

**Minutes of the 5<sup>th</sup> meeting of the State Advisory Committee held on 9<sup>th</sup> February 2007**

The meeting of the 5<sup>th</sup> State Advisory Committee was held in the Conference Room of the Commission at 11.30 A.M. on 9<sup>th</sup> February 2007.

The list of the members present in the meeting is enclosed herewith.

1 The Chairman warmly welcomed the members of the State Advisory Committee. The Chairman referred to the ARR's and informed the Members that the ARR petitions of the Discoms had already been placed on the website of the Commission and that the Commission would start public hearings from 19<sup>th</sup> onwards. He further informed the members that there was no increase in the tariff rate since the last six years and that significant reduction in T&D losses was achieved. He emphasized that the T&D losses would have to be reduced further. The chairman also mentioned about implementation of the policy issues as specified in the National Tariff Policy such as multi-year tariff regulation and finalization of road map for reduction in cross subsidy. He also mentioned the recent judgment issued by the Appellate Tribunal of Electricity in the matter of Union of India (Western Railway) V/s. GERC wherein a direction was given to bring down the cross subsidy starting from 2007-08. He also indicated that reduction in cross subsidy could imply increase in agricultural and low end domestic tariff.

Smt. Vijayalaxmi Joshi, Principal Secretary, Energy & Petrochemicals Department, GoG and CMD of GUVNL made a brief presentation on the ARR

filings of FY 2007-08 made by the by four Discoms, GSECL and GETCO. Her presentation covered the salient features of the ARR petitions filed by various utilities of erstwhile GEB.

During the presentation, Smt. Joshi briefed the Members of the Committee regarding the long term requirement of power and the efforts made for capacity addition in the next five years. She also highlighted the competitive bidding process which led to tie-up for 3200 MW of power in the next five years from various bidders in the range of Rs. 2.25 to Rs. 2.89 per KWh (levellised tariff). Smt. Joshi also mentioned that due to higher demand of power, GUVNL has tied up some short term power purchases from the licensees/traders.

Thereafter the agenda items were taken up for discussion

#### **Agenda No. 1**

#### **Approval of the minutes of the 4<sup>th</sup> meeting of the State Advisory Committee held on 6.7.2006**

Shri N. Dinkar drew attention to a typographical error showing the date of last meeting as 6th July, 2005 instead of 6<sup>th</sup> July 2006. Shri Bavchand Dhameliya drew attention to a typographical error whereby the name of Shri Lalchand Dhanneliya was mentioned instead of Shri Bavchand Dhameliya. The Chairman mentioned that the typographical errors would be corrected and with that modification, the minutes of the last meeting were approved.

## **Agenda Item No. 2**

### **Presentation and discussion on Annual Revenue Requirement of GSECL, GETCO and four unbundled utilities of erstwhile GEB**

GSECL, GETCO and four unbundled distribution companies of erstwhile GEB have filed ARR petitions for the year 2007-08. The Commission requested Smt V.L. Joshi, Chairperson of GUVNL to make a presentation. Smt. Joshi referred to the past performance of the utilities and highlighted the salient features of ARR petitions. During 2005-06 the first year of operation for unbundled utilities, a turnaround came about with an overall profit of Rs. 203 crores for the state power sector as a whole. Smt. Joshi stated that though the fuel cost and other expenses are rising they have not proposed any increase in the tariff structure for the year 2007-08. The Commission has approved FPPPA formula for increase in direct fuel cost and power purchase cost to be passed on to the consumers. GUVNL is charging only 12 paise as FCA at present. The generating stations are very old and as such the station heat rate and other parameters would have to be considered favourably by the Commission. The Hon'ble Appellate Tribunal for electricity has also approved higher parameters for the generating companies considering its vintage. She further clarified that if performance turns out to be better than the approved higher parameters, it would be passed on to the consumers. Smt Joshi mentioned that the overall transmission losses in GETCO are well within the normative parameters and they are not asking for revenue requirements based on the Transmission Tariff Regulations. In distribution companies, T&D losses have been proposed to be reduced from 23.93% in the year 2006-07 to 21.23% in the year 2007-08. The overall billing and collection efficiencies was proposed to be at 99%. Now these unbundled utilities are companies

registered under the Companies Act and they have to perform with higher efficiency and sufficient resources of their own for ensuring reliable and continuous power supply to consumers. A hard copy of the presentation is annexed hereto.

