



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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**MONDAY, THE TWENTY FOURTH DAY OF
FEBRUARY TWO THOUSAND AND TWENTY-FIVE
(24-02-2025)**

Present

Sri Thakur Rama Singh, Member & Chairman(i/c)

Sri P.V.R.Reddy, Member

In the matter of specifying the Third Amendment to the Andhra Pradesh Electricity Regulatory Commission (Licensees' Duty for Supply of Electricity on Request and Recovery of Expenses for Providing Electric Line or Electrical Plant) Regulation, 2013 (Regulation No. 4 of 2013).

Order

The Central Electricity Authority (CEA) has issued amendments to the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 through the CEA (Installation and Operation of Meters) (Amendment) Regulations, 2019, and the CEA (Installation and Operation of Meters) (Amendment) Regulations, 2022. The 2019 amendment mandates that all new consumer meters must be Smart Meters with a prepayment feature and that the existing meters (excluding Smart Meters) must be replaced with Smart Meters with a prepayment feature within a timeline specified by the Central Government(Clause 4(1)(b)). The 2022 amendment substitutes the above Clause 4(1)(b) with the following:

- In areas with a communication network, all consumers must be supplied electricity through Smart Meters operating in prepayment mode, conforming to

relevant Indian Standards (IS) within timelines specified by the Central Government.

- For consumer connections exceeding the current carrying capacity specified in the relevant IS, meters must have an automatic remote meter reading facility or be Smart Meters as per the relevant IS.
- In areas without a communication network, the installation of prepayment meters conforming to relevant IS will be permitted, as approved by the respective State Electricity Regulatory Commission.

Whereas, the Ministry of Power(MOP) issued notifications dated 17.08.2021 specifying the timelines for replacing existing meters with smart meters.

Whereas, APDISCOMs, vide their letters (APSPDCL-27.01.2024 & 06.05.2024, APCPDCL-28.01.2024 & 30.08.2024 and APEPDCL -10.01.2024 & 07.05.2024) requested the Commission to make appropriate amendments to the relevant Regulations notified by the Commission and the General Terms and Conditions of Supply (GTSC) in the backdrop of the installation of Smart Meters.

Based on the above, the Commission has decided to make appropriate amendments and accordingly published the third Amendment to the Andhra Pradesh Electricity Regulatory Commission (Licensees' Duty for Supply of Electricity on Request and Recovery of Expenses for Providing Electric Line or Electrical Plant) Regulation, 2013 (Regulation No. 4 of 2013), on its website along with a Common Public Notice on 01.01.2025 inviting all the stakeholders to furnish their comments/suggestions/objections on the proposed amendment to Regulation 4 of 2013 and two other relevant Regulations and GTCS, if any, to the office of the Commission by 22.01.2025. Subsequently, on 21.01.2025, the Commission extended the deadline for furnishing the comments/suggestions/objections to 29.01.2025 based on the request of APDISCOMs and some objectors.

By the deadline on 29.01.2025, the Commission received 32 Nos of comments/suggestions/objections from the stakeholders on the amendments proposed in the common public notice. The gist of comments/suggestions/objections received, and the Commission's analysis and decisions on the same with regard to the amendment to the Andhra Pradesh Electricity Regulatory Commission (Licensees' Duty for Supply of Electricity on Request and Recovery of Expenses for Providing Electric Line or Electrical Plant) Regulation, 2013 (Regulation No. 4 of 2013) are discussed below (The list of objectors is as per Annexure-I).

1. Amendment to Clause 7(2) (to be substituted)

Draft

“(2) It shall be the duty of every distribution licensee to provide an electric meter for giving an electric supply to a consumer. The Distribution Licensee shall install smart meters, including the display unit, conforming to the technical requirement as prescribed in the CEA (Installation and Operation of Meters) Regulations, 2006 and its subsequent amendments. The smart meter shall have both ways of communication and shall be compatible with AMI and AMR applications. Smart meters shall have a built-in security mechanism to guard against any attempt to steal the codes. The Licensee or the Consumer can bear the meter and allied equipment cost. If the Licensee bears such cost, it may collect meter cost as rent approved by the Commission under Section 45 of the Act or in Tariff Orders. Alternatively, the Licensee may require the Consumer to bear the full cost of meter and allied equipment, and in such a case, the Licensee is not entitled to collect meter rent.”

