

**MINUTES OF THE 5TH STATE ADVISORY COMMITTEE MEETING
HELD AT PANAJI, GOA ON 29/06/2012 AT 11:00 AM.**

The meeting of the State Advisory Committee (SAC) was held under the Chairmanship of Dr. V. K. Garg. The following members were present :

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| 1. Dr. V. K. Garg | : | Chairman of SAC |
| 2. Shri S. K. Chaturvedi | : | Member of JERC (Ex-Officio) |
| 3. Shri R. K. Malik | : | Secretary |
| 4. Shri Naveen Kapoor | : | Member (Industry) |
| 5. Shri Debashish Majumdar | : | Member (Energy) |
| 6. Dr. Leena Srivastav | : | Member (Research) |
| 7. Shri Surendar L. Rao | : | Member (Academic Expert) |
| 8. Shri JyantiLaxmanbhai Patel | : | Member (Consumer) DNH |
| 9. Shri KakadBhai A. Nikulia | : | Member (Agriculture) DNH |
| 10. Shri Jalaj Srivastava | : | Special Invitee - Secretary (Power),
Andaman & Nicobar |
| 11. Shri CheriyaKoyer Thangal S.V. | : | Special Invitee |
| 12. Shri T. L. Mohamad Mansoor | : | Special Invitee Jt. Secretary –
representing Shri Ragesh Chandra,
Secretary (CA), Puducherry |
| 13. Shri Nirmal Braganza | : | Special Invitee Chief Electrical Engineer,
Goa |
| 14. Smt. Shabri Manjreker | : | Director (Civil Supplies) – Representing
Sh. D. C. Sahoo (Retired) Secretary (CA),
Goa |

Hon'ble Chairman welcomed all the Members of the State Advisory Committee.

The minutes of the last meeting (agenda item No. 1) were read and confirmed.

Issue regarding Open Access above 1 MW:

At the outset, the Chairman highlighted the achievements of the Commission as follows:

- (1) The per Capita Consumption was highest for the year 2009-10 in respect of four of its constituents i.e. Dadra & Nagar Haveli , Daman & Diu, Goa and Puducherry.
- (2) As per available statistics, the all India T & D losses for 2011-12 were 32.53 percent. As compared to this, the T & D losses for the constituent members of the Jt. Commission were comparatively much lower, ranging from 6.25 to 19.47. Also the regional transmission losses were quiet low i.e. around 4 %.
- (3) The Commission had sought details of metering and billing from its constituents. From the figures collected, it was found that about 1.2 lakh meters are either not accessible, meter not functioning or cases of door locked or house closed. This figure is comparatively reasonable. However, the Jt. Commission has asked the constituents to give a time frame for improvement on these figures.
- (4) All the 7 constituents of JERC have filed at least one ARR petition. In 2 cases the gap between ARR requirement and Revenue proposed was large since they had not filed the petition for 2 years. The Commission has in all cases tried to keep the category wise tariffs in the range of +_ 20% keeping BPL, domestic and agriculture consumers on slower pace with respect to their relative share in total consumption of power.
- (5) The Commission in its Tariff Orders has directed payment of interest on initial security deposit recovered by the distribution utility which shall be credited to account of consumers every April in the following year and shown in the electricity Bill, distinctly.

The Chairperson then invited all the Members present at the meeting to render their advice and suggestions on Agenda items (sl. 2 to 8) for consideration of the Committee.

Dr. Leena Srivastav, Executive Director, TERI : The following suggestions were made:

- a) It was necessary to enforce energy efficiency audits on the consumption side.
- b) It was necessary to share information on following aspects; energy access to all, tariff of energy and increase in share of renewable energy.
- c) She also stated that small island States had promises in use of renewable energy. Barbados Report might help.

In reply, the Chairman clarified that the Commission had already asked for energy audit details from the constituents as directed in the Tariff Orders of the Commission. He also said there was need for PAT (Perform, Achieve and Trade) Scheme of BEE, other energy efficiency measures. He said that the learning process could be considered from Thailand and Philippines.

