

**Before**

# **UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 33 of 2016**

**In the matter of:**

Petition seeking removal of difficulty in implementing the Prepaid Metering Scheme provided in Tariff Order for FY 2016-17 dated 5<sup>th</sup> April, 2016.

**In the matter of:**

Uttarakhand Power Corporation Ltd.

... Petitioner

**CORAM**

**Shri Subhash Kumar      Chairman**

**Shri K.P. Singh          Member**

**Date of Hearing: August 2, 2016**

**Date of Order: November 9, 2016**

This Order relates to the Petition dated 15.07.2016 filed by Uttarakhand Power Corporation Limited (herein after referred to as "UPCL", "Licensee" or "Respondent") seeking removal of difficulty in implementing the Prepaid Metering scheme provided in the Tariff Order for FY 2016-17 dated 5<sup>th</sup> April, 2016 and, accordingly, modifications and deviations in the provisions of the said Order. Background of matter, Petitioner's submissions and the Commission's views & decision on the same are given in the following paragraphs:

## **1. Background**

- 1.1 The Commission vide its Tariff Order dated 11.04.2012 had approved the Scheme of prepaid metering on UPCL's proposal and directed UPCL for implementation of the same w.e.f. 01.10.2012. The same was partially implemented and later got stuck due to certain technical issues.
- 1.2 The Petitioner during the proceedings for tariff determination for FY 2016-17 had requested for certain deviation in Scheme. The Commission vide its Tariff Order dated 05.04.2016 approved the same as follows:

"

- a. *The option of Pre-paid metering shall be available for all categories of consumers upto 25 kW load*

*under LT category. Prepaid Metering shall be mandatory for new Temporary LT connections upto 25 kW and for Advertisements/Hoardings.*

*The Commission is of the opinion that the same should not be forced upon small consumers as proposed by UPCL. Hence, proposal of UPCL in this regard is unacceptable.*

- b. *There shall be a minimum recharge of Rs. 100 and the maximum limit of recharge shall be Rs. 5000 for single phase connection and Rs. 15000 for three phase connections.*

*The Commission does not find any reason for change in this stipulations and, hence, decides to continue with the same.*

- c. *Any recharge shall be for a maximum period of six months after which time extension of remaining amount or another top up will be essential.*

*The apprehension of the licensee in this regard for proposing quarterly recharges was the levy of FCA charges. Ideally, the meter readers of the licensee visits every locality atleast once in two months for meter reading and consequent changes for FCA in the pre-paid meters can be done during those visits of the meter readers when he goes to take meter readings of post paid consumer in that locality. Moreover, levy of FCA is an ongoing process as the same changes every quarter so there may be instances of delay in recovering the FCA charges from the consumers having pre-paid connections, however, the net impact may not be substantial.*

- d. *As regards the charging for testing of meter, the Petitioner shall recover the amount as approved by the Commission under Schedule of Miscellaneous Charges directly from such prepaid consumers as is done for postpaid consumers and shall not be charged from the recharge amount.*

- e. *The Petitioner shall issue an advertisement in the newspapers within 15 days of the issue of this Order, briefly mentioning salient features of the Prepaid Metering Scheme for LT consumers upto 25 kW to provide an option to the consumer to express their interest to opt for the Prepaid metering scheme latest by June 15, 2016.*

*It may be noted that the objective of calling applications for Prepaid metering shall be primarily for the purpose of estimation of the requirement of such meters based on the demand of the Scheme. Based on the requests received from the consumers opting for Prepaid metering, UPCL shall implement the Prepaid metering in a phased manner. Further, the Petitioner may also allow prepaid metering services to the consumers who could not submit their request within the stipulated time given in the advertisement and opt for it subsequently.*

- f. *The Petitioner is also directed to prepare a Salient Features of the Prepaid Metering Scheme (in 1-2 pages) and circulate the same along with the bills of May, 2016 to all the eligible consumers, i.e. LT consumers upto 25 kW, to facilitate wide circulation as well as to provide salient features of the proposed mechanism of the Prepaid Metering Scheme.*

