

**AGENDA NOTE
FOR
THE 14th MEETING OF THE STATE ADVISORY COMMITTEE**

Date	26th November 2011
Time	1100 hrs.
Venue	VIP Guest House, GEB Colony, Thermal Power Station, Gandhinagar.

AGENDA ITEM NO.	NOTES ON AGENDA
1	Approval of the minutes of the 13 th Meeting of the State Advisory Committee held on 27 th May, 2011
2	Action Taken Report on the minutes of the 13 th Meeting of the State Advisory Committee
3	Model Regulations on Demand Side Management
4	Highlights of Tariff Orders
5	Discussion paper on Solar Tariff for the next control period
6	Standard of Performance (SoP)
7	Discussion on Electrical Inspector's Report on Accident
8	Monitoring Report of CGRFs & Ombudsman
9	Issues raised by the Members
10	Any other Item with the permission of Chair

Agenda Item No. 1

Approval of the minutes of the 13th Meeting of the State Advisory Committee held on 27th May, 2011 at Vadodara

The 13th Meeting of the State Advisory Committee was held on 27th May, 2011 at Vadodara. The minutes of the meeting were sent to all the members on 4th June, 2011. No comments were received from any of the members. The minutes may be approved.

Agenda Item No. 2

Action Taken Report on the minutes of the 13th Meeting of The State Advisory Committee

Item No. of the minutes	Detail of the Item	Action Taken Report
2	<p>- SLDC may apprise the members about the progress on the web-based scheduling during the meeting.</p> <p>- It was promised by GUVNL that the issue regarding compensation in case of crop damage due to line faults shall be settled in consultation with State Government before 15-06-2011</p>	<p>- Copy of the SLDC letter dated 4th June, 2011. Reply in this regard is attached as Annexure I</p> <p>- Report from GUVNL is still awaited.</p>
3 (3)	<p>Looking to the differing perceptions prevailing among DISCOMS and consumers in respect to the rationale of CEI circular of 1999, a Committee was formed under the Ombudsman and the Committee was to submit the report by 26-</p>	<p>No Report received from the Ombudsman</p>

	06-2011	
6	Issue of parity in the power factor rebate vis-a-vis power factor penalty will be considered while determining the tariff	While deciding the tariff rates recently, the Commission found that the existing system is appropriate; hence no change made.
12	Utilities are to compile the various circulars relating to issuance of new agriculture connections / shifting of agriculture connections etc.	No Report received from the Utilities

Agenda Item No. 3

Model Regulations on Demand Side Management

The Forum of Regulators has published model regulations on Demand Side Management. Demand Side Management (DSM) is described as the planning, implementation and monitoring of utility's activities designed to encourage customers to change their electricity consumption patterns, both with respect to timing and level of electricity demand so as to help the customers to use electricity more efficiently. Various factors such as increasing economic activity and population growth are resulting in additional pressure on ever-increasing power demand when the country is already facing acute power shortage. In such a scenario, DSM can complement supply-side strategies to help meet electric service demands by assisting utilities to avoid or delay costly capacity additions by slowing demand growth. To promote DSM, the Government is continuously introducing various policies and programs targeting different sectors such as appliances, buildings, industries, etc. Despite these policies, the potential remains largely unrealized due to technical, financial, economic and institutional barriers.

One of the reasons for non-deployment of larger scale DSM programs is the deficiencies in the existing regulatory and policy framework. These deficiencies include lack of clarity around obligation on distribution utilities to take up DSM measures; absence of Regulations/guidelines for design, development and implementation of DSM activities. In the absence of an overall target/goal, DSM programs are undertaken on piecemeal basis. Also, there is a lack of

institutional mechanism for coordination between various stakeholders such as State Designated Agencies (SDAs), distribution utilities, Bureau of Energy Efficiency (BEE) and SERCs to undertake EE&DSM.

With the support of Bureau of Energy Efficiency, Forum of Regulators has developed Model Demand Side Management Regulations. GERC also desires to notify the same after making state specific modifications.

