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 Fourth Amendment to the Andhra Pradesh State Electricity Regulatory Commission Electricity Supply Code Regulation (Regulation No. 5 of 2004),

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 (GTCS) 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 fourth Amendment to the Andhra Pradesh Electricity Regulatory Commission Electricity Supply Code Regulation (Regulation No. 5 of 2004) on its website, as part of a Common Public Notice on 01.01.2025, inviting all the stakeholders to furnish their comments/suggestions/objections on the proposed amendments to Regulation 5 of 2004 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 amendments to the Andhra Pradesh Electricity Regulatory Commission Electricity Supply Code Regulation (Regulation No. 5 of 2004) are discussed below (The list of objectors is as per Annexure-I).

I. <u>Amendment to Clause 3.3 (Insertion of new text at the end of Clause)</u>

<u>Draft</u>

"*An e-wallet mechanism (INR settlement) shall be implemented for prepaid/smart metering services. Under this system, an e-wallet shall be created and linked to the electricity supply connection, allowing consumers to recharge periodically based on their energy requirements as per the applicable tariff. Recharges can be made through various options, including online portals, mobile apps, local retailers, and self-service kiosks. etc.*"

<u>Objections/views/comments</u>

A. <u>Sri M. Thimma Reddy/Convener/People's Monitoring Group on Electricity Regulation</u>

The proposed new Clause, mandating the implementation of an e-wallet mechanism for prepaid/smart metering services, introduces an unnecessary additional step in the payment process. Instead of being forced to use an e-wallet, consumers should be allowed to make payments directly into the Licensees' accounts, mirroring the established payment methods for mobile phones and municipal services.

B. <u>Prayas(Energy Group)</u>

The Commission may specify that e-wallet recharges will only be accepted through utility-authorised payment modes. The utility should publish information on these authorised options via its website, mobile app, and local newspapers to help prevent cyber fraud in transactions.

<u>Commission's analysis and decision:</u> The proposed e-wallet system for prepaid electricity metering offers the following advantages over direct payments to licensee accounts, by providing a unified, integrated, and secure platform:

- **Real-Time Control & Awareness:** e-wallets enable real-time tracking of energy usage and remaining balance, empowering consumers to adjust consumption and avoid unexpected disconnections. Direct payments lack this immediate feedback.
- **Proactive Disconnection Prevention:** Built-in low-balance alerts and diverse, convenient recharge options (online, mobile, retail kiosks) minimize the risk of service interruptions.
- **Accurate & Transparent Billing:** The e-wallet is designed to handle complex tariffs (time-of-day, tiered rates) automatically, ensuring accurate billing, which is harder to achieve with unlinked direct payments.
- **Seamless Smart Meter Integration:** The system provides a single platform for consumption monitoring, billing, and payments, leveraging smart meter data for a user-friendly experience.
- **Enhanced Cyber Security:** By acting as an intermediary, the e-wallet protects against direct attacks on licensee accounts and reduces the risk of phishing and other cyber threats.
- **Convenience and Flexibility:** While pre-loading the e-wallet is a necessary step, multiple recharge options (online, mobile, retail) are provided for maximum convenience. The long-term benefits of automated reminders and transaction history simplify management.
- **Future-Proof Platform:** The e-wallet system is designed for future integration with demand-response programs, renewable energy credits, and other value-added services, unlike direct payment methods. This provides for long-term growth for the benefit of users.

As regards the utility-authorized payment modes and the prevention of cyber fraud, it is important to note that the proposed amendment provides multiple options for recharging the e-wallet, including online portals, mobile apps, local retailers, and self-service kiosks. Further, the DISCOMs are already well conversant with handling digital payments for electricity charges and have established practices to prevent cyber fraud in these transactions. Therefore, they are expected to apply the same security measures for e-wallet recharges. Additionally, there are various guidelines, advisories, and initiatives issued by expert government agencies to combat cyber fraud and enhance cybersecurity, which DISCOMs shall adhere to. Therefore, there is no need for the Commission to issue separate directives in this regard.

II. <u>Insertion of new Clause 4.1.6</u>

<u>Draft</u>

"4.1.6 For smart meters, physical bills shall not be issued. Instead, e-bills shall be sent to the registered mobile numbers of consumers via mobile apps, SMS, and WhatsApp, or the bills shall be made available on DISCOMS' web portals (English & Telugu language) or similar digital platforms. Consumers can update their mobile numbers through the Distribution Licensee's app, portal, or at designated offices or locations."