- g. *In case, the consumer opting for Prepaid Metering have outstanding arrears, the Petitioner shall adjust 20% of the past arrears or 50% of the recharge amount, whichever is higher from the*

recharge voucher, subject to the maximum of the outstanding arrears. Further, the maximum limit of recharge as mentioned above, shall not be applicable in case of consumers having outstanding arrears and accordingly, such consumers having past arrears will have to take minimum recharge of more than 20% of the outstanding arrears.

The licensee's proposal of not allowing pre-paid connections to the consumers having arrears would in fact be detrimental to its own interest. After installing the pre-paid meters atleast some portion of the arrears due would start getting collected through the mechanism proposed by the Commission.

- h. The Petitioner shall make necessary provisions to provide friendly credit hours/limit to the consumers, in order to ensure uninterrupted supply to the consumer in the event of expiry of the balance during non working hours, i.e. night time or during holiday, so as to provide reasonable time to the consumer to procure the recharge voucher at the next possible working hours or working day. However, the charges for the electricity consumed between expiry of balance during non-working hours and subsequent recharge voucher shall be adjusted from the recharge voucher.
- i. All the Prepaid meters will be provided with an alarm to indicate low credit.
- j. As per the guiding principles and Section 47(5) of the Electricity Act, 2003 the Petitioner shall not charge any security deposit as is required in post paid connections but price equivalent to the material cost, i.e. cost of meter and associated equipments shall be charged as material security which shall be returned at the time of permanent disconnection. The approved material security deposit for FY 2016-17 is Rs. 5000/- for single phase connection and Rs 10,000/- for three phase connection. The Commission would again review the amount so specified above after availability of the data relating to meter costs. **The licensee is directed to submit the data related to the cost of the meter and other associated equipments to the Commission in the Tariff proceedings for FY 2017-18.**
- k. The consumer shall be allowed only one transfer from postpaid to prepaid or otherwise in a financial year.
- l. Minimum Consumption Guarantee (MCG) shall not be applicable for prepaid connections.
- m. The Commission approves a rebate of 4% of Energy Charges for Domestic Category and 3% of Energy Charges for other categories as per the applicable tariff schedule for the consumers availing this scheme and the rebate shall only be applicable after installation and operationalisation of Prepaid meters. However, no rebate shall be applicable on Part (A) of RTS-10, i.e. Temporary Supply for Illumination & Public Address Needs."

1.3 UPCL vide its Petition dated 15.07.2016 submitted that the Commission had provided for relevant variations specific to prepaid system but certain difficulty would arise upon the implementation. Moreover, the Prepaid Metering works on the principle of simultaneous

deduction of charges as per consumption of electricity and any retrospective effect cannot be adjusted. The Petitioner has raised certain issues and has also proposed modification in order to address such issues for implementation of the Scheme.

- 1.4 A hearing was held on 02.08.2016 and the Commission issued Order dated 02.08.2016 in the matter. Relevant extract of the Order related to the hearing is reproduced hereunder:

*“The Commission directs the Petitioner to publish a public notice, incorporating the salient features of the proposal in the instant Petition in at least two daily newspapers (one Hindi and one English) widely circulated in the area of its operation both in Hindi and English languages for comments by all stakeholders and public at large, enclosed as Annexure-A in this Order within 3 days. The Petitioner is also directed to place the Petition on its website and its headquarters/other offices for inspection or making relevant extracts available to the public.*

*The Commission also directs the Petitioner to seek the approval of GoU for mandatory installation of prepaid meters in all the Government connections upto 25 kW as proposed by UPCL.”*

However, no comments/observations have been received in the matter.

- 1.5 Issues raised by the Petitioner and the Commission’s decisions on the same has been discussed in subsequent Para 2.

