No. 23/05/2020-R&R-I (Part-I)Vol.II

Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg.
New Delhi, 23rd November, 2026

To,

1. Secretary, MNRE, New Delhi.
2. Secretary, Ministry of MSME, New Delhi.
3. Chairperson, CEA, Sewa Bhawan, R.K. Puram, New Delhi.
4. Secretary, Central Electricity Regulatory Commission (CERC), New Delhi.
5. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs.
6. Secretaries of All State Electricity Regulatory Commissions/JERCs.
7. Chairman/CMDs of all PSUs under administrative control of Ministry of Power.
8. CMD, SECI, New Delhi.
9. CMDs/MDs of Discoms/Gencos of all State Governments.
10. CMD, IEX LTD New Delhi & MD/CEO, PXIL, Mumbai/ HPX New Delhi.
11. Director General, Association of Power Producers, New Delhi.
12. President, FICCI, House No. 1, Tansen Marg New Delhi.
13. President, CII, New Delhi.
14. President, PHDCCI, New Delhi.
15. ASSOCHAM, Chanakyapuri, New Delhi.
16. Member, PRAYAS Energy Group, Pune.
17. Director General, Electric Power Transmission Association (EPTA), New Delhi.
18. Chairman, Indian Wind Power Association, New Delhi.
19. Chairman, Indian Wind Turbine Manufacturers Association, New Delhi.
20. Director General, National Solar Energy Federation of India (NSEFI), New Delhi.
21. Director General, Solar Power Developers Association, New Delhi.
22. CEO, PFC Consulting Ltd (PFCCL), New Delhi.
23. Dr. Anoop Singh, Professor, CER (IIT), Kanpur.
24. Director General, Power Foundation of India (PFI), New Delhi.
25. Director General, All India Discoms Association (AIDA), New Delhi.

Subject: Seeking comments on the revised draft Electricity (Rights of Consumer) Amendment Rules, 2026 – reg.

Sir/Madam,

I am directed to forward herewith the **revised draft Electricity (Rights of Consumer) Amendment Rules, 2026** proposed to come into force with effect from 01.04.2027 with the request to provide your comments, if any, to this Ministry within 30 days from the date of issue of this letter i.e., by 23rd December, 2026. The comments (in MS word) may also be emailed at rr1-mop@gov.in. Explanatory note on the issue is also attached for kind perusal.

2. This issues with the approval of Competent Authority.

Encl: as above

(Mahesh)
Under Secretary to the Govt. of India
Tel: 2373 0265

Copy for information to:
PS to Hon'ble Minister of Power, PS to Hon'ble MoSP, PPS to Secretary(P), PPS to AS(R&R), PSO to CE(R&R), Ministry of Power.

Copy to: Technical Director, NIC Cell for uploading on MOP's website under "New Notices" with the heading **"Seeking comments on the revised draft Electricity (Rights of Consumers) Amendment Rules, 2026"**

[To be published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i)]

GOVERNMENT OF INDIA

MINISTRY OF POWER

NOTIFICATION

New Delhi, the..... November, 2026

G.S.R. …… (E).— In exercise of the powers conferred by sub-section (1), clause (z) of sub-section (2) of section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government hereby makes the following rules, further to amend the Electricity (Rights of Consumers) Rules, 2020, namely:-

1. (1) These rules may be called the Electricity (Rights of Consumers) Amendment Rules, 2026.

(2) They shall come into force on 1st April, 2027.

Provided that the proviso to sub-rule (4A) shall come into force on the 1st April, 2028.

2. In the Electricity (Rights of Consumers) Rules, 2020 (hereinafter referred to as the said rules), in Rule 2, in sub-rule (1), after clause (g), the following clause shall be inserted, namely:-

"(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;**"**

3. In the said Rules, in Rule 4, for sub-rule (11), the following sub-rule shall be substituted, namely:-

"(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 area and fifteen days in rural area, within which the distribution licensee shall provide new connection or modify an existing connection:

Provided that for rural areas of States and Union Territories having hilly terrain, the maximum time period for new connection or modification of an existing connection, after submission of application, complete in all respects, shall not exceed thirty days:

Provided further that where such supply requires extension of distribution mains, or commissioning of new substations, the distribution licensee shall supply the electricity to such premises immediately after such extension or commissioning within a period not exceeding ninety days.

Explanation.- For the purposes of this rule, the term 'States and Union Territories having hilly terrain' means the States of Arunachal Pradesh, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Uttarakhand, Union Territory of Jammu & Kashmir and Union Territory of Ladakh."

4. In the said Rules, in Rule 6, after sub-rule 12, the following sub-rule shall be inserted, namely:-

"(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.

Provided that this provision shall come into effect within six months from the date these rules come into force or earlier, once the distribution licensee makes necessary arrangements.