<u>Objections/views/comments</u>

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

The proposed new Clause specifies eliminating physical bills and issuing only e-bills for smart meters. However, this assumes all consumers use mobile phones and are familiar with mobile apps, which may not be accurate. The Commission should not mandate e-billing for consumers who are unwilling or unable to use it. Instead, licensees should notify consumers or gather consent via meter readers and implement e-billing only for those who opt in, while continuing to issue physical bills for all others.

B. <u>Sri B.B. Ganesh/General Secretary/Visakhapatnam Apartment Residents' Welfare Association and 21 others</u>

We oppose the proposed new Clause which specifies that physical bills will no longer be issued for electricity consumption and that instead, bills will be sent via mobile SMS, WhatsApp, or an app. Physical paper bills provide transparency, showing the breakdown of charges. Sending bills via SMS, WhatsApp, or an app will lack transparency. Therefore, physical bills should be continued. There is a significant number of people who still use basic phones instead of smartphones, and among those who use smartphones, there is also a considerable number who are unfamiliar with using apps. Additionally, many people still visit recharge centres to recharge their phones. It would be a mistake to assume that individuals who do not know how to recharge their phones will be able to pay electricity bills through an app.

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

Consumers are entitled to know the details of their power consumption and various charges. Therefore, it is crucial that they receive bills showing their consumption and the charges collected, as is the standard practice. This is especially important because pre-paid meters do not allow consumers to use any amount of electricity without pre-paying a fixed sum. APERC has proposed that smart meter consumers will not receive physical bills, raising questions about the difficulty for DISCOMs in issuing them.

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

The proposed new Clause suggests that for smart meters, physical bills will not be issued. Instead, e-bills will be sent to consumers via mobile apps, SMS, WhatsApp, or made available on DISCOMs' web portals in English and Telugu. That consumers will also have access to their billing and payment history through these digital platforms. However, since not all consumers own mobile phones or have access to these web portals, issuing physical bills remains necessary for those consumers.

E. Prayas(Energy Group)

It is suggested that all consumers with prepaid meters receive a monthly or bi-monthly electricity bill or e-bill, including details such as electricity consumption, fixed charges, electricity duty, FAC, opening and closing balances in rupees for the period, and the last three recharge transactions with dates. The Commission may also provide consumers the option to receive printed bills.

Commission's analysis and decision: As per the Telecom Regulatory Authority of India (TRAI) report dated 22.01.2025, India has 106 Crores of active mobile subscribers as of 30.11.2024, indicating that there is more than one mobile phone per family on average. Out of these, approximately 90 Crores have access to the internet through their mobiles, and all 106 Crores of subscribers have access to SMS services, which can be used to receive e-bills.

Like physical paper bills, e-bills will also include a detailed breakdown of charges under various heads. Additionally, relying solely on paper bills prevents consumers from receiving important updates such as low balance alerts, recharge information, current balance amounts and usage statistics. If digital platforms are not availed, there is a greater risk of the consumer's service getting disconnected due to zero balance in the case of consumers who opted for the pre-paid system. Furthermore, even poor and lower middle-class persons, such as street vendors, have been using mobile phones for making and receiving payments, demonstrating widespread access to mobile technology. The continued use of physical paper bills directly contributes to deforestation, exacerbating environmental damage and accelerating global warming with its catastrophic consequences. Embracing e-bills supports the Government of India's Digital India initiative, empowering citizens through technology while advancing environmental sustainability.

III. <u>Insertion of new Clause 4.3.10</u>

<u>Draft</u>

"4.3.10 For prepaid or smart meters, the first recharge for the month shall include the minimum charges, fixed/demand charges, customer charges, true-up charges, FPPCA charges, and any other applicable charge. The mandatory minimum first charge shall be Rs.500 or the sum of the charges mentioned before as informed by the DISCOMS, whichever is higher. Thereafter, the consumers can recharge their prepaid smart meter account in multiples of Rs.100 or any denomination specified by the Distribution Licensees, using the multi-recharge facilities/options provided by the Distribution Licensees. There shall be no maximum limit for the recharge amount. Any outstanding current consumption (CC) charge arrears as of smart meter installation shall be deducted from the first charge/recharge amount, duly taking care of the instalments granted, if any."