## **2. Petitioner’s Submissions and Commission’s views:**

Submissions made by the Petitioner on various issues and Commission’s views on the same are dealt with hereunder:

### **2.1 Retrospective correction in energy charges for consumption beyond the specified limits**

- (a) The Petitioner submitted that for domestic consumers having load upto 2 kW and who are using some portion of the premises for non-domestic purposes there is a restriction in consumption of 200 units per month to be charged under domestic category. However, in case the total consumption in a month exceeds the ceiling of 200 units, then total consumption including first 200 units shall be charged under Non-Domestic category which means retrospective correction of both the Energy Charges as well as the Fixed Charges will be inevitable.
- (b) The Petitioner also submitted that under Non Domestic Category where the Small Non Domestic Consumers with connected load upto 4 kW and consumption upto 50 units per month are allowed lower energy charges, poses problems when the consumption exceeds 50 units. Though fixed charges are same and increase in energy charges can be taken care of but only for the upcoming units and not for the already consumed units.

The Petitioner requested that prepaid metering option should not be allowed for the above mentioned categories like Non Domestic consumers having contracted load upto 4 kW and consumption upto 50 units per month and domestic consumers who have contracted load upto 2 kW and some premises of the consumer is used for Non Domestic purpose.

**Commission's view:**

During the hearing and also in a separate meeting held with officers of the Petitioner alongwith concerning vendor for Prepaid Metering System, this issue has been discussed in detail. During the discussion the Petitioner informed that the Prepaid Metering System debits amount simultaneously with consumption of energy. Once the amount is debited for certain consumption of energy it cannot be adjusted/re-evaluated beyond a limit, as specified in the Tariff Order, in present form of the Prepaid Metering Scheme. The Tariff Order provide for change in energy charges for the consumption of energy beyond 50 units for Small Non Domestic Consumers and consumption beyond 200 units by domestic consumers having load upto 2 kW using some portion of the premises for non-domestic purposes. For these two categories only energy charges need to be revised from consumption of first unit, if required.

Although, since the recovery of revenue is the cornerstone for inception and implementation of Prepaid Metering Scheme, however, in light of the provisions given in the Electricity Act, 2003, the Commission cannot differentiate between two consumers, hence, the Commission does not find the Petitioner's proposal for exclusion of (i) Domestic Consumers who have contracted load upto 2 kW and consumption upto 200 units per month where some premises of consumer is used for Non Domestic purpose and (ii) Small Non Domestic Consumers with connected load upto 4 kW and consumption upto 50 units as acceptable. The Petitioner is required to explore remedies to deal with such issues so that these categories are also extended the Prepaid Metering Scheme.

**2.2 Substitution of consumption based fixed charges by contracted load based fixed charges in Other Domestic Consumers Category**

The Petitioner submitted that in Other Domestic Consumers category the consumption based slab wise fixed charges have been introduced. As the consumption moves from one slab to next higher slab an increase in fixed charge is required to be deducted, however, this would require adjustment of fixed charges already deducted for previous slabs also. Alternatively, if the increase is tried to be adjusted on per unit basis then few units after every slab needs to be priced at a higher rates and for eight such slabs this adjustment will cause quite a many per

unit rates. Even the meters have some limitation onto how many different slabs in per unit rates it can adjust. Further, it does not gel with the spirit of Prepaid metering system.

The Petitioner proposed that for Prepaid Metering Scheme contracted load wise fixed charges should be adopted.

