



**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**

**EXPLANATORY MEMORANDUM**

**ON**

**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION  
(ELECTRICITY SUPPLY CODE AND STANDARDS OF PERFORMANCE  
OF DISTRIBUTION LICENSEES INCLUDING POWER QUALITY)  
(FIRST AMENDMENT) REGULATIONS, 2024**

**May, 2024**

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# 1 Introduction

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## 1.1 Background & Regulatory Framework

As per Section 181 (2) (x), Section 50 and Section 57 of the Electricity Act, 2003 (“EA 2003” or “the Act”), the State Electricity Regulatory Commissions (SERCs or Commissions) have been assigned the function of framing the electricity supply code constituting the obligations of the Distribution Licensee and Consumers vis-à-vis each other and specifies the set of practices that shall be adopted by the Distribution Licensee to provide efficient, cost-effective and consumer friendly services to the Consumers.

In order to strengthen the supply services by Distribution Licensees in the State of Maharashtra, the Maharashtra Electricity Regulatory Commission (“MERC” or “the Commission”) has notified the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 in February, 2021.

For the right of consumers, Ministry of Power (MoP), has notified “The Electricity (Rights of Consumers) Rules, 2020” in December 2020 followed by “The Electricity (Rights of Consumers) Amendment Rules, 2021” on 28<sup>th</sup> June 2021, “The Electricity (Rights of Consumers) Amendment Rules, 2022” on 20<sup>th</sup> April, 2022, “The Electricity (Rights of Consumers) Amendment Rules, 2023” on 14<sup>th</sup> June, 2023, and “The Electricity (Rights of Consumers) Amendment Rules, 2024” on 22<sup>nd</sup> February, 2024, which address the provisions for metering, billing and payment, recovery of electricity charges, Reliability of supply, release of connection with timelines, disconnection of supply of electricity for non-payment thereof, restoration of supply of electricity, and other related matters.

MoP has also sent a letter dated 13<sup>th</sup> September, 2022 to all Electricity Regulatory Commissions (ERCs), advising the ERCs to make their Regulations consistent and in alignment with the above-said Rules. Hence, the Commission proposes to incorporate the relevant amendment clauses at the appropriate places in the MERC (Supply Code) Regulations, 2021 in accordance with the Rules notified by the MoP.

**The rationale for the changes proposed in the MERC (Supply Code) Regulations, 2021 have been elaborated in this Explanatory Memorandum. In cases where no change is proposed, the same has not been explicitly mentioned. Generally, only the clauses where any**

**addition/modification is proposed in the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) (First Amendment) Regulations, 2024 have been discussed in this Explanatory Memorandum.**

The Commission while formulating the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) (First Amendment) Regulations, 2024, has endeavoured to balance the interest of consumers and Distribution Licensees.

The Explanatory Memorandum is organised in the following Chapters:

**Chapter 1:** Introduction

**Chapter 2:** The Electricity (Rights of Consumers) Rules, 2020, issued by MoP in December 2020, and subsequent amendments in June 2021, April 2022, June 2023, and February 2024.

## 2 The Electricity (Rights of Consumers) Rules, 2020 and related amendments

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This Chapter of the Explanatory Memorandum elaborates the reasoning for incorporating the changes related to provisions of metering, reliability indicators, etc., in order to align the MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 [“MERC (Supply Code) Regulations, 2021”] with the Electricity (Rights of Consumers) Rules, 2020 notified by the MoP on 31<sup>st</sup> December 2020, and subsequent amendments notified on 28<sup>th</sup> June 2021, 20<sup>th</sup> April 2022, 14<sup>th</sup> June 2023, and 22<sup>nd</sup> February 2024.

### 2.1 Background

The MoP notified the Electricity (Rights of Consumers) Rules, 2020 on 31<sup>st</sup> December 2020, wherein MoP has stipulated the provisions for metering and other aspects related to supply of power that Distribution Licensee need to fulfill.

On 13<sup>th</sup> September 2022, MoP has sent a letter to all the ERCs, wherein it is stated as under:

“ ...

*2. ...Any Regulations framed by the Central Electricity Authority or the Appropriate Commission have to be in accordance with the Electricity Act and the Rules made thereunder. In case of any conflict between the Rules and the Regulations, the Rules shall prevail – and to the extent that the Regulations are violative of the Rules they shall be non-est.*

...