Objections/views/comments

A. Sri S. Surya Prakasa Rao/Former Secretary/Erstwhile APERC

The proposed amendment is inconsistent with Section 55 of the Electricity Act, 2003. Section 55 mandates that the licensee must provide the meter at its cost,

allowing the consumer the option to purchase a meter instead of paying rent. The proposed amendment removes the consumer's right to choose and gives discretion to the licensee, which is beyond the powers of the State Commission. The omission of the consumer's explicit option may allow DISCOMs to compel consumers to purchase meters. Further, as per Clause 6(2)(a) of CEA Metering Regulations, 2006 (as amended from time to time), consumer meters shall generally be owned by the licensee and as per Clause 6(2)(b), if any consumer opts to purchase a meter, he may purchase the same. The draft Regulation cites the need to align with the CEA Metering Regulations (2006, 2019, 2022) and the MoP notification (17.08.2021) for smart metering with pre-payment features. However, smart metering and liability for metering costs are distinct issues, and there is no justification for introducing cost-related provisions in Regulation No. 4 of 2013 when Section 55 of the Electricity Act, 2003 is clear on the matter. Furthermore, the MoP notification lacks legal sanctity under the Electricity Act and is not binding on DISCOMs or State Commissions. It also does not cite the legal authority under which it was issued, except referencing the CEA Metering (Amendment) Regulations, 2019.

The replacement of existing meters with smart pre-payment meters falls under the Regulatory Jurisdiction of State Commissions due to the significant capital investment required by DISCOMs and the potential tariff burden on consumers. Meter replacement should be need-based and approved by the State Commission, which must evaluate key statutory, financial, and regulatory concerns. These include whether the Central Government or CEA has the legal authority to mandate a pre-payment system without consumer consent and without amending the Electricity Act and whether the MoP assessed how many consumers would actually opt for pre-payment. Additionally, it must be determined who will bear the high costs of smart meter implementation and

whether such investments could become wasteful if many consumers reject pre-payment. A thorough cost-benefit analysis is necessary to ensure that consumer interests are protected and that central government and DISCOMs' prioritisation of pre-paid metering over distribution network upgrades under the RDSS is justified.

Therefore, the proposed amendment may be dropped. DISCOMs should be directed to assess consumer interest in opting for the pre-payment system, conduct a cost-benefit analysis considering that pre-payment metering improves collection efficiency but does not reduce energy losses, and install pre-paid meters only for consumers who voluntarily opt for them.

B. Sri B.B. Ganesh/General Secretary/Visakhapatnam Apartment Residents' Welfare Association

The Central Government, through its Ministry of Power (MoP), is issuing directives. The Central Electricity Regulatory Commission and State Electricity Regulatory Commissions are amending their Regulations accordingly. We request the Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, who are responsible for protecting the public interest, to stop following the directives of the central government and surrendering their independence. Amendments to the Electricity Act, 2003 passed by Parliament can only be made by Parliament itself. The central government does not have the authority to issue orders that contradict this law. Therefore, the proposed amendments to the Regulations are illegal. We request the same be withdrawn.

Until now, the electricity department has been responsible for installing meters for consumers, and if a meter gets damaged, the department replaces it with a new one. However, as per the proposed amendment, the consumers should bear the cost of the smart meter and its associated equipment. Alternatively, the distribution company would install the smart meter and charge rent for it. This

would impose an additional financial burden on consumers. Therefore, we oppose these proposed amendments.

C. Sri M. Venugopala Rao/Convener/Center for Power Studies and 3 others

The installation of pre-paid meters cannot be mandated by governments, the Central Electricity Authority, DISCOMs, or ERCs without consumer consent. Section 47(5) of the Electricity Act, 2003, states that a distribution licensee cannot demand security if the consumer opts for a pre-payment meter, implying that its installation must be voluntary. Any directives, orders, or Regulations cannot override this legal provision. A Karnataka High Court ruling reinforces this position. Since neither the Central Government nor ERCs can override the Act, the CEA also lacks such authority. APERC is exceeding its powers and infringing on consumers' right to choose their meter. This effectively forces DISCOMs to act unlawfully. The amendment should either be withdrawn or revised to ensure that smart or pre-paid meters are installed only with consumer consent. APERC should also educate consumers to safeguard their rights.

D. Sri M. Thimma Reddy/Convener/People's Monitoring Group on Electricity Regulation

Under the existing Electricity Act, the Government of India has no authority to mandate the replacement of existing meters with prepaid smart meters. Additionally, Regulations from the Central Electricity Authority (CEA) regarding prepaid smart meters are not mandatory. Prepaid meters are optional, as per Section 47(5) of the Electricity Act, 2003, which allows consumers to choose prepaid meters to avoid providing security. Therefore, neither the government, CEA, DISCOMs, nor ERCs can force the installation of prepaid meters without consumer consent. DISCOMs must assess consumer willingness before implementing prepaid meters to avoid making investments that cannot be recovered. The Karnataka High Court, in its judgment dated 20.12.2024 on Green Energy Open Access, stated that the Central Government has only an

advisory role and cannot direct ERCs to create or amend Regulations. In light of this judgment, APERC should treat the Ministry of Power's notification dated 17.08.2021 on replacing existing meters with smart meters as an advisory. APERC should then assess the relevance of smart meters based on the prevailing situation in the state.

