

BEFORE THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Quorum

1. Hon'ble Shri Raj Pratap Singh, Chairman
2. Hon'ble Shri Kaushal Kishore Sharma, Member
3. Hon'ble Shri Vinod Kumar Srivastava, Member

IN THE MATTER OF:

Failure of electricity supply to consumers having smart meters installed in the premises in violation of the UPERC Electricity Supply Code, 2005, Standards of Performance Regulations and non-compliance of the Conditions of the Distribution License

1. Managing Director, Uttar Pradesh Power Corporation Ltd., 14, Ashok Marg, Shakti Bhawan, Lucknow.
2. Managing Director, Madhyanchal Vidyut Vitran Nigam Ltd., 4 Gokhale Marg, Lucknow
3. Managing Director, Poorvanchal Vidyut Vitran Nigam Ltd., Purvanchal Vidyut Bhawan, P.O. Vidyut Nagar, DLW, Varanasi.
4. Managing Director, Paschimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut.
5. Managing Director, Dakshinanchal Vidyut Vitran Nigam Ltd., Urja Bhawan 220, K.V. Up-Sansthan Bypass Road Agra – 282007
6. Managing Director, Kanpur Electricity Supply Co. Ltd., 14/71, Civil Lines, KESA House, Kanpur.

Present in the Hearing:

1. Shri M. Devaraj, MD, UPPCL
2. Shri Surya Pal Gangwar, MD, MVVNL
3. Smt. Saumya Agrawal, MD, DVVNL
4. Shri K. Balaji, MD, PuVVNL
5. Shri Arvind Mallapa Bangari, MD, PVVNL
6. Shri Ajay Kumar, MD, KESCO



7. Shri Amarjeet Singh Rakhra, Counsel, UPPCL & Discoms

ORDER

(Date of Hearing 03.09.2020)

1. In regard to widespread failure of electricity supply that occurred on 12th August, 2020 thereby adversely affecting those consumers, who have smart meters installed in the premises, the Commission vide its show-cause notice no. UPERC/Secy/Petition (VCA)/2020-186 dated 13th August, 2020 had directed to make submission on following account:-

"1. Detailed status report of the incidents in terms of root cause analysis of the event along with number of consumers whose supply was interrupted on this account and the time taken for restoration of supply. You must also underscore the persons/institutions responsible for this lapse along with the remedial measures which would be taken to ensure that such incidence is not repeated in future.

2. So as to why action under Section 142 of the Electricity Act, 2003 read with UP Electricity Reforms Act, 1999 should not be initiated against you for violation of provisions of UPERC Electricity Supply Code, 2005, license conditions and other Orders of the Commission."

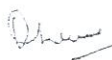
2. UPPCL and Discoms, vide its reply dated 17th August 2020, requested further time for furnishing the proper response citing different reasons. The Commission vide its order dated 19.08.2020 expressed its categorical dissatisfaction on the response however granted time to the licensees as well as UPPCL up to 23rd August, 2020 and directed them to make detailed submission in the matter as mentioned in the show-cause notice no. UPERC/Secy/Petition (VCA)/2020-186 dated 13th August, 2020.
3. In response to Commission's order dated 19th August 2020, UPPCL and Discoms submitted their response vide letters dated 23.08.2020. Taking into consideration the submission made by UPPCL and Discoms, the Commission under powers conferred by Section 57 (2) of the Act as well as its inherent power proposed a



compensation of Rs 100 to all the consumers, whose supply has been restored within 24 hours with an additional compensation of Rs. 50 per day beyond restoration time of 24 hours and listed the case for hearing on 03.09.2020 for providing them an opportunity of being heard.

Submission of UPPCL and Discoms

4. The Discoms have made submission in the matter which is similar to the reply filed by UPPCL in the matter. UPPCL in its submission dated 01st September 2020, has provided details on various aspects including reasons associated with the incident, actions that have been taken and arguments for relaxation in regard to compensation that has been proposed by the Commission in its Order dated 25th August, 2020.
5. In its submission UPPCL has mentioned that in the incident dated 12/08/2020 which adversely affected 1,58,703 consumers drawing energy through smart meters were 54,144 consumers who were defaulters and had outstanding dues of energy against them. These consumers were served with a bill cum notice every month and were also served with reminder messages.
6. UPPCL submitted that as per the preliminary enquiry it seems that erroneous remote disconnect command was executed however, the issue has now been resolved and necessary upgrades have been implemented to prevent any recurrence. UPPCL has further submitted that an Enquiry Committee has been constituted by the Chairman UPPCL to look into the matter. The report of the Enquiry Committee is expected to indicate the reasons which led to the unscheduled disruption of supply and the persons/ institution who were liable for the said incident. The issue is also been investigated by the Special Task Force (STF) as per the directions of the State government.
7. UPPCL has also issued a notice to M/s EESL thereby urging them to have an STQC (Standardisation Testing and Quality Certification) Audit conducted on the entire system process with a view to plug out any deficiencies and keep the system



free from errors. Apart from the above, Chairman UPPCL has, through the Twitter Handle of the organization, tendered an apology to the affected consumers. In addition to the above, message of apology has been sent on the registered mobile numbers of the affected consumers regretting the inconvenience caused to them.

