

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
(CONSUMER GRIEVANCE REDRESSAL FORUM & OMBUDSMAN)
(FIRST AMENDMENT) REGULATIONS, 2024

STATEMENT OF REASONS

22 May 2024

Introduction:

The Maharashtra Electricity Regulatory Commission (“MERC” or “the Commission”) has notified the Maharashtra Electricity Regulatory Commission MERC (Consumer Grievance Redressal Forum & Ombudsman) Regulations, 2020 [“MERC CGRF and EO Regulations, 2020”] on 21 September 2020. As per Section 42 of the Electricity Act 2003 (“EA 2003” or “the Act”) Distribution Licensees has to setup Forum for redressal of grievances of consumers as per guidelines stipulated by the Commission. Said Section of the Act also provides appointment of Ombudsman by the Commission to which the consumer can approach if Forum setup by Distribution Licensee does not redress their grievance.

The Commission proposed the Draft MERC CGRF and EO (First Amendment) Regulations, 2024 with the rationale for the various provisions proposed in the Draft (First Amendment) Regulations, 2023 elaborated in the Explanatory Memorandum (EM) published along with the Draft (First Amendment) Regulations, 2024.

Accordingly, the Draft (First Amendment) Regulations, 2024 and the associated Explanatory Memorandum were published on the Commission’s website www.merc.gov.in in downloadable format on 7 March 2024. A Public Notice was also published in daily newspapers Marathi (Maharashtra Times and Lokmat) and English (Economic Times and Times of India), inviting

comments, objections and suggestions from all stakeholders to be submitted to the office of Commission on or before 28 March 2023.

A total of 20 stakeholders have submitted their comments/suggestions/objections on the Draft MERC (First Amendment) Regulations, 2024. The list of stakeholders who offered their comments/suggestions/ objections on the Draft First Amendment to MERC CGRF and EO Regulations, 2024, which have been considered by the Commission while finalising the Regulations, is placed at **Annexure-I**.

The main comments/suggestions/objections and views expressed by the stakeholders through their written submissions and the Commission's views thereon have been summarized in the following paragraphs. It may be noted that all the suggestions given by the stakeholders have been considered and the Commission has attempted to elaborate all the suggestions as well as the Commission's decisions on each suggestion in this Statement of Reasons (SOR). However, in case any suggestion is not specifically elaborated, it does not mean that the same has not been considered.

Some comments and suggestions were not directly related to the Draft Regulations on which inputs were invited. While the Commission has summarised such comments and suggestions or objections briefly in this Statement of Reasons (SOR), specific rulings on the same have not been provided, as the same are outside the scope of these First Amendment Regulations. Also, it may be noted that the Regulation numbers given in this Statement of Reasons are those mentioned in the draft Amendment Regulations.

The SOR is organised in Chapters as per the individual Regulations, on which comments have been received from stakeholders, summarising the main issues raised during the public consultation process, and the Commission's analysis and decisions on them which underline the Regulations as finally notified. Some comments may not have been included as also explained above, but that does not mean that the comments have not been considered.

1. Setting-up of CGRF at each Circle level:

1.1. Regulation 3.3 (establishment of Forum)

1.1.1. Proposed in Draft First Amendment to MERC CGRF and EO Regulations, 2024

“3.3 A Distribution Licensee shall establish one (1) Forum in each distribution Circle falling within its area of supply:

Provided that where the area of supply is the city of Greater Mumbai and adjoining areas, each Distribution Licensee shall have at least one (1) Forum for such area of supply:

Provided further that the area of jurisdiction of the Forum shall be decided by the Distribution Licensee subject to any guidelines or directions that may be issued by the Commission, from time to time.

Provided also that Forum established under Principal Regulations with jurisdiction of more than one Circle shall henceforth function as Forum for the Circle in which it is located. However, all pending grievances as on date of notification of these Regulations before such Forum shall be decided by such Forum only without transferring it to Forum to be setup for respective Circle.

Explanation – for the purpose of this Regulation 3.3, the term “distribution Circle” shall mean the geographical area falling within the jurisdiction of a Circle office of the successor entities of the Board as may be vested with the functions of distributing electricity pursuant to re-organisation of the Board.”

1.1.2. Comments received.

MSEDCL has suggested that the existing Mechanism is well-equipped and adequate. Alternatively, Internal Grievance Redressal Cell (IGRC) system as per previous CGRF Regulations can be restored and, in that case, aggrieved consumer may approach company-level CGRFs at existing Forums established at 11 locations. MSEDCL also raised the concern that introducing 44 circles will introduce coordination challenges, complicate the system, and result in an unnecessary increase in O&M cost of the Distribution Licensee. Also, increase in Forums may lead to the non-availability of suitable candidates for Members of these forums.

