



Comments on

## Draft Electricity (Rights of Consumers) Amendment Rules, 2026

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The Ministry of Power (MoP), notified the draft titled, “Electricity (Rights of Consumers) Amendment Rules, 2026, issued on 12<sup>th</sup> March, 2026. The key objectives of the draft are mentioned below:

**Objective:** The draft seeks to promote grid flexibility and consumer participation through measures such as time-of-day tariffs, demand response, and energy storage, while optimizing the rooftop solar framework. It also aims to improve service delivery by rationalizing connection timelines, strengthening grievance redressal mechanisms, and introducing safeguards against abnormal billing, thereby creating a more efficient, consumer-centric, and future-ready electricity distribution system.

The document can be accessed [here](#)

### CER Opinion

- 1. Definition of Demand Response:** In the proposed Rule 2(1), clause (ga) “*Demand Response means managing electricity demand on the grid by encouraging consumers to shift their electricity usage to periods when supply is high or demand is low, using price signals or financial incentives;*” (emphasis added)

and in the proposed Rule 17, “**Implementation of Demand Response.** - *The Commission shall specify a framework for the implementation of Demand Response. Such framework may include eligibility criteria for Demand Response Providers, incentives for participating consumers, software and system requirements, communication protocols, and procedures for measurement, verification and financial settlement.*”

The definition of Demand Response (DR) as proposed in the draft appears to be incomplete, as it is limited primarily to ‘shift’ in demand response with respect to price signals or financial incentives. A defined response program may effectively result in reduction in electricity demand during certain time blocks, without the same being shifted to any other block of the day. For example, reduction in cooling requirement during the day would not mean that this cooling demand would be shifted to evening hours. Definition of DR should thus not be restricted to shift of electricity demand, to another time period.



Further, the definition does not adequately recognise that DR can also involve the use of behind-the-meter resources such as energy storage. In such cases, a consumer may draw power from storage or inject electricity into the grid, thereby reducing net demand at the meter. Thus, DR is not limited to shifting or reduction of demand but may also include net injection of electricity, particularly in scenarios where consumer load falls below behind-the-meter generation such as rooftop solar or storage systems.

The definition also does not reflect the broader classification of DR into Active and Passive forms. Active DR typically involves voluntary reduction in load by consumers in response to a signal or communication from the distribution licensee. Such programmes may also be implemented through third-party aggregators, wherein the response may be reflected at an aggregated level rather than at the level of individual consumers. In such arrangements, the interaction between consumers and aggregators may not necessarily be based on explicit price differentials and may instead form part of bundled service offering.

In view of the above, it is suggested that the definition of DR be expanded to include variations in terms of Active and Passive programmes, as well as implementation through distribution licensees directly or via third-party aggregators. The definition should provide sufficient flexibility to accommodate different demand-side actions, including reduction, shifting, and substitution through behind-the-meter resources, and should allow for diverse institutional arrangements, with or without intermediaries.

With respect to implementation, the concept of baseline is critical. Establishing an appropriate baseline is essential for measurement and verification of demand response. It is therefore suggested that the **Appropriate Commission may consider issuing a separate regulation detailing the procedure and methodology for baseline determination.** Such a framework should also explicitly allow for implementation of DR programmes with or without intermediaries.

It is also noted that certain States have already introduced specific regulations on demand response or demand flexibility. Accordingly, the definition and framework across the country should be aligned with to ensure consistency and avoid fragmentation across jurisdictions, especially in cases where DR may also participate in the energy or ancillary services market.

- 2. Timelines for New Connection:** In the proposed rule 11 *“(11) The Commission shall specify the maximum time period, from the date of submission of an application complete in all respects, not exceeding **three days** in metropolitan and municipal corporation areas, **seven days** in other municipal areas and **fifteen days** in rural areas, within which the distribution licensee shall provide new connection or modify an existing connection.” (emphasis added)*

The provision specifies timelines for release of new connections in terms of “days.” It is submitted that the term “days” should be replaced with “working days” throughout the provision, as operational processes within distribution utilities are aligned with working days. This is particularly relevant in



cases involving intervening holidays, where adherence to strict calendar days may not be practically feasible.

Further, while the reduction in timelines is a welcome step, it is important that such timelines are grounded in an assessment of existing practices across states. The level of operational readiness, volume of applications, and field-level constraints vary significantly across regions. In the absence of such assessment, uniform timelines may lead to implementation challenges. It is also noted that this provision is closely linked to Standards of Performance (SoP), which are typically specified and monitored by the State Commissions. Direct specification within the Rules may create overlaps with existing regulatory frameworks.

An additional concern arises in areas where online application systems are not fully developed or utilised, particularly in rural/remote areas. In such cases, physical submission, internal processing, and field verification may require additional time, making strict adherence to a three-day timeline difficult.

It is also not clear whether “application complete in all respects” includes payment of all applicable charges. In cases where additional infrastructure is required (e.g., extension of service line beyond a specified distance), the provision should explicitly state that timelines are applicable only upon payment of all required dues payable as per the approved rates by the respective commission.