**Commission's view:**

The Commission noted that in Other Domestic Consumers category the consumption based slab wise fixed charges are applicable w.e.f. FY 2015-16. Change in fixed charges with change in slabs of consumption would again require retrospective change in such charges. One of the remedy suggested by the Petitioner is to impose higher fixed charges in next few units of consumption to adjust shortfall in fixed charges for previous slabs. However, this remedy is not the infallible one since the extent of consumption of energy in next slab for any consumer category may not be predicted in advance. Evidently there can be a situation wherein overall consumption of the consumer may be lower than the limit of units in next slab and even if higher fixed charges w.r.t. previous slab are levied for this slab would still result in under recovery of fixed charges as approved in the Tariff Order. This eventuality is similar to that of retrospective adjustment of energy charges as discussed above. Accordingly, the Commission is of the view that instead of consumption based fixed charges it would be appropriate to allow levying of fixed charges based on the contracted load in respect of the Other Domestic Consumers category under Prepaid Metering System. Accordingly, the Commission approves Rs. 35/kW/month as the fixed charges for the domestic consumers covered under the prepaid metering scheme for FY 2016-17.

**2.3 Restriction of transfer of post paid connection to prepaid connection having past arrears.**

The Petitioner submitted that in case of switching of Postpaid Consumer to Prepaid Metering System, any arrear is a cause of concern as the prepaid system provides recovery of same through as a percentage of recharge and this limitation may affect the recovery of arrears as a whole and the recovery of arrears would get deferred to years to come.

The Petitioner proposed a deviation from the guiding principles and modification in Tariff Order for FY 2016-17 and requested to restrict the transfer of post paid connection to prepaid connection in case consumer has any pending arrear liability.

**Commission's view:**

The Commission has already taken a view in the matter in respect of "Outstanding Arrears" at

Para 7.2.2.2 of Retail Tariff Order for FY 2016-17 vide which the Commission had directed UPCL as under:

*“...the Commission hereby directs Petitioner to make sincere efforts in mobilizing its resources to continuously make efforts throughout the year for collection of Arrears under a structured receivable management programme besides taking corrective actions against the habitual defaulters. The Commission also directs the Petitioner to lay down standard procedure for receivables management and submit to the Commission within one month of issuance of this Order.”*

During the hearing and discussion held with the Petitioner, the licensee submitted that certain groups of consumers habitually don't pay their energy bills leading to huge amount of pending arrears to be recovered. With changeover from post paid to prepaid metering system by such consumers recovery of arrears would continue to be a cause concern since they may prefer to recharge their meter in such a way that the recovery of past arrear would be done in a lesser pace which subsequently lead to increase in surcharges.

The Commission in its Tariff Order dated April 05, 2016 had stipulated that in case, the consumer opting for Prepaid Metering have outstanding arrears, the Petitioner shall adjust 20% of the past arrears or 50% of the recharge amount, whichever is higher from the recharge voucher, subject to the maximum of the outstanding arrears. Further, the maximum limit of recharge as mentioned above, shall not be applicable in case of consumers having outstanding arrears and accordingly, such consumers having past arrears will have to take minimum recharge of more than 20% of the outstanding arrears.

Hence, the licensee's proposal of not allowing pre-paid connections to the consumers having arrears would infact be detrimental to its own interest. After installing the pre-paid meters atleast some portion of the arrears due would start getting collected through the mechanism proposed by the Commission. Infact the stipulation that consumers having past arrears will have to take minimum recharge of more than 20% of the outstanding arrears, will enable the licensee to recover atleast 20% of the due at the time of each recharge and in not more than 6 recharges the licensee will be able to recover its complete dues. Further, the licensee's proposal is defective to the extent that on one hand it intends to install prepaid meters on all the Government installations having load upto 25 kW ignoring the fact that substantial amount of arrears are against Government connections, yet it does not intend to extend the prepaid metering scheme on connections having past arrears.

Accordingly, the Commission does not accept the proposal for restriction of transfer of post paid connection to prepaid connection in case of consumers having pending arrear liability.

#### **2.4 Exclusion of Seasonal Industries from Prepaid Metering Scheme**

The Petitioner also proposed that the tariff for seasonal industries tariff was very difficult to implement in its original form as there are many conditional parameters in it.

##### **Commission's view:**

For reasons already discussed in Para 2.1 above, the Commission does not accept the Petitioner's proposal in the matter. The Petitioner is required to explore remedies to deal with such issues so that these categories are also extended the Prepaid Metering Scheme.

