meters has been continuously at the alarming level and contribute to extent of 41% out of 49.86 Lakhs total metered consumers (as per R15 March 2023) . It is also observed that nearly 81% stopped /defective meters fall under rural areas, which reveals that Respondent is not replacing such faulty meter with correct meter in stipulated time period for 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. Further, large numbers of stopped/defective meters laying especially in rural areas, also reveal that Respondent is not complying with the SOP/ procedures laid down in respect of identification of stopped/Defective meters, in compliance to clause 8.45 of MP Electricity Supply Code 2021 and amendments thereof, as stated in their reply.
- C. Section 55 of the Electricity Act 2003, mandates that all connections have to be provided with proper meters to consumers, while CEA (Installation and Operation of Meters) Regulation 2006 and amendments thereof, provides elaborate provisions in respect of licensee's obligation in respect of standard of consumer meters and associated measures for correct accounting, billing and audit of electricity.
- D. Having large number of stopped and defectives meters in rural areas results 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 has to be worked bottom up, which can go haywire in the absence of metered consumption data. Even the subsidy accounting may be inaccurate due to large number of stopped and defective meters.
- E. 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. It has not yet

come out with project to consider non communicable prepaid meters in Rural areas as desired by the Central Government.

- 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 under ‘ease of doing business’ providing new services connection online requires only two documents only i.e., proof of identity & ownership. Online NSC has many benefits over conventional offline NSC application. Online NSC has simple procedure and its tracking is very simple. If any applicant finds difficulty in applying for online NSC, field officers help him. Further if consumer applies with hard copy of application form, field officer accepts the same.
- Respondent vide letter dated 10.11.2023 further submitted that “Clause 4.10 of MP electricity supply code 2021” provides for consumer to have option to submit NSC application in hard copy or an electronic means such as online through web portal or mobile app of Distribution licensee. Therefore, Discom has developed online facility for NSC. Consumers coming in DC/Zone with NSC application in hard copy have been taught regarding its entry in online portal. Since field officers have helped consumers for its online entry in portal, therefore there is no need to provide acknowledgement of acceptance of hard copy of application form. Receipt of payment of application charge generated from online portal is being provided to consumers.

Commission’s Observations:

- A.** It is observed from the submissions of the Respondent that at present, hard copies of applications are not being accepted and Discom has been forcing consumers towards use of online means of application submission which is direct violation of clause 4.10 and 4.13 of the M.P Electricity Supply Code 2021 and amendments thereof. The Respondent has further submitted that since Discom has developed online facility for NSC, there is no need for offline submission, which is in defiance of provisions of Regulations. While it is good to have online submission facility, consumers cannot be denied service, if they submit hardcopy of an application. Respondent has failed to submit any evidence with regard to accepted hard copies.
- B.** **The Commission considers this act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. The Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby decides to impose 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 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:

- Discom has submitted that 100% HT meters are being tested in every financial year. Against 37.22 Lakhs, LT metered consumer, 13.62 lakhs meters (36 %) were defective. Thus, out of 23.6 Lakhs healthy meters 3.98 lac meters (17%) were tested in FY 21-22. Similarly, 5.89 lakhs meters were tested in FY 22-23.
- Thus, Central Discom is complying with the said provision of testing all LT consumers at least once in 5 years. All meters installed in NSC & defective meter replacement get tested before commissioning.

Commission’s Observations:

- A.** The compliance reported in regard to testing of LT meters is not satisfactory. Respondent has not submitted whether 36% meters were declared defective after testing or not. Respondent has subtracted 13.62 lakh meters in the name of being defective and then suggested that all the meters will be tested in 5 years at the rate of 3.98 lakh meters/annum. This argument of Respondent is misleading and cannot be

accepted. Regular testing of LT meter as per norms is of prime importance in identifying stopped and defective meters and to safeguard the consumers' interest at large.

- B. Regular and routine testing of LT meters not only has direct bearing on consumers' interest in terms of raising consumer satisfaction but also impacts Respondent's commercial performance to keep afloat its operations sustainable.
- 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. The Commission has taken serious view of such repeated and continued laps 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:

“.....