<u>Objections/views/comments</u>

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

The proposed new Clause mandates a minimum first recharge of Rs. 500 for pre-paid smart meters, which may pose a barrier for poor and middle-class consumers. The adjustment of arrears in the first recharge would undermine the purpose of the minimum recharge amount. It is suggested that the average of the previous year's bills should determine the first recharge, and multiples of Rs.100 for subsequent recharges should be lowered to Rs. 10, similar to other financial transactions. Only true-up charges for the previous year and current FPPCA charges should be included in the first recharge, excluding any backlog of charges older than the previous year. The pre-payment system should apply only to consumers with no outstanding CC bill arrears, except for any authorized outstanding instalments.

B. <u>Sri B.B. Ganesh/General Secretary/Visakhapatnam Apartment Residents' Welfare Association and 21 others</u>

The proposed new Clause shifts the current system, where charges are collected after services are provided, to one where consumers must pay in advance for the services they will receive. This change creates significant challenges for consumers like us. In the postpaid system, there is a 15-day grace period for bill payment. Consumers have the flexibility to pay the bill within this period, and if not paid, they can make the payment with a penalty. If the bill remains unpaid beyond a certain period, the connection will be disconnected. The consumer has time to make the payment. However, in the prepaid system, this flexibility is not available. The connection is disconnected as soon as the balance runs out. It has been mentioned that an alert message will be sent two days in advance. However, constantly checking for this message, worrying about when the balance will run out or when the power will be cut, and neglecting other tasks in daily life, is not a practical solution. Therefore, we oppose the prepaid system.

Industries under the HT category, which pay electricity bills in lakhs, now face the burden of paying these bills in advance. With the requirement to pay electricity bills upfront, small and medium industries are at risk of shutting down, and potential new startups may be discouraged.

DISCOMs receive rebates from GENCOs for advance payments made. However, under the prepaid system, consumers who pay charges in advance do not receive any rebates.

C. **<u>Chief General Manager/RA & PP/APEPDCL & Chief General Manager /Projects/APCPDCL</u>**

APEPDCL and APCPDCL have suggested adding the following text at the end of the proposed new Clause:

"If any Short billing arises(TE/MP/Additional Load etc.,) DISCOM shall notify the consumers through mobile app, SMS, Whatsapp, the amount to be paid by recharge within the due date. Such due amount will be deducted from the e-wallet after 15 days of serving the final order notice. The Consumers shall receive advance notifications or alerts on the 12th, 13th &14th from the date of the final order notice to facilitate the recharge of an amount equivalent to the final order notice. Disconnection procedure as per Clause 4.8.4 of Regulation No.5 of 2004 follows on failure to recharge in such a case."

D. **<u>Sri M. Venugopala Rao/Convener/Center for Power Studies and 3 others</u>**

As per the proposed new Clause, the first recharge for pre-paid or smart meters shall include a range of charges, with a mandatory minimum of Rs.500 or the sum of those charges, whichever is higher. However, it assumes that all consumers will have the necessary tools to track their consumption and payments, potentially burdening those who cannot afford such tools. The rationale behind setting the mandatory minimum first charge at Rs.500 or the sum of various charges (minimum, fixed/demand, customer, true-up, FPPCA, and others) as specified by DISCOMs, whichever is higher, is not explained by APERC. Furthermore, the amendments do not address the varying consumption patterns of consumers or the impact of subsidies for those receiving free or discounted power, nor do they explain how subsidies will be factored into pre-payment charges. Making pre-payment allows DISCOMs to receive working capital without interest for purchasing power and secure rebates for early payments to generators. However, the Commission does not offer any rebate to consumers for making pre-payment

E. <u>Sri M. Thimma Reddy/Convener/People's Monitoring Group on Electricity Regulation</u>

The proposed new Clause specifies that the mandatory minimum first charge for prepaid smart meters shall be Rs.500 or the sum of charges informed by DISCOMs, whichever is higher. This minimum charge is considered high for the majority of domestic consumers. It is suggested that the minimum charge be reduced, taking into account the monthly average consumption of domestic consumers. The charge could be category-based, slab-based, or based on the average bill for the past year.

Under the prepaid smart meter system, electricity consumers are required to pay in advance for power, unlike the current system where they pay bills monthly/bi-monthly. Meanwhile, DISCOMs have a one-month grace period to pay power bills to generators and earn rebates. The prepaid system gives DISCOMs enough funds in advance for power purchases and T&D expenses, allowing them to pay up to 75 days ahead, which eliminates the need for working capital loans and provides financial benefits. However, the benefit for consumers remains unclear. Consumers bear the cost of smart meter installation and operation, while DISCOMs reap the financial benefits, making the arrangement unequal for consumers.

