

Minutes of the 7th meeting of the Co-ordination Forum held on 22nd November,2010 at 11.00 A.M at “Narmada Seminar Room”, Sardar Patel Institute of Public Administration (SPIPA), Ahmedabad.

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 D. J. Pandian, Principal Secretary, EPD
6. Shri L. Chuaungo, MD, GUVNL
7. Shri P.H.Rana, Director, GUVNL
8. Shri Murali Ranganathan, CEO, TPL
9. Shri T. P. Vijayasathy, ED (Corp), TPL
10. Shri S. K. Negi, MD, GETCO
11. Shri S.B.Raval, MD, PGVCL
12. Shri A.K.Varma, MD, UGVCL
13. Shri A.K.Kaul, CE, DGVCL
14. Shri M. B. Parikh, GM(Fin), DGVCL
15. Shri T. S. Bhatt, Sr. VP, EPOL and MD, BPOL
16. Managing Director, CME Kandla Port Trust
17. Shri A. Ganeshan, Supt. Engineer, KPT
18. Shri Pankaj Modi, COO, Mundra SEZ
19. Shri M.T. Rupora, MPSEZ Utilities Pvt. Ltd.
20. Shri Chetan Bundela, Torrent Power Ltd.
21. Shri Jeetendra Thakkar, GPEC
22. Shri V. T. Mandora, Under Secretary, EPD
23. Shri K. H. Chorera, Under Secretary, EPD
24. Shri R. P. Ghoghari, SO EPD
25. Shri K. M. Dave, Addl. CE, MGVCL
26. Shri J. D. Tamhane CE(R&C), GETCO
27. Shri J.M. Rajyaguru, I/c CE, PGVCL
28. Shri P. J. Patel, CE, UGVCL
29. Chief Engineer, (T&D), MGVCL
30. Shri T. D. Davda, ACE, DGVCL

31. Shri J.J.Gandhi, Dy.CAO, PGVCL
32. Smt. Venu Birappa, I/c Exe. Engineer, GETCO
33. Shri B. N. Raval, CEI
34. Shri V. B. Buch, GEDA
35. Shri S.B. Patil, Dy. Director GEDA

Dr.P.K.Mishra, Chairman, GERC welcomed all the members and invitees to the State Co-ordination Forum. He introduced Dr. M.K.Iyer, Member(F) and Dr. Ketan Shukla, Secretary to the Commission, who have joined GERC recently.

At the outset, the Chairman complimented the utilities and other players in the power sector on achieving higher efficiency levels, improved consumer relations and ensuring fast growth in the power sector. However, he felt that there is scope for improvement which should be taken up in the right earnest.

Thereafter, the Chairman briefly explained the agenda items that are to be taken up for discussion. Briefing the Co-ordination forum the Chairman stated that the Commission is in the process of notifying new MYT Regulations for which a consultant has been appointed. The reports of the consultants have been received and it is likely that the Commission would publish the Draft Regulations for comments by the end of the month. However, in order to ensure that the process of tariff determination is not unduly delayed, the utilities have been asked to submit their MYT petitions by 10th December 2010 so as to ensure timely determination of tariff and such other activities. He further indicated that the new MYT Regulations shall merge both the existing MYT Regulations as well as Terms and Conditions of Tariff Regulations.

He further pointed out that many of the utilities are not fully complying the directives of the Commission which is viewed seriously. In fact, some of the studies such as cost of service, fresh study of agricultural consumption etc.

required to be undertaken by the utilities have not been completed. He directed the utilities to complete the same at the earliest and inform the Commission of its status.

It was pointed out that many common mistakes creep into the PPA signed between GUVNL and generators. The PPA should follow the various guidelines and norms set by the GERC.

The Chairman informed that the Commission has come out with a Draft Intra-state Open Access Regulation, which is available for comments. He requested the utilities and other organizations to send their suggestions within the time limit prescribed in the draft notification.

It was pointed out by the Chairman that the SLDC is sometimes delaying issuing of State Energy Accounting and UI Account as per the Intra-State ABT order issued by the Commission. Some of the constituents have complained regarding the delay. SLDC was advised to complete the State Energy Accounting and UI Account and make it upto date.

On the performance of CGRF of the licensees, it was observed the CGRFs do not meet regularly and there is lack of publicity on this aspect. He further pointed out that some of the orders of CGRFs and Ombudsman are not implemented within the time limit prescribed on some pretext or the other. He directed the utilities and all concerned that the orders of CGRFs and Ombudsman should be implemented in the right earnest if no further legal course is being sought by them. The Chairman further pointed out that the Commission is in the process of reviewing the CGRF and Ombudsman Regulations based on the recommendations made by the Working Group of

Forum of Regulators. The Draft Regulations will be put up on the website of the Commission and the members were requested to give suggestions in this regard.