&1 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:

- Central Discom vide letter dated 25.08.2023 submitted that the approved list of NABL labs have been uploaded on companies' 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 is required to 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:

- Central Discom vide letter dated 25.08.2023 submitted that provisions have been made to display last 12 months billing data to consumers.

Commission's Observations:

- A. Respondent has submitted that the licensee has made the provisions to display last 12 months billing data to the consumers. Accordingly, compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof, whereby licensee is required to maintain/ display billing details of last 1 year for all consumers on the licensee's website is complied with. **The Compliance is found satisfactory and**

Distribution Licensee is Exonerated from this charge.

CHARGE VIII. Monitoring of Power Supply

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

Whereas, the Commission sought response from Distribution Licensee on observations / shortcomings in respect of reports received from Distribution Licensee vide letters dated 21/04/23, 27/04/23, 18/05/23 and 25/05/23. However, the Distribution Licensee failed to respond appropriately on letter dated 27/04/23. 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 Commisionary HQ viz. Bhopal and Gwalior City as per Regulation 7.3 of MPERC (Distribution Performance Standards) (Revision-II) Regulations 2012 and amendments thereof as shown below.

S No	Town	Distributio n 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
	Bhopal	Central	501	20	5:43	21	7:39
	Gwalior	Discom	224	40	10:45	42	17:35

This indicates failure of Central 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>Commisionary 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</i>	300 minutes/	900 minutes/	300 minutes/

<i>Particulars</i>	<i>Commissionary HQ</i>	<i>District HQ</i>	<i>Industrial Growth Centres</i>
<i>month in hours and minutes</i>	<i>5 hours*</i>	<i>15 hours*</i>	<i>5 hours*</i>
<i>Reliability Index in %</i>	<i>99.5%</i>	<i>98%</i>	<i>99.5%</i>

**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:

- Central Discom vide letter dated 25.08.2023 has submitted that numbers. of interruptions in the month of April 23, & May 23 were excessive, however 40% interruptions were of transient (<5 min) in nature as per SCADA. During the aforesaid month, almost 50% interruptions / breakdown were due to natural calamity (such as, Heavy rains, wind / storm) and 33kV line, 33/11 KV Substation, 11 KV Line, DTR, LT Lines maintenance works. etc.
- It is evident that above data is extracted from SCADA as per prevailing practice in few cases the supply is restored by back feed arrangement where prolong/sustained breakdown is noticed, as considerable time is lapsed in performing back feed operation to mitigate the interruptions.
- The Commission sought response from licensee on observations in respect of weekly reports sent by DISCOM, vide letter dated 21-04-23, 27-04-23, 18-05-23 & 25-05-23. The Commission mentioned that Distribution licensee failed to respond on letter 27-04-23 & viewed this as negligent approach. In this case Respondent has already replied to all the letters issued by the Commission except letter dated 27-04-23, which was delayed. However, same has now been submitted vide letter no 2045 date 10.08.2023.

Commission’s Observations:

- A. The Commission observed that there has been inordinate delay in responding the Commission’s communication in this matter by the Respondent and response was

received after issuance of SMP notice. The Commission has viewed this negligent approach of the Distribution Licensee seriously.

- B. With regard to power supply interruptions occurred in month of April 2023 and May 2023 in Bhopal and Gwalior Cities, Respondent is found failed in complying the Regulation 7.3 of MPERC (Distribution Performance Standards) (Revision-II) Regulations 2012 and amendment thereof, in seeking approval from the Commission, beyond the specified levels of Supply Interruption Parameters specified in Regulation within 15 days from the end of the relevant month. This indicates that Respondent is casual in adhering Commission's regulations and directives within specified time line.
- C. As a Supplier, main function of Licensee is to provide 24X7 supply to all non-agricultural consumers. The 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 subordinate legislation and fails to make a communication in time giving reasons for shortfall in meeting performance level. 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.
- 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 decides to impose 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 18th April 2023 to discuss issues regarding harmonics measurement and mitigating its adverse impact on power system. The Commission provided certain directives along with timelines vide minutes of meeting circulated vide letter dated 24/04/2023 to the Distribution Licensee for executing different activities. Following activities are not complied by the Distribution Licensee till date:

Timeline	Activity
15th May 2023	Order on Role and responsibilities of field officers for Harmonic measurement and related works
Prior to Review Meeting held on 15th May 2023	Decision of Distribution Licensee regarding outsourcing / inhouse harmonics measurement and intimation of decision to the Commission
15th June 2023	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:

- Respondent submitted that they have two companies regarding analysis of harmonics namely Signal and systems (India) Pvt. Ltd. (SANDS) and Secure meters. The representative of SANDS visited and tested with CMRI instruments at following points:
- On 17th July 2023 the testing was done by the company representative along with the staff of MPMKVVCL at the premises of M/s Vipul food, Mandideep, Bhopal having consumer no. H517777777 and contract demand 80 KVA.
- On 19th July 2023 the testing was done at the premises of EHV Consumer M/s Nahar Poly films, Mandideep having consumer no. H5309691723 and contact demand 7400 KVA.
- The representative of secure meters installed the check meter in series with the main meter of 33 KV M.P. STATE ELECTRONICS DEVELOPMENT CORPN. LTD. (IT CENTRE/47/A) ARERA HILLS BHOPAL (DATA CENTRE) connection no. H9454904111 and contract demand 500 KVA. The report couldn't be received till date because in M-Cube software the data couldn't be downloaded. Hence, the representative asked for new software from SECURE Head Quarter (Jaipur). As soon as the report received, it will be conveyed to your good office.
- The status on directives of the Commission are as follows:

S No	Activity	Action Taken
1	Order on Role and responsibilities of field officers for Harmonic measurement and related works.	As soon as the process of Harmonic measurement is finalized, the required instrument shall be made available to DGM (BI Cell). The DGM of BI Cell will be responsible for Harmonics measurement and related works.
2	Decision of Distribution Licensee regarding outsourcing / in house harmonics measurement and intimation of decision to the Commission	The process for measurement of Harmonics is under process. As soon as the process of Harmonics is finalized, it will be decided whether the work is to be done by BI Cell or third party.

S No	Activity	Action Taken
3	Comprehensive Proposal for penalty for defaulter consumers for operationalization of Clause 6.44 of MP Electricity Supply Code.	Will be decided after discussion with other DISCOMs.

- Respondent vide letter dated 10.11.2023 further submitted the following:
- Discom has contacted four companies/individuals for Harmonic Analysis which are given as below: -
 - **MANIT:-** Director (Commercial) requested to Director (MANIT) regarding Harmonic analysis on electrical Network of MPMKVVCL. Thereafter, Two professors of MANIT visited on 18/10/2023 to industrial switchgear substations for Analysis of Harmonics. The multi-function power and harmonic analyzer was installed and all the parameters of energy meter have been downloaded to study the Harmonic on 33 KV Omega feeder and two DTR.
 - **Secure meters:-** The check meter installed in series with the main meter of 33 KV M.P. STATE ELECTRONIC DEVELOPMENT CORPORATION LIMITED (ITCENTRE/47/A) ARERA HILLS BHOPAL (DATA CENTRE) connection no. H9454904111 and contact demand 500 KVA. The MRI report recorded all the data's of voltage and current harmonics (report enclosed). The meter also complies with EC standard 61000-4-30 edition 3.0 class A.
 - **Signal and systems (India) Pvt. Ltd. (SANDS)** installed the checked meters at the premises of M/s Vipul food having consumer no. H5177777777 and contact demand 80 KVA on 17th July 2023 and EHV Consumer M/s Nahar Poly having consumer no. H5309691723 and contact demand 7400 KVA on 19th July 2023. The report was of instant parameters only and other reports of sag, swell, flicker etc. was not fetched from the equipment.
 - **Yadav Measurement Pvt. Ltd.,** Udaipur also contacted vide letter dtd 22/09/2023 and give a proposal for Harmonic Analysis on the premises of a HT Consumer for 7 days. The firm proposed Rs.99,238.00 for a sample study.
- Discom is currently planning to procure 08 No. SECURE meters and to utilise for EHT/HT consumer for 07 days.
- A Comprehensive proposal for Penalty may be taken on the basis of type of Harmonics

and frequency i.e., No. of times the Harmonics introduced by their load is beyond the limits set by CEA. Penalty may be taken as follows: -

