



## **Gujarat Electricity Regulatory Commission**

**1<sup>st</sup> Floor, Neptune Tower, Opp. Nehru Bridge,  
Ashram Road, Ahmedabad-380009**

**Phone: 079-26580350 , Fax : 079-26584542**

**E-mail : [gerc@gercin.org](mailto:gerc@gercin.org), Web-site : [www.gercin.org](http://www.gercin.org)**

---

### **AGENDA NOTE FOR THE 12<sup>TH</sup> MEETING OF THE STATE ADVISORY COMMITTEE**

**DATE: 06-04-2011**

**TIME: 11-30 A.M.**

**VENUE: Saffrony Resort  
Linch, Near Sanku Water Park,  
Ahmedabad-Mehsana Highway  
Mehsana**

## THE 12<sup>TH</sup> MEETING OF THE STATE ADVISORY COMMITTEE

AGENDA ITEM NO.	NOTES ON AGENDA
1	Approval of the minutes of the 11 <sup>th</sup> Meeting of the State Advisory Committee held on 27 <sup>th</sup> October,2010
2	Action Taken Report on the minutes of the 11 <sup>th</sup> Meeting of the State Advisory Committee
3	Study Report on Merit Order Dispatch Operations performed by SLDC/GUVNL during FY 2009-10
4	Model Regulations on Demand Side Management
5	MYT Petitions Filed by Utilities
6	Status of Determination of Open Access Surcharge
7	Renewable Energy and Renewable Energy Certificate
8	Standard of Performance (SoP)
9	Monitoring Report Of CGRFs & Ombudsman
10	Draft Regulation for Open Access
11	Issues raised by members
12	Any other Item with the permission of Chair

## THE 12<sup>TH</sup> MEETING OF THE STATE ADVISORY COMMITTEE

**Agenda Item No.1:** Approval of the minutes of the 11<sup>th</sup> Meeting of the State Advisory Committee held on 27<sup>th</sup> October, 2010

The 11<sup>th</sup> Meeting of the State Advisory Committee was held on 27<sup>th</sup> October, 2010. The minutes of the meeting were sent to all the members vide Commission's letter No.VHT/SAC/Meeting/2010, dated 7<sup>th</sup> December, 2010.

One comment from Shri Maganbhai Patel, Chairman, Bhartiya Kisan Sangh, Gandhinagar has been received on Item No.3 (e) of the minutes regarding Supply Code amendments, which may be discussed during the meeting. The minutes may be approved.

**Agenda Item No.2:** Action Taken Report on the minutes of the 11<sup>th</sup> Meeting of The State Advisory Committee

Item No. of the minutes	Detail of the Item	Action Taken Report
3(a)	Commission will invite comments and suggestions from the stakeholders for MYT Regulations for the next control period.	Total 14 entities including consumer organizations, individuals and utilities have submitted their comments on the draft regulations. Keeping in view the various suggestions received, the Commission has notified the Multi Year Tariff Regulations 2011, on 22 <sup>nd</sup> March 2011.
4	(1) TPL,Ahmedabad and TPL,Surat will be informed to provide the data regarding standard of performance.  (2) PGVCL has been asked to put up a detailed analysis report in the next SAC to identify the exact causes of poor performance.	(1)Requisite information has been received from TPL on dated 23 <sup>rd</sup> March 2011. SoP reports of TPL Ahmedabad and TPL Surat are placed on Commission's website. Received annual SoP reports from PGVCL, UGVCL, TPL Ahmedabad and TPL Surat. (2)Reply of PGVCL received on dated 1 <sup>st</sup> March 2011. Copy of the letter is put up herewith.
5	Preparation of draft amendments of the regulations on CGRFs and the Ombudsman	Total 9 parties including consumer organizations, individuals have submitted their comments on the draft CGRF regulations. Commission is analyzing the same and final CGRF Regulations will be notified soon.