Provided also that no disconnection of supply shall be done, if the consumer continues to pay electricity charges based on the average consumption of the previous six billing cycles, until the issue is resolved."

5. In the said Rules, for Rule (8A), the following rule shall be substituted, namely:-

"(8A). Time of Day Tariff.-

(a) The Time of Day tariff for consumers with a maximum demand exceeding ten Kilowatts shall be implemented no later than 1st April, 2028. 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 1st April, 2029:

(b) While specifying the tariff periods and time periods, the State Commission shall take into account—

(i) the load profile of the distribution licensee and the State;

(ii) the profile of solar and other renewable energy generation;

(iii) the cost of power procurement at different times of the day and during different periods of the year, including prices discovered on power exchanges; and

(iv) the capability of the metering infrastructure

(c) The Time of Day Tariff shall be applicable on energy charge component of the normal tariff:"

6. In the said Rules, in Rule 11,

(i) for sub-rule (2), the following sub-rule shall be substituted, namely:-

"(2) Renewable Energy (RE) generation unit may also be set up on other part of the premises of the prosumers, apart from the roof. The capacity of the installed RE generation unit may exceed the sanctioned load of the prosumer, subject to such limits as may be specified by the Commission.

Provided that the prosumer shall not inject electricity into the distribution system in excess of its sanctioned load, unless specifically authorised by the distribution licensee. Any electricity injected in excess of the sanctioned load without such authorisation, shall not be eligible for any payment or

compensation from the distribution licensee and shall, in addition, attract such penalty as may be specified by the Commission."

(ii) for sub-rule (4), the following sub-rule shall be substituted, namely:-

"(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 that the Commission may permit net metering to a Prosumer subject to the payment of such charges as may be specified by the Commission. No such charges shall be levied in respect of installed solar PV capacity up to such threshold as may be determined by the Commission. The Commission may specify such charges, taking into account the imputed cost of energy storage and adjustments for network losses.

Provided further that in the case of Prosumers availing net-billing or net feed-in, the Commission may introduce time-of-the-day tariffs whereby Prosumers are incentivised to install energy storage for utilization of stored solar energy by them or feeding into the grid during peak hours thus helping the grid by participating in demand response of the distribution licensees:

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:

Provided also that the Commission may permit gross-metering for Prosumers who would like to sell all the generated solar energy to the distribution licensee instead of availing the net-metering, net-billing or net feed-in facility and the Commission shall decide for this purpose the generic tariff for gross-metering as per tariff regulations:"

(iii) after sub-rule 4, the following sub-rule shall be inserted, namely:-

"**(4A) Energy Storage:** Where the installed capacity of the renewable energy generating system exceeds such threshold as may be specified by the Commission, the Commission may require the prosumer to install an Energy Storage System having a storage capacity equivalent to at least twenty per cent of the total energy generated by such renewable energy generating system during a day, or such other proportion of daily generation as may be specified by the Commission.

Provided that where the regulations do not specify the capacity threshold for such installation, the requirement shall apply where the installed capacity of the renewable energy generating system exceeds ten kilowatts (10 kW). "

7. In the said Rules, in Rule 15,

(i) for sub-rule (1), the following sub-rule shall be substituted, namely:-

"(1) Each distribution licensee shall establish Consumer Grievance Redressal Forum (CGRF) under sub-section (5) of section 42 of the Act at least two levels, one at the company level, and another at district or municipality level, as specified by the State Commission. The forum shall be headed by an officer of the licensee of appropriate seniority. Each forum shall consist of a chairperson and not more than three members ~~as~~ including consumer representatives. The forum may be assigned different types of grievances depending on the nature of the grievance and the appropriate level for its effective resolution.

Provided that the manner of appointment and the qualification and experience of the persons to be appointed as member of the forum and the procedure of dealing with the grievances of the consumers by the Forum and other similar matters would be as specified by the Commission."

(ii) for sub-rule (2), the following sub-rule shall be substituted, namely:-

"(2) The licensee shall specify the time within which various types of grievances by the different levels of the forums are to be resolved. Normally, a grievance shall be decided with in a period of thirty days and in any case not exceeding forty five days from the date of receipt of such grievance. If a consumer is not satisfied with the decision the district or municipal level forum as applicable, he may approach the company level forum within ninety days of the decision, before appealing to the Ombudsman."

(iii) for sub-rule (4), the following sub-rule shall be substituted, namely:-

"(4) The distribution licensee shall give wide publicity of the forum office, its complete address, contact details and procedure for registration of grievances through print and electronic media and notice boards of its various offices and also intimate the same to the consumers through electricity bills. The distribution licensee shall also create or upgrade its web portal and a mobile app to enable online submission, virtual hearing, and tracking of grievances."