F. <u>Prayas(Energy Group)</u>

The proposed new Clause mandates a minimum first recharge of Rs.500 per month, which may be too high for small consumers. The Commission may consider removing this requirement or alternatively setting the first recharge amount based on the average of the past six bills. Additionally, the Regulations should explicitly state that there will be no limit on the number of recharges per month.

<u>Commission's analysis and decision</u>: The minimum recharge amounts are designed keeping in view the rupee's current purchasing power and the various charges applied to electricity bills (FPPCA, True-Up, fixed charges, customer charges, etc) and are, therefore, reasonable. These amounts help prevent rapid depletion of the pre-paid balance, reducing the need for frequent recharges and minimising the chance of service disconnection. The recharged amount is fully credited towards the consumer's electricity usage. In the prepaid system, the consumer recharges the e-wallet with a prepaid amount instead of keeping the CSD with the DISCOMs. As the CSD is adjusted towards the prepaid amount by the DISCOMs in the case of existing consumers opting for the prepaid system and no CSDs are collected in the case of new consumers opting for the prepaid system, there will be no additional burden on prepaid consumers. Further, the prepaid system is optional only and if the consumers feel that prepaid recharges are burdensome, they need not opt for the prepaid system. Additionally, there is no need for prepaid consumers to constantly monitor low-balance messages as contended by one of the objectors since these notifications will automatically alert them in a timely manner.

Excluding backlog charges older than one year, as suggested by one of the objectors, would impose a financial burden on the DISCOMs. The objection that the proposed new Clause shifts the current system from postpaid to prepaid, where consumers must pay in advance for services, is unfounded. In the current postpaid system also, a consumer is required to pay an amount in the form of a CSD to the DISCOMs. Further, as already stated earlier, the prepaid system is optional.

The mandatory minimum first recharge amount of Rs.500, or the sum of charges such as minimum charges, fixed/demand charges, customer charges, true-up charges, FPPCA charges, and any other applicable charges, whichever is higher, takes into account the varying and previous consumption patterns as suggested by some of the objectors. Free and discounted power will be taken into account while arriving at the prepaid charges. The absence of a limit on the number of recharges in the proposed amendment implies that consumers can recharge as needed without restrictions.

The Commission acknowledges the concern raised by some of the objectors regarding the absence of a rebate for the prepaid amounts and also the need to reward the consumers who opt for the prepaid system. However, at the same time, the Commission recognises the fact that, unlike the CSD amounts held with DISCOMs in the postpaid system, the funds in the prepaid system are stored in an e-wallet and gradually deplete based on daily consumption, with corresponding amounts credited to the DISCOM's account. Additionally, consumers have the flexibility to maintain only a minimum required balance and can recharge multiple times as needed. Since the recharged amount remains in a transitional account and is not accessible to the DISCOM until deducted daily for actual consumption, it is not utilized by the DISCOM and also does not accrue interest. The DISCOM can only withdraw funds from the e-wallet based on daily usage. Given this arrangement, offering a rebate on the entire upfront recharge amount is not justified.

Additionally, the suggestion from APEPDCL and APCPDCL to add specific text at the end of the proposed amendment is found to be rational. The proposed amendment is modified accordingly, keeping the above points in view.

IV. <u>Insertion of new Clause 4.8.4</u>

<u>Draft</u>

"4.8.4 For prepaid or smart meters, an emergency credit equivalent to his one-day average consumption shall be provided to consumers before disconnection. Disconnection shall occur only after the emergency credit is fully exhausted. The Consumers shall receive a minimum of three advance notifications or alerts before the balance in the e-wallet becomes zero.; the first when the balance reaches three

days average consumption, the second when the balance reaches two days average consumption, and the final alert when the balance reaches zero. These notifications will serve as a reminder to recharge the account, and the Distribution Licensee may temporarily disconnect the supply once the emergency credit is exhausted if the account is not recharged without issuing any further notice. Disconnections shall not take place during holidays or non-working hours. The disconnection shall be scheduled only between 10 AM and 1 PM of the working day to allow the consumers to recharge their e-wallet from any channel if their mobile app/e-device is not working for any reason. Post disconnection, consumers shall be notified through various channels, as mentioned in communicating the billing information about the zero/negative balance amount details. The connection shall be permanently disconnected if the consumer fails to recharge within three months of temporary disconnection. In such cases, the meter shall be physically removed from the consumer's premises, and the e-wallet shall be deactivated. After permanent disconnection, a new connection to such consumer shall be extended as per the Rules/Regulations in vogue."

