

**The Fourth Annual Report
For The Year
2002 – 2003**



GUJARAT ELECTRICITY REGULATORY COMMISSION

1ST FLOOR, NEPTUNE TOWERS, OPP. NEHRU BRIDGE,
ASHRAM ROAD, AHMEDABAD-380 009.

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1st Floor, Neptune Tower, Ashram Road,
Ahmedabad - 380 009.

THE COMMISSION PRESENTS THE FOURTH ANNUAL REPORT FOR THE
YEAR 2002-2003, AS REQUIRED UNDER SECTION 36 OF THE ELECTRICITY
REGULATORY COMMISSIONS ACT, 1998. THE COMMISSION HAS ACTIVELY
DURING THE YEAR ONE BY THE GUJARAT ELECTRICITY REGULATORY
COMMISSION.

The Forth Annual Report For the Year 2002-2003

1st Floor, Neptune Tower, Ashram Road,
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G. D. Vyas
Secretary
On Behalf of
The Gujarat Electricity
Regulatory Commission

GUJARAT ELECTRICITY REGULATORY COMMISSION

1st Floor, Neptune Tower, Ashram Road,
Ahmedabad - 380 009.

1. Introduction

Gujarat Electricity Regulatory Commission (GERC) has been constituted under Section 17 of the Electricity Regulatory Commission Act, 1998 by Government of Gujarat vide Notification dated 12th November, 1998. The GERC has started functioning from 1.4.1999. This is the Fourth Annual Report for the year 2002-2003 is submitted herewith.

2. The Commission and its Secretariat

2.1 Commission

THE COMMISSION PRESENTS THE FOURTH ANNUAL REPORT FOR THE YEAR 2002-2003, AS REQUIRED UNDER SECTION 36 OF THE ELECTRICITY REGULATORY COMMISSIONS ACT, 1998. A SUMMARY OF THE ACTIVITIES, DURING THE YEAR DONE BY THE GUJARAT ELECTRICITY REGULATORY COMMISSION.

1. Justice S.D. Dave from 1.4.2002 to 30.9.2002
Post was vacant from 1.10.2002 till 31.3.2003

Members

T. Shri B.M. Oza, Member from 1.4.2002 to 31.3.2003
Shri R.K. Sharma, Member from 1.4.2002 to 31.3.2003

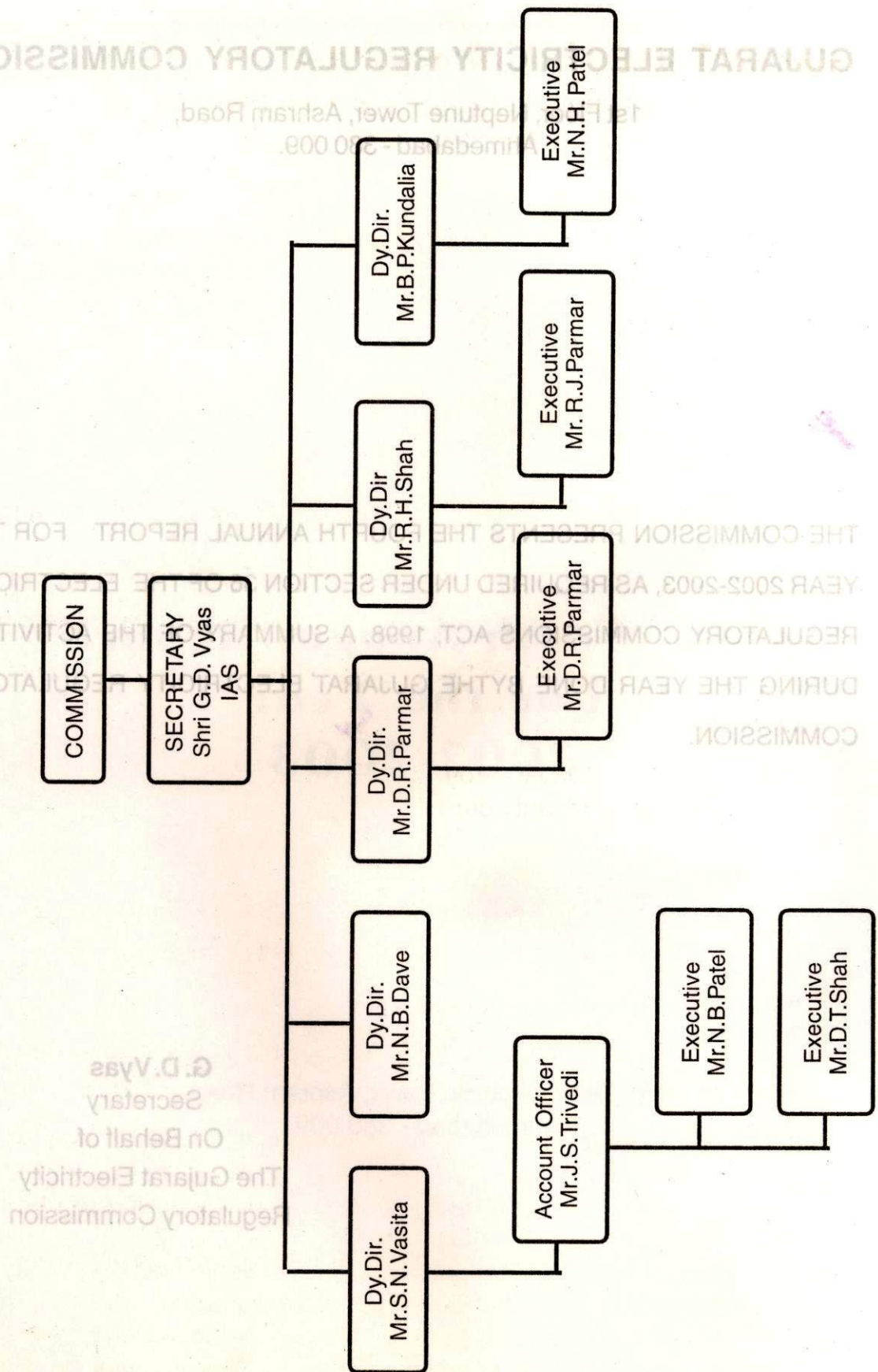
Shri M.D. Mankad, IAS had held the charge of the Secretary for the entire year 2002-03