**Agenda Item No.3:** Study Report on Merit Order Dispatch Operations performed by SLDC/GUVNL during FY 2009-10

It was decided by the Commission to carry out a study to verify the Merit Order Dispatch Operations performed by SLDC/GUVNL during FY 2009-10 and to explore the better alternative steps/strategy that can be adopted keeping in mind the interests of the consumers. Also, the Consumer Education and Research Society (CERS) had expressed their concern several times before the Commission regarding nonobservance of merit order and procurement of costlier power from IPPs by SLDC/GUVNL by reducing the shares of cheaper central sector generation. CERS had submitted some snapshots down-loaded from SLDC website to support their complaint. Hence, the Commission engaged Shri Tapan Chatterjee, former Chief Engineer, Central Electricity Authority, Delhi as a consultant to carry out the study.

The consultant has studied the prevalent practice, flow of instruction, decision making criteria/software adopted by SLDC/GUVNL to perform merit order operations. To verify whether principles of merit order dispatch were observed by SLDC, data for FY 2009-10 were studied by the consultant. The consultant has also studied the decisions taken by GUVNL for purchase of power from power exchanges and bilateral arrangements.

It is observed by the consultant that the snap-shot reports submitted by CERS along with the complaint letters were instantaneous data of a particular time of the day and it gets updated every few seconds. It is also observed that on a day of low demand, high cost generation of all sectors needs to be scheduled less based on the Merit Order subject to the condition of running on priority the generating station covered by the categories of Must Run, Take or Pay, Hydel and Wind generation, maintaining Technical Minimum Generation, Generation needed for grid security and safety and regulation of CERC on open access. The consultant observed that neither any decision can be taken nor any conclusion can be drawn from the snapshots captured from the website. In real-time, the drawl of power changes depending on the frequency and UI rate and the generation and load prevailing at particular point of time.

The Consultant has observed that while performing real time operations by SLDC, merit order of the Generating stations was generally maintained during backing down and picking up of generators, subject to maintenance of technical minimum generation. Further it is mentioned in the report that some instances of deviation than technical minimum requirement

have been observed. The number of such deviations and duration are not too many and hence, they may not have very serious impact on the overall cost.

The consultant has made suggestions on better alternative steps/ strategy keeping the states interest under consideration. The same is communicated to SLDC/GUVNL and they are asked to submit feedback on the same

The suggestions made by the Consultant are as under:

- (i) Transparency is being maintained in identification of generating stations under “Must Run”, Take or Pay obligation, or CERC Regulations etc.
- (ii) There should be transparency regarding the technical minimum requirement of generating stations even though the data will be enormous.
- (iii) GUVNL/SLDC /Distribution Companies shall ensure that the data regarding technical minimum requirement of generating stations are available in their website and this is updated regularly at the time of any change in the database.
- (iv) On days of huge surplus of power it may be explored whether generation of a few high variable cost units can be totally backed down and units of cheaper variable cost can be run in their place on a sustainable basis.
- (v) Data base management needs to be computerized in a phased manner for which services of a separate software firm may be engaged.
- (vi) There are many gas based generating stations which receive fuel from different sources. The variable cost of generating power in such cases is dependent on the cost of gas. This gives rise to a large number of stations whose merit order is to be decided and schedules prepared.
- (vii) It may be considered if the generating stations with different sources of supply but under same management could be considered as a cluster and variable cost of generation can be decided on weighted average cost of supply of gas during last one month or fortnight period. This will effectively reduce the number of generating stations thereby making the task of scheduling under merit order much simpler.
- (viii) Suggestion as at (vi) above is in line with coal based power stations where coal of different grades, source and price are used in the boilers but yet the generating station has a composite rate of variable cost.
- (ix) Communication system needs to be strengthened with GIPCL and with other places wherever the communication links are to be improved.
- (x) Increased use of power purchased through power exchange may be advantageous to act as a balancing mechanism. Market Discovery Price is likely to reduce with entry

of more and more number of power exchanges due to competition. This will reduce dependence on UI mechanism for balancing on real time.