Many stakeholders including Maharashtra Veej Grahak Sanghatana (MVGS) suggested that all posts of newly created Forums shall be filled or at least charge shall be given to the concerned in the nearest circle.

Shri. Hemant Kapadia suggested that in the cities where urban and rural circles are situated in the same city, establishment of Forum at Circle Level is not advisable.

1.1.3. Analysis and Commission's decision.

As elaborated in the Explanatory Memorandum for the draft Regulations, the Electricity (Rights of Consumers) Rules 2020 notified by the Ministry of Power on 31 December 2020, mandates the setting up of CGRF at each Circle level. Hence, suggestion of not setting up of a CGRF at each Circle level cannot be accepted. Further, MSEDCL's suggestion of setting up of IGRC prevailing under earlier Regulations at each circle level instead of CGRF cannot be considered as while notifying MERC CGRF and EO Regulations, 2020, the Commission has analysed and concluded that IGRC system does not help in resolving consumer grievance and hence discontinued the same.

As far as the suggestion that all posts of CGRF needs to be filled, the Commission will ensure the same and till such posts are filled or for any vacant posts, an additional charge will be given to the Chairperson / Member of nearby CGRF so as to ensure that requirement of quorum is fulfilled and every CGRF remain functional.

The Commission has, therefore, not made any modifications in the Draft First Amendment CGRF and EO Regulations, 2024 in this regard.

2. Constitution of Forum for Redressal of Consumer Grievances

2.1. Regulation 4.1: Eligibility criteria for the post of Chairperson, CGRF

2.1.1. Proposed in Draft First Amendment to MERC CGRF and EO Regulations, 2024

3.1 Sub-clause (a) of Regulation 4.1 of the Principal Regulation shall be substituted by the following:

“(a) The Chairperson of the Forum shall be a retired senior judicial officer; or a retired civil servant not below the rank of an Additional Collector or equivalent; or a retired Principal of a reputed Engineering college; or a retired Professor of the Electrical Engineering Department of a reputed institute; or a retired senior electrical engineer of the Government:

Provided that the Chairperson shall preferably have working knowledge of the vernacular language of the State of Maharashtra:

Provided further that the Chairperson shall be nominated by the Commission after inviting applications from interested persons and selecting from shortlisted candidates:

Provided also that the Commission may specifically direct the Licensee to conduct such selection process under the guidance of the Commission. In such case, the Commission shall nominate the selection committee:

Provided also that the Commission shall verify the integrity and background of such applicants;”

2.1.2. Comment received.

MSEDCL suggested that Existing Regulations are as per the Electricity (Rights of Consumers) Rules, 2020. The prevailing rule 15 (1) of Electricity (Rights of Consumers) Rules 2020 issued by MoP states that the Forum shall be headed by an officer of licensee of appropriate seniority. Removal of such provision may be contradictory with Rules. Restricting the pool of candidates would dilute the competition for candidacy. Retired officers of MSEDCL would have at least 25 years of Experience and possess extensive experience and an in-depth understanding of the electricity sector, along with knowledge of historical orders, decisions, and other relevant aspects. Consequently, they would be well-equipped to make informed decisions promptly and effectively resolve consumer grievances. Therefore, existing provisions may be retained.

BEST Undertaking requested to retain existing provisions of eligibility of retired person from Distribution Licensee, as the retired person shall be in a better position to redress the disputes between consumer and Licensee.

Mumbai Grahak Panchayat (MGP) suggested to add a specific proviso that no present or retired employee of discom shall be eligible as a chairperson.

Shri. Suhas Khandekar suggested that the Commission should invariably hold the selection process through the Committee nominated by the Commission, which shall have only one committee member from the distribution licensee.

2.1.3. Analysis and Commission's decision.

The proposed amendment of removing a person from distribution Licensee is based on the experience and the various representations received before the Commission and is in the interest of the Consumers, to ensure fair redressal of grievances of the consumers.

With regards to MSEDCL's objection that MoP Rules stipulates that CGRF shall be headed by an officer of licensee of appropriate seniority, the Commission is of the opinion that provisions of MoP Rules providing composition of Forum is just an ancillary/supporting provisions. Main objective of the Electricity Act, 2003 or Rules is to provide forum for redressal of consumer grievances. The Commission in its Regulations have consciously provided different composition of CGRF, by not including person from Distribution Licensee, to increase faith of consumers in CGRF mechanism. Such provisions of Regulations which protects interest of consumers cannot be considered as inconsistent with Rules.