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Regulatory Commission

2.2.1 The State Government had sanctioned total 22 posts for smooth functioning of the Commission. Out of these, 04 posts of Executive Directors, 01 post of Deputy Director, two posts of Executives and one post of Accounts Officer have been filled up by way of deputation. One of the Executives has resigned (28.11.2002). Thus the total strength at present working in the commission, including Chairman and the Members, Secretary, Officers and subordinate staff is 22 (Twenty two).

Organisation Chart :



**Gujarat Electricity Regulatory Commission
Ahmedabad.**

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1. Introduction

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2. The Commission and its Secretariat

2.1 Commission

The Commission is a statutory body comprising Chairman and two Members.

The composition of the Commission during the year 2002-2003 was as under :-

Chairman

1. Justice S.D. Dave from 1.4.2002 to 30.9.2002
- Post was vacant from 1.10.2002 till 31.3.2003

Members

1. Shri B.M. Oza, Member from 1.4.2002 to 31.3.2003
2. Shri R.K. Sharma, Member from 1.4.2002 to 31.3.2003

2.2 Secretariat of the Commission

Shri M.D. Mankad, IAS had held the charge of the Secretary for the entire year 2002-03

- 2.2.1** The State Government had sanctioned total 35 posts for the smooth functioning of the Commission. Out of these 35 posts the Commission has recruited four Executives and four Deputy Directors. One post of Deputy Director, two posts of Executives and one post of Accounts Officer have been filled up by way of deputation. One of the Executives has resigned (28.11.2002). Thus the total strength at present working in the commission, including Chairman and the Members, Secretary, Officers and subordinate staff is 22 (Twenty two).

2.2 Office Building

The Commission had occupied 1st Floor, Neptune Tower, Ashram Road, Ahmedabad as its building and started functioning at this premises with effect from 31.8.2001.

3. Functions of the Commission

3.1 Chapter-V of the Electricity Regulatory Commissions Act, 1998 specifies the powers and functions of the State Commission :-

- (1) In terms of Section 22(I) of the Act, subject to the provisions of Chapter-III, the State Commission shall discharge the following functions, namely :
 - (a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in Section 29 ;
 - (b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29 ;
 - (c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State ;
 - (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- (2) Under Section 22 (2) of Electricity Regulatory Commissions Act, 1998, subject to the provisions of Chapter III and without Prejudice to the provisions of sub-section (I), the State Government has, by Notification No. GHU-98-56-ERC-1298-Gol-30-(3)K dated 20.10.98 in the Official Gazette conferred the following functions upon the State Commission, namely :-
 - (a) to aid and advise the State Government, in matters concerning electricity generation, transmission, distribution and supply in the State ;
 - (b) to regulate the operation of the power system within the State ;
 - (C) to issue licences for transmission, bulk supply, distribution or supply of electricity and determine the conditions to be included in the licences ;

- (d) to regulate the working of the licensees and other persons authorized or permitted to engage in the electricity industry in the State and to promote their working in an efficient, economical and equitable manner ;
- (e) to require licensees to formulate perspective plans and schemes in co-ordination with others for the promotion of generation, transmission, distribution, supply and utilization of electricity, quality of service and to devise proper power purchase and procurement process ;
- (f) to set standards for the electricity industry in the State including standards relating quality, continuity and reliability of service ;
- (g) to promote competitiveness and make avenues for participation of private sector in the electricity industry in the State, and also to ensure a fair deal to the consumers ;
- (h) to lay down and enforce safety standards ;
- (i) to aid and advise the State Government in the formulation of the State Power policy ;
- (j) to collect and record information concerning the generation, transmission, distribution and utilization of electricity;
- (k) to collect and publish data and forecasts on the demand for, and use of electricity in the State and to require the licensees to collect and publish such data ;
- (l) to regulate the assets, properties and interest in properties concerning or related to the electricity industry in the State including the conditions governing entry into, and exit from, the electricity industry in such manner as to safeguard the public interest ;
- (m) to adjudicate upon the disputes and differences between the licensees and utilities and to refer the matter for arbitration ;
- (n) to co-ordinate with environmental regulatory agencies and to evolve policies and procedures for appropriate environmental regulation of the electricity sector and utilities in the State ; and
- (o) to aid and advise the State Government on any other matter referred to the State Commission.