<u>Objections/views/comments</u>

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

The proposed new Clause specifies three advance notices/alerts before temporary disconnection when the pre-paid amount is exhausted and permanent dismantling of the service if the consumer does not recharge within 3 months. However, the use of the term "temporary disconnection" is inappropriate, as it typically refers to disconnection at the consumer's request when they are away. Additionally, there is no need for the permanent dismantling of the service to be specifically mentioned. It is suggested that the term "disconnection" should replace "temporary disconnection", and if the consumer fails to recharge within 3 months, the General Terms and

Conditions of Supply (GTCS) should apply, as with post-payment system consumers.

B. Chief General Manager/RAC & IPC/APSPDCL

APSPDCL suggested replacing the text ***"The connection shall be permanently disconnected if the consumer fails to recharge within three months of temporary disconnection"*** in the proposed new Clause as follows:

"***If the consumer whose supply is disconnected for non-recharge of the prepaid service connection fails to recharge within two months from the date of disconnection, the company shall issue one month's notice for termination of LT or HT agreement as the case may be. If the consumer still fails to recharge within three months of temporary disconnection, the connection shall be permanently disconnected.***"

C. Chief General Manager/Projects/APCPDCL

APCPDCL suggested deleting the first two sentences of the proposed new Clause. The reason submitted by APCPDCL for the suggestion is that providing the emergency credit provision equivalent to one-day average consumption without a security deposit imposes a financial burden on APCPDCL, especially for industrial and commercial consumers because of their high average consumption.

D. Sri M. Venugopala Rao/convener/Center for Power Studies and 3 others

As per the proposed new Clause, consumers shall be given emergency credit for one day's average consumption before disconnection, along with three advance notifications about low balances. However, this system may pose challenges for consumers without mobile apps or devices, as they may not receive timely reminders. The proposal to reduce the payment period to just three days for pre-paid meters, compared to the existing two-week payment period, is seen as arbitrary and unfair.

E. <u>Sri M. Thimma Reddy/Convener/People's Monitoring Group on Electricity Regulation</u>

The proposed new Clause allows for automatic disconnection of supply once the emergency credit is exhausted, without any further notice if the account is not recharged. This effectively implies a one-day notice from when the balance reaches zero. However, according to Section 56(1) of the Electricity Act, a minimum of 15 days' notice is required before disconnection can occur. Therefore, the automatic disconnection provision in the proposed Clause cannot be allowed as it contradicts the statutory requirement.

F. <u>Prayas(Energy Group)</u>

The Commission may extend the timeframe for the first low-balance alert from three days to one week and may also specify that low-balance alerts will be sent via SMS, mobile app, and phone call. Additionally, the Clause should clearly state that disconnections will not occur on weekends.

<u>Commission's analysis and decision</u>: The pre-paid system cannot be treated on the same footing as the existing post-paid system, as they differ in several aspects. Therefore, the disconnection procedure or terminology applied to the post-paid system can not be applied to the pre-paid system. As regards the suggestion by APCPDCL not to extend the emergency credit provision equivalent to one-day average consumption on financial grounds, it is important to note that, in the post-paid system also, there is a risk of the electricity charges of a consumer exceeding his CSD.

As regards the objection of Sri M. Thimma Reddy, it may be noted that Section 56(1) of the Electricity Act, 2003 assumes that there is a sum or charge owed by a person to the licensee or generating company. However, in the case of prepaid meters, the consumer has already made an advance payment for the electricity they will consume in the future, meaning there is no outstanding payment due from the consumer to the licensee. Each purchase of electricity through advance payment constitutes a separate contract, and if no payment is made for future units, there is no ongoing obligation to supply electricity. Therefore, Section 56(1) of the Electricity Act, which governs disconnections due to unpaid charges, does not apply to prepaid meters. The contract for the supply of electricity ends when the units paid for in advance are consumed, and no further supply is obligated thereafter.

Since the proposed amendment provides for non-disconnection during non-working hours, it also covers weekends like Sundays. As the proposed amendment does specify the channels through which the low-balance alerts shall be sent, the same is modified to include the channels of mobile apps, SMS, and WhatsApp.

