

Minutes of the 10th Meeting of the Co-ordination Forum held on 27.4.2012 in the Conference Room, Circuit House (Annexe), Shahibaug, Ahmedabad.

The following were present in the meeting

1. Dr. P.K. Mishra, Chairman, GERC
2. Shri Pravinbhai Patel, Member (Technical), GERC
3. Dr. M.K. Iyer, Member (Finance), GERC
4. Dr. Ketan Shukla, Secretary, GERC

Members / Representatives of Co-ordination Forum:

1. Shri Mukesh Puri, MD, GUVNL
2. Shri A.N. Khatri, IAS, MD, MGVCL
3. Shri N. Srivastava, IFS, MD, UGVCL
4. Shri K.H. Chorera, Dy. Secretary, EPD
5. Shri P.L. Panchal, Dy Secretary (NCE), EPD
6. Shri Manoj K. Vagh, EPD
7. Shri Gurdeep Singh, MD, GSECL
8. Shri D.P. Joshi, IAS, Director, GEDA
9. Shri Murali Ranganathan, Director, TPL
10. Shri Samir Shah, VP (Finance), TPL
11. Shri K.P. Jangid, GUVNL
12. Shri S.K. Trivedi, EE (Reg.), GETCO
13. Shri B.B. Mehta, ACE, SLDC
14. Shri H.C. Patel, ACE (System), GETCO
15. Shri N.N. Shaikh, EE (Com), SLDC
16. Shri D.H. Patel, JE (System), GETCO
17. Shri P.A. Patel, SLDC
18. Shri Jasmin J. Gandhi, Dy. CAO (R&C), PGVCL
19. Shri M.B. Jadeja, CE, PGVCL
20. Shri Govind Rathod, TPL
21. Luna Pal, TPL
22. Shri P.N. Trivedi, GM (Com), GIPCL
23. Shri A.N. Shah, GIPCL-Vadodara
24. Shri S.B. Patil, Dy Director, GEDA
25. Shri Sudhir Shah, GSEGL
26. Shri P.N. Gandhi, CEI
27. Shri T.S. Bhatt, MD, Essar Power Ltd.

28. Shri Vipul H Jadav, Adani Power Ltd.
29. Shri Mehul Rupera, MUPL
30. Shri N. Borwankar, KPT
31. Shri P.S. Pathan, SE (E), KPT
32. Shri R.S. Sharma, MGVCL
33. Shri M.P. Trivedi, MGVCL
34. Shri Y.B. Sukhadia, ACE (RC&V), MGVCL
35. Shri D.B. Patel, DE, UGVCL
36. Shri D.C. Parmar, UGVCL
37. Shri B.V. Shah, Addl. C.E. (C&R), DGVCL
38. Shri R.K. Patel, SE (DSM), DGVCL
39. Prof. Sidharth Sinha, IIM-A
40. Shri Sunil Mishra, The Gintel World
41. Shri Kapil K. Narula, Columbia University (CIPT)
42. Shri Nikunj Parikh, Columbia University

Officers of the Commission:

1. Shri D.R. Parmar, Joint Director
2. Shri S.R. Pandey, Legal Advisor
3. Shri B.R. Joshi, Technical Consultant
4. Shri S.T. Anada, Dy. Director
5. Shri G.H. Patel, Dy. Director
6. Shri Apurva Adhvaryu, Dy. Director

The meeting was presided over by Dr. P.K.Mishra, Chairman, GERC.

Dr. Ketan Shukla, Secretary, GERC welcomed the members of the Co-ordination Forum outlining in brief the various achievements of GERC. He then requested Dr P.K. Mishra, Hon'ble Chairman, GERC to deliver his opening address.

Dr P.K. Mishra, Chairman, GERC in his opening address complimented the utilities and other organizations for their efforts in ensuring that the Gujarat power sector is in the forefront amongst the utilities in the country. He congratulated UGVCL, MGVCL, and

GETCO, for getting the National Awards for meritorious performance in the power sector, from the Ministry of Power, Government of India. It was noted that GETCO is awarded gold shield for the early completion of 220/66 Bhat sub-station in the year 2009-10 near Changodar, Ahmedabad, while UGVCL and MGVCL have been awarded gold and bronze shields respectively for the year 2010-11 under the category – “Performance of Distribution Companies”.