4. State Advisory Committee

Section 24 of the Electricity Regulatory Commissions Act, 1998 empowers the (State) Commission to establish State Advisory Committee, consisting not more than twenty one members to represent the interests of Commerce, industry, transport, agriculture, labour, consumers, non-government organizations and academic & research bodies in the energy

sector. In view of this the Commission has constituted the Advisory Committee in the month of December, 2002.

The objects of the Advisory Committee are to advise the Commission on :

- (i) major questions of policy
- (ii) Matters relating to quality, continuity and extent of service provided by the licensees
- (iii) Compliance by licensees with the conditions and requirements of their licensee
- (iv) Protection of consumer interest, and
- (v) Energy supply and overall standards of performance by utilities.

The last meeting of the Advisory Committee was held on 10.5.2002.

5. Activities during the year

5.1 To keep pace with changing scenario in the Power Sector and in order to keep staff of the Commission in tune with the development in the Power Sector, the Commission has sent the staff regularly to various Energy Sector related training programmes to the Organisations/Institutes like, TERI, New Delhi, ESCI, Hyderabad, Indian Institute of Engineers, Central Power Research Institute, Bangalore, IIT Bombay, Central Institute for Rural Electrification, Hyderabad, Power Finance Corporation Ltd., New Delhi etc.

5.2 Hon. Members of the Commission had visited Public Utilities Commissions of Ohio and New Jersey Board of Public Utilities in USA during the period 8-15 April, 2002 under the Indian Energy Partnership Programme. The programme is implemented by United State Energy Association (USEA) on behalf and in conjunction with the United States Agency for International Development (USAID) to exchange the view on Energy Sector. Similarly a delegation from Public Utilities Commissions of Ohio and USEA visited GERC during October 28 to 31, 2002 under the same programme. During this period discussions and presentations were made. A meeting of Gujarat Power Sector Stake holders was also organized by GERC with the aid of USEA and USAID, in order to enable the visiting delegates to interact with various stake holders.

6. Determination of Tariff

6.1 Tariff Application of AEC

6.1.1 Section 29 of the Electricity Regulatory Commissions Act contemplates determination of Tariff as per principles laid down therein. These principles are enumerated in Section 29(2) of the Act.

6.1.2 The Ahmedabad Electricity Co. Ltd. (AEC) submitted its application on 18th December, 2000. The AEC is a Licensee under Section 3 of the Indian Electricity Act, 1910. The AEC operates under the Ahmedabad & District Electric Licence 1944 as amended by the Notification dated 27th May, 1969 issued by the State Government so as to include the capital city of Gandhinagar in the AEC's licensed area of supply. The area of licence includes 293 sq. kms. in the city of Ahmedabad and 63 sq. kms in the capital city of Gandhinagar totalling an area of 356 sq. kms.

6.1.3 After scrutiny of the application, the Commission through a public notice invited objections and suggestions from the public. In response to the public notices, which appeared in the news papers, the Commission received suggestions and objections from as many as 60 consumers from individual consumers as well as organizations including Ahmedabad Municipal Corporation (AMC) and the Consumer Education Research Society. The Commission has considered all the objections/suggestions very carefully and given the opportunity of hearing to all the 60 consumers and consumers organizations in the open Court and after hearing all the groups through a transparent process the Commission had further declared the Award in respect of the AEC on 5th September, 2002 making the Tariff Structure simple and determining the tariff applicable to various categories of consumers.

7. Other orders issued by the Commission

7.1 In addition to above, the following important orders were also passed by the Commission during the year 2002-2003.

- (1) LTP-III tariff in respect of Bhavnagar District Small Industries Association.
- (2) Tariff of Agricultural Consumers
- (3) Additional Penalty charges and Parallel Operation charges
- (4) Deciding Applicable Tariff to 24 KVA HT Power Connection

- (5) Wheeling Charges
- (6) Recovery of excess demand charges from consumers installing captive power projects
- (7) Bulk discount to consumers in Industrial Estates
- (8) Tariff from Agricultural Consumers of GEB
- (9) Recovery of Wheeling charges and losses by GEB

8. Computers and Softwares.

With a view to enrich the law wing library of the Commission, the Commission purchased a software "SCC Online" from Eastern Book Company Ltd. The software contains all the orders passed by the Supreme Court of India. Single User License has also been obtained along with the software. It is also having facility of updates quarterly from the vendor so that latest orders are available on the software.

9. Commission's Website

The Commission has revamped its website and started maintaining it from the office of the Commission. The site gives details about Organization Regulations, Orders passed by the Commission, Hearing Schedules, Reports and provides links to various websites of Utilities, other State Regulatory Commissions and various Departments of State as well as Central Government relating to power sector. The address of the Commission's website is www.gercin.org.