*6. All the concerned may take appropriate action for compliance of the Electricity (Rights of Consumers) Rules, 2020. Wherever required, the Appropriate Commission shall align their regulation with respect to these Rules.”*

The Commission notes that the Electricity (Rights of Consumers) Rules, 2020 mainly stipulate the provisions for metering, billing and payment, reliability of supply, etc.

The MoP notified the Electricity (Rights of Consumers) Amendment Rules, 2021 on 28<sup>th</sup> June 2021, wherein MoP has prescribed the Rules for net metering, gross metering and net billing for grid interactive solar rooftop connections. These Rules have been appropriately incorporated in MERC (Grid Interactive Rooftop Renewable Energy Generating Sources) (First Amendment) Regulations, 2023.

The MoP notified the Electricity (Rights of Consumers) Amendment Rules, 2022 on 20<sup>th</sup> April 2022, wherein MoP has introduced additional reliability indicators, viz., CAIDI, CAIFI and MAIFI. In the existing MERC (Supply Code) Regulations, 2021, CAIDI, SAIDI and SAIFI were already specified, however, CAIFI and MAIFI are not specified.

The MoP notified the Electricity (Rights of Consumers) Amendment Rules, 2023 on 14<sup>th</sup> June 2023, wherein MoP has prescribed the periodicity for reading of smart meters and the Time of Day tariff mechanism. The ToD tariff mechanism is addressed by the Commission through Tariff Orders, and is hence, not addressed here. The provisions related to pre-paid meters have been incorporated in the MERC (Supply Code) (First Amendment) Regulations, 2024.

The MoP notified the Electricity (Rights of Consumers) Amendment Rules, 2024 on 22<sup>nd</sup> February 2024, wherein MoP has revised the timelines w.r.t. timelines specified in ‘The Electricity (Rights of Consumers) Rules, 2020 for metros, municipal areas and rural areas within which Distribution Licensees should provide new connection or modify an existing connection of consumers. In the existing MERC (Supply Code) Regulations, 2021, the timelines are already specified and aligned w.r.t. The Electricity (Rights of Consumers) Rules, 2020, but the timelines have been reduced by MoP in the fourth amendment of the Rule. Hence, in this proposed draft Regulations, the timelines have been aligned as per MoP Rules Amendment dated 22<sup>nd</sup> February 2024.

Accordingly, the MERC (Supply Code) Regulations, 2021 needs to be amended to be in alignment with the Electricity (Rights of Consumers) Amendment Rules, 2020, read with all the amendments.

Hence, the following amendments are proposed to be incorporated in the MERC (Supply Code) Regulations, 2021.

The various aspects on which amendments are required in the MERC (Supply Code) Regulations, 2021, are summarised below:

- a) The Electricity (Rights of Consumers) Amendment Rules, 2022 defines certain new terms, which need to be defined in the MERC (Supply Code) Regulations, 2021.
- b) The Rules stipulates the ‘replacement of meter’ related provisions in case of defective or burnt meter due to reason attributable to the consumers, which is different from the framework specified in the existing MERC (Supply Code) Regulations, 2021. Hence, there is requirement to address provisions related to ‘replacement of meter’ in the proposed amendment to the MERC (Supply Code) Regulations, 2021.
- c) The Rule provides for provisions related to reliability of supply, i.e., 24x7 supply of power with exceptions for certain consumer category, additional reliability indicators and trajectory of SAIFI and SAIDI.

- d) The Rule (Fourth Amendment) revised the timelines within which Distribution Licensees should provide new connection or modify an existing connection of consumers which is different from the timelines mentioned in the existing MERC (Supply Code) Regulations, 2021 and hence, it needs to be aligned with the MoP.

The various amendments proposed in the First Amendment to MERC (Supply Code) Regulations are as under:

**2.2 Introduction of Regulation 2.2(j)(a) after Regulation 2.2(j) of the Principal Regulations:**

"2.2(j)(a) **“Customer Average Interruption Frequency Index (CAIFI)”** means the average interruption frequency of the sustained interruptions for those who experienced interruptions during the reporting period, as specified by the Commission.”

**2.3 Introduction of Regulation 2.2(ii)(a) after Regulation 2.2(ii) of the Principal Regulations:—**

“2.2(ii)(a) **“Momentary Average Interruption Frequency Index (MAIFI)”** means the average number of momentary interruptions per consumer occurring during the reporting period, as specified by the Commission.”

