



JOINT ELECTRICITY REGULATORY COMMISSION
(For the state of Goa and Union territories)
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**MINUTES OF THE 4TH MEETING OF STATE ADVISORY COMMITTEE HELD ON
24TH FEBRUARY, 2012**

Venue : Conference Hall No. 1, India International Centre, New Delhi

Present

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| 1. Dr. V. K. Garg | Chairman, JERC (Ex-officio) |
| 2. Sh. R. K. Malik | Ex-officio Member |
| 3. Sh. Ragesh Chandra | Ex-officio Member |
| 4. Sh. R. K. Bali | Ex-officio Member |
| 5. Sh. Ravi Chandra | Ex-officio Member |
| 6. Sh. Naveen Kapoor | Member |
| 7. Sh. DebashishMajumdar | Member |
| 8. Dr.LeenaSrivastava | Member |
| 9. Sh. R. S. Kamat | Special Invitee IOC |
| 10. Sh. P. K. Dey | Special Invitee IOC |

Welcoming all the members of the Committee attending this meeting, Secretary JERC apprised the Committee that one of the members of this Commission, Shri R. K. Sharma has since demitted his office on 09th February, 2012. The appointment of the incumbent in his place by the Government is awaited. He informed that the current meeting of the Committee being held today is in lieu of the adjourned meeting at Diu, which could not proceed for want of the requisite quorum and hence the matters of the agenda at this meeting is the same as was placed at

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the adjourned meeting with this information in brief, he requested the Hon'ble Chairperson JERC to preside over the meeting and guide us through the discussion.

The Hon'ble Chairperson JERC, at the very outset, outlined the role