The Model Regulation on Demand Side Management was circulated among DISCOMs and TPL seeking their views and suggestions. The three DISCOMs namely, PGVCL, MGVCL and UGVCL have sent their suggestions. An officer level meeting was conducted at GERC with all the licensees on 30th September, 2011 to discuss the views received by the Commission on DSM model regulation. All the licensees have opined that the task of assessment of technical potential for DSM in the license area should be carried out by the Commission due to lack of compatibility related to technical parameters of DSM. They also expressed concern that consumers may not reveal correct information related to connected load to the person carrying out load research even though it is done through independent agency by the licensee. Licensees further suggested to narrate the details of staff set up and infrastructure to be provided to DSM cell of a licensee in the regulation itself. The Commission is deliberating on the suggestions of the licensees and will publish Draft DSM regulation and shall invite suggestions from various stakeholders in a short while from now.

Agenda Item No. 4

Highlights of Tariff Order

The Commission issued Tariff Orders for Kandla Port Trust and MUPL Pvt. Ltd. on 6th August 2011. The Tariff Orders for state owned DISCOMs and TPL were issued on 6th September 2011. The new tariffs are made applicable from 1st September 2011 for all the licensees.

The Commission has directed KPT to charge their consumers in accordance with the Tariff Schedule for PGVCL from time to time. A separate Tariff Schedule has been approved for the consumers of MUPL.

Though DISCOMs filed their MYT petitions in the month of May, i.e. after 6 months of the last date for filling the petitions as per the regulations, the

Commission issued the Tariff Orders well within time so that the utilities can recover revenue based on new tariff at least for the period of half of the year.

The orders of DISCOMs and TPL comprise of Truing up for FY 2009-10, APR of FY 2010-11, determination of ARR for the control period of FY 2011-16 and determination of tariff for FY 2011-12. Truing up of FY 2009-10 and APR for FY 2010-11 was concluded based on the MYT Regulation 2007 while ARR for the 2nd control period and tariff for FY 2011-12 were determined based on the MYT Regulations 2011.

ARR for the five years was decided in the Tariff Orders subject to mid-term review as stipulated in the MYT Regulations 2011.

The salient features of the orders of DISCOMs and TPL are as under:

- The Commission agreed with the prayer of the DISCOMs for adoption of Differential Bulk Supply (BST) Mechanism for a uniform structure of retail supply tariffs in the four DISCOMs. BST ensures that consumers in similar categories in the State of Gujarat have similar tariff and there may not be any discrimination among the consumers. While deciding BST rates for various DISCOMs the Commission took care that the Bulk Supply Tariff reflects efficiency of the DISCOMs.
- The Commission carried forward the process of rationalization of tariff in order to ensure that the tariffs reflect, as far as practicable cost of supply. The Commission also tried to address operational and the field level issues – keeping in view the interest of consumers – while rationalizing the tariff structure:

For example, the tariff rate commonly known as commercial tariff was applied to commercial establishments in respect of lighting and fan. Such establishments had to pay the industrial rate in respect of motive power. A consumer had to keep two meters, which means avoidable cost and inconvenience to both the consumer and the utility. The commercial tariff was also applied to a range of consumers i.e. shops, restaurants, theatres, IT units, telecom units, and even offices, hospitals and educational institutions. In other words, it was applied to almost entire service sector. In recent times, the structure of the economy has changed; the tertiary or service sector is playing a dominant role in the economic growth. In the context of development policy, a number of such activities are given priority and are treated as industrial activities. Thus, the tariff structure,

which was designed in the past, has become anachronistic; in practice and very often it becomes difficult to distinguish between industrial activities and so called commercial activities, which are mostly service activities at present. This also results in confusion and ambiguity for field level officials of the utilities. In order to address these issues, the Commission had restructured the tariff in respect of High Tension power supply in the tariff order of 31st March 2010. It greatly helped to simplify the processes and procedures, particularly in the field and was well received by the utilities and consumers. As a sequel to the process of rationalization, the Commission has, in the present order, attempted to rationalize the tariff structure in respect of Low Tension power supply.