**2.4 Substitution of 2<sup>nd</sup> Proviso of Regulation 5.8 of the Principal Regulations:**

Regulation 5.8 of the existing MERC (Supply Code) Regulations, 2021 specifies as under:

*“5.8 Unless the Act or the Rules and Regulations framed thereunder or any other law for the time being in force requires otherwise, the Distribution Licensee shall release connections in each tariff category, as far as practicable, on a “first come, first served” basis:*

*Provided that the Distribution Licensee may follow any other basis for release of connections under any special scheme of the Distribution Licensee, subject to the Distribution Licensee’s duty to give supply within the time period under Section 43 of the Act and the Regulations specified thereunder:*

*Provided further that subject to the statutory provisions and permissions, the Distribution Licensee shall release new connections post submission of completed application in all respects within timelines as given below:*

- a. Connection from existing network without any augmentation:
  - 1. Municipal Corporation within Metropolitan Area – Seven (7) Days*
  - 2. Urban Area except Municipal Corporation in Metropolitan Area – Fifteen (15) Days*
  - 3. Rural Area – Thirty (30) Days**
- b. Connection requiring augmentation or extension of Distribution Mains – Three (3) Months:*
- c. Connection requiring commissioning of new sub-station forming a part of the distribution system - One (1) Year.*

The Electricity (Rights of Consumers) Amendment Rules, 2024 notified on 22<sup>nd</sup> February 2024, revised the timelines w.r.t. 'The Electricity (Rights of Consumers) Rules, 2020' on 31<sup>st</sup> December 2020. The timelines specified in 'The Electricity (Rights of Consumers) Amendment Rules, 2024', within which Distribution Licensees should provide new connection or modify an existing connection of consumers is different from the timelines mentioned in the existing MERC (Supply Code) Regulations, 2021 and hence, the Regulations need to be aligned with the MoP Rules.

Hence, 2<sup>nd</sup> Proviso of Regulation 5.8 is proposed to be substituted as under:

**“Provided further that subject to the statutory provisions and permissions, the Distribution Licensee shall release new connections or modify an existing connection, after submission of application complete in all respects within the following timelines:**

- a. Connection from existing network without any augmentation:
  - 1. Metropolitan Area – Three (3) Days**
  - 2. Other Municipal Areas – Seven (7) Days**
  - 3. Rural Area – Fifteen (15) Days****
- b. Connection requiring augmentation or extension of Distribution Mains or commissioning of new sub-station forming a part of the distribution system – Ninety (90) Days.”**



## 2.5 Substitution of Regulation 15.3.3 and 1<sup>st</sup> and 2<sup>nd</sup> Proviso of the Principal Regulations:

Regulation 15.3.3 of the existing MERC (Supply Code) Regulations, 2021 specifies as under:

*“15.3.3 Provided further that the estimated electricity charges for the period for which meter was not available due to loss of meter may be billed to the Consumer in the ensuing bill after supply is restored. Where, upon a complaint by the Consumer or inspection by the Authorised Representative, the meter is found to be burnt, it shall be replaced and supply restored to the Consumer.*

*Provided that the Distribution Licensee may recover the price of the new meter from the Consumer wherever the cause of burnt meter is attributable to Consumer:*

*Provided further that the estimated electricity charges for the period for which meter was not available due to burning of meter may be billed to the Consumer in the ensuing bill after supply is restored.”*

The Rules stipulates that the Distribution Licensee is responsible for the replacement of defective or burnt meter after complaint is received from the Consumer and supply shall be restored. There is also provision for recovery of price by the Distribution Licensee for the new meter from the Consumer wherever the cause of burnt or defective meter is attributable to Consumer. In the MERC (Supply Code) Regulations, 2021 the same clause is mentioned but only for burnt meter.

Hence, Regulation 15.3.3 with 1<sup>st</sup> and 2<sup>nd</sup> Proviso is proposed to be substituted as under:

*“15.3.3 The estimated electricity charges for the period for which meter was not available due to loss of meter may be billed to the Consumer in the ensuing bill after supply is restored. Where, upon a complaint by the Consumer or inspection by the Authorised Representative, the meter is found to be burnt **or defective**, it shall be replaced and supply restored to the Consumer:*

*Provided that the Distribution Licensee may recover the price of the new meter from the Consumer wherever the cause of burnt **or defective** meter is attributable to Consumer:*

Provided further that the estimated electricity charges for the period for which meter was not available due to burning **or defective** of meter may be billed to the Consumer in the ensuing bill after supply is restored.”