(iv) for sub-rule (5), the following sub-rule shall be substituted, namely:-

"(5) The distribution licensee shall set up a mechanism for monitoring grievances redressal. The status of each grievance shall be made available online for consumers."

8. In the said Rules, after Rule 16, the following rule shall be inserted, namely:-

"**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."

[File No. 23/05/2020-R&R]

(Shashank Misra)
Joint Secretary to the Govt. of India

Note: The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, sub-section (i) *vide n*umber G.S.R. 818(E), dated the 31st December, 2020 and were **last** amended *vide n*umber G.S.R. 125 (E), dated 22th February, 2024.

Explanatory Note on Electricity (Rights of Consumer) Amendment Rules, 2026

Electricity (Rights of Consumers) Rules, 2020 ("Rules") were notified by the Government on 31st December, 2020, based on the conviction that power systems exist to serve consumers and that consumers have rights to get reliable services and quality electricity.

A Group of Ministers (GoM) was constituted by the Ministry of Power to examine and address issues affecting the financial viability of Distribution Companies (DISCOMs). The GoM has convened multiple meetings and extensively deliberated on the key factors contributing to the financial stress and operational challenges faced by DISCOMs.

Over the past two years, there has been a substantial decline in the cost of Battery Energy Storage Systems (BESS), driven by economies of scale, technological innovation, and enhanced market competition. This development has made the deployment of such systems economically viable, presenting a unique opportunity to strengthen grid stability and facilitate effective integration of renewable energy within a predominantly thermal power-based grid.

As the power sector transitions toward higher renewable energy penetration, the focus is progressively shifting to ensuring grid resilience and flexibility. In this context, active consumer participation through mechanisms such as demand response programs and distributed energy initiatives will play a critical role in maintaining system balance and operational efficiency.

In view of the deliberations of the GoM, inputs received from DISCOMs, and the need to address emerging grid management challenges arising from increased renewable energy integration, the following amendments to the Rules are proposed:

(1) Optimization of the Net Metering framework and reducing cross-subsidization

At present, the Rules empower the State Electricity Regulatory Commissions (SERCs) to determine net metering limits. In cases where no specific limit is prescribed, the Rules permit net metering up to 500 kilowatts (kW).

Section 61(g) of the Electricity Act, 2003 mandates that electricity tariffs should progressively reduce cross-subsidies. A substantial share of DISCOMs' fixed costs is presently recovered through energy charges. However, consumers availing net metering are billed on the basis of net electricity consumption and, as a result, do not fully contribute to the recovery of fixed costs. Under slab-based tariff structures, where energy charges increase with higher consumption, such consumers may also remain in lower tariff slabs despite higher gross demand, leading to lower applicable energy charges and **increased cross-subsidisation by other retail consumers**. Further, rooftop solar consumers use the distribution network both for injecting power during solar hours and for drawing electricity during non-solar hours, thereby imposing transmission and distribution losses as well as associated system costs.

To ensure a balanced and sustainable framework consistent with the principles of the Electricity Act, 2003, while safeguarding the broader interests of consumers, it is proposed it is proposed to empower the Commissions to determine the applicable net metering limits and charges based on State-specific conditions. No charges shall be levied up to the capacity threshold determined by the Commission. Beyond this threshold, charges may be specified, taking into account the imputed cost of energy storage and network losses.

(2) Flexibility to Install Higher Rooftop Solar Capacity

At present, most SERCs allow commercial and industrial consumers, including MSMEs, to install rooftop solar only up to their sanctioned load. It is proposed to allow consumers to install higher rooftop solar capacity, subject to the limits set by the Commission based on the capacity of the local distribution system and other technical considerations. However, the consumer shall be permitted to inject electricity into the distribution system only up to its sanctioned load, unless otherwise authorised by the distribution licensee. Any electricity injected in excess of this limit, without such authorisation, shall not be eligible for any payment or compensation and may attract such penalty as may be specified by the SERC.

(2) Integration of Energy Storage

Integrating energy storage can shift surplus solar power to evening hours, enhance grid stability, and reduce operational stress on DISCOMs. With the declining cost of battery energy storage systems, integration of such systems with rooftop installations has become economically viable. This will ensure reliable power supply during non-solar hours, enable safe and efficient integration of distributed renewable energy, and offer consumers, especially commercial and industrial users, greater energy independence and cost savings. It will also lower the effective cost of balancing large volumes of distributed renewable energy for DISCOMs, ultimately benefiting consumers at large.

It is proposed that the Rules empower the respective State Commissions to determine the capacity threshold beyond which installation of an Energy Storage System (ESS) may be made mandatory, along with the corresponding storage requirement, taking into account State-specific conditions. The storage requirement may be linked to a specified

proportion as decided by the Commission (or, 20%) of the total daily energy generation of the renewable energy generating system. In the absence of a threshold specified by the Commission, the requirement may apply to systems having an installed capacity exceeding 10 kW. The mandate may come into effect from 1st April 2028 to provide adequate time to make the necessary regulatory and investment arrangements.