Mr. Naveen Kapoor, Chairman, CII, & President (Commercial) Zuari Industries: He suggested that the Brazil model could be adopted where sugarcane is widely planted as a crop and around 10% of the energy comes from sugarcane. In this regard, Shri S. L. Rao stated that there was a wide difference between Brazil and India. Brazil has plenty of land available for growing sugarcane. He suggested that India should not use agricultural consumable products for energy generation for the reasons of food security.

The Chairman clarified that there are 2 aspects in this regard. One is cultivating Agro products to generate energy and the other is cultivating for food, but utilizing agro- waste for generation of power/energy.

He further stated that the entire Bio mass as a waste is being used for generation given the Indian scenario; we have to continue generation from Bio mass waste and not by cultivating crops for generation.

Dr. Debashish Majumdar, Chairman & Managing Director, IREDA: He clarified that generation from waste has largely not been successful due to problems of supply chain.

The Chairman said that as per his experience many plants for generation from waste have been put up in different States and in New Delhi also, but the actual energy generated from this was not available.

Shri Naveen Kapoor: He pointed out that there was low industrial consumption in Goa. To this the Chairman as well as Chief Electrical Engineer clarified that industrial consumption in Goa is 60%.

The Chairman posed the following issues for eliciting views of SAC:

- a) If Industries above 1 MW go out of the distribution utility by availing Open Access, then the problem would arise as to who would cross subsidize the remaining categories. He quoted the example of DNH where 97% was industrial consumption.
- b) On the issue of Power Exchanges, he pointed out that 5 traders were monopolising about 89% of the market share and this lobby was propagating and building pressure for open Access. It was necessary to consider what would happen if industries above 1 MW go out by availing open access and later come back to the utility. How such cases should then be dealt with?

c) The utilities have entered into long term PPAs and if they lose open access consumers in a big way, it would be difficult for them to survive.

Shri S. L. Rao stated that the JERC regulation on Open access were very comprehensive and elaborative clearly spelling out the various formalities to be complied with and procedures to be followed so that prospective open access consumers are clear of the consequences of going in for open access.

Dr. Leena Srivastav said that arguments can be made out for denying open access. From economic aspect, open access does not make sense but perhaps the market would sort this out in due course.

The Chairman highlighted another important issue regarding open access pointing out that if open access consumers are taken out of the regulatory control then who would take care of the adhering to standard of Performance and other such matters.

In this connection, **Dr. Leena Srivastav**, desired to know the comparison of the average industrial tariffs with the market rate for open access consumers. To this the Chairman responded that it was not possible to compare since the rate was fixed mutually between the open access consumer and the generator.

S. L. Rao: It appears that in many of the utilities including Goa, there is lot of cross subsidy and it could be leading to purchase of expensive power. The Chairman said that they are insisting on use of merit order and in case of Goa the Commission has disallowed the purchase of costly IPP power. He further stated that Goa had about 40MWs co-generation and would be adding another 30MW. Regarding a query on time of the day tariff, it was clarified that the Commission was envisaging out with suo-moto hearing in this regard.

Shri Cheriya Koya Thangal S. V., Special invitee, Lakshadweep: He informed that they now have 700KVA solar generating plant.

Shri Jalaj Shrivastava, Andaman and Nicobar: He explained the difficulties faced due to the scattered population in different islands, some of which are 600 kms apart. He said that the total installed capacity was 82 MW - based on diesel generation. He suggested having LNG terminal which could be used for generation, industries and vehicles. He further stated that there was acute shortage of land for new generation projects. However, Siemens has identified one place for wind energy. Also 2 months back 4 MW bio mass plant has started generation.

Shri S. L. Rao suggested that solar panels could be used for street lighting and for heating solar water heaters. For domestic lighting, solar lanterns could be the better option in the circumstances.

Secretary, JERC, Shri R.K. Malik: He stated that the Ministry of Power was enforcing for the provision of the Act for open access in distribution. He said that there was a view that the Regulators and distribution companies were coming in the way of quick operationalizing of the open access.