## **2.6 Substitution of Regulation 15.3.4 of the Principal Regulations:**

Regulation 15.3.4 of the existing MERC (Supply Code) Regulations, 2021 specifies as under:

*“15.3.4 Except in the case of a burnt meter or a lost meter, the Distribution Licensee shall not be authorized to recover the price of the meter from the Consumer.”*

Along similar lines as in the proposed Regulation 15.3.3, the provision for ‘defective meter’ is missing in the existing MERC (Supply Code) Regulations, 2021. Hence, it is proposed to include ‘defective meter’ in Regulation 15.3.4.

Hence, Regulation 15.3.4 is proposed to be substituted as under:

“15.3.4 Except in the case of a burnt meter or **defective meter** or a lost meter, the Distribution Licensee shall not be authorized to recover the price of the meter from the Consumer.”

## **2.7 Introduction of Regulation 15.4.4 after Regulation 15.4.3 of the Principal Regulations:**

In the third amendment of the Rules, which was notified on 14<sup>th</sup> June, 2023 by MoP, it is stipulated that in case of Pre-payment meter, there shall be a provision for reading of meter at least once in every three months along with the data regarding energy consumption being made available to the Consumer through various digital media and further, in case of smart pre-payment meter the consumers shall be given the access for checking their consumption and balance amount.

Hence, the following Regulation is proposed in the First Amendment to the MERC (Supply Code) Regulations 2021:

“15.4.4 The pre-payment meters shall be read by an authorised representative of the Distribution Licensee at least once in every three months and the data regarding energy consumption shall be made available to the Consumer, through website or mobile application or Short Message Service and the like:

Provided that the Consumers having smart pre-payment meters shall also be given the data access for checking their consumption and balance amount at least on daily basis.”

## **2.8 Introduction of Regulation 15.6.1 (A) after Regulation 15.6.1 of the Principal Regulations:**

In the fourth amendment of the Rules, which was notified on 22<sup>nd</sup> February, 2024 by MoP, the Rules have prescribed the timelines within which Distribution Licensee has to test the concerned meters after receipt of complaint from the consumers. The provision of testing of meters were already there in the existing MERC (Supply Code) Regulations, 2021, however, the timelines for testing are required to be incorporated.

Hence, the following Regulation is proposed in the First Amendment to the MERC (Supply Code) Regulations, 2021:

“15.6.1 (A) The testing of meters shall be done by the Distribution Licensee within thirty days of receipt of the complaint from the consumer about the meter readings not being commensurate with his consumption of electricity, stoppage of meter, damage to the seal, burning or damage of the meter, and the like:

Provided that in case of complaint by a consumer regarding meter reading not being commensurate with his consumption of electricity, Distribution Licensee shall install an additional meter within five days from the date of receipt of the complaint, to verify the consumption, for a minimum period of three months.”

## **2.9 Substitution of additional Proviso in Regulation 15.6.2 of the Principal Regulations:**

Regulation 15.6.2 of the existing MERC (Supply Code) Regulations, 2021 specify as under:

*“15.6.2. The Consumer may, upon payment of such testing charges as may be approved by the Commission under Schedule of Charges can request the Distribution Licensee to test the accuracy of the meter by applying to the Distribution Licensee:*

*Provided that the Distribution Licensee may get the meter tested at its own laboratory or any other facility as may be approved by the Commission:*

*Provided further that if a Consumer disputes the results of testing carried out by the Distribution Licensee, the meter shall be tested at a National Accreditation Board for Testing and Calibration Laboratory (NABL) accredited laboratory chosen by the Consumer at the cost of the Consumer:*

*Provided further that in case of testing on the Consumer's request, if the meter is found to be beyond the limits of accuracy prescribed in the Central Electricity Authority (Installation & Operation of Meters) Regulations, 2006 as amended from time to time, the Distribution Licensee shall refund the test fee along with interest for the period the fees has been held by the Distribution Licensee, at a rate equivalent to the Bank Rate of the Reserve Bank of India to the Consumer by adjustment in the subsequent bill:*

*Provided further that the bills of the consumers shall be reconciled based on the meter testing results for a maximum period of Six (6) months or from the date of last testing, whichever is shorter, on the basis of the test report."*

The Rule stipulate that there should be visibility or awareness in public domain about the list of third party agencies approved by the Commission, for testing of meters.

