

For Immediate Release

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Only 39 per cent of Uttar Pradesh's households are metered, billed, and pay their electricity dues – CEEW study

Lucknow (13 February 2019) – Only 39 per cent of Uttar Pradesh's (UP) households are metered, billed, and pay their electricity dues, according to findings from a study released today by the Council on Energy, Environment and Water (CEEW). With the government announcing 100 per cent household electrification in UP under the *Saubhagya* scheme, newly connected households may place greater financial burden on electricity distribution companies (discoms) due to poor metering, infrequent billing, and inefficient collection of dues. These currently account for far greater losses to discoms vis-à-vis losses on account of hard electricity theft due to hooking of wires (*katiya*), unauthorised electricity usage, and meter tampering. The study, supported by the Shakti Sustainable Energy Foundation (SSEF) and based on findings from a consumer survey, was released by Mr Brahm Pal, Director-Commercial, Madhyanchal Vidyut Vitran Nigam Limited (MVVNL) and Mr Vikas Chandra Agarwal, Director-Distribution, Uttar Pradesh Electricity Regulatory Commission (UPERC), at a roundtable discussion 'Beyond Saubhagya: Next Steps for Power Sector Reforms in UP' held in Lucknow.

The survey, conducted in collaboration with the Initiative for Sustainable Energy Policy (ISEP) in the summer of 2018, covered 1,800 households in 90 villages (rural) and 90 wards (urban) in UP. The ten surveyed districts included Aligarh, Ambedkar Nagar, Banda, Ballia, Budaun, Kaushambi, Mau, Moradabad, Muzaffarnagar, and Sultanpur. Four out of UP's five public discoms operate in these districts. The Council's study also proposes a policy roadmap to help discoms prioritise their strategies for ensuring 24x7 electricity in Uttar Pradesh.

During the keynote address, Mr Brahm Pal, Director- Commercial, Madhyanchal Vidyut Vitran Nigam Limited (MVVNL), said "I appreciate CEEW and SSEF's efforts towards bringing consumer perspectives into the governance of the power sector in Uttar Pradesh. Such surveys are needed to understand consumer satisfaction and awareness. The findings can also be used to design strategic approaches to educate consumers about electricity bills, tariff orders, prevention of electricity theft, and financial health of discoms."

During the special address, Mr Vikas Chandra Agarwal, Director-Distribution, Uttar Pradesh Electricity Regulatory Commission (UPERC), said, "In Uttar Pradesh, infrequent and inaccurate billing is one of the major causes of consumer dissatisfaction. The survey conducted by CEEW recommends improving consumer satisfaction and using technology for billing. This could reduce human intervention leading to an efficient and punctual billing process. I also find the survey findings very helpful for both discoms and regulators as they provide insights to consumer perspectives and way forward for discoms."

Karthik Ganesan, Research Fellow, CEEW, and lead author of the study, said, "The challenges for Uttar Pradesh are in managing a large system with varying degrees of capacity at different levels of the electricity value chain. In rural UP, especially, only 19 per cent of households were metered, billed frequently, and made timely electricity payments in full. With 100 per cent household electrification, policymakers must now focus on sustained revenue generation along with improving duration and quality of power supply. It is equally important to communicate to consumers that the discoms are committed to service delivery and cost recovery. Our study helps better understand the discom-consumer relationship in UP and the way it manifests in supply outcomes for the end user."

Power supply and consumer satisfaction

There has been a notable improvement in the duration of power supply in both rural and urban areas, driven by the political ambition to provide 24x7 electricity for all. The duration of power supply improved to 17 hours and 12 hours in urban and rural areas, respectively. 83 per cent of urban consumers and 63 per cent of rural consumers were satisfied with the discom's service when supply was available post sunset.

Metering and billing

Unmetered household connections reduce accountability of electricity consumption and contribute to high losses for discoms in UP. The Council's study found that only 45 per cent of rural households and 90 per cent of urban households were metered in UP. The share of metered consumers was lowest in rural areas under Purvanchal Vidyut Vitaran Nigam Limited (PuVVNL).

According to the Uttar Pradesh Electricity Regulatory Commission (UPERC), the rural unmetered household consumption for UP's five discoms was 36 per cent of the total households' consumption. However, expected revenue from these unmetered households was only 8 per cent of the total revenue anticipated from total household consumption. Going forward, discoms must focus on bulk procurement of meters, testing of smart meters, product and technology standardisation, and raising consumer awareness on benefits of being metered.

The Council's study also found that frequent billing is critical to establish a trust relationship between the consumer and the discom. About 77 per cent of rural consumers and 40 per cent of urban consumers who were not billed monthly, did not believe their bill is based on the meter. Further, consumers that were billed frequently were 57 per cent more likely to pay on time and 72 per cent more likely to pay in full than consumers that were not. Hence, discoms must adopt monthly billing to build consumer trust, improve working capital flows, and reduce the financial burden of accumulated bills on poor households. Electricity bills must also educate the consumer on determination of dues and provide details regarding recent payments and outstanding dues.

Consumer perception on electricity theft

Low operational diligence by discoms and lack of consumer awareness are both responsible for soft electricity theft in the form of losses arising from lack of proper metering, billing, and collection of dues. The Council's study also found that 84 per cent of rural and urban consumers believed that hooking of wire (*katiya*) was unacceptable. However, 52 per cent would choose warning as punishment for anyone using a *katiya*, against fines or jail term, and mere five per cent would choose any severe punishment. Also, consumers with metered connections had lesser acceptance of *katiya* among other consumers. Hence, the study recommended that concerted efforts must be made to build improved relationship between consumers and discoms, educate consumers about the financial losses incurred due to theft, and urge them to become collaborators in improving service quality for all. Further, vigilance squads must be constituted to target key areas of rampant non-compliance and theft.

Kanika Balani, Research Analyst, CEEW, and co-author of the study, added, "System inefficiencies are passed on to consumers – either directly in their electricity bill or indirectly in the form of taxation that supports subsidies and schemes for financial turnaround of discoms. While hard theft and soft theft might appear beneficial to consumers at the outset, both add to their financial burden in some

form or the other. The situation is often exacerbated with the consumer's inability to comprehend their electricity bills correctly. CEEW has initiated efforts towards educating consumers for effective consumer oversight in the governance of the sector.”

Link to the study - <https://www.ceew.in/publications/electricity-consumers-and-compliance>

About CEEW

The Council on Energy, Environment and Water (CEEW) is one of South Asia's leading not-for-profit policy research institutions. The Council uses data, integrated analysis, and strategic outreach to explain – and change – the use, reuse, and misuse of resources. The Council addresses pressing global challenges through an integrated and internationally focused approach. It prides itself on the independence of its high-quality research, develops partnerships with public and private institutions, and engages with wider public.