(3) Improving the functioning of Consumer Grievance Redressal Forums (CGRFs)

Currently, the Rules provide for a multi-tier CGRF structure across various levels: sub-division, division, circle, zone, and company. The number and tiers of CGRFs vary significantly across States. To bring uniformity, improve efficiency, and reduce administrative costs, it is proposed to amend the Rules to standardize the CGRF structure to **at least** two levels: Company and District/Municipality. This will simplify operations and ensure faster grievance redressal for consumers. To further enhance efficiency and facilitate timely decision-making, it is proposed to limit the membership to four (a Chairperson and three members, including consumer representatives).

(4) Aligning Connection Timelines for Municipal Corporation Areas with Metropolitan Areas

Under the existing provisions of the Rules, distribution licensees are required to provide new or modified electricity connections within 3 days in metropolitan areas, 7 days in other municipal areas, 15 days in rural areas, and 30 days in hilly rural areas. However, several major cities have not been formally notified as “metropolitan areas,” and are therefore treated as “other urban areas,” resulting in longer connection timelines despite having comparable population density, demand, and infrastructure. To ensure

clarity and uniform service standards for consumers, it is proposed to amend the Rules to include “municipal corporation areas” along with “metropolitan areas” under the 3-day service timeline for providing new or modified connections. Consumers in large cities, not presently notified as metropolitan areas, shall benefit from the proposed reduction in timeline for new or modified connections, in line with the Central Government’s commitment for enhancing Ease of Living and Doing Business.

(5) Applicability of Time-of-Day (ToD) Tariffs

Provisions for ToD tariffs were introduced to encourage consumption during solar hours when generation is abundant, enabling consumers to benefit from lower electricity costs. The installation of smart meters enables implementation of such ToD tariffs. As per the existing provisions of the Rules, ToD tariff is applicable to Commercial and Industrial (C&I) consumers with a maximum demand above 10 kW from 1st April, 2024, and for all other consumers (excluding agriculture) from 1st April, 2025. For consumers equipped with smart meters, the ToD tariff becomes applicable immediately upon installation. Several States have requested that the timelines be revised in line with the progress of smart meter deployment. Considering the current pace of deployment, nationwide installation is expected to be completed by April, 2028. Accordingly, it is proposed to amend the Rules to It is also proposed that the ToD framework shall be applicable to all 10 kW+ consumers with effect from 1st April 2028. For all other non-agricultural consumers, the framework shall come into effect from 1st April 2029.

Additionally, seasonal variations in peak demand across States necessitate greater flexibility in determining Time of Day (ToD) periods based on actual system conditions. The existing framework provides for

an eight-hour solar period and prescribes minimum tariff differentials for peak and solar hours. Stakeholders have suggested that these periods should instead be determined with regard to State-specific demand patterns, renewable generation, solar irradiance and system cost conditions. Accordingly, it is proposed to amend the ToD framework to provide greater flexibility to SERCs to determine solar and peak hours based on prevailing system conditions and State-specific requirements, rather than prescribing fixed solar hours.

(6) Provision for Automatic review in case of abnormally high or low bill

To prevent consumer hardship arising from inflated or abnormally low bills due to billing errors, it is proposed to insert a new provision requiring licensees to proactively review such cases. If a consumer's consumption during any billing cycle exceeds five times (or, as may be decided by the State Commission based on the consumption patterns in the State) the average of the preceding six billing cycles, the licensee must review and resolve the issue within 30 days. Similarly, if a consumer's consumption falls below one-fifth (or, as may be decided by the State Commission based on the consumption patterns in the State) of the average consumption during the preceding six billing cycles, the licensee shall review the case and take appropriate action within 30 days. The provision will come into effect within six months from the date of notification of the amended Rules, or earlier where billing systems are ready. Further, to protect consumers from undue inconvenience, no disconnection shall be carried out if the consumer continues to pay the average bill until the anomaly is resolved.

(7) Provision to facilitate adoption of Demand Response Programmes

Demand Response programmes help consumers actively manage and optimize their electricity usage by shifting or reducing demand during peak hours in response to price signals or system conditions. This provides an incentive for participating consumers, improves system reliability, and reduces the need for costly peak power procurement by DISCOMs. To facilitate the adoption of Demand Response (DR) programme, it is proposed to include provisions enabling State Commissions to specify a regulatory framework for its implementation. Wider adoption of DR programmes will also support better integration of renewable energy by balancing variability in generation, thereby enhancing overall grid efficiency and stability.

It is proposed to implement these amendments with effect from 1st April, 2027, to allow adequate time for transition and compliance.

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