



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

IN

CASE NO: OA – 370 /21 – 22

IN REGARD TO THE APPLICATION FOR APPROVAL OF THE SCHEME FOR SMART METERING FOR THE PETITIONER'S AREA OF SUPPLY IN TERMS OF RULE 5 (1) OF THE ELECTRICITY (RIGHTS OF CONSUMERS) RULES, 2020 READ WITH REGULATION 3.12 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (ELECTRICITY SUPPLY CODE) REGULATIONS, 2013

PRESENT:

**DR MALLELA VENKATESWARA RAO, CHAIRPERSON
SRI PULAK KUMAR TEWARI, MEMBER**

DATE: 29.05.2023



FACTS IN BRIEF:

- 1.0 The CESC Limited (in short 'CESC'), under cover of their letter dated 02.07.2021, has submitted the present petition under Rule 5 (1) of the Electricity (Rights of Consumers) Rules, 2020 read with regulation 3.12 of the West Bengal Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2013, seeking this Commission to approve the Scheme for smart metering for CESC's area of supply, which inter-alia includes installation of smart pre-payment meters for consumers situated in its licensed area, and for consequential directions. The Commission has admitted the application in Case No. OA – 370/21-22.
- 2.0 The application of CESC inter-alia states the followings:
- 2.1 The present petition is invoking Rule 5 (1) of the Electricity (Rights of Consumers) Rules, 2020 notified by the Central Government on 31.12.2020 read with Regulation 3.12 of the West Bengal Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2013.
- 2.2 CESC serves 34 lakhs consumers approximately, which includes domestic, industrial and commercial users. 72% of CESC's consumers have a monthly bill of less than Rs. 375. Against the same, present per end-point cost of smart metering system for a 5-year project period works out to around Rs. 6,265. Majority of consumers pay monthly bills less than 6% of the typical costs associated with each smart meter installation.
- 2.3 Section 55 of the Electricity Act, 2003 provides that no licensee shall supply electricity except through installation of a correct meter in accordance with regulations to be made in this regard by the Central Electricity Authority ("CEA"). First proviso to Section 55 allows a consumer to either purchase the meter by itself or to take the same on rent from the concerned distribution licensee.
- 2.4 CEA has notified the CEA (Installation and operation of meters) Regulations 2006 (in short "CEA Metering Regulations") that came into force on 17.03.2006. Subsequently, on 23.12.2019, CEA made amendments to the CEA Metering Regulations and made it compulsory for all new consumer meters to be smart meters with pre-payment feature. In addition, it has been specified that existing meters other than smart meters shall be replaced with smart meters with pre-payment feature, within the time frame specified by the Central Government. The Petitioner, on 21.10.2020, had addressed a communication to CEA



highlighting the challenges related to installation of smart pre-payment meters / pre-payment meters.

- 2.5 The West Bengal Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2013 issued by this Commission (in short 'Electricity Supply Code') provides the following with respect to smart metering:

"3.12 Smart Metering:

*For smart meter, if accessories are required to be installed at the consumer's premises for the purpose of different requirements under smart grid implementation, then the consumer will provide the space for such installation. **For the smart metering purpose, the licensee shall submit its proposal to the Commission for approval giving details of the scheme for such smart metering for which the Commission will come out with an order.** For introduction of smart meter Commission may bring out necessary orders which may be applicable for such cases. On stabilization of the Smart metering system the appropriate regulations will be framed subsequently. It is to be noted that where smart meter will be introduced it will be mandatory."*

- 2.6 Rule 5 of the Electricity Rules 2020 issued by the Central Government, in exercise of its powers under Section 176 (1) read with Section 176 (2) (z), which came force with effect from 31.12.2020, deals with metering wherein *inter-alia* a restriction has been placed on giving electricity connection unless a smart pre-payment meter or pre-payment meter is installed. Relevant excerpts of Rule 5 read as follows:

*"5 (1) No connection shall be given without a meter and such meter shall be the smart pre-payment meter or pre-payment meter. **Any exception to the smart meter or prepayment meter shall have to be duly approved by the Commission.** The Commission, while doing so, shall record proper justification for allowing the deviation from installation of the smart pre-payment meter or pre-payment meter."*

- 2.7 As per the Electricity Act, 2003, safeguarding or protecting the interest of the consumers and prevention of tariff shock are some of the cornerstones for tariff determination, together with recovery of the cost of electricity in a reasonable manner.
- 2.8 Rule 5 (1) of the Electricity Rules 2020, beside directing to give electricity connections with smart pre-payment meters or pre-payment meters, also vests the State Electricity Regulatory Commission with the power to make an exception to it and to permit deviation from such requirement of installing smart pre-payment meter or pre-payment meter with proper justification for allowing the deviation.



- 2.9 It is apparent that the Electricity Rules 2020, read in consonance with the mother Act, allows deviation from the program of installation of smart pre-payment meters or pre-payment meters where the same is justified to meet other requirements of the Act, mainly safeguarding the interest of the consumers.
- 2.10 Regulation 3.12 of the Electricity Supply Code issued by this Commission which deals with smart metering does not in any manner contradict or conflict with the Electricity Rules 2020 or with the CEA Metering Regulations. The prescription to seek approval of this Commission by a licensee to its scheme for smart metering is, hence, compulsory and brooks no exception.
- 2.11 A combined reading of Rule 5 (1) of the Electricity Rules 2020 and Regulation 3.12 of the Electricity Supply Code posits that the rollout of smart metering should be in accordance with the implementation scheme as approved by this Commission under the Electricity Supply Code. Any aspects relating to implementation of smart metering, including those relating to manner of rollout, its timing, phasing / staggering, geographic spread, scope of consumer coverage etc. that may be decided by the Commission while approving the scheme for smart metering as per Regulation 3.12 of the Electricity Supply Code, would be permissible under Rule 5 (1) of the Electricity Rules 2020 that unequivocally vests the Commission with the power to make any exception / deviation from installation of the smart pre-payment/ pre-payment meter.
- 2.12 The imminent necessity to formulate a scheme for smart metering has arisen in view of the Electricity Rules 2020 notified by the Central Government on 31.12.2020 which requires that electricity connections are to be given by a licensee with a smart pre-payment / pre-payment meter. Further, the Act provides that the cost of electric meter is to be effectively recovered from the consumer who requires electricity supply be it smart or pre-payment or static meter.
- 2.13 Electricity Rules 2020 is applicable to all existing and intending consumers and the State Electricity Regulatory Commissions have been conferred with power to allow deviation in metering infrastructure with respect to connection of supply. This is particularly important for the private distribution licensees who do not have the benefit of State grants or funds at their disposal to take up such a capital-intensive exercise unlike State Distribution Utilities.
- 2.14 Smart metering system consists of meters and communication system. At present, the communication system can be achieved either through Radio-Frequency (RF) mesh or cellular