Then the agenda items were taken up for discussion.

Item No.1 Approval of the Minutes of the 9th Meeting of the Co-ordination Forum held on 16th November 2011.

The minutes of the 9th Meeting of the Co-ordination Forum had been sent to all the members. The minutes were confirmed after deleting the following suggestion of GUVNL in item No. 4 of the 9th meeting of the Forum held on 16th November 2011.

“In this regard, GUVNL suggested that only in cases where delay has occurred on account of delayed allocation of land by Government of Gujarat order, there seems to be some justification. In case of other developers there is no reason not to fulfill the deadlines as prescribed in the PPA”.

The above line stands deleted in the approved minutes.

Item No. 2 Action Taken Report on the Minutes of 9th Meeting of the Co-Ordination Forum.

The action taken report on the minutes of the 9th meeting of the Co-ordination Forum was discussed in detail.

2(a) Chairman GERC appreciated the efforts of SLDC for fully implementing the recommendation of the consultants on merit order. The Chief Engineer, SLDC explained the action taken to ensure transparency in its functioning and informed that a comprehensive web based application is developed and implemented for scheduling the activities and more than 36 people have been trained at NTPI, Bangalore. MD, GUVNL indicated that the issue of ring fencing of SLDC is already implemented as it worked as an independent entity. However, the proposal to form SLDC as an independent company has been submitted to Government.

2(c) Shri Pravinbhai Patel, Hon'ble Member (Tech), GERC gave details of the meeting held with SLDC on 24.11.2011 on various issues arisen due to implementation of Open Access Regulations. Detailed instructions have been issued to SLDC and the constituents to ensure proper implementation of the Open Access Regulations. Members expressed their satisfaction over SLDC's functioning regarding Open Access.

(Action: SLDC)

2(d) Chairman, GERC sought the status on the issues of co-ordination among the various agencies in the context of safety and security in the electricity industry. It was decided that the concerned government agencies and local authorities would be approached for making land/corridors for power distribution in the urban planning. Shri Murali Rangnathan, MD, TPL indicated that they have approached the agencies involved, but are yet to see any concrete result. They sought intervention of the Regulator. In this regard, it was suggested that the utilities

and TPL shall jointly make representation to the Government in view of the congestion and non-availability of adequate land for setting up the substation and such other facilities within city areas.

(Action: Utilities/TPL)

3. The issue of change in the electricity duty structure was discussed in detail. CEI indicated that he had already approached the Government for making necessary changes in consonance with the changes made in the tariff structure by GERC. Shri Chorera, Dy. Secretary, Energy & Petrochemicals Dept., GoG, indicated that the proposal shall be sent to the Finance Department. Chairman, GERC suggested that the matter must be taken up with the Government urgently and the progress of the same should be indicated to GERC from time to time.

(Action: EPD)

6. Chairman, GERC appreciated the analytical report on accidents by the Committee headed by MD, UGVCL. He suggested that the recommendations of the Committee should be implemented and also proper pre-monsoon maintenance should be done to ensure prevention of the accidents.

(Action: DISCOMs)

7. On the progress of various transmission projects a presentation was made by GETCO separately.
8. MD, GEDA presented details on the compliance of RPO by the utilities and indicated that there were some shortfalls during

the year. MD, GUVNL indicated that they have already approached MNRE to allow distribution utilities for solar REC. Chairman, GERC indicated that in order to examine the various issues arising out of the shortfall in RPO, a *suo-motu* petition would be initiated by GERC.

9. The issue of standard PPA was discussed both for Renewable Energy as well as conventional power. GERC has published the draft guidelines for power purchase by the Discoms and a standard PPA for renewable energy. The utilities were requested to send their suggestions as early as possible.