The Chairman pointed out that the REC Mechanism is already notified by the Commission and GEDA is appointed as the State Nodal Agency for this work. GEDA was asked to make all necessary arrangements and set a proper system for implementation of the REC Mechanism. However, he indicated that there is provision of financial support like hardware, software, recruitment and training of personnel etc. from the Central Agencies and GEDA should take advantage of this facility.

Then the Agenda Items were taken up for detailed discussion.

Item No.1

Confirmation of the minutes of the 6th meeting of the Co-ordination Forum held on 15th June,2010.

The minutes of the 6th meeting of the Co-ordination Forum held on 15th June, 2010 had been 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

2.1 Demand Side Management

It was discussed in the last meeting that the Govt. of Gujarat has introduced a Pilot project for replacement of the agricultural pumpsets with efficient energy pumpsets. The said scheme is applied to the consumers who are getting the power supply of HP based tariff. During the discussion, it was

observed that the said scheme in its present form does not seem to be beneficial as envisaged.

Shri Verma, MD, UGVCL indicated that the scheme of ESCOM on replacement of energy efficient pumpsets have not shown huge savings as envisaged. The report in this regard, has already been submitted to the Energy & Petrochemicals Department for review of the same. The Chairman, GERC pointed out that the scheme should be suitably modified to ensure its benefits.

On the issue of BEE proposal as a part of DSM for agricultural feeders, it was observed that both MGVCL and PGVCL have not implemented the pilot scheme through ESCO in the absence of a proper mechanism for verification of efficiency and savings. However, the Chairman, GERC asked the distribution licensees to implement the pilot scheme of BEE within the stipulated time. MD, GUVNL indicated that a better mechanism of incentive to the farmers should be provided for using energy efficient pumps and energy conservation. It should also be explored on the possibility of 24 hours supply to agricultural sector in view of the likely energy surplus in the State in the future, though it may imply tariff reflecting the cost of supply.

2.2 Action plan regarding Ring Fencing of SLDC

Ring Fencing of the SLDC is a critical requirement and all efforts should be made to ensure that the SLDC becomes independent in its operation. Shri L Chuaungo, M.D GUVNL informed that the decision in this regard would be taken in consultation with Govt. of Gujarat at the earliest.

Item No.3 **Power Sector Scenario**

A detailed power-point presentation was made by GUVNL in this regard. A copy is attached as Annexure-I.

Item No.4

Status of Determination of Open Access Surcharge

It was observed that Open Access is not picking up in the State for various reasons. The Commission has also brought down the cross subsidy surcharge to 51 paise per unit uniformly. It is expected that this measure may encourage open access competition in the power sector. Shri L Chuaungo, MD, GUVNL indicated that open access is currently limited to generators and captive consumers and very little to other consumers. However, SLDC should make all efforts to ensure open access to all the consumers and other applicants based on the Open Access Regulations of the Commission.

Item No.5

Intra-state ABT

MD, GUVNL pointed out that there are some delays in issuing energy account as well as setting the UI charges for all the constituents under the Intra-state ABT. However, the SLDC is now geared up and shall expedite the pending account within the time frame. SLDC shall submit the status report covering State Energy Account and UI charges, payments made/received, amount pending/receivable by the utilities etc.

Item No.6

Renewable Energy

Chairman, GERC pointed out that the Commission has already issued tariff orders for Renewable Energy such as wind, solar, biomass and bagasse based projects. He further indicated that RPO regulations are also in place as well as

REC mechanism. He suggested that all utilities must make efforts towards fulfillment of above RPO. It was pointed out by Shri Murali Ranganathan, CEO, TPL that they are unable to attract many wind power generators even though they had advertised for the same in newspapers a number of times. MD, GETCO indicated that GETCO would share information on the availability of supply from wind energy generators to fulfill TPL's wind power RPO.

Item No.7
New Notifications

Chairman informed the members about the amendments made to the regulations on Security Deposit and Supply Code. Amendments to the Security Deposit Regulations was made vide notification No. 5 of 2010 which provide that the consumers having the Contract Demand of 1 MVA or more have the option to furnish Security Deposit in the form of irrevocable bank Guarantee initially valid for a period of two years with further claim period of 3 months.

Notification No.6 of 2010 is the third amendment in the Supply Code related matters issued by the Commission in which distribution licensees are eligible to recover old dues from the new applicants as and when new connection, re-connection, addition or reduction of load claimed by the consumer. It will be helpful to the licensees to recover the same from the consumers and ultimately reduce the loss in the revenue.