V. <u>Amendment to Clause 5 (Insertion of new text at the end of Clause)</u>

<u>Draft</u>

For prepaid or smart meters, the entire recharge process must be completed, and the recharge amount shall be reflected in the consumer's account within 15 minutes of a successful transaction. If a recharge is done after disconnection, the meter should automatically reconnect within 15 minutes of the successful transaction. Any complaints related to reconnection must be resolved within 4 hours.

<u>Objections/views/comments</u>

<u>Prayas(Energy Group)</u>

Prayas suggested amendments to the above Clause 5 to the effect that the Commission may direct the distribution licensee to first restore the connection upon receiving a complaint, followed by resolving the issue and taking remedial action within four hours. That the response time may be reduced to one hour in urban areas and two hours in rural areas.

<u>Commission's analysis and decision</u>: The Commission is of the view that DISCOMs should be provided with a minimum of 4 hours to resolve reconnection complaints, considering the practical challenges involved.

<u>General Objections/views/comments:</u>

I. <u>Sri M. Venugopala Rao/Convener/Center for Power Studies and 3 others</u>

A. The Commission issued a public notice on 01.01.2025 regarding proposed amendments to three Regulations. However, drafts for Regulations No.5 of 2004 and No.6 of 2004 were not posted on the main page of its website, unlike the draft for Regulation No.4 of 2013. Instead, they were placed in inner pages under public notices and in scrolling text. This lack of visibility delayed objections and suggestions. All amendment drafts should have been posted prominently alongside the public notice.

<u>Commission's analysis and decision</u>: The Commission is of the view that links to the draft amendments of Regulations No. 5 of 2004 and No. 6 of 2004 displayed in scrolling text on the homepage, along with the actual drafts on the inner pages, are more than adequate to capture the attention of visitors to the Commission's website and allow them to access the full drafts.

B. We request the Commission to provide a statement of reasons for the proposed amendments and other changes and proposals of the DISCOMs to which it has already given consents or approvals and to hold public hearings, as suggested in previous submissions dated 13.01.2025.

<u>Commission's analysis and decision</u>: The Commission has provided the reasons for the proposed amendments in the orders on the amendments. Regarding the objector's request for reasons and holding public hearings on other proposals and consents granted by the Commission, it may be noted that these are separate issues and not part of the current proceedings.

II. Prayas (Energy Group)

A. Andhra Pradesh currently has multiple Regulations addressing metering and related consumer provisions. The proposed amendments introduce definitions for pre-paid and smart meters for the first time. Since metering provisions are already covered across various Regulations, the Commission should consider consolidating the new definitions and operational protocols into a single Regulation or issuing practice directions to establish standardized smart meter protocols.

Commission's analysis and decision: The Commission is of the view that the present proposed amendments are sufficient and there is no need to issue a consolidated Regulation.

B. The Regulations lack clarity on the treatment of arrears, which is essential for a smooth transition to prepaid smart metering. The Commission is requested to include detailed provisions addressing this aspect.

Commission's analysis and decision: The commission has already specified in the proposed amendments that the CSD shall be adjusted against outstanding dues to the Distribution Licensee or any amount becoming due to the Distribution Licensee immediately thereafter.

C. The Regulations do not specify the process for applying and installing prepaid meters at consumer premises. A defined timeline should be established, from application submission to installation, to ensure accountability of distribution licensee personnel for any delays. Additionally, the Regulations lack provisions for grievance redressal in cases of recharging fraud. They also do not address procedures for prepaid meter inspections or replacements. Furthermore, incorporating provisions for the seamless implementation of automatic compensation under the SoP can be included in the Regulations. The inclusion of these aspects in the Regulations will ensure the benefits of pre-paid smart meters to consumers.

D. The Commission may mandate the distribution licensee to develop a Standard Operating Procedure (SoP) for migrating from post-paid to prepaid and providing new connections on a prepaid basis. This SoP should be prominently published on the licensee's website and widely publicised through media channels.

E. Since smart prepaid meters operate in prepayment mode, the Commission may consider providing an upfront subsidy, as approved in the Tariff Order, for all subsidised consumers and include the details in the Regulations. This subsidy can be credited to consumer accounts at the beginning of each month to streamline the transfer process and prevent settlement issues at the end of the billing cycle. Without timely subsidy adjustments, consumers risk disconnection due to low balances. Additionally, if a consumer who previously received a subsidy becomes ineligible in the current billing cycle, such consumer should be informed in advance.