(Action: DISCOMs and TPL)

12. As the Discoms have not submitted their tariff petitions for the FY 2012-13, GERC has initiated *suo-motu* proceedings in the matter.

13. The Chief Engineer, PGVCL indicated that recently he had discussion with Shakti Foundation on the energy efficiency programmes and initiated action on the same.

(Action: PGVCL)

Item No. 3 Tariff Orders for FY 2012-13

Chairman, GERC indicated that the tariff orders for GETCO and SLDC had already been issued and the orders for GSECL, MPSEZ and TPL are under discussion. As there was no tariff petition filed by Discoms, *suo-motu* proceedings have been initiated for True up of FY 2010-11 and determination of tariff for FY 2012-13 for the Discoms.

Item No.4 Fuel Audit of GSECL and TPL stations.

Chairman, GERC indicated that M/s. PriceWaterHouse Coopers Pvt Ltd. has been appointed to carry out fuel audit of GSECL and TPL stations keeping in order to examine the methodology of calculation of FPPPA charges by the utilities. The consultant has already started the work and shall submit the report in due course.

Item No. 5 Highlight of Solar Tariff Order.

The solar tariff order for the second control period has already been issued by GERC and the same was appreciated by all. Some of the members indicated that there is need to encourage hybrid stations which may include solar, biomass etc. Chairman, GERC indicated that the Commission could look into such projects on a case to case basis as and when such proposals are received.

Item No. 6 Standard of Performance (SoP)

The SoP report was discussed at length. A detailed discussion on the T&D losses was held and it was felt that UGVCL should make more efforts to bring down the T&D losses. Chairman, GERC suggested that the utilities should make efforts to ensure proper compliance of SoP and ensure that the consumer complaints are redressed expeditiously.

(Action: Utilities)

Item No. 7 Status of Transmission Projects – Presentation by GETCO

GETCO made a comprehensive presentation on the status of various projects and the reasons for delay on some of the projects due to

Right of Way (RoW) and other issues. Shri Pravinbhai Patel, Member (Tech), GERC indicated that GETCO has to make efforts to ensure timely completion of some of the evacuation projects which are still lagging behind. In fact, as per the stipulation, the transmission projects should be ready six months before the commissioning of the power station. GETCO shall look into this issue and give the status on the projects from time to time to GERC. Further, the GETCO shall finalize the recommendation for amendments in the State Grid Code in line with the Indian Electricity Grid Code. Regarding Determination of Transmission Charges on the line of 'Point of Connection Charges' based on distance and direction, the GETCO shall initiate suitable action. TPL and GUVNL requested the Commission to advise the state government to earmark some land at required locations for the development of power facilities. Chairman GERC suggested that they could file a separate petition before the GERC for the same.

(Action: GETCO)

Item No.8 Proposed guideline for signing of PPA for Power and Renewable Energy

GERC has already published the draft guidelines for power purchase by the Discoms, including PPA for the renewable energy. The utilities should submit their comments so that the same can be finalized at the earliest.

Item No. 9 Status of Renewable Energy – Presentation by GEDA

GEDA made a presentation on the status of RPO and the current status of wind and solar generation in the State. Chairman, GERC,

while appreciating the efforts in putting Gujarat on the solar map, indicated that a formal analysis of compliance of RPO is also essential and the same shall be taken up in the *suo-motu* proceedings initiated by GERC.

Item No.10 Presentation on Power Sector Scenario by GUVNL

MD, GUVNL made a comprehensive presentation on the existing power sector scenario and expressed satisfaction on the current supply demand position. With the commissioning of the new projects coming up in the near future, GUVNL will be in a position to cater to the demand that may arise in the State. Chairman, GERC appreciated the efforts of GUVNL in this regard.

Item No. 11: Presentations on “Distribution Franchisee” by Shri Murli Rangnathan, MD, TPL and Prof. Sidharth Sinha, IIM, Ahmedabad.