E. Prayas(Energy Group)

The Commission may provide clear directives on meter ownership, including whether ownership transfers to the distribution licensee and who is responsible for bearing the replacement costs in case of meter failure. The Commission should provide clear directives on the process and costs consumers must bear if the licensee requires them to cover meter and equipment expenses. Any revisions to these costs should be communicated to consumers in advance by the distribution licensee. This will address the concerns of consumers who have purchased the meters and upon disconnection may be removed by the distribution licensee.

Commission's analysis and decision:

The objectors contend that the proposed amendment violates Section 47(5) of the Electricity Act, 2003, which makes prepaid meter installation optional and dependent on consumer consent. This argument is unfounded. The amendment focuses solely on the installation of *smart* meters, and crucially, does *not* mandate prepaid billing. Thus, the proposed amendment does not violate the Electricity Act, 2003 as contended by the objectors.

Another contention raised by the objectors is that the proposed amendment violates Section 55 of the Electricity Act, 2003, and Clause 6(2)(b) of the CEA Metering Regulations, which grant consumers the right to purchase their meters. However, it is important to note that the proposed amendment specifies, among other things, that the Licensee or the Consumer can bear the meter and allied

equipment cost. Additionally, the proposed amendment to Clause 7.1.1 of the General Terms and Conditions of Supply (GTCS) specifies, among other things, that unless the consumer chooses to install his own meter, the Company will provide the meter required for measuring electricity consumption and may charge a monthly rental as prescribed by the Commission in the Tariff Order. These provisions make it amply clear that consumers retain the option to purchase their own meter and that the proposed amendment is in line with Section 55 of the Electricity Act, 2003, and Clause 6(2)(b) of the CEA Metering Regulations.

As regards the financial burden on consumers due to the costs of smart meters and associated equipment, it is important to note that the installation of smart meters offers the following several benefits that, in the long run, more than offset these costs.

- **Improved Grid Management:** Smart meters enable two-way communication, providing real-time data on consumption patterns. This data is crucial for efficient grid management, load balancing, and reducing transmission losses. Utilities can better manage energy demand, reducing peak load issues and improving the efficiency of energy distribution, which may lead to fewer power outages and improved grid stability. This ultimately benefits all consumers through a more stable and potentially less expensive electricity supply in the long run.
- **Enhanced Consumer Information and Control:** Smart meters can provide consumers with detailed information about their energy usage, empowering them to make informed decisions about consumption and potentially save money. Real-time data can also facilitate the use of time-of-use tariffs, allowing consumers to shift their usage to off-peak hours and reduce their bills.
- **Reduced Operational Costs:** While the initial investment in smart meters is high, they can reduce operational costs for distribution licensees (DISCOMs) in

the long run which can be passed on to consumers. Automated meter reading eliminates the need for manual readings, reducing labour costs and minimising billing errors. Remote connection and disconnection capabilities also streamline operations.

- **Faster Service Restoration:** In the event of an outage, smart meters help utilities quickly locate the problem, allowing for faster restoration of service and reducing the duration of blackouts.
- **Facilitation of Renewable Energy Integration:** Smart grids, enabled by smart meters, are essential for integrating distributed renewable energy sources, such as rooftop solar. They allow for better management of intermittent generation and facilitate the flow of electricity back into the grid.
- **Alignment with National Objectives:** The Ministry of Power is promoting smart metering as part of its broader strategy to modernize the electricity sector. While the *manner* of implementation is contested, the *general direction* aligns with national objectives for a more efficient and sustainable energy system.
- **Facilitates Future Technologies:** Smart meters are an essential part of the move toward a more connected and digital energy infrastructure, enabling features like smart grids, demand response, and electric vehicle charging management.

Further, Section 55(1) read with Clause (c) of sub-section (2) of Section 177 of the Electricity Act, 2003 empowers the Central Electricity Authority (CEA) to make Regulations concerning the installation and operation of accurate meters. In line with this, the CEA has amended the Metering Regulations to mandate the installation of smart meters. Consequently, the Commission has to align its Regulations with the CEA Metering Regulations as far as the installation of smart meters is concerned.

As regards the request of one of the objectors to issue clear directives on the ownership of meters purchased by consumers, it may be noted that Clause 6(2)(b) of the CEA Metering Regulations already specifies the rules regarding the ownership of the meter purchased by the consumer, which is extracted below for reference:

“If any consumer opts to purchase a meter, the same may be purchased by him as per the technical specifications laid down by the licensee in compliance with these Regulations and the meter purchased by the consumer shall be tested, installed and sealed by the licensee. Provided that the consumer shall claim the meter purchased by him as his asset only after it is permanently removed from the system of the licensee.”