Following rationalization for the state owned DISCOMs has been attempted by the Commission in the recent Tariff Orders:

- 1) Lighting consumption and motive power consumption are combined into the same category.
- 2) Residential premises category is renamed as “RGP” and modified to cover aggregate consumption of Residential premises having connected load up to 100 kVA.
- 3) LFD II and LTP I categories are merged and installations having connected load up to 40 kW of commercial, industrial, office premises, institutional and other premises are clubbed into one category termed as “Non-RGP”. Installations having aggregate connected load above 40 kW of Commercial / Industrial / office / institutional premises are covered under existing LTP-III tariff category, which is renamed as “LTMD” category
- 4) The existing LFD-III and LTP-II categories applicable for educational and other institutions registered with Charity Commissioner and R&D laboratories are merged into one category and renamed as “GLP” category with appropriate tariff.
- 5) The proposal for the method of measurement of maximum demand and the additional condition for HT seasonal loads proposed to be introduced is approved.
- 6) Time of Use charges are introduced for HT consumers below 500 kVA.
- 7) The State owned Distribution Companies had proposed uniform tariff hike of 25 paise per unit for all consumers except BPL and

Agricultural consumers. However, the Commission decided to allow an average tariff hike of 13 paise per unit i.e. 4.05% of the existing tariff.

- 8) The consolidated gap at previous tariff for state owned DISCOMs was Rs. 606.67 crore for FY 2011-12. Additional revenue due to revision in tariff is expected to be Rs. 611.88 crore, resulting into consolidated surplus of Rs. 5.21 crore.

Rationalization attempted by the Commission in the recent Tariff Orders of TPL is as follows:

- 1) Differentiation between tariff rates of lighting consumption and motive power consumption has been removed.
- 2) For TPL Ahmedabad (TPL-A), existing RGP and LTP-1 tariff categories are merged and cover the installations having connected load up to 15kW and named as tariff category "RGP". Installations having aggregate connected load above 15 kW in the Residential premises and water works operated by local authorities are covered under the existing LTMD-I tariff category.
- 3) In TPL-A, CGP/IGP and LTP II categories are merged and the installations having connected load up to 15 kW in all non-residential premises, including Commercial, Industrial, office premises, institutional and other non-residential installations are combined to one category named as "Non-RGP". Installations having aggregate connected load above 15 kW of commercial premises, institutional and other non-residential premises are covered under existing LTMD-II tariff category.
- 4) In TPL Surat (TPL-S), existing Residential category is modified to cover aggregate consumption of residential premises having connected load up to 100 kVA, and renamed as "RGP".
- 5) In TPL-S, existing commercial and LTP categories are merged and installations having connected load up to 15 kW of Commercial, Industrial, office premises, institutional and other Non-residential are included in one category named as "Non-RGP". Installations having aggregate connected load above 15 kW of Commercial, Industrial, office premises, institutional, and other Non-residential premises are covered under existing LTMD tariff category.