	Type of Harmonics	Penalty (% of Total Energy Bill)
	2nd Harmonics	8%
	3rd Harmonics	15%
	5th Harmonics	13%
	7th Harmonics	11%
	11th Harmonics	8%
	All triple Harmonics except 3rd	11%
	All even Harmonics except 2nd	3%
	All odd Harmonics except given above	5%

Commission’s Observations:

- A. Harmonics generation adversely impacts power quality to consumers and related provisions were available since 2012 in MPERC (Distribution Performance Standards) (Revision-II) Regulations, 2012 and Supply Code 2013. However, initiative towards compliance was taken after review meeting in this regard and part compliance was reported after the SMP notice was served. This indicates that Respondent is casual in adhering to the Commission's regulations and directives within specified time line.
- B. Although the provisions of Regulations are yet to be complied with in comprehensive manner, however, keeping in view 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 15th May 2023 with Central Discom directed to submit individual policy & procedure to the Commission by 31st May 2023. **However, the Distribution Licensee failed again to submit the same within the timeline specified and has made itself liable to punishment under Section 142 of the Electricity Act, 2003.**

Respondent’s Submission:

- Respondent has submitted that the draft Policy and Procedure for Identification of Bad debts and writing off the same has been prepared after discussion with other Discoms, therefore delay has been observed however, same has been submitted to the Commission.

Commission’s Observations:

- A. Compliance is reported after the SMP notice was served, which again indicates casual approach of Respondent in adhering to the Commission's regulations and directives within specified time frame.

- B.** The draft policy has been finally submitted to the Commission. The Commission directs the Respondent that compliance be met in timely manner in future and at the same time, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a token penalty of Rs 1000 (Rs One thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of order.

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

A. 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:

Year	Distribution Loss (%)	Normative (%) as per MPERC MYT Tariff Regulations
2018-19	36.67%	17%
2019-20	27.59%	17%
2020-21	28.69%	17%
2021-22	23.13%	17%
2022-23	22.91%	16.75%

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 7th September 2022 and on 15th 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 27th 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 Discom submitted the following:

A. Action Plan for Line Loss Reduction

For improvement of Operational performance of Discom, following initiative have been taken:

- *BRICS Scheme implemented to incentivise Division for improvement in CRPU.*
- *Multiple channels provided to Consumer for payment of their electricity bill including door to door collection through PoS machine.*
- *Photo meter reading (PMR) with Spot billing being done.*
- *Reading is being done through QR code.*
- *Monthly PMR Audit being done & action being taken against defaulter meter readers.*
- *Online portal developed for NSC and bill related complaints.*
- *Correction in Bill complaint is being approved by the concerned GM.*

With the various services provided to consumer, Discom ranking in consumer service rating in FY 21-22 has been improved to 6th rank from 16th rank in FY 20-21. Discom humbly request that with reference to letter by MoP F.No. 24-3/3/2019-PFC the losses committed under RDSS may be considered for loss trajectory by Hon'ble Commission for ARR.

B. Segregation of Technical and Commercial Losses

- *The analysis for technical losses of EHV Consumers and 33 Consumers was done on the basis of reading taken from EHV Sub-station and EHV Consumers. The sample study of 17 and 15 Consumers is enclosed. The analysis of 11 KV technical and commercial losses of 25 no. feeders was also done and the report is enclosed. However, the analysis of more feeders couldn't be done because many DTR Meters in*

rural areas is either defective or missing. As soon as the meter will be installed in RDSS Scheme, the analysis of 11 KV technical and commercial losses will also be done.

- The discussion from PRAYAS, PUNE regarding 11 KV technical and commercial losses was done but they have not done any study in these matters. The company have expressed its inability of performing the task during meeting.

- Discom is in progress of Conducting Energy Audit through third party on pilot basis.

