



هيئة تنظيم الخدمات العامة  
Authority for Public Services Regulation



# Bill Estimation & Calculation of the Lost Revenue

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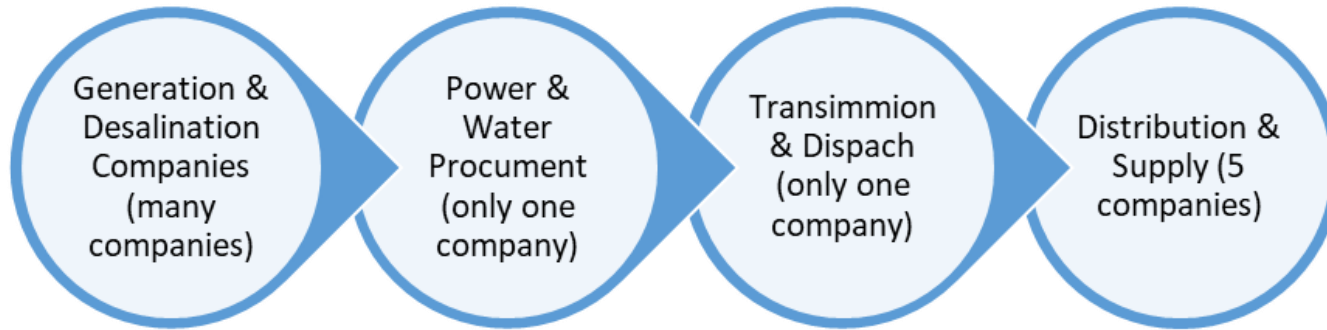
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# Background- Electricity Sector



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- The Authority is regulating electricity sector, but more services such as water & waste water are soon to come (2022).
- Electricity market structure:



- Electricity tariffs must be approved by the government.
- Retail tariffs are still subsidized.

# Background- Electricity Sector



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- The Authority has the power to examine & resolve electricity customer complaints.
- The Customer should follow the Customer Complaints Handling Procedures:

## Customer Complaint Handling Procedure



# Background- Electricity Sector



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- Oman climate: very hot in summer with highs around 40 °C on average.
- The annual demand profile in Oman is highly seasonal, with average summer demand more than double the average demand in winter.
- Demand typically peaks from May to July, during the highest daytime temperatures and most intensive use of air conditioning units.



# Issues raised from Customer Complaints



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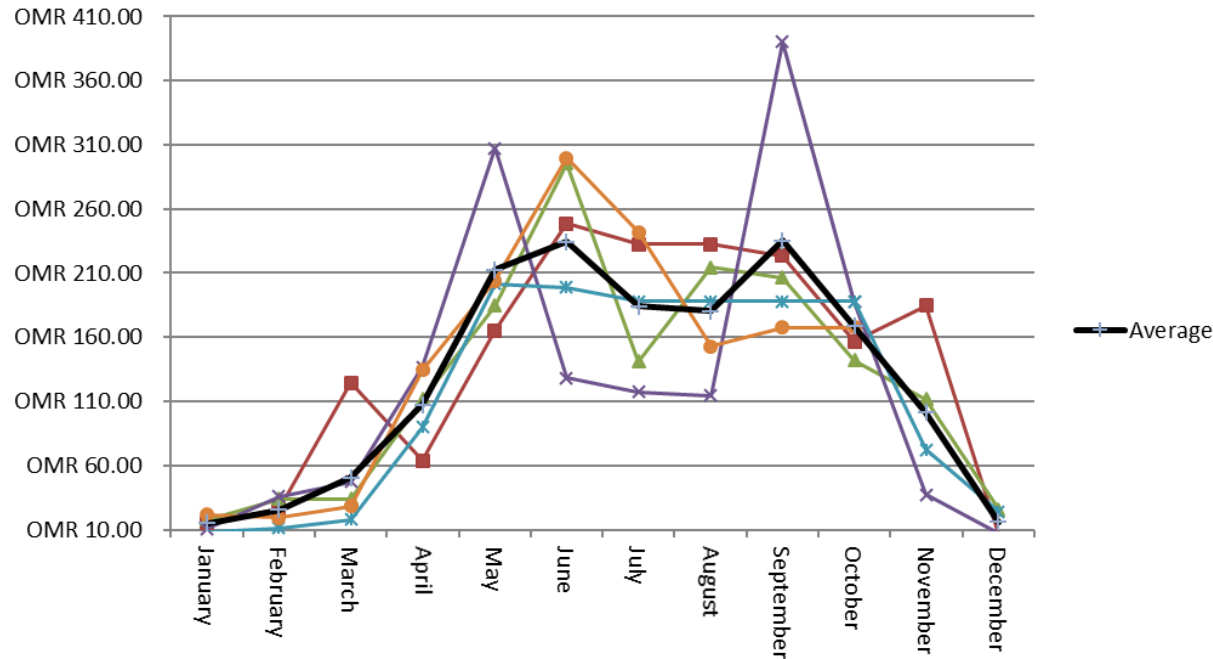
- Distribution & Supply companies have the responsibility to ensure meters are accurate & read on timely basis.
- More than half of electricity complaints are related to billing/ accuracy of meter reading (mainly in summer period when the consumption increases sharply).
- Inaccurate meter readings/ unreasonably estimated meter reading lead to customer dissatisfactions.
- The analysis of a number of billing related complaints shows that the high bill is mainly caused by a series of under-estimated readings prior to obtaining the actual meter reading.