Finally, technical feasibility and compliance requirements must also be considered. For instance, where a consumer seeks connection along with rooftop solar installation, the distribution licensee is required to verify compliance with applicable grid code and connectivity regulations. It may therefore be appropriate to clarify that timelines are subject to the consumer meeting all technical and regulatory requirements, so as to safeguard system integrity and ensure safe operation.

- 3. Abnormal Billing Detection and Ambiguity in “Resolution”:** In the proposed Rule 6(13), *“The distribution licensee shall make suitable arrangements in its billing system to identify cases where, in any billing cycle, the electricity consumption of a consumer exceeds five times or falls below one-fifth of the average consumption of the preceding six billing cycles or, such other limits as may be determined by the State Commission. Such cases shall be reviewed at the appropriate level, and resolved within thirty days from the date of generation of such bill.” (emphasis added)*

The provision identifies abnormal consumption based on a threshold such as five times increase or significant reduction in consumption compared to previous billing cycles. However, the basis and implication of such identification is not clearly articulated. There can be practical scenarios where consumption naturally falls or rises without any irregularity. For instance, a consumer owning multiple houses may occupy one house for a few months and shift to another for an extended duration. Similarly, a consumer may be travelling or transferred to a different location for several months. In such cases, consumption may reduce significantly and then increase again upon return.



If consumption falls in such a manner, it is unclear what exactly is intended to be done under this provision.

The current framing appears to implicitly assume wrongdoing, such as theft, in cases of abnormal variation. However, if consumption is lower than previous levels, it is not evident what the issue is. Conversely, if consumption increases significantly, it may simply indicate an increase in load factor or under-declaration of load, rather than any deliberate violation like theft. In the later case, the sanctioned load/ maximum demand should be automatically updated based on a threshold to be decided by the respective commission.

Further, the threshold of “five times” appears arbitrary and excessively large. Such limits should ideally be determined through analytical studies, using billing data and data analytics to identify genuine anomalies. The absence of a data-driven basis may lead to incorrect flagging of normal consumption patterns.

Most importantly, the provision uses the term “reviewed and resolved” without clearly defining the process of review or the nature of resolution. The concept of “resolution” typically applies in the context of mutual consent to the resolution. A case may be ‘resolved’ by a discom leading to updation of sanctioned load/demand but without the satisfaction of the consumer taking it to CGRF or beyond. This should be taken case through the applicable consumer grievance framework approved by the respective regulator. The clause may refer to the same.

**4. Time-of-Day (ToD) Tariff Design and Implementation:** The introduction of Time-of-Day (ToD) tariff is a timely requirement, as it has the potential to reduce the cost of power procurement, ease the resource adequacy burden of distribution licensees, and enable consumers to optimise their electricity costs. However, careful consideration is required in the design of ToD tariffs. The structure should be based on robust data analysis and modelling to assess whether the incentive and penalty framework is sufficient to induce meaningful load change. Without such analysis, the intended changes in the demand profile may not materialise.

The Rules may bring clarity by specifying that consumers with smart metering would be a candidate for ToD metering. **It is also suggested that all domestic consumers with smart meters be brought under the ToD tariff framework in the initial phase itself.**

**5. Specified Limits for ToD Tariff (1.2 and 0.8 Multipliers) and Definition of Peak/Solar Hours:** In the proposed Rule (8A), *“The Time of Day tariff for Commercial and Industrial consumers with a maximum demand exceeding ten Kilowatts shall be implemented no later than 1<sup>st</sup> April, 2027 and for all other consumers, excluding agricultural consumers, the Time of Day tariff shall be made effective from the date specified by the State Commission, but no later than 1<sup>st</sup> April, 2028:*



*Provided that, the Time of Day Tariff specified by the State Commission for Commercial and Industrial consumers during peak period of the day shall **not be less than 1.20 times** the normal tariff and for other consumers, it shall **not be less than 1.10 times** the normal tariff:*

*Provided further that, tariff for solar hours of the day, specified by the State Commission shall be at least twenty percent less than the normal tariff for that category of consumers:*

*Provided also that the Time of Day Tariff shall be applicable on energy charge component of the normal tariff:*

*Provided also that the duration of peak hours shall not be more than solar hours as notified by the State Commission or State Load Despatch Centre.*

*Explanation:- For the purposes of this rule, the expression “solar hours” means the duration of eight hours in a day as specified by the State Commission.” (emphasis added)*

**The design of ToD tariffs should not be prescribed in a uniform manner.** It needs to be differentiated across states and distribution licensees, taking into account consumer mix, load profile, power purchase cost at different times of the day, and the potential impact on revenue from each consumer category. Data analytics would help design of ToD tariff for the respective state/discom.

The draft prescribes specific limits for Time-of-Day (ToD) tariff, including a peak tariff of at least 1.2 times and a reduced tariff (e.g., 0.8 times) during solar or off-peak hours. It is submitted that such limits should not be specified in a prescriptive manner within the Rules. The appropriate level of tariff differentiation depends on multiple factors, including the ratio of peak power procurement cost to base cost, consumer demand elasticity, and the overall impact on revenue. In certain cases, a lower differential (for example, 1.15 times) may be sufficient to induce the desired load shifting while maintaining revenue neutrality, whereas a higher mandated multiplier such as 1.2 may lead to unintended revenue loss for the distribution licensee. Therefore, such parameters cannot be considered in isolation and should ideally be determined for the respective state/discom based on detailed analysis.