- (xi) It may be considered if a small percentage of transmission capacity may be reserved for evacuation of power contracted through Power Exchange.
- (xii) Real time scheduling may be made simpler for power purchased from Power Exchange.
- (xiii) However, Gujarat State is currently surplus in power and no power is now-a-days purchased through Traders or Power Exchange. Hence, para (ix) and (xi) above are not of much significance currently.
- (xiv) Huge data is processed every day for merit order dispatch of the state. It has been informed that the Distribution Companies (DISCOMs) of Gujarat have been preparing the Day Ahead Merit Order Dispatch Schedule currently in the post ABT period by using software for implementation by SLDC. The data furnished by different DISCOMs need to be carefully integrated to ensure the objective of ensuring safe, secure and optimum dispatches by SLDC. Proper software may be developed by SLDC for this purpose.
- (xv) Any deviation from the Merit Order shall be immediately brought to the notice of GUVNL/SLDC by any stakeholder. This may be done by telephonic message followed by confirmation in writing.
- (xvi) There is a need of training of officials of SLDC. There may be an initial training for a longer duration and then the training of shorter durations for continuous up gradation of skills. Sometime back training scheme of load dispatching engineers were being evolved by a Committee in CEA in which PGCIL and NPTI were members among others. GUVNL/SLDC may contact CEA, PGCIL and NPTI about the details of courses and the names of institutions finalized for taking further necessary action.
- (xvii) GUVNL shall organize monthly review of merit order dispatch in a Committee which may be called Gujarat Merit Order Review Committee. All the stakeholders of the state shall participate in the meeting. Any deviation from the Merit Order Dispatch shall be discussed and sorted out to the extent possible. This may be attended by officers of Executive Engineer level.
- (xviii) Issues which cannot be resolved in the Merit Order Review Committee will be referred to Grid Code Review Committee.

GUVNL have submitted their feedback report to the Commission on dated 31<sup>st</sup> March 2011. GUVNL have instructed SLDC to place the details of technical minimum requirement of

generating stations on their website. Accordingly, SLDC have placed the said details on its website .

**Agenda Item No.4:** Model Regulations on Demand Side Management

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 amend 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 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 Commission has invited comments from all distribution utilities on the model regulations.

**Agenda Item No.5:** MYT Petitions Filed by Utilities

State owned generating company GSECL, State Transmission Company GETCO, State Load Dispatch Centre (SLDC) and Torrent Power Limited have filed Petitions for True up of

FY 2009-10, Annual Performance Review of FY 2010-11 and determination of Aggregate Revenue Requirement for second control period of FY 2011-12 to 2015-16.

Also, Distribution Licensee Kandla Port Trust and Mundra SEZ Distribution Licensee MUPL have filed Petitions for determination of Aggregate Revenue Requirement for second control period of FY 2011-12 to 2015-16.

The petitions GSECL, GETCO, SLDC, TPL, MPSEZ and KPT have been registered by the Commission. All the utilities invited suggestions and objections on the petitions from stake-holders and public by issuing a public notice in newspapers.

Public hearing on the petitions of GSECL, GETCO and SLDC was held by the commission on 23-02-2011. The Commission has issued its orders on GETCO and SLDC petitions on 31<sup>st</sup> March, 2011 and place on its website [www.gercin.org](http://www.gercin.org).

Public hearing on the petition of MPSEZ is scheduled on 18<sup>th</sup> April, 2011. As there is no objection on the petition of KPT, the Commission will issue its order on that after analyzing the submissions made by KPT.

The Commission has initiated analysis of TPL petition.

#### **Agenda Item No.6:** Status of Determination of Open Access Surcharge

The Commission has examined the provisions of the National Electricity Policy and Tariff Policy which are notified by the Govt. of India under the provisions of the Electricity Act, 2003. The Commission has also considered various provisions of the Electricity Act, 2003 relating to open access in distribution and transmission and has come to the conclusion that if open access is to be encouraged, then such cross-subsidy surcharge has to be reduced so that the final cost of power to the consumer is affordable. The Commission had adopted the formula as prescribed in the Tariff Policy.