# Issues raised from Customer Complaints



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-Example of a customer's bills across the years (under-estimation issue):



# Challenging Issue: reasonable bill estimation



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- Discussions with the Distribution & Supply companies revealed that each company follow a certain approach for bill estimation.
- The regulator decided to put a guidelines that set the principle of bill estimation.
- The aim is to provide estimated bill that is close to actual consumption.
- In addition, the regulator demanded the Distribution & Supply companies to expand the use of smart meters (post and prepaid meters). Smart meters must be used for new connections.
- Smart meters will help in reducing the problem of under/overs estimated bills.
- The county is planning a full smart meters roll out in 5 years time.

# Proposed principles for bill estimation



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- No more than 3 consecutive estimations of a customer are allowed;
- An estimated bill cannot be equal to zero unless there is clear evidence that the customer has not been consuming electricity in the recent months;
- Estimations shall be tailored to the customer and cannot be generalized; estimation shall be based on customer's historical data, if feasible;
- The provisional bills shall be adjusted based on the subsequent actual meter reading



# Proposed principles for bill estimation



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–Estimations are determined as follows (proposed):

- Average reading of the last 24 months; These 24 months shall not have more than 6 months of estimations
- If 24 months of reading is not available, 12 months average shall be used; These 12 months should not have more than 3 months of estimations
- If 12 months of reading is not available, use consumption of the previous month, only if it is for the same customer
- If previous month reading is not available, use the same month of last year, if it is for the same customer
- If none of these are available, the licensee shall estimate based on the maximum capacity of the meter of the customer.

# Computation of the lost revenue (meter faulty cases & meter tampering)



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- Estimations can also be used when the Distribution & Supply company identifies that a meter is faulty and records the wrong data (over-recording, under-recording, not recording at all);
- In this case, the licensee shall estimate the consumption and adjust;
- Currently, there is no common approach used by the D&S companies;
- The regulator proposed a common methodology for consumption estimations to be used by D&S companies (this is still under discussion).

# Computation of the lost revenue (meter faulty cases & meter tampering)



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Estimations for this case shall follow the following instruction (proposed):

- a. Estimate the duration of the fault: the licensee shall analyse the consumption patterns of the customer over a period of 12 to 24 months and detect when the change in meter reading accuracy likely started;
- b. Estimate consumption that should have been applied during the period in which the metering fault is expected to have occurred;
- c. The D&S company shall analyze the consumption data of the customer before the fault and define an average estimated daily consumption, then apply it to the period of the fault.

# Computation of the lost revenue (meter faulty cases & meter tampering)



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Estimations for this case shall follow the following instruction (proposed):

- d. If consumption data for the period prior to the fault is not available, the licensee shall install a new meter and initiate an observation period for no more than 12 months and upon completion of the observation period issue the adjustment bill for the retroactive period in question.
- e. Calculate the adjustment in electricity usage and in OMR to be applied to the customer, either up or down.
- f. The maximum retroactive period to adjust the bills cannot exceed 12 months.

*An email will be sent to CP members to share experience on this subject.*



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# THANK YOU FOR YOUR ATTENTION!

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