#### **2.5 Adjustment of Solar Rebate.**

The Petitioner submitted that since prepaid system can allow only a fix amount of deduction on per day basis against solar rebate the system cannot cope up with the cases where billed amount is less than the maximum allowed solar rebate and the billed amount restricts the solar rebate upto the billed amount itself.

The Petitioner also submitted that solar rebate adjustments applicable to consumer during usage of certain recharge be adjusted only after completion of those months and that too after next to next recharge be fed/configured in the meter. The Petitioner further requested that as the actual solar rebate due, can only be calculated once the actual consumption of the consumer be made available to the licensee and for that it is considered that the data be made available to the licensee on the next recharge and hence after the calculations its effect / rebate can only be passed on consequent recharge.

##### **Commission's view:**

The Commission is of the view that if the Petitioner's above mentioned proposal is accepted this would lead to delay in adjustment of solar rebate by more than 6 to 12 months based on the pattern of recharge followed by the consumer. This may lead to dissatisfaction to the consumer and they may also be disinclined to join the the Scheme. The solar water heater rebate is provided to the consumers as a demand side measure so as to incentivize them for installing solar water heater rebate. Even a small consumer having a solar water heater of 100 litre capacity and monthly consumption in excess of 26 unit, will have its energy bill in excess of Rs. 100 p.m. Moreover, a consumer who installs solar water heater in its premise will not be

a small consumer. However, there can be a situation where a consumer might avail a recharge which may extend for a period beyond one month which cannot be determined at the time of recharge. In such a situation the consumer having solar water heater in its premise may be advised to approach the licensee every month for adjustment of rebate or may be informed that in case the recharge extends for a period beyond one month, then adjustment of solar water heater rebate would be carried out when the consumer approaches the licensee alongwith the 20 digit special meter reading code.

Accordingly, the solar water heater rebate would be adjusted as follows:

- (i) The rebate for first month of implementation of prepaid metering scheme shall be credited immediately on the first recharge. Thereafter, rebate shall be credited on monthly basis if recharge is done every month.
- (ii) In case recharge is not being done on monthly basis, then based on the capacity of Solar Water Heater installed by the consumer, solar water heater rebate would be credited for all the past months for which the rebate was due either at the time of recharge or when the consumer approaches UPCL.

For this purposes, either consumer shall be required to approach UPCL within a period of 4-5 months or the Petitioner is required to ensure visit of Meter Reader at the consumer's premises within a period of 4-5 months for obtaining the actual monthly meter consumption and to determine the actual consumption so that adjustment of rebate amount would be done in the data base for such consumers. However, solar water rebate would be adjusted at the time of next recharge. It would also be in the interest of UPCL to ensure that if such consumer does not turn up within a period of 4 - 5 months, it should send its meter reader once, so that actual meter reading is taken which will be useful in energy accounting.

## **2.6 Recharge of meter on availability of 20 digit special meter reading code**

The Petitioner submitted that it should be made mandatory that any recharge should be allowed only when the 20 digit special meter reading code be made available, which is available at all times in meter and changes once in a month until and unless there are some defect in the meter or licensee seems the deviation necessary. This provision is proposed as the said 20 digit meter reading code actually provides certain key data of the meter like consumption and remaining balance.

**Commission's view:**

The Commission approves the Petitioner's proposal since the 20 digit special meter reading code provides necessary information such as actual metered consumption on monthly basis, actual demand of the consumer and available balance amount etc. However, there may be cases where the consumer does not turn up for recharge. In such eventualities the Petitioner would be required to ensure visit of Meter Reader at the consumer's premises within a period of 4-5 months for obtaining the actual meter reading and to determine the actual consumption and other related details. This is also necessary so as to enable the licensee for proper accounting of energy.