In view of the above position, there is no need to issue directives in this regard as the procedure to be followed by DISCOMs shall be in line with the CEA Metering Regulations.

The final amended Regulation is shown in Annexure-II.

Sd/-
P.V.R Reddy
Member

Sd/-
Thakur Rama Singh
Member & Chairman(i/c)

Annexure-I

List of Objectors

S.No	Name of the Objector
1	Sri. S. Surya Prakasa Rao. Former Secretary/Erstwhile APERC
2	Sri B.B. Ganesh, General Secretary, Visakhapatnam Apartment Residents' Welfare Association, Visakhapatnam
3	Sri M. Venugopal Rao, Senior Journalist & Convener for Center for Power Studies, Hyderabad
4	Sri Ch. Baburao, State Secretariat Member, CPI(M), Vijayawada
5	Sri Kandharapu Murali, Secretariat Member, CPI(M), Tirupati
6	Sri M. Thimma Reddy, Convener, People's Monitoring Group on Electricity Regulation, Hyderabad
7	Prayas(Energy Group), Pune
8	Sri Pitta Narayana Murthy, General Secretary, Greater Visakha Resident Colony Associations' Federation, Visakhapatnam
9	Sri T. Rama Chandrudu. District Joint Secretary, Andhra Pradesh Rythu Sangam, Nandyal
10	Sri J. Siva Kumar, Andhra Pradesh Rythu Sangam, Guduru
11	Sri Lakshmana Rao Bollipalli
12	Smt.Leelavathi Vangipurapu
13	Sri Sreedhar Rao Vangivarapu
14	Sri B. Tulasidas, Tadepalli
15	Sri D. Sreenivasulu, Ongole
16	Sri M.V.Anjaneyulu, Convener, Vidyuth Viniyoga Darula Ikya Vedika, Vijayawada-520015
17	Sri M. Raghava Rao, Ongole
18	Sri B. Umamaheswara Rao, Anakapalli Zone convener, Visakhapatnam Apartment Residents' Welfare Association, Visakhapatnam
19	Sri R.Chandra Sekhar, President, Santhosh Nagar Development Association, Kurnool

20	Sri A.G.Rajmohan, General Secretary, Andhra Pradesh United Citizens' Forum, Ananthapuramu
21	Sri C.V. Varma and 5 others, Pattana Poura Sankshema Sangham, Kurnool
22	Sri Gangaraju Nageswara Rao
23	Sri P.Srinivasa Rao, Anakapalli Pattana Poura Sankhema Sangham, Anakapalli



Annexure-II

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

[Regulation No.1 of 2025]

**Third Amendment to the Andhra Pradesh Electricity Regulatory Commission
(Licensees' Duty for Supply of Electricity on Request and Recovery of Expenses
for Providing Electric Line or Electrical Plant) Regulation, 2013 (Regulation No.4
of 2013)**

The Commission, in exercise of the powers conferred on it under sub-section (zp) of Section 181(2) read with Sections 43 & 45 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, hereby amends the Principal Regulation as follows.

1. Short title, Extent, and Commencement

- i. This Regulation shall be called the Third Amendment to the Andhra Pradesh Electricity Regulatory Commission (Licensees' Duty for Supply of Electricity on Request and Recovery of Expenses for Providing Electric Line or Electrical Plant) Regulation, 2013 (Regulation No. 4 of 2013)
- ii. This Regulation shall extend to the whole of the State of Andhra Pradesh.
- iii. This Regulation shall come into force on the date of its publication in the Andhra Pradesh Gazette.

2. Clause 7(2) shall be substituted with the following:

“(2) It shall be the duty of every Distribution Licensee to provide an electric meter for giving an electric supply to a consumer. The Distribution Licensee shall install smart meters, including the display unit, conforming to the technical requirement as prescribed in the CEA (Installation and Operation of Meters) Regulations, 2006 and its subsequent amendments. The smart meter shall have both ways of communication and shall be compatible with AMI and AMR applications. The smart meter shall have a built-in security mechanism to guard against any attempt to steal the codes. The Distribution Licensee or the Consumer can bear the meter and allied

equipment cost. If the Distribution Licensee bears such cost, it may collect meter cost as rent approved by the Commission under section 45 of the Act. or in Tariff Orders. Alternatively, the Distribution Licensee may require the Consumer to bear the full cost of meter and allied equipment, and in such a case, the Distribution Licensee is not entitled to collect meter rent.”

(By Order of the Commission)

Place: Kurnool

Date: 24 .02.2025

P.KRISHNA

Commission Secretary(i/c)