C. Technical studies of the distribution network to ascertain voltage-wise cost of supply

- The cost of supply at Transmission and Distribution intersection point given in tariff order 2022-23 is Rs. 5.54. On the basis of that cost of supply at various voltage level is shown in table given below: -

Type of Consumer	Cost of Supply at T&D intersection Point (Rs.)	Losses (%)	Cost of Supply at Various levels (%)
EHV	5.54	0.93	5.59
33kV	5.54	3.6	5.74
11kV	5.54	5.18	5.83
LT	5.54	19.54	6.62

Type of Consumer	No of Consumers	Consumption (MUs) FY22-23	% of Consumption
EHV	20	1,916.59	8.54%
33kV	1,896	2,671.33	11.91%
11kV	977	238.41	1.06%
LT	49,83,299	17,606.67	78.49%
Total	49,86,192	22433	

- Discom vide letter dated 10.11.2023 further submitted that as per study conducted the proposal is as follows:

Type of Consumer	Cost of Supply at T-D Intersection Point (Rs)	Losses (%)	Cost of Supply at various level (Rs)
EHV	5.54	0.93	5.59
33 KV	5.54	3.6	5.74
11 KV	5.54	5.18	5.83
LT	5.54	19.54	6.62

Type of Consumer	No. of Consumer	Consumption in MU (22-23)	% of Consumption
EHV	20	1,916.59	8.54%

33 KV	1,896	2,671.33	11.91%
11 KV	977	238.41	1.06%
LT	49,83,299	17,606.67	78.49%
Total	49,86,192	22,433.00	

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, but has 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 now conveyed the comprehensive approach and methodology after due consultation with State Discoms and CPRI, to be followed in estimation of technical and commercial losses in respective Discom area. If the study report is not submitted within 4 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 observes that as per Regulation 26.7 of MYT Regulations 2021 and amendment thereof, the Respondent was required to propose voltage wise losses for each year of control period for determination of voltage wise cost of supply. During review meeting with Discom on 15 .05.2023, it was also directed that in view of 100%

geo-tagging of assets, a study for voltage wise cost of supply be carried out and action taken be communicated by 15.06.2023. The desired comprehensive study as per MYT Regulations and as directed in abovesaid review meeting was not submitted by the Respondent.

- Respondent has submitted voltage wise cost of supply, which is reported to be based on some study. However, a comprehensive study as per MYT Regulation in desired manner is not yet submitted by the Respondent.
- **The Commission observed that Respondent has not made adequate efforts in carrying out proper and comprehensive 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 24th February 2023. As per Regulation 7.1 of the aforesaid regulations, the licensee was required to set up a **dedicated cell for power procurement planning** having requisite capability and tools and power as specified in aforesaid regulations within 3 months (i.e., by 24th May 2023) from notification of these regulations. Another **round the clock dedicated cell for power purchase/sale in real time shall also be established and** Distribution Licensee was required to frame suitable guidelines for modus operandi of the dedicated cell within 45 days and apprise the Commission by 5th April 2023. The relevant regulation is as under: -

“Constitution of dedicated cells

7 The Distribution Licensee shall establish a planning cell for power procurement within three months from the Regulation coming into force. The cell shall have the requisite capability and tools for energy forecast. Another round the clock dedicated cell shall be constituted by the distribution licensees within three months from the regulation coming into force. The cell should have the requisite capability and tools for energy forecast. The cell shall have the power to purchase/sell the energy in real-

time, intra-day, day-ahead, week ahead or any longer duration through Power Exchanges or any other means. The licensees shall frame suitable guidelines for the modus operandi of the dedicated cell in line with the spirit of this Regulation and shall apprise the Commission for the same within 45 days from the coming into force of this Regulations.

.....”

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

Respondent’s Submission:

- Central Discom vide letter dated 25.08.2023 has submitted that the Commission notified the MPERC (Power Purchase and Procurement Process) Regulations, 2023 on 24th Feb 2023, and as per Regulation, the licenses was required to set up a dedicated cell for power procurement planning & round the clock dedicated cell for power purchase/sale in real time was also required to be established.
- Respondent further stated that MPPMCL Procurers/sells power on behalf of the Respondent and for this, a dedicated cell is already established under MPPMCL.