While including a retired employee of Distribution Licensee in eligibility criteria of Chairperson CGRF in MERC CGRF and EO Regulations, 2020, the Commission in its SoR for that Regulations have stated that skill, knowledge and experience of a person employed with the Licensee can be used for disposing of the complaints/grievances of the consumers. However, the Commission has received several representations opposing the appointment of retired employees of licensee as CGRF Chairperson. Considering such representations and to increase faith of consumers in CGRF mechanism the Commission has decided to amend this provision. With such amendment, no further provisions debarring the employee of the distribution licensee from the appointment of CGRF Chairperson is required.

Further to increase the pool of the people eligible for CGRF Chairperson, the Commission has included 'retired civil servant not below the rank of Additional Collector'.

As far as suggestion regarding committee for appointment of CGRF Chairperson is concerned, as said appointment is being done by the Commission, selection Committee is also setup by the Commission, and it does not have any representative of Distribution Licensee.

The Commission has therefore, not made any modifications in the Draft First Amendment CGRF and EO Regulations, 2024 in this regard.

3. Qualification for Electricity Ombudsman

3.1. Regulation 16.1: Eligibility criteria for the post of Electricity Ombudsman.

3.1.1. *Proposed in Draft First Amendment to MERC CGRF and EO Regulations, 2024*

5.1 Regulation 16.1 of the principal Regulations shall be substituted by the following:

“16.1 The Electricity Ombudsman shall be constituted from amongst a retired judge of a High Court or District Court, a retired Secretary to the Government or equivalent officer.”

3.1.2. *Comment received.*

MSEDCL suggested that removal of the criteria of retired employee of Distribution licensee based on the limited number of representations from consumers or consumer representative is inappropriate. Retired officer of MSEDCL would have at least 25 years of Experience and possess extensive experience and in-depth understanding of the electricity sector, along with knowledge of historical orders, decisions, and other relevant aspects. Consequently, they would be well-equipped to make informed decisions promptly and effectively resolved consumer grievances. Therefore, existing provisions may be retained.

3.1.3. *Analysis and Commission’s decision.*

While including retired employee of Distribution Licensee in eligibility criteria of Ombudsman in MERC CGRF and EO Regulations, 2020, the Commission in its SoR for that Regulations have stated that skill, knowledge, and experience of a person employed with the Licensee can be used for disposing the complaints/grievances of the consumers. However, the Commission has received several representations opposing appointment of retired employees of licensee as Ombudsman. Considering such representations and to increase faith of consumers in CGRF mechanism the Commission has decided to amend this provision.

There are only two Electricity Ombudsman in Maharashtra. Thus, sufficient pool of people from retired judge of a High Court or District Court, a retired Secretary to the Government or equivalent officer will be available for appointment as Electricity Ombudsman. Further these

persons can effectively address grievances of consumers as pre procedure stipulated in the Regulations.

The Commission has therefore, not made any modifications in the Draft First Amendment CGRF and EO Regulations, 2024 in this regard.

4. Other Comments/Suggestions

- 4.1. The Office of the Commission has received various comments/suggestions/objections from the various stakeholders listed in Annexure-I on the various issues such as remuneration, tenure of the members of the Forum, notice of the hearings, removing limitation of 2 years, clarification of Interest rate on refund amount, Security deposit, Electricity Duty, restrictions on consumer representatives for representation before forum, declaration of consumer's relationship with representative, power to disallow representative, condition for 50% payment for avoiding disconnection, appointments at EO Office, revision in compensation for non-fulfilling SoPs, etc, which were not directly related to the Draft Regulations published for inviting comments from stakeholders.
- 4.2. This SOR is prepared for the comments received from stakeholders on the proposed amendments only. The issues/ comments/suggestions/objections, which were not part of this public consultation process cannot be addressed here.

Sd/-
(Surendra J. Biyani)
Member

Sd/-
(Anand M. Limaye)
Member

Sd/-
(Sanjay Kumar)
Chairperson

Annexure-I

Sr. No.	Name of Stakeholder
1	Maharashtra Veej Grahak Sanghatana
2	Shri. B. R. Mantri
3	The Ichalkaranji Powerloom Weavers Co-op Association Ltd. Ichalkaranji
4	Shri. Hemant Kapadia
5	Shri. Makarand Kulkarni, Member (Tech), CGRF, Ch. Sambhajinagar
6	Powerloom Charitable Association, Dhule
7	Shri. Bharat Agrawal, Khandesh Industrial Development Association
8	Maharashtra State Electricity Distribution Co. Ltd.
9	BEST Undertaking
10	Shri. Sachin Chordiya, Jalgaon Industries Association
11	Mumbai Grahak Panchayat
12	Shri. Suhas R Khandekar
13	CGRF Nashik
14	CGRF Akola
15	Jagrut Grahak Raja Samajik Sanstha
16	Shri. Pramod Khandagale, MVGS
17	Shri. Bhimrao Betal
18	Shri. Ambadas Pawar, Shegao Adhyaksh, MVGS