**2.7 Time validity and maximum limit of single phase as well as three phase meters.**

- a. The Petitioner submitted that considering the operational issues, the maximum limit of recharge should be Rs. 15,000/- irrespective of being single phase or three phase connection. Further, the Petitioner proposed that it should be given liberty to generate recharge of any amount in cases of testing of meter, adjustment of arrear or otherwise and any other reason the Petitioner deems fit.
- b. Considering the comfort and hassle free service to consumers, Petitioner also proposed that the time validity of recharge should be unlimited and there should be no restriction on that. Further it will also be helpful in cases where consumers leave the installation / premises unattended for more than 6 months.

**Commission's view:**

Since the Prepaid Metering Scheme is being implemented for the first time in the State of Uttarakhand and no precedence of limiting time validity & amount of recharge have been observed in other States as well, accordingly, the Commission accepts the proposal made by the Petitioner and allows the maximum recharge amount as Rs. 15,000/- for both single phase as well as three phase meters and also the validity of the recharge be continued till the amount is available in the account of the consumer.

However, w.r.t. licensee's proposal for generating any recharge coupon for the purpose of meter testing, adjustment of arrears and other related issues, the Commission is of the view that licensee should accept cash payment for such purposes as the same has to be accounted for separately and should not be treated as sales revenue and should not insist on generating separate recharge coupons for the same.

## **2.8 Prepaid metering option shall be made mandatory for the Government connections upto 25 kW load under different applicable categories**

The Petitioner submitted that the prepaid metering option should be made mandatory for the Government connections upto 25 kW load under different applicable categories.

### **Commission's view:**

The Commission noted that, in many occasions the Petitioner has raised its concern regarding pending dues of energy bills from Government offices/institutions. On the one hand the Petitioner has proposed for exclusion of consumers having arrears of energy bills and on other hand it has also proposed for mandatory implementation of Prepaid Metering Scheme for Government connections upto 25 kW. During the discussion held with the officials of the Petitioner in the matter they informed that the payment of energy bills from Government connections upto 25 kW are being made to some extent, however, issues of pending dues are cause of concern for those connections having load more than 25 kW.

In view of the Petitioner's submissions the Commission has also noted provisions of installation of Prepaid Metering System for Government connections in different States. The Commission also observed that the Integrated Power Development Scheme (IPDS) of GoI dated 03.12.2014 is being implemented by the Petitioner. One of the scope of work under the scheme has been envisaged as installation of prepaid/smart meters in Government connections. For the purpose of implementation of IPDS Scheme a tripartite agreement dated 07.12.2015 has also been executed by GoI through PFC, GoU and UPCL. Therefore, by signing of MoU consent of GoU for installation of Prepaid Metering Scheme in Government Connections is deemed to be granted. Hence, the Petitioner's proposal in this regard is accepted for installation of Prepaid Meters in Government Connections upto 25 kW.

3. Modifications/alterations in the provision of approved Prepaid Metering Scheme, as discussed above, shall be applicable from the date of implementation of the Scheme. However, other provisions approved in the Tariff Order dated 05.04.2016 shall remain continued to be applicable.
4. The Petitioner is also required to submit details of response/feedback received from consumers on Prepaid Metering Scheme on quarterly basis.
5. The Petitioner is also directed to prepare a Salient Features of the Prepaid Metering Scheme (in 1-2 pages) alongwith the procedure to be followed by the consumers and circulate the same along with the bills of October, 2016 to all the eligible consumers, i.e. LT consumers upto 25 kW, to facilitate wide circulation as well as to provide salient features of the proposed mechanism of the Prepaid

Metering Scheme.

6. UPCL should also upload the FAQs in its website with regard to prepaid metering scheme within 3 months of the date of Order.
7. The prepaid metering scheme shall be effective from 1<sup>st</sup> December, 2016.
8. Ordered accordingly.

**(K.P. Singh)**  
**Member**

**(Subhash Kumar)**  
**Chairman**