F. The Commission may include clear guidelines on prepayment credits and consumer payment amounts in the Regulations. The Commission may also mandate the distribution licensee to regularly provide consumers with detailed information on bill settlements, ensuring transparency and preventing disconnection due to sudden changes or low balance.

G. The Commission may mandate the distribution licensee to report the progress of meter installations and regularly update meter performance through the SoP reporting framework. Additionally, the Commission may require the distribution licensee to submit detailed cost reports on meter installation and operation. This will enable effective monitoring of the progress and performance of smart meters by the Commission.

III. <u>Sri M. Thimma Reddy/Convener/People's Monitoring Group on Electricity Regulation</u>

APERC is requested to issue practice directions to DISCOMs to:

A. Ensure that meter service providers conduct awareness programs and obtain reports of such programs.

B. Publish quarterly progress reports on the DISCOM website, detailing meters installed, working, failed, and replaced.

C. Record the benefits accrued from smart meters and publish quarterly reports on the same.

<u>Commission's analysis and decision</u>: The proposals from Prayas (Para (II)(C) - (II)(G)) and Sri M. Thimma Reddy (Para 5(III)) pertain to procedural matters and guidelines for DISCOMs. To maintain conciseness and flexibility, the Commission has decided not to incorporate the same in the Regulations. Incorporating them would unduly lengthen the Regulations and necessitate frequent amendments to multiple Regulations to reflect changes to them. Instead, the Commission will issue separate guidelines to the DISCOMs regarding smart meters, including the procedural aspects.

The final amended Regulation after modifying the clauses as detailed in the Commission's analysis and decision is shown in Annexure-II.

Sd/-	**Sd/-**
P.V.R Reddy	**Thakur Rama Singh**
Member	**Member & Chairman(i/c)**

Annexure-I

List of Objectors

S.No	Name of the Objector
1	Sri M. Thimma Reddy, Convener, People's Monitoring Group on Electricity Regulation, Hyderabad
2	Prayas(Energy Group), Pune
3	Sri. S. Surya Prakasa Rao. Former Secretary/Erstwhile APERC
4	Sri B.B. Ganesh, General Secretary, Visakhapatnam Apartment Residents' Welfare Association, Visakhapatnam
5	Sri Pitta Narayana Murthy, General Secretary, Greater Visakha Resident Colony Associations' Federation, Visakhapatnam
6	Sri T. Rama Chandrudu. District Joint Secretary, Andhra Pradesh Rythu Sangam, Nandyal
7	Sri J. Siva Kumar, Andhra Pradesh Rythu Sangam, Guduru
8	Sri Lakshmana Rao Bollipalli
9	Smt.Leelavathi Vangipurapu
10	Sri Sreedhar Rao Vangivarapu
11	Sri B. Tulasidas, Tadepalli
12	Sri D. Sreenivasulu, Ongole
13	Sri M.V.Anjaneyulu, Convener, Vidyuth Viniyoga Darula Ikya Vedika, Vijayawada-520015
14	Sri M. Raghava Rao, Ongole
15	Sri B. Umamaheswara Rao, Anakapalli Zone convener, Visakhapatnam Apartment Residents' Welfare Association, Visakhapatnam
16	Sri R.Chandra Sekhar, President, Santhosh Nagar Development Association, Kurnool
17	Sri A.G.Rajmohan, General Secretary, Andhra Pradesh United Citizens' Forum, Ananthapuramu
18	Sri C.V. Varma and 5 others, Pattana Poura Sankshema Sangham, Kurnool

19	Sri Gangaraju Nageswara Rao
20	Sri P.Srinivasa Rao, Anakapalli Pattana Poura Sankhema Sangham, Anakapalli
21	Sri M. Venugopal Rao, Senior Journalist & Convener for Center for Power Studies, Hyderabad
22	Sri Ch. Baburao, State Secretariat Member, CPI(M), Vijayawada
23	Sri Kandharapu Murali, Secretariat Member, CPI(M), Tirupati
24	Chief General Manager/RA & PP/APEPDCL-Visakhapatnam
25	Chief General Manager /Projects/APCPDCL-Vijayawada
26	Chief General Manager/RAC & IPC/APSPDCL

Annexure-II

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

[Regulation No.2 of 2025]

Fourth Amendment to the Andhra Pradesh Electricity Regulatory Commission (Electricity Supply Code) Regulation-(Regulation No. 5 of 2004)

The Commission, in exercise of the powers conferred on it under sub-section (x) of Section 181(2) read with Section 50 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 Fourth Amendment to Andhra Pradesh Electricity Regulatory Commission (Electricity Supply Code) Regulation, 2004 (Regulation No. 5 of 2004).