Commission’s Observations:

- A.** The Commission has observed that the Respondent has not established dedicated cell for power purchase planning with the necessary capacity, tools, and power as stipulated in the aforementioned regulations within the stipulated time thereby failing to comply with Regulation 7.1 of said Regulations. Power purchase is major cost component for Discom and Respondent is supposed to take all directions issued by the Commission in respect of power purchase seriously. It is regrettable to note that the Respondent has not taken steps to ensure compliance, even after serving the SMP notice in the case. This amounts to a violation of the aforementioned regulations.
- B.** **The Commission, consider this aforesaid act of Respondent as deliberate and willful non-compliance of the Regulations and directives of the Commission. Therefore, the Commission, in exercise of its power vested under section 142 of the Electricity Act 2003 hereby imposes a penalty of Rs 20,000 (Rs Twenty thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.**

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

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

“

2. Definitions

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

.....

7. Energy Accounting and Settlement

7A. Net Metering Arrangement

.....

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

Respondent's Submission:

- Central Discom vide letter dated 25.08.2023 has submitted that the billing software is being updated for timely adjustment of net Credits. As per the provisions of regulation, HT Net Meter consumer's credit of amount for unadjusted units for FY 2021-22 was already provided to consumers in their respective bills. For FY 22-23 the adjustment of unadjusted balance units from Apr-22 to Nov-22 has been credited in the bill of Month Dec-22. It is being complied for LT net Meters.

Commission's Observations:

- A. Respondent has submitted that adjustment of unadjusted balance units from Apr-22 to Nov-22 has been credited in the bill of Month Dec-22 for HT Consumers. The Commission directs the Respondent to submit the compliance report in respect of LT consumers also within one month from the date of this order and **exonerates the Respondent from this charge.**

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

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

- Central Discom vide letters dated 25.08.2023 and 10.11.2023 has submitted that the Smart grid cell has already being constituted in Central Discom.

Commission's Observations:

- A. 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. This is sorry state of affairs 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, 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 decides to impose 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.

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

“

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

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

.....

9. Formulation of DSM Plan.-

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

- (a) an overall goal for DSM Plan;*
- (b) description of DSM programmes to form a part of DSM Plan;*
- (c) implementation process and schedule of each programme in the plan as a whole;*
- (d) plan for Monitoring and Reporting;*
- (e) indicative cost effectiveness assessment of programmes.*

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

.....

17. DSM Plan and Programme Completion Report.-

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

.....”

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

Respondent’s Submission:

- Central Discom vide letters dated 25.08.2023 and 10.11.2023 has submitted that the Optimization of power procurement cost is under the scope of MPPMCL.

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 hereby imposes a penalty of Rs 50,000 (Rs Fifty thousand) on Respondent. The above penalty shall be deposited with the Commission within 45 days from the date of issue of this order.**

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

Whereas, the Commission had directed the Distribution Licensee to submit the 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 Central Discom have not furnished the quarterly MIS reports for FY22-23 within the stipulated time-frame as shown below:

Central Discom (MIS Submission)	Q-3 of FY22-23
Due Date as per Regulation	28 th Feb 2023
Actual Date of Submission	5 th April 2023
Delay (in days)	36 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 31st December, and Consolidated report for the financial year be submitted by 30th June.
 ”

And whereas, the Commission has observed that the Half-yearly Regulatory Compliance Report for FY22-23 was submitted with significant **delay of 41 days** by Central 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 submitted that for preparation of the periodic compliance reports, the information / data is collected from various field offices up to D/C level. This process

is time consuming causing delay in submission of report to the Commission. Respondent submitted that with implementation of IT tools the reports shall be submitted timely.

Commission's Observations:

The Commission noted the submission and does not subscribe the Respondent's argument that collecting data /information from field offices to DC level is time consuming process given the fact that IT tools are available with Respondent. The Commission directs the Respondent that compliance 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 15th 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 Central Discom on 15th May 2023 to discuss issues related to consumer services, quality of power supply and other matters related to the distribution business of the licensee. During the course of the review meeting and subsequent meetings held on 2nd June 2023, Distribution Licensee was directed to comply with the Commission's directives and submit all necessary information/documents to the Commission by 15th June 2023.

And whereas, Central Discom vide email dated 16th June 2023 has submitted the information in compliance of the directives of the Commission. However, on perusal of the information, it has been observed that licensee has not furnished comprehensive information and data as directed by the Commission.

