

Minutes of the 11th meeting of the State Advisory Committee held on 27th October, 2010 at 11.30 A.M in the Conference room of the Commission.

The following members were present:

1. Dr.P.K.Mishra, Chairman, GERC ... Chairman
2. Shri Pravinbhai Patel, Member(T) ... Member
3. Dr.M.K.Iyer, Member(F) ... Member
4. Dr.Ketan Shukla,IFS, Secretary
5. Shri K.K.Bajaj, CERC ... Member
6. Mrs.Ila Bhatt, Chairperson, SEWA ... Member
7. Shri N.Dinkar ... Member
8. Shri T.P.Govindan, Director,ERDA ... Member
9. Shri Maganbhai Patel ... Member
10. Shri Bavchandbhai Dhamelia ... Member
11. Shri Shivlral S.Barasiya ... Member
12. Shri Jyotindra N.Patel ... Member
13. Shri Meena, Western Railway ... Member
14. Shri Kirtibhai Amin, ... Member
15. Shri _____ DGVCL
16. Shri _____ PGVCL
17. Shri _____ MGVCL
18. Shri _____ UGVCL
19. Shri V.T.Rajpara, Ombudsman
20. Shri T.D.Davda, ACE, DGVCL
21. Shri P.J.Patel, CE, UGVCL
22. Shri D.S.Doshi, ACE, UGVCL
23. Shri J.J.Gandhi, Dy.CAO, PGVCL.
24. Shri K.K.Doodhat on behalf of Sec. FCS & CA

Dr.P.K.Mishra, Chairman welcomed all the members and invitees and introduced Shri M.K.Iyer, as Member(F) and Dr.Ketanbhai Shukla, Secretary of the Commission to the members. He also introduced Shri

Khatri who has recently joined as MD, MGVCL to the members of the Advisory Committee.

Thereafter, the agenda items were taken for discussion.

Item No.1: Approval of the minutes of the 10th meeting of the State Advisory Committee held on 15th June,2010.

The minutes of the 10th meeting of the State Advisory Committee held on 15th June,2010 were sent to all the members. Since no comments were received from any of the members, the minutes were approved.

Item No.2: Action taken report on the minutes of 10th meeting of the State Advisory Committee

A meeting is proposed to be held on 30th October,2010 covering most of the issues involved in the last Advisory Committee meeting. The outcome of the meeting will be intimated thereafter.

Item No.3: Recent activities/ orders/notifications

(a) MYT Regulations

The Commission has issued Muti-Year Tariff Regulations which provide flexibility to the Distribution Licensees that they have not to approach the Commission on year to year basis for determination of tariff. The Commission requires to decide parameters based on the efficiency level required to be achieved by the licensee and with that the incentive and penalty are also associated which will be in the interest of consumers as well as the licensees. The first control period of the MYT regulation is already completed on 31st March,2011 which is for the period of 3 years. The next control period will start from 1.4.2011 for a period of 5 years. The Commission is in the process of revising the said MYT and Terms and Conditions of Tariff Regulations notified by the Commission. The

Commission has engaged ABPS as a consultant for this task. The draft regulation and discussion paper will be put up on the Commission's website and necessary publicity will also be given by the Commission for inviting comments and suggestions from the stakeholders. After considering the same, the Commission will issue fresh regulations for these regulations.

It is expected that the distribution licensee will file the MYT petition with some delay due to new regulations might come in to operation after some time. However, it is suggested that they may file the petition with some delay so that the Commission is able to issue order prior to 31st March,2010.

During the last year, i.e. 2009-10, the licensees and generating companies had filed two petitions for annual performance review and true up of tariff order and on the same the Commission has passed the order during that year so that the Commission is adhering the provisions of the law and every year passing order in accordance with the provisions of the regulations and Act.

(b) Open Access

The Hon'ble Chairman has apprised the State Advisory Committee regarding Open access and its benefit to the power sector. He stated that an open access is a tool for creating competition in the electricity market. It is a tool for the consumers to procure power from other sources than the distribution licensee where they are situated in geographical area. The Commission has decided gross subsidy surcharge @ 51 ps/unit. Initially, it was about Rs.1.81 per unit and the same was gradually reduced to 51 ps/unit. Thus, the reduction of the cross subsidy will lead to opt for more

open access amongst the open access customers. Shri N.Dinkar, Member of the State Advisory Committee has pointed out that in the Agenda note, it is stated that cross subsidy surcharge is to be decided by the Commission. The Chairperson of the Commission clarified that the word is required to be used as determined by the Commission instead of decided by the Commission. It is also clarified by the Chairman that the details of the open access is provided in the website of the SLDC for the open access availed by the customers of the Gujarat State. Similarly, on the Forum of Regulators website, the details of open access for all states have uploaded.