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. The following shall be inserted at the end of clause 3.3:

"An e-wallet mechanism (INR settlement) shall be implemented for prepaid/smart metering services. Under this system, an e-wallet shall be created and linked to the electricity supply connection, allowing consumers to recharge periodically based on their energy requirements as per the applicable tariff. Recharges can be made through various options, including online portals, mobile apps, local retailers, and self-service kiosks, etc."

3. The following clause shall be added after clause 4.1.5:

"4.1.6 For smart meters, physical bills shall not be issued. Instead, e-bills shall be sent to the registered mobile numbers of consumers via mobile apps, SMS, and WhatsApp, or the bills shall be made available on Distribution Licensees' web portals (English & Telugu language) or similar digital platforms. Consumers can update their

mobile numbers through the Distribution Licensees' apps, portals, or at designated offices or locations."

4. **The following shall be added at the end of clause 4.2:**

"The Licensee shall provide bill information in English or Telugu on consumer request."

5. **The following clause shall be added after clause 4.3.9:**

"4.3.10 For prepaid or smart meters, the first recharge for the month shall include the minimum charges, fixed/demand charges, customer charges, true-up charges, FPPCA charges, and any other applicable charge., The mandatory minimum first charge shall be Rs.500 or the sum of the charges mentioned before as informed by the Distribution Licensees, whichever is higher. Thereafter, the consumers can recharge their prepaid smart meter account in multiples of Rs.100 or any denomination specified by the Distribution Licensees, using the multi-recharge facilities/options provided by the Distribution Licensees. There shall be no maximum limit for the recharge amount. Any outstanding current consumption (CC) charge arrears as of smart meter installation shall be deducted from the first charge/recharge amount, duly taking care of the installments granted, if any.

In the event of short billing (e.g., TE/MP/Additional Load), the Distribution Licensees shall intimate the consumers through the mobile app, SMS, or WhatsApp, informing them to recharge the due amounts within 15 days from the date of intimation. If the consumers fail to recharge the due amounts, they will receive reminders on the 12th, 13th, and 14th days following the initial intimation to recharge the due amounts. If the due amounts are not recharged within 15 days from the date of intimation, the same shall be deducted from the e-wallets. If the balance in the e-wallets becomes negative after the above deductions, the Distribution Licensees shall proceed with the disconnection of the services as specified in Clause 4.8.4 of Regulation No. 5 of 2004."

6. The following shall be added after clause 4.8.3:

"4.8.4 For prepaid or smart meters, an emergency credit equivalent to his one-day average consumption shall be provided to consumers before disconnection. Disconnection shall occur only after the emergency credit is fully exhausted. The Consumers shall receive a minimum of three advance notifications or alerts ***through mobile apps, SMS, and WhatsApp*** *before the balance in the e-wallet becomes zero.; the first when the balance reaches three days average consumption, the second when the balance reaches two days average consumption, and the final alert when the balance reaches to zero. These notifications will serve as a reminder to recharge the account, and the Distribution Licensee may temporarily disconnect the supply once the emergency credit is exhausted if the account is not recharged without issuing any further notice. Disconnections shall not take place during holidays or non-working hours. The disconnection shall be scheduled only between 10 AM and 1 PM of the working day to allow the consumers to recharge their e-wallet from any channel if their mobile app/e-device is not working for any reason. Post disconnection, consumers shall be notified through various channels, as mentioned in communicating the billing information about the zero/negative balance amount details. The connection shall be permanently disconnected if the consumer fails to recharge within three months of temporary disconnection. In such cases, the meter shall be physically removed from the consumer's premises, and the e-wallet shall be deactivated. After permanent disconnection, a new connection to such consumer shall be extended as per the Rules/Regulations in vogue."*

7. The following shall be inserted at the end of clause 5:

"For prepaid or smart meters, the entire recharge process must be completed, and the recharge amount shall be reflected in the consumer's account within 15 minutes of a successful transaction. If a recharge is done after disconnection, the meter should

automatically reconnect within 15 minutes of the successful transaction. Any complaints related to reconnection must be resolved within 4 hours."

(By Order of the Commission)

Place: Kurnool
Date: 24 .02.2025

P.KRISHNA
Commission Secretary(i/c)