And whereas, the provisions of Regulation 9.2 of the MPERC (The Conditions of distribution license for distribution licensee (including deemed

licensee), 2004 and amendments thereof are violated by Distribution Licensee as above, it has thus made itself liable to punishment under Section 142 of the Electricity Act, 2003.

Respondent's Submission:

Respondent has submitted the reply in the matter in regard to i) time line for covering all the services for providing automatic compensation, ii) quarterly reports of Result Evaluation Matrix under RDSS, iii) explanation in regard to increase in AT&C losses in Bhind and Morena circle during FY21-22 and FY22-23 and, iv) measures taken on loss reduction in respect of Gwalior (O&M) and Bhopal (O&M) circles.

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 observations and 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/

directives on 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
I	Non-compliance of Regulation 8.1 (B), (C) and Regulations 8.2 (A) of the 1 st Amendment to MPERC (Distribution Performance Standards) Regulations 2012 to operationalize automatic compensation for all services as listed under Guaranteed Standards in MPERC (Distribution Performance Standards) Regulations 2012 and amendments thereof.	Non-compliance	Rs 1,00,000/-
II	(a) Meterisation of DTRs	Non-compliance	Rs 20, 000/-
	(b) Unmetered Rural Domestic Consumers	Non-compliance	Rs 20, 000/-
III	Replacement of stopped and defective meters	Non-compliance	Rs 1,00,000/-
IV	Non-compliance of clause 4.10 and 4.13 of the M.P Electricity Supply Code 2021 and amendments thereof	Non-compliance	Rs 1,00,000/-
V	Non-compliance of clause 8.15 (Testing of Meters) of the M.P Electricity Supply Code 2021 and amendments thereof.	Non-compliance	Rs 10,000/-
VI	Non-compliance of clause 8.21 of the M.P Electricity Supply Code 2021 and amendments thereof.	Not complied till issue of SMP	Rs 1000/-
VII	Non-compliance of clause 8.55 of the M.P Electricity Supply Code 2021 and amendments thereof	Complied	Exonerated
VIII	Monitoring of Power Supply	Non-compliance	Rs 1,00,000/-
IX	Measurement of Harmonics	Non-complied fully	Rs 1000/-
X	Policy and procedure for identification of bad debts and writing off the same	Not complied till issue of SMP	Rs 1000/-
XI	Non-compliance of directives given through retail supply tariff orders for submitting action plan for line loss reduction, undertaking study related to segregation of technical and commercial losses and ascertain voltage-wise cost of supply	Non-compliance	Rs 50,000/-
	a) Distribution loss reduction	Non-compliance	Rs 50,000/-

Issue No	Issue of Non-Compliance	Status of Compliance	Imposition of Penalty under Section 142 of E Act 2003
	b) Segregation of technical and commercial losses	Time up to April 2024 is given to the Respondent to submit Report	NIL
	c) To ascertain voltage-wise cost of supply	Non-compliance	Rs 50,000/-
XII	Non-compliance of Regulations 7.1 of the MPERC (Power Purchase and Procurement Process) Regulations, 2023	Non-compliance	Rs 20,000/-
XIII	Non-compliance of Regulation 7A (4) of MPERC (Grid Interactive Renewable Energy Systems and Related Matters) Regulations, 2022{RG-39(I) OF 2022} notified on (22 July 2022).	Complied	Exonerated
XIV	Non-compliance of the Regulation 5(1) of the MPERC (Smart Grid) Regulation 2016	Non-compliance	Rs 10,000/-
XV	Non-compliance of Regulation 7(1), 9(1), & 17(1) of the MPERC (Demand Side Management) Regulations, 2016.	Non-compliance	Rs. 50,000/-
XVI	Timely submission of Half-yearly and Annual Regulatory Compliance Report as per MPERC (Guidelines for Reporting of Regulatory Compliance) Regulations, 2005 and amendments thereof	Not complied	Rs 1,000/-
XVII	Non-compliance of Commission's directives given during review meeting held on 15 th May 2023	Not complied	Rs. 1,000/-

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

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

With the above directions, instant petition is disposed of.

(Prashant Chaturvedi)
Member

(Gopal Srivastava)
Member (Law)

(S.P.S Parihar)
Chairman