Shri Murali Rangnathan, MD, TPL presented a case study on the distribution franchise model being implemented in Bhiwandi area of MSEDCL. He indicated that while there is no standard model for franchise, the model adopted in case of Bhiwandi was giving the desired result. He suggested a tariff indexation ratio so as to get the benefits of the increase in tariff, if any, on year to year basis. The present franchise agreement for Bhiwandi was for a period of 10 years. He also highlighted the good management practices that were adopted to ensure adequate power supply and consumer satisfaction in the Bhiwandi area. He also indicated that in view of the fact that huge capital expenditure is required to renovate and modernize the network in the franchisee distribution area, the franchisee should have a long tenure of 20-25 years with assured income so that the distribution franchisee can invest for system improvement. He also

indicated that the key requirement for DF arrangement was to ensure that the qualifying criteria for bidders are stringent so as to avoid inexperienced/non-serious players. Penalty for non-achievement of loss reduction trajectory, and making the franchisee answerable to the regulator etc. could ensure that the interest of the consumers of the franchise area is protected.

The presentation was followed by a presentation by Prof. Sidharth Sinha, IIM, Ahmedabad. Prof. Sinha stated that the main advantages of the Distribution Franchisee Agreement (DFA) are: it protects the Franchisee against regulatory uncertainty related to tariffs, provides them freedom to undertake capital expenditure without regulatory approval and other bureaucratic procedures and enables them to pick and choose from existing DISCOM employees with no obligation to employ all the existing employees. In return, the franchisee takes on the full risk of reducing AT&C losses. He emphasised on needs of development of capacity by DISCOMs to manage the bidding process and undertake negotiations, e.g., a model for bid evaluation and availability of reliable information. DISCOMs need to monitor the Franchisee, ensure regulatory compliance, and redeploy surplus employees. DISCOMs should develop capacity to learn from the Franchisee experience to bring about changes in other parts of the organization. He opined that DISCOMs need to develop a long term plan for the use of Franchising like, evolve a policy for what action to take at the end of the franchise agreement; whether to continue with the franchise or revert to direct management.

Chairman, GERC appreciated the presentations made by both the experts. The distribution franchisee method can be conducive and effective in the areas where substantial measures and improvements

are necessary. Chairman, GERC enquired as to whether it is possible to carve out some areas of PGVCL for such experimentation of distribution franchisee. MD, GUVNL and Chief Engineer, PGVCL shall explore such possibility.

(Action: PGVCL)

Item No. 12: Presentation on “Water-Energy Nexus” By Dr Kapil Narula of Columbia Water Centre

Dr. Kapil Narula of Columbia Water Centre made a presentation on the water-energy nexus, a case study of performance as a joint effort by Energy & Petrochemicals Department, GoG, UGVCL, Columbia Water Center and GEDA. The study concentrated on the designing of a model to ensure conservation of ground water and energy saving mechanism particularly where there is rising insecurity in the water-energy-agriculture-livelihood nexus. He presented a case study of certain locations in North Gujarat where about 800 farmers participated in the said programme. Savings in both ground water as well as energy was highlighted and the use of Tensiometer to gauge the soil moisture was also highlighted. The use of such equipments resulted in savings of 22% of irrigation water and also a large number of units were saved against the benchmark. Chairman, GERC appreciated the efforts and suggested that more detailed study and understanding of the water-energy-nexus and the corresponding savings both in water and energy should be explored.

Item No. 12: Presentation on “Reduction in T&D losses by Shri Sunil Mishra

Shri Sunil Mishra, MD of Gintel World made a presentation on the project of smart power that is being propagated internationally. He indicated that his company along with other reputed international

companies have come out with certain solutions that will bring down the T&D losses with the help of smart grid support. He mentioned that Hyundai Intelligent Transmission Line Monitoring System and Fountain Springs Smart Grid AMI Solution could be a useful tool in helping reduction of T&D losses. However, it was felt that the same may not directly apply to Gujarat as the T&D Losses in Gujarat are much lower as compared to other States. Chairman, GERC appreciated the presentation.

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



[Dr. Ketan shukla]
Secretary

Gujarat Electricity Regulatory Commission.