- 6) The ToU charge for HT consumer of TPL-S, with less than 500 kVA, is introduced.
 - 7) Introduced Night Time Concessional Tariff (NTCT) for HT consumers in Ahmedabad area and has given concession to HT consumers who consume more than 33% of total consumption during night hours in order to reduce the demand during peak hours.
 - 8) The TPL-A had proposed an average tariff hike of 90 paise per unit. However, the Commission decided to allow an average tariff hike of 22 paise per unit i.e. 4.68% of the existing tariff.
 - 9) The TPL-S had proposed an average tariff hike of 48 paise per unit. However, the Commission decided to allow an average tariff hike of 12 paise per unit i.e. 2.63% of existing tariff.
 - 10) The total revenue based on the previous tariff for FY 2011-12 was Rs. 1511.19 crore and the net gap was Rs. 38.74 crore. The Commission has revised the tariff which brings in additional revenue of Rs. 39.79 crore resulting into surplus of Rs. 1.05 crore. The Commission has decided that it will review the same during true up for FY 2011-12 when the audited accounts would be made available to the Commission.
- The Commission revised base FPPPA for GUVNL as 61 Paise/kWh based on actual power purchase price of FY 2010-11 and base fuel prices approved for GSECL for FY 2011-12. Similarly, base FPPPA for TPL is 70 Paise/kWh based on actual fuel and power purchase price of FY 2010-11. DISCOMs and TPL have been directed to submit any claim of FPPPA, within one month from end of the relevant quarter to the Commission.
 - In the earlier order dated 31st March, 2011 the Commission had introduced an optional kVAh based tariff for the Street Light connections of the MGVCL to have a pilot study. The results of the pilot study are encouraging and reflects that the adoption of kVAh based tariff leads to energy saving. Keeping this fact in view, optional kVAh based tariff for the Street Light connections for all the DISCOMs and TPL has been introduced by the Commission.
 - The Commission has also advised the State Government to take necessary action for the rationalisation of electricity duty structure also in similar line.

Agenda Item No. 5

Discussion paper on Solar Tariff for the next control period

The Commission has determined the tariff for procurement of power by distribution licensee in the State of Gujarat from solar energy projects for the period up to 31st December, 2011 vide Order No. 2 of 2010 dated 29.01.2010.

The Gujarat Urja Vikas Nigam Ltd. has signed about 85 Power Purchase Agreements (PPA) with different project developers for about 968.5 MW capacity. The Power Purchase Agreements provides that the tariff stated in the PPA is valid up to 31st December, 2011. If the project is not commissioned by 31st December, 2011, the tariff rate will be based on the new tariff determined by the Commission or the tariff agreed between the parties whichever is lower. Hence, it was essential to decide the tariff for the further control period to provide clarity amongst the distribution licensees and project developers who have executed the PPAs for sale/ procurement of power generated from the solar energy projects. In view of the above, the Commission brought out a discussion paper on determination of tariff for procurement of power by the distribution licensees from solar energy projects for the next control period.

The Commission has framed the discussion paper for the next control period for solar PV power projects and Solar Thermal power projects. While preparing the discussion paper, the Commission has considered the prevailing price and the recent trends of the solar PV power projects at global as well as at national level. The Commission has also considered the price variation observed during the last two years particularly in solar PV module and inverters which consist about 75% of the total project cost. The Commission also considered the bidding process adopted at National level by NTPC and by MahaGENCO for awarding the contract to the EPC contractors. While determining the various parameters like interest on loan, interest on working capital, O&M charges, auxiliary consumption, etc. the Commission has decided to adopt the normative parameters based on prevailing market conditions. O&M charges and capacity utilization factor are linked with the actual performance of different power projects already commissioned. It is observed that the solar thermal power projects under construction are few in number during the last two years. In the State of Gujarat, there are two projects, one under NVVL Competitive Bidding being established at Porbandar and the other Cargo Power Ltd. had executed

PPA with GUVNL. In this situation, the experience of the project developers at global level is considered by the Commission while deciding the normative parameters for solar thermal power projects as data for the few projects are available.

Agenda Item No. 6

Standard of Performance (SoP)

SOP reports of the Licensees for the Q-I of FY 2011-12 are attached as Annexure II

Agenda Item No. 7

Discussion on Electrical Inspector's Report on Accident

Electrical Inspector's Report on Accident will be submitted by CEI during the meeting.

Agenda Item No. 8

Monitoring Report of CGRFs & Ombudsman

Monitoring Report of CGRFs & Ombudsman for the Q-I of FY 2011-12 is attached as Annexure III.