### **Agenda Item No. 3**

#### **General discussions regarding power sector.**

Some of the Members of the Committee had sent comments/letters regarding the issues related to power sector. The short summary of the discussions by the Members of the Committee is as under:

- (i) Shri Maganbhai Patel, President, BKS stated that even after paying the fees for burnt transformer, it is not replaced within 24-48 hours. He further mentioned that licensees are taking more than one month's time to replace such burnt transformers. The Chairman assured that he would look into the matter. Shri Maganbhai Patel further raised the issues regarding, estimate given to PDC re-connections, hours of supply to agricultural connections, delay in giving new connections etc. Secretary GERC mentioned that the reconnection charges are not leviable if reconnection is given within six months.

Chairman, GERC informed that as Government has to give subsidy for new connections their number would have to be decided by the State Government having regard to plan allocations.

- (ii) Shri Bavchand Dhameliya wanted improvement in quality of **power** supply given to the farmers.
  
- (iii) Shri S.M. Rungta President of Gujarat Chamber of Commerce & Industry requested for reconsideration of the power factor rebate issue. The Chairman informed that the Appellate Tribunal of Electricity had passed an order directing the Commission to review the said matter. The Commission will conduct the necessary proceedings.
  
- (iv) Shri Dipesh Shah of CII also raised the same issue. The Chairman informed that this matter will be taken into consideration while deciding ARR petitions Shri Dipesh Shah further mentioned that according to order No. 8/2005 issued by GERC all industrial firms have to pay the extra security deposit. Utilities have demanded security deposit of 45 days of electricity consumption which is on very high side. Further UGVCL has started demanding transformer charges and other charges for the connections upto 20 HP. He also mentioned that though there are no specific provisions for developmental charges in the Electricity Act 2003 GETCO started demanding developmental charges (in its Circular No. 1 dated 30.11.2006). It was mentioned that these issues would be considered.
  
- (v) Shri Dinker suggested that the Commission should direct the distribution licensees to conduct a pilot project for the usage "Energy Efficient Motors" instead of Standard Motors. He further suggested

that priority among agricultural connections should be given to those who are using Energy Efficient Motors.

- (vi) Shri V.K. Nagar of Western Railways submitted that tariff for Railway in Gujarat is very high compared to other States and that cross subsidy should be removed according to the National Tariff Policy. He further submitted that incentive provision for power factor improvement should be restored and road map for reduction in cross subsidy should be indicated. The Chairman informed that it can not be done in a mechanical manner and advised that the issues related to tariff for Railways can be raised during the hearing of ARR to be held from 19<sup>th</sup> to 23<sup>rd</sup> February 2007. He added that the Appellate Tribunal of Electricity had passed an order directing the Commission to review the said matter.
- (vii) Shri K.K. Bajaj, CERC submitted that Multi year tariff should be either for 3 years or 5 years. He also raised the issue with regard to the status of meters for agricultural consumers after issuance of the last tariff order. He further mentioned that DISCOMs are levying reconnection charges instead of Delay Payment Charges.

Thereafter the meeting ended with a vote of thanks to the Chair.



Secretary  
Gujarat Electricity Regulatory Commission

**List of Members present in the meeting**

Shri G Subba Rao	In Chair
Shri Man Mohan	Member (T)
Shri K.K. Bajaj	CERS, Ahmedabad
Shri N Dinker	Vadodara
Shri A.K. Singh	Director, ERDA
Shri Maganbhai Patel	President, BKS
Shri Bavchand Dhameliya	Gujarat Khedut Samaj, Surat
Shri S.M. Rungta	President, Gujarat Chamber of Commerce & Industry
Shri V.K. Nagar	Dy. Chief Electrical Engineer, W. Railway
Shri Shivilal L Barasiya	President, Rajkot Engineering Industries Association
Shri Dipesh Shah	Chairman, Gujarat Council, CII
Shri P.S. Shah, IAS	Member Secretary

**Special Invitees - Officers**

Smt V.L. Joshi IAS, Chairperson, GUVNNL - Special Invitee  
Shri Gurdeep Singh, MD, GSECL  
Shri S.K. Negi, MD, GETCO  
Shri G.K. Sinha, IFS, MD, DGVCL  
Shri Anup Shukla, IFS, MD, MGVCL  
Shri H.S. Patel, IAS, MD, UGVCL  
Shri S.B. Rawal, IAS MD, PGVCL  
Shri S.B. Khyalia, General Manager (Comm), GUVNL  
Other officers of the Utilities and the Commission