8. UPPCL has further submitted that the incident was not result of any deliberate or willful act on the part of the UPPCL/DISCOMs but was a technical glitch. Furthermore, the said incident was also not of such a nature which could have been prevented with the vigil or alertness at the end of the UPPCL/DISCOMs. The incident was the result of technical malfunction beyond the immediate control of the licensee. Accordingly, UPPCL submitted it had neither any intention to disconnect the energy of the affected consumers nor had the knowledge that any fault or error could lead to this disruption.
9. From the viewpoint of non-compliance of Regulations, UPPCL submitted that since the incident was neither a deliberate act nor an informed decision to disconnect the energy supply of the consumers, either on account of outstanding electricity dues or for any reason whatsoever, Regulations 16.11.1 standards of Performance Regulations, 2019 and Clause 4.36 of the Uttar Pradesh electricity Supply Code 2005 is not attracted to the facts and circumstances of the present case.
10. It is further submitted that neither the standards of Performance Regulations, 2019 nor Regulation 26 of the UPERC (General Conditions of Distribution License) Regulations 2004 cater to the situation at hand as there is no specific provision in the standards of Performance regulations, 2019 where dis-continuation of supply/disruption of supply is dealt with. It is also submitted that as Standards of Performance Regulations, 2019 which have been framed by drawing power from Section 57(1) of the Electricity Act 2003, does not deal with the situation akin to the present, therefore no pecuniary liability should be imposed upon UPPCL as pecuniary liability can be fastened only while strictly adhering to the statutory provisions.
11. With regard to the observation of the Hon'ble Commission on the issue of security of the Grid, the UPPCL submits that the collective sanctioned load of the affected



consumers was 320 MW only and this load was insignificant to cause any security threat to the Grid.

12. It is also submitted by UPPCL/DISCOMs that the implementations of Smart Meter Technology in Uttar Pradesh, for which Discoms have entered into agreement with M/s EESL in furtherance to the initiative of the Central Government, is still in the nascent stage and as such, has certain teething troubles. Taking into the consideration the above submission, UPPCL has requested that the incident may not be viewed as "disconnection of supply in default of payment", as defined under Section 56 of the Electricity Act 2003 or envisaged under Regulation 28 of the UPERC (General Conditions of distribution License) Regulations 2004. In its submission UPPCL has also assured to make the smart meter Technology successful and defect free thereby providing best services to the consumers of energy in the State of Uttar Pradesh and efforts will be made to ensure that the failure is not repeated in future. In view of above grounds, UPPCL has requested to waive-off the penalty proposed by the Commission.
13. The Commission has taken cognizance of the submission made by UPPCL and it believes that only the Enquiry report will be able to bring forward the precise reasons for the failure and also the remedial measures to be taken in this respect. The Commission also observed that the incident ^{might} ~~may~~ not be a deliberate one on part of licensee nevertheless the breach of regulatory framework viz violation of relevant provisions of Electricity Supply Code and Standards of Performance Regulations cannot be denied.
14. The Commission is aware that the implementation of Smart Meter Technology in Uttar Pradesh is still in the nascent stage and as such it will gradually stabilise. However, the incident has not only exposed the loopholes in the implementation of smart meter plan but has also shown a glimpse of bigger issues that may occur as the number of smart meters will increase in future. Contradicting UPPCL's averment that the collective sanctioned load of the affected consumers was 320 MW only, which was insignificant to cause any security threat to the Grid. The Commission stated that the smart meter roll out plan stands approved by the Commission for installation of 40 lakh smart meters across the State. So far



Dhawan

2

UPPCL/ Discoms have installed around 12 lakh smart meters out of which 1,58,703 consumers were affected, which resulted into throw-off of 320 MW accordingly, if such an incidence happens with 40 lakh smart meters the magnitude of throw-off could reached to 3500 MW load from the grid, which than will certainly be detrimental for the grid security. Hence the Commission is of the opinion that such lacunas need to be corrected before increase in smart meters, otherwise it made endanger the security of grid.

15. Regarding request for waiving-off the penalty, the Commission clarifies that the amount that has been proposed as a compensation to consumers and not a penalty that is to be levied on the Discoms/ UPPCL. The Commission observed that licensees should be sensitive towards consumers and such incidents shouldn't be taken in a casual manner. The Commission observed that the consumer the most important stakeholders in the chain of power sector hence, any progress in the sector cannot be achieved unless the interest of consumer is protected, his confidence in various initiatives of sector is restored and he is made to realise that he will get a fair deal from the constituents of power sector, be it in terms of quality of service or some kind of compensation in case of failure to achieve prescribed framework. The Commission cannot sit in misery and be apathetic to the genuine issues being faced by consumers in garb of technical malfunctions.

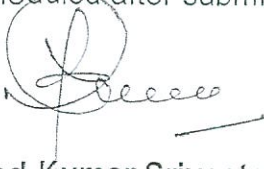
Hence, the Commission directed that first and foremost, as a mark of respect to consumers, UPPCL/DISCOMs should issue a public apology on the issue in two newspapers.

Directions of the Commission

16. The Commission directed UPPCL to submit the final report of the enquiry committee providing root cause analysis of the incident and the suggested remedial measures to ensure that such incidents do not occur in further. Further the Commission will decide on the issue of compensation after the submission of

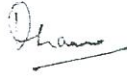


final report of enquiry committee by UPPCL. The next date of hearing will be scheduled after submission of final report of enquiry committee by UPPCL.



(Vinod Kumar Srivastava)

Member



(Kaushal Kishore Sharma)

Member



(Raj Pratap Singh)

Chairman

Place: Lucknow

Dated: 29.09.2020