Item No. 8
Renewable Energy Certificate.

The Chairman, GERC informed that the Commission has notified Regulations on Procurement of Energy from Renewable sources 2010. The said Regulations provide that the obligators of the Renewable Power Purchase are able to fulfill their obligation through Renewable Energy Certificate. It is a

mechanism which enables the obligators to fulfill their obligation by procurement of the said certificate instead of procuring renewable energy. The obligators such as captive consumers who have established their small CGP are also obligated to fulfill the RPO. However, in case of CGP which are not connected with grid they may not be able to fulfill their RPO and the same could invite penalty on them. To avoid such circumstances the REC is a mechanism which will be beneficial to the obligators like CGP holders and open access customers who require to fulfill the RPO.

The National Action Plan on climate change envisages that the Renewable Power Purchase obligation be introduced from 2009-10 @ 5% of consumed energy by the persons concerned. There are number of States which are having potential of Renewable Energy sources while some of the States do not have such resources. Hence, the States which have less potential of Renewable Energy Sources would be able to comply with the RPO obligation through purchase of REC.

Item No.9
Standard of Performance (SoP)

It was observed that through the utilities are providing data on quarterly basis, they are not providing /uploading the data on an annual basis on their website. As per clause 14(5) of the SoP Regulation, it is the duty of the licensee to submit the same to the Commission on annual basis and also upload the same on their website. Utilities were directed to ensure the same.

Item No.10
Amendments to Terms & Conditions of Tariff and MYT Regulations

The Chairman informed the members that the Commission will shortly come out with a draft regulation on Multi Year Tariff (MYT) regulations which

would combine the provisions in existing MYT regulations and in Terms & Conditions of Tariff regulation.

The second control period of MYT is of five years. The filing of tariff petitions should be done by 10th of December, 2010 by every licensee.

Item No.11
Any other item

Shri Murali Ranganathan, CEO, TPL, stated that peak demand of power is increasing at the rate of 7.5% to 8% in the areas of Ahmedabad and Gandhinagar licensee areas. Due to urbanization and expansion in the above two cities, it is essential to make long-term forecasting preferably for a period of 20 years. This would help in planning of future power requirement in his area of operation. He further stated that the present demand which is around 1100 MVA may cross to 3500 MVA within next 20 years. It may also be necessary to interact with various agencies such as AUDA, Municipal Corporation and such other agencies to identify corridors and enable the distribution licencees to lay down its cables effectively so as to ensure timely and quality power to its consumers.

He further pointed out that there are numerous underground systems by various system operators such as communication operators, gas supply operators, municipal operators, utility operators, electric suppliers etc. However, there seems to be no coordination amongst them resulting in the electrical lines getting damaged which may cause fatal/non-fatal accidents. Therefore, it may be necessary to create a proper Coordination Committee of all these service providers under the aegis of Municipal Corporation, AUDA etc. for creating appropriate corridor for housing these facilities. He requested that the

Government may issue proper guidelines in this regard. The Chairman, GERC while appreciating the suggestions, requested TPL to prepare a detailed background Note in this regard.

It was decided that a Committee consisting of Secretary, GERC as Chairperson, MD, GUVNL, Chief Electrical Inspector and MDs of respective licensees should deliberate and recommend action for robust Demand Side Management and energy efficiency.

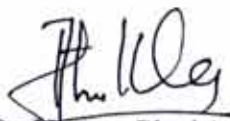
Shri Murali Ranganathan, CEO, TPL indicated that the existing rate of depreciation provided in the Regulations may require a revisit as the plant and equipment of the distribution assets have a different life cycle compared to transmission assets. It may not be proper to apply the CERC/GERC rate of depreciation as applicable to transmission licensees. The Commission assured that the same will be looked into at the time of next MYT Regulations.

Before the concluding session, two Power-point Presentations were made, one by MD, GUVNL regarding the power sector scenario in Gujarat and the second one by MD, GEDA about the availability of Renewable Energy Sources in Gujarat. These presentations were appreciated and the Chairman suggested follow up actions.

In the end, the Chairman, while thanking the members for their active participation, stated that all efforts should be made to ensure that the power sector becomes more efficient. He further emphasized the need for the distribution utilities, especially PGVCL, to reduce the backlog of agricultural consumer connections. He suggested that the next meeting of the forum would be held in the month of January or February 2011 to review and take stock of improvement.

Thereafter the meeting ended with a Vote of Thanks to the Chair.

Regards,


[Dr. Ketan Shukla]
Secretary