The Cross-subsidy surcharge for HT-EHT Category works out to Rs. 0.51 per Kwh, (which is 28% of the opening level of Cross-Subsidy surcharge) and Rs.0.96 per Kwh for Railway traction based on the methodology provided in the Tariff Policy. As per the provisions made in the Electricity Act, 2003 and the National Electricity Policy, it is essential to encourage open access and reduce the cross-subsidy surcharge in gradual manner to facilitate consumers to adopt open access. Therefore, the Commission has decided that cross-subsidy surcharge for both the HT/EHT industrial category as well as for the Railway Tractions be the same amount Rs. 0.51 per Kwh.

#### **Agenda Item No.7:** Renewable Energy and Renewable Energy Certificate

The Commission has notified the Regulations on Procurement of Energy from Renewable Sources vide Notification No.13 of 2010. These Regulations obligate the distribution licensees to procure power from Renewable Sources to the extent of 5% during



2010-11, 6% during 2011-12, and 11% during 2012-13. The Distribution Licensees may indicate the present status of fulfillment of their Renewable Power Purchase Obligations under various categories of renewable sources.

In the above regulations, the Commission has also made provisions for Renewable Energy Certificates through which the obligated entities can fulfill their Renewable Power Purchase Obligation. The Commission has appointed Gujarat Energy Development Agency (GEDA) as the nodal agency for REC mechanism in the State. The REC mechanism has been operationalised from 18.11.2010 and eighteen projects of 165.9 MW have already been registered under this scheme and total 532 non-solar REC were issued up to March 2011. GEDA may intimate the present status regarding registration etc. of Renewable Power Projects in the State.

As per the Order dated 21.9.2010 of CERC, fees and charges payable to the State Nodal Agency are to be specified by the State Commission. These charges include application fee for accreditation, one time accreditation charge, annual charge and charges towards revalidation/extension of validity. Members may offer their suggestions in this regard.

**Agenda Item No.8:** Standard of Performance (SoP)

SOP reports of the utilities for the Q-II and Q-III of FY 2010-11 and annual report for FY 2009-10 (except MGCVCL and DGVCL ) are in the Annexure-I, II and III respectively.

**Agenda Item No.9:** Monitoring Report Of CGRFs & Ombudsman

Monitoring Report of CGRFs & Ombudsman for the Q-III of FY 2010-11 is in the Annexure-IV. The Commission has received Monitoring Report of CGERF of TPL and Ombudsman for the Q-IV on dated 4<sup>th</sup> April 2011.

**Agenda Item No10:** Draft Regulation for Open Access

Gujarat Electricity Regulatory Commission (Intra-state) Open Access Regulations, 2010.

The Commission has prepared draft regulations on Gujarat Electricity Regulatory Commission (Intra-state) Open Access Regulations, 2010 and put up the same on the website of the Commission and given an advertisement in the newspaper on 17/18 November, 2010. A copy of the draft regulation was also forwarded to the members of the State Advisory Committee, Utilities and other ERCs. The Commission has received comments /suggestions from the stakeholders which are under compilation. The proposed draft regulation will repeal the earlier regulation i.e. Gujarat Electricity Regulatory Commission (Intra-state) Open Access Regulations, 2005 from the date of the notification of the new regulation in the Gazette. The salient features of the draft regulations are as under:

- (i) Open access is proposed for short-term, medium term and long term basis.
- (ii) Open access is proposed to allow on transmission and distribution networks.

- (iii) The limit of open access is reduced from 5 MW to 1 MW.
- (iv) Proposed new methodology for relinquishment charges in case of relinquishment desired by the open access customers.
- (v) Provision for connectivity to open access customers with transmission and distribution system.
- (vi) Proposed open access charges on distribution system on kWh basis.
- (vii) Prescribed specific period for granting open access by the nodal agencies.
- (viii) Provision for stand by supply in case of emergency customers

The Commission has received comments and suggestions from the utilities and various stakeholders. Considering the suggestions of the stakeholders, the Commission will finalize the Open Access Regulations within short-time.

**Agenda Item No.11:** Issues raised by members

Proposals received from following organization are enclosed and will be discussed during the meeting.

- (1) Rajkot Engineering Association
- (2) Consumer Education and Research Society
- (3) Confederation Indian Industry- Gujarat
- (4) Gujarat Khedut Samaj

**Agenda Item No.12:** Any other Item with the permission of Chair