Hence, additional proviso in Regulation 15.6.2 of the MERC (Supply Code) Regulations, 2021 is proposed to be substituted as under:

**Provided also that the list of NABL accredited laboratories for testing of meters shall be made available in their various offices as well as on the website of the Distribution Licensee**

#### **2.10 Introduction of Regulation 22.1(A) after Regulation 22.1 of the Principal Regulations:**

The Rule clearly provides for the facility of 24x7 power to all the Consumers except relaxation for some categories of Consumers like agriculture, based on the discretion of Commission.

Hence, in order to align with the Rule, the following Regulation is proposed:

“22.1 (A) The Distribution Licensee shall supply 24x7 power to all Consumers:

Provided that the Commission may specify lower hours of supply for some categories of consumers like agriculture.”

## **2.11 Substitution of d. and e. in Regulation 22.12.1 of the Principal Regulations:**

Regulation 22.12.1 of the existing MERC (Supply Code) Regulations, 2021 specifies as under:

*“22.12.1 The Distribution Licensee shall calculate the reliability of its distribution system on the basis of number and duration of sustained interruptions in a reporting period, using the following Indices:-*

- a. System Average Interruption Frequency Index (SAIFI);*
- b. System Average Interruption Duration Index (SAIDI); and*
- c. Customer Average Interruption Duration Index (CAIDI).*

*Provided that while calculating the above indices, the following types of interruptions shall not be taken into account:-*

- a. Scheduled outages;*
- b. Momentary outages of a duration not more than Five (5) minutes;*
- c. Outages due to the failure of the grid;*
- d. Outages due to the reasons described in Regulation 26.1 below.*

The MoP has introduced additional reliability indicators, viz., CAIFI and MAIFI, which need to be incorporated in the existing MERC (Supply Code) Regulations, 2021. Hence, additional indices at bullet d. and e. in Regulation 22.12.1 is proposed to be substituted as under:

- d. “Customer Average Interruption Frequency Index (CAIFI); and**
- e. Momentary Average Interruption Frequency Index (MAIFI):**

## **2.12 Introduction of Regulation 28.9 after Regulation 28.8 of the Principal Regulations:**

The Rule stipulates that the Distribution Licensee should adopt a mechanism preferably with automated tools for monitoring and restoring outages.

Hence, in order to align with the Rule, it is proposed to introduce Regulation 28.9 in the First Amendment to MERC (Supply Code) Regulations, 2021:

“28.9 The Distribution Licensee shall put in place a mechanism, preferably with automated tools to the extent possible, for monitoring and restoring outages.”

**Amendment to Annexure-II of the Principal Regulations: -**

The Electricity (Rights of Consumers) Amendment Rules, 2024 notified on 22<sup>nd</sup> February 2024, revised the timelines w.r.t. 'The Electricity (Rights of Consumers) Rules, 2020' on 31<sup>st</sup> December 2020. The timelines specified in 'The Electricity (Rights of Consumers) Amendment Rules, 2024', within which Distribution Licensees should provide new connection or modify an existing connection of consumers is different from the timelines mentioned in the existing MERC (Supply Code) Regulations, 2021 and hence, the Regulations need to be aligned with the MoP Rules. Accordingly, the Table for level of Compensation Payable to Consumer for failure to meet Standards of Performance, has been Modified.

**Substitution of Sr. No. 1 (ii) in Annexure-II of the Principal Regulations.**

Supply Activity/Event		Standard	Compensation Payable	Automatic/Manual
<b>1. Provision of Supply (Including Temporary connection)</b>				
(ii)	Time period for provision of supply from the date of receipt of completed application and payment of charges:		Rs 50 per week or part thereof of delay subject to maximum of twice the service connection charges applicable for the Consumer category	
	-in case connection is to be from existing network without any augmentation	1. Metropolitan Area – Three (3) Days 2. Other Municipal Areas – Seven (7) Days 3. Rural Area – Fifteen (15) Days		Automatic
	-where extension or augmentation of distributing main is required	Ninety (90) Days		Automatic

	- where commissioning of new sub-station forming a part of the distribution system is required	Ninety (90) Days		Automatic
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