The Chairman added that through the Wheeling Charges and Surcharge, the Regulator and Distribution Company could have some remote regulation. The issue of Marginal Cost based Pricing was important and its impact needs to be studied on domestic/commercial consumers.

It was pointed out that it would be necessary to have dedicated feeders for bulk consumers in order to impose a surcharge for purchase of marginal power at high cost.

Shri T. L. Mohamad Mansoor, Jt. Secretary, Puducherry: He said that they had 34MW Gas Based Generation and the balance requirement was met from Tamil Nadu and Kerala. He said that they have 86 consumers above 1MW for the purpose of open access. Their Department felt that until provisions of the Act/Regulations are examined, they will wait for clarification before enforcing open access.

On the Agenda item on Renewable Energy, he said that there was one solar plant and there were sugar mills. They had no specific plans regarding LNG. Regarding fulfilling RPO, he said that for 3 year period Rs. 76 crores was sought for purchasing RECs. He said that Puducherry was selected as a pilot district for the Smart Grid Project. He said that CGRF was in place and a lot of grievances were addressed. He requested the Commission to delay imposing penal provisions under SOP.

Shri Debashish Majumdar, CMD, IREDA: The Committee should give importance to renewable energy. He pointed out that RPO is an important tool but the penal provisions should be strictly enforced. Further he pointed out that solar generation was purely in the private sector. There should be a trust for de-centralising generation from renewable energy. Energy efficiency to the end user needs a lot of campaign.

Shri KakadBhai Nikulia, Ex-Sarpanch, Randa, nominated Member DN&H: He requested for gradual increase in the tariff for domestic category. To this, the Chairman pointed out that the Commission had sought their proposal in this regard.

Shri Nirmal Braganza, Chief Electrical Engineer, Goa: He pointed out the difficulties being faced regarding RPO. He said that for the last 2 years, efforts were made for purchase of solar power with NVVN Ltd. but so far no committed power has been assured to us. He clarified that all efforts are being made to meet the renewable energy obligations.

He also viewed the concerns of others as regards open access that large scale migration of industrial consumers under open access could lead to a situation where the utility would have to stop from going in for long term PPAs and may have to resort to purchase of costlier power through short term measures like traders. He also pointed out that purchase of power from power exchange and un-requisitioned quota was not guaranteed and was subject to availability which would make it difficult to guarantee availability of power to consumers.

The Chairman raised the concern about the issue of protection of consumer interest through the CGRF. Recently, one day workshop of Chairmen and Members of CGRF of all 7 constituents was organized wherein among other issues, issue of financial/operational autonomy was also discussed. He pointed out that most of the utilities do not grant CGRF financial autonomy and in some cases the salaries of Members are not paid for several months. Members expressed their views that financial autonomy is considered must and CGRF could be directly financially and administratively looked after by JERC and independent of the distribution company for better delivery to the consumer. Commission can claim reimbursement from the licensee.

Shri S. L. Rao suggested that the NGO pattern could be adopted where lump sum grant (as given by Central government Ministry to Autonomous Institution) be given to cover their expenses. The Chairman welcomed the idea and asked the Secretary, to examine the issue.

The Chairman sought suggestion on the issue of filling up the vacant position of 11 members to the Committee. The following names were suggested for consideration.

- 1) Poonam Bharuah-Head of WILL
- 2) Mr.A. K. Khanna from Chandigarh &
- 3) General V.P. Malik from Chandigarh.

SAC was informed that Chief Secretaries/Administrators of the 7 constituents were earlier requested by the Commission for 3 nominations from each of the constituent, but only Dadra Nagar and Haveli and Daman & Diu responded.

It was consented by the members that the sixth meeting of SAC may be convened by JERC in Andaman & Nicobar Island on 8th of October, 2012.

With this, the meeting concluded with thanks to the Chair.

Sd/-
(R.K. MALIK)
Secretary