Further, the provision that limits the duration of peak hours below duration of solar hours may not also be uniformly optimal across the country. There may be cases where peak demand includes both morning and evening peaks, which are associated with higher power procurement costs, the total duration of peak hours may exceed solar hours, and restricting peak hours artificially may dilute the effectiveness of ToD tariffs. This may also be dynamic as demand profile and power procurement cost evolves further in the future.

Additionally, the assumption of solar hours being uniformly around eight hours is not suitable. In practice, low-cost solar power is generally available for a shorter duration, typically around four to five hours, beyond which power procurement costs begin to increase due to ramping requirements.



It is therefore recommended that both tariff differentials and the definition of peak, off-peak, solar and non-solar hours be determined by the respective SERC based on system-specific conditions and cost profiles.

**6. Requirement of Regulations for Net/Gross Metering:** Absence of specific regulation should not automatically lead to a ‘deemed’ net/gross metering mechanism. Given a number of technical, commercial and regulatory issues, scope for disputes would be significant and, in the absence, of appropriate regulation, the dispute resolution process itself would be prone to further legal scrutiny, further compounding the burden of legal disputes in the sector. The Commissions, which are yet to issue such regulations, may be provided technical assistance through Forum of Regulators for the same.

**7. Installation of Solar Energy Meter:** In the fourth proviso to proposed Rule 11 (4) “*The arrangements for net-metering, gross-metering, net-billing or net feed-in shall be in accordance with the regulations made by the State Commission from time to time: ....*”

*Provided also that in case of net-metering or net-billing or net feed-in, the distribution licensee may install a solar energy meter to measure the gross solar energy generated from the Grid Interactive rooftop Solar Photovoltaic system for the purpose of renewable energy purchase obligation credit, if any:*

*... (emphasis added)*

A number of rooftop installations may already have a solar energy meter in place. Such data can simply be piped through existing system. The respective regulation may mandate sharing of such data rather than making additional investment in metering infrastructure. It will be avoid additional investment in installing new solar meters and associated data infrastructure.

Further, installation of an additional meter may lead to technical and institutional complications and give rise to disputes. Issues such as meter malfunction, damage, or alleged tampering may arise. In such situations, the consumer may contend that the meter is not under their ownership or responsibility, leading to further disputes.

**8. Energy Storage Requirement:** In the proposed Rule 4(A), “*Energy Storage: The State Commission may mandate the installation of energy storage system of **appropriate capacity** by the Prosumer where **installed capacity** of renewable energy generation unit exceeds five hundred kilowatts.*” (emphasis added)

It is not clear whether the requirement for energy storage system is intended to be retrospective or prospective in nature. This lack of clarity may create ambiguity in implementation. It appears that the provision may be interpreted as retrospective. This may explicitly clarified.

Further, the threshold of five hundred kilowatts appears arbitrary. The appropriate threshold should



ideally be based on analysis, such as feeder capacity, load flow considerations, and overall system requirements. It may also be appropriate to evaluate whether a different threshold, such as one hundred kilowatts or another level based on analysis, would be more suitable. Such study would also help in determination of ‘appropriate capacity’ level to be mandated for the ESS.

**9. Strengthening Consumer Grievance Redressal Mechanism:** The existing consumer grievance redressal mechanism involves multiple stages including Consumer Grievance Redressal Forums (CGRF) and the Ombudsman.<sup>1</sup> However, the absence of an integrated complaint tracking system makes it difficult to analyse the lifecycle of consumer complaints. It is not clear how the inventory of cases will be traced across different levels, as there is no common identification system. Accordingly, a unified complaint numbering system may be introduced across the state, wherein each complaint is assigned a unique ID that is mapped across all stages, including the Ombudsman level. This would enable effective tracking of cases, facilitate analysis of complaint patterns, and help identify systemic issues, thereby improving the overall grievance redressal process.

Further, there should also be provision for an online submission portal, if not available, through which consumers can file and track their grievances. Consumers should be able to submit complaints and receive approvals through online mode. This is particularly important for consumers such as daily wage workers, for whom visiting offices may result in loss of livelihood for a day. Given that mobile connectivity is reasonably available, including in rural areas, enabling online submission would reduce opportunity cost for consumers and improve accessibility and efficiency of the grievance redressal mechanism.

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<sup>1</sup> Singh A. (ed.). (2026), Opinion on “Ministry of Power (Draft National Electricity Policy, 2026), Regulatory Insights (Vol. 08 Issue 04), Centre for Energy Regulation, IIT Kanpur. [https://cer.iitk.ac.in/periodicals/regulatory\\_insights/Volume08\\_Issue04.pdf](https://cer.iitk.ac.in/periodicals/regulatory_insights/Volume08_Issue04.pdf)