Agenda Item No. 9

Issues raised by the Members

Suggestions are received from the following members:

1. Shri Shivlal Barsia, Rajkot Engineering Association
2. Shri G.P.Garg,Dy.CEE, Office of the Chief Electrical Engineer, Western Railway, Mumbai

Agenda Item No. 10

Any other Item with the permission of Chair

ANNEXURE II

Compilation of SOP Reports submitted by Discoms Quarter I of 2011-12

Discom	FH	FA	NFH	Number and % Complaints Redressed within Stipulated Time	Nature of Majority of Complaints	Number and % Meters Repaired during the Quarter	System Losses at 66KV or Below	Failure of DTR (%)
PGVCL.	24	45	42	198848 & 79%	<ul style="list-style-type: none"> ▪ Interruption in Power supply ▪ defective meters ▪ Billing ▪ Reconnection 	34570 & 33.59%	-	3.4
UGVCL	13	12	11	65581 & 100%	<ul style="list-style-type: none"> ▪ Interruption in Power supply ▪ defective meters ▪ O/H-loose wires 	25919 & 64.58%		1.53
MGVCL	9	11	20	87624 & 100%	<ul style="list-style-type: none"> ▪ Interruption in Power supply ▪ defective meters ▪ Billing ▪ Reconnection 	12734 & 12.8%		1.14
TPL Ahd	11	-	6	124570 & 99.86%	<ul style="list-style-type: none"> ▪ Interruption in Power supply ▪ defective meters 	7525 & 100%		0.31
TPL Surat	1	-	-	5129 & 99.82%	<ul style="list-style-type: none"> ▪ Interruption in Power supply ▪ defective meters 	6141 & 99.98%		0.09
DGVCL	12	22	16	110749 & 100%	<ul style="list-style-type: none"> ▪ Interruption in Power supply ▪ defective meters ▪ Billing 	4488 & 9.28%	-	3.04

FH=Human Fatal Accidents
 FA= Fatal Animal Accidents
 NFH=Nonfatal Human Accidents

Compilation of SOP Reports submitted by Discoms

Quarter I of 2011-12

Discom	Month	SAIFI	SAIDI	MAIFI
PGVCL.	Apr.	1.51	2.04	10.90
	May	1.99	2.76	10.81
	June	3.00	4.27	13.81
UGVCL	Apr.	0.30	0:16:13	6.28
	May	0.39	0:22:43	6.05
	June	0.88	0:58:30	7.58
MGVCL	Apr.	1.97	4:03	15.64
	May	3.23	10:25	18.77
	June	5.13	16:57	23.26
*TPL Ahd	Apr.	1.01	1.03	0.04
	May	1.08	1.27	0.21
	June	1.39	1.62	0.38
*TPL Surat	Apr.	0.12	0.14	0.00
	May	0.36	0.20	0.00
	June	0.20	0.09	0.00
DGVCL	Apr.	5.46	5:07	10.41
	May	8.35	7:05	15.39
	June	13.93	17:35	23.80

SAIFI: System Average Interruption Frequency Index

SAIDI: System Average Duration Frequency Index

MAIFI: Momentary Average Interruption Frequency Index

ANNEXURE III

Performance Reports Received from CGRFs for the Quarter-I of 2011-12 (Apr.-Jun. 2011)

Forum Name	No. of Grievances Outstanding at the Close of Previous Quarter	No. of Grievances Received during the Quarter	No. of Grievances Disposed during the Quarter	No. of Grievances Pending at the Close of the Quarter	No. of Sitzings of CGRF(s) in the Quarter
UGVCL	11	69	46	34	07
MGVCL	10	25	22	13	05
DGVCL	06	20	23	03	06
PGVCL (Bhuj)	00	02	01	01	01
PGVCL (Bhavnagar)	23	58	13	68	03
PGVCL (Rajkot)	07	130	129	08	12
TPL (Ahmedabad)	04	12	11	05	13
TPL (Surat)	05	05	06	04	09

Details of Cases before Ombudsman for Quarter I of 2011-12 (Apr. to Jun. 2011)

Quarter	No. of Appeals Pending at the Beginning of the Quarter	No. of Appeals Received During this Quarter	Total No. of Appeals	No. of Appeals Disposed Off During this Quarter	No. of Appeals Pending at the End of the Quarter
I	17	15	32	25	07