(c) Renewable Energy and REC Mechanism

The Chairperson of the Commission apprised the members of the Committee that the Commission has notified Regulations on Procurement of energy from Renewable Sources, 2010, by specifying renewable power purchase obligation during the year 2010-11 to 2012-13 by the distribution licensees, open access and captive consumers. The Commission has specified different percentage of RPPO for Wind, Solar and other non-conventional sources based on the potential available in the State of such resources. The Commission has determined tariff for Wind, Solar, Biomass and Bagasse based power generation. The Commission is the first SERC amongst the SERCs who have determined solar tariff. The tariff determined by the Commission is quite sustainable due to which power purchase agreement to the effect of more than 365 MW were already signed by the project developers with GUVNL. Each power Purchase Agreement having clause regarding non-fulfillment of the PPA, the project developers require to pay liquidated damages. The wind energy tariff determined by the Commission is also quite attractive to the project developer due to which about 1800 MW power generation capacity already installed in the State. The renewable power purchase obligation percentage

notified by the Commission is also in line with the National Action Plan on Climate Change in which the RPPO is proposed to start at 5% in the year 2009-10 and the same will be increased upto ___ % upto _____. The Commission has notified the RPO percentage of 5, 6 and 7 on the same guidelines based on the availability and potential of the renewable sources. The Commission has also specified separate renewable power purchase obligation for solar energy. Considering the Power Purchase Agreement executed by GUVNL with project developer. The Commission has not applied above regulations to Open access and captive consumers because some of the consumers might not be connected with grid and in that situation, they are unable to fulfill the criteria. The Renewable Energy Certificate is a mechanism by which they are eligible to fulfill their criteria. The Commission has also decided to implement Renewable Energy Certificate and also incorporate in its Regulations and notified GEDA as nodal agency for the same. The Renewable Energy Certificate is a mechanism by which the State, where such sources are available in huge quantity but unable to utilize at their place, they are eligible to generate such energy and inject into the grid and earn the Renewable Energy Certificate on generation of 1 MUs. The State which are deficient on the part of renewable energy, they are unable to fulfill their obligation as suggested under National Action Plan on Climate Change. They are able to procure the Renewable Energy Certificate from the State, where huge quantum of energy is available and REC generated. The REC also utilize by the captive and open access users, who are mandated to procure renewable energy as a percentage of their consumption for fulfillment of RPPO. Such consumers are fulfilled their obligation by way of procurement of REC. The REC come under the legal framework but same is not operationalised. The CERC is working on it for operationalisation part. The Ministry of New and Renewable Energy Sources have also

provided grant for providing infrastructure, manpower and other support to the state nodal agency and central agency for implementation of REC. The Forum of Regulations have constituted a working group for implementation of REC and disbursement of grant received from FOR. The Chairperson of the GERC is Chairperson of the Committee.

(d) Intra-State ABT

The inter-state Availability Based Tariff was introduced at National level before a long time back with an intension to bring grid discipline amongst the states. Based on the same experience, the Commission has issued order on Intra-state ABT on 11.8.2006 and same was under mock trial for more than 2 years. Shri P.H.Rana, Director, GUVNL have explained that ABT means Availability Based Tariff in which the distribution licensees, captive generators who are operating with the grid, they have required to give their schedule of injection and schedule of drawl of energy at particular time block. Any deviation from it can be charged to the members concerned of the Intra-state ABT to pay unscheduled interchange charge in a particular time block when they are deviating from their schedule injection or scheduled drawl. It brings discipline amongst the constituent of the State utilities and members who are connected with the grid which will be help to the consumers to provide quality power. It will also work to restrict the entities for overdrawl or underdrawl from the grid when the grid is operating at particular frequency level so that whole power system will work effectively. For operationalisation of the same, the meters were installed at identified places which are interconnection point for measuring deviation of scheduled energy injection and drawal by the SLDC. Sufficient meters were procured by the SLDC/STU to maintain the metering system in a correct manner. Now, the Intra-state ABT is functioning in fulflege in the state of Gujarat.

(e) New Notifications: Supply Code

The Commission has made amendment in the Electricity Supply Code and related matters Regulations as per the recommendation of Electricity Supply Code Review Panel. As per the recommendation of the Supply Code Review Panel, the utilities are entitled to recover the dues which were not paid by the old consumers. The new consumer is required to pay dues of the earlier consumer, who is also eligible to get refund of the amount if the legal proceedings initiated by the distribution licensee are pending before any legal authority. In any way, the distribution licensee is required to make refund to the new consumers.

Shri Bajaj meanwhile pointed out that the in the regulation there was no such proviso but the Commission has incorporated the said proviso without giving an opportunity to the consumer to comment on it. He further stated that the said proviso is against the consumer's interest. At that point of time, the Chairman clarified that the said proviso is clearly in the interest of the consumers because any such dues which are recovered by the distribution licensees, they are eligible to get refund of the said amount already recovered by the distribution licensee. Thus, the said proviso is in the interest of the consumers.

Shri Shivilalbai stated that the said proviso is not in the interest of the consumers because the distribution licensee after receiving the dues, very few new consumers are interested to continue their old because before the competent court. There may be chances also that they may withdraw it. Thus, the new consumer is hardly get any benefit of such proviso. Such an amendment is against the consumer's interest. It is the duty of the distribution licensee to recover the charges in the appropriate time.

Necessary provisions also made in the Electricity Supply Code and Electricity Act for disconnection of power supply and as and when the consumer makes default in paying the dues in the appropriate time, the said provision is not followed by the distribution licensee and they allowed to accumulate the dues for a period of two years due to which the new consumers are not affected. So, this amendment is not in the interest of the consumers.

Shri Raval, MD, PGVCL clarified that this provision is in the interest of the distribution licensee as well as the consumers because the distribution licensees are unable to recover the dues and there is no such provision in the regulation to receive the same. He further clarified that the distribution licensee never withdraws the case initiated before any Court. So, it is not fair to state that the distribution licensee will allow accumulating the interest in the earlier cases and recovering the charges.

Security Deposit

The Commission has also made amendment in the Security Deposit Regulation by which it is allowed the distribution licensee to receive bank guarantee in case of security deposit and that will be beneficial to the consumer that they are not required to pay huge amount at one time. The said demand is from the consumer group since long time which is considered by the Commission. It is allowed Bank guarantee against security deposit for the consumers having contract demand of 1 MVA and above. It is not feasible to allow the said amendment to the consumers having less contract demand because it will lead to huge innumerable demand from the consumers. In that case, it is difficult to maintain the same by the distribution licensees. Shri T.D.Davda, on behalf of PGVCL clarified that at present one consumer has applied for getting this benefit in

their license area. Shri Raval, MD stated that in their license area, _____ persons have applied for getting benefit of this amendment made in the regulation. Shri P.H.Rana, GUVNL, clarified that the amendment made in the Regulation is beneficial to the consumers. But it will also create problem if the same is allowed to the consumers having contracted demand of below 1 MVA. The distribution licensees have to maintain such bank guarantee and also to verify that the dues are required to be paid by the consumer. If not paid in time in that case, it requires revoking the same which very difficult for the distribution licensee to monitor over and above their daily work schedule. He therefore, suggested that it is not advisable to allow security deposit in the form of bank guarantee to such consumers having contacted demand of below 1 MVA. He also stated that such consumers who are depositing money will get 6.5% interest on it while in case of bank guarantee they will not get any interest. Moreover, they required to make expenses for such bank guarantee.

Shri Meena, Western Railway, stated that in Maharashtra, MERC has made amendment in their Regulation and they have provided Letter of Credit which is allowed against the security deposit. Western Railway is providing LOC against security deposit amount in Maharashtra. So, different options can also be verified for the best interest of the consumers.

Shri _____ has raised issue regarding meter rent by the distribution licensees. He stated that the meter rent is quite high in comparison to the cost of the meter. The meter cost is recovered by the distribution licensee within a short period whereas they are charging the same for whole life. Moreover, as and when any meter is burnt or replaced by them, they are charging the meter rent for replacement of the meter which would include the supervision charges and such other charges also. Such charges are very

high in comparison to the cost of the meter as well as the work involved. It is the duty of the distribution licensee to provide the meter at consumer's premises with proper guarantee.

Shri _____ clarified that as and when the meter is burnt, no charge is recovered from the consumers by the distribution licensee. They are recovering the charges only whenever there is theft or tampering of the meter done by the consumer. Shri Shivalalbai stated that even the CT/PT unit connected with the meter is replaced; they are charging the whole charges including CT/PT and meter cost. The utilities are also recovering the charges for supervision and site visit of the licensee officers. Thus, a huge amount is required to pay by the consumer in such event. Shri _____ clarified that the utilities are charging the cost as per the Regulations framed by the Regulation.

Item No.4: SoP Regulations – Compilation of reports

Shri K.K.Bajaj stated that the data regarding standard of performance submitted by the utilities indicate that the SAIDI factor is quite higher in case of UGVCL which is about 2 hrs 44 minutes in comparison to other utilities. He also pointed out that the data of TPL, Ahmedabad and TPL, Surat are not reflected in the Annexure. The reason for the same is not also specified. It is also observed that no representative of TPL, Ahmedabad or TPL, Surat remained present during the meeting. It is noted that TPL, Ahmedabad and TPL Surat will be informed that they should provide the data as and when such type of meeting is organized so that the State Advisory Committee shall be apprised for comparison of the performance data of various utilities.

Shri Dinkar pointed out that the performance standard of PGVCL is quite lower as compared to other utilities. He pointed out that all concerted efforts would be made to improve the performance gradually with necessary support to this distribution licensee. To this, Shri Raval, MD, PGVCL, clarified that the area of PGVCL is quite large in comparison to other distribution licensees. He stated that the geographical area of PGVCL in Kutch itself is equivalent to MGVCL paving the way for 50% more distribution area of PGVCL. He also stated that the length of lines is quite long as the population is situated in the worst position and numbers of sub-stations are less which required running the line in kms to provide the supply.

Shri Shivilalbai stated that GUVNL is not providing support to PGVCL for improvement of its performance. There is scarcity of materials to carry out work in the PGVCL area which are affecting the performance of the distribution licensee of PGVCL. He stated that there is scarcity of transformers and such other materials due to which the connection in the agricultural sector is also not provided in time. There is long list of pending agricultural connections exist in PGVCL.

Shri P.H.Rana intervened in the matter and stated that GUVNL is providing maximum support to PGVCL looking to their geographical condition. He stated that it is planned to establish number of sub-stations of 400, 220 and 66 KV in PGVCL licensee area. Out of these, 60% of sub-stations are planned to establish by GETCO in 2010-11 and 40% in _____. Also more fund and material is provided for PGVCL for improvement in their license area. Shri Raval stated that they are also making every effort to improve the efficiency in PGVCL area. They have reduced the losses as good as the same of other licensees. Looking to their

geographical area, the work which has been done by them for improvement of efficiency is not quite well that of other distribution licensees. In the meanwhile, Chairman asked PGVCL to put up a detailed analysis report in the next advisory committee to identify the exact solution.

Item No.5: Monitoring Reports of Forums and Ombudsman

The Chairman informed that the Commission will no sooner come out with a regulation in which there is provision for a full-fledged Consumer Grievances Redressal Forum (CGRF) having 3 members. Prescribed qualification should be fixed for the members. Moreover, one member should be nominated as an independent member and the Chairman of CGRF should be from outside from persons like retired Judge or so.

General Suggestions

Smt.Elaben Bhatt, suggested that there must be an access to energy to all including people belonging to Below Poverty Line (BPL). Their livelihood is very much connected to electricity and if they are provided electricity at a reduced rate of tariff, it will be more beneficial to them. Moreover, she also suggested to include this in the Millenium Development goal much like in UN so as to enable the poor to highlight their achievements. The Chairman asked the distribution licensees to ensure access to energy to all as a poverty alleviation programme.

Shri Meena, Western Railway, informed that the orders are not implemented by the utilities. To this, Shri T.D.Davda, informed that in one of the cases, the railways have not established the bunching and in the other, they have challenged before the competent court. As such, both the matters are pending for a clear decision.

Shri _____ Khedut Samaj, informed that the waiting period of 15 years for getting agricultural connection to farmers is quite high and there must be some solution to mitigate this problem. He also suggested that the distribution licensees should be intimated in writing to provide energy efficient pumps. He also stated that the agricultural farmers should be given 80% rebate on the cost of poles for providing the new connection and withdraws the meter rent.

Shri Dinkar informed that the electricity supply to agricultural consumers should be ensured in night hours and there must be a fixed norm for clearing the pending applications for electricity connection.

Shri Bajaj suggested that there must be a system on the functioning of both Forum and Ombudsman and it should be incorporated in the Regulations. He also pointed out that some utilities have not published their Annual Performance Reports and it should be made every year.

Thereafter the Chairman praised all the members who have actively participated in the meeting. He also praised the representatives of all utilities who have made every effort to know the Committee the exact details at ground level. He also thanked all the members for providing better support and ideas which may be helpful to the Commission for achieving its objective and more particularly the role played in the level of consumer satisfaction.

Dr.Ketan Shukla,IFS, Secretary of the Commission, has also expressed his sincere thanks for all the members and invitees who have actively

participated in the meeting and provided excellent support in making the meeting a grand success.

Thereafter the meeting was terminated with a vote of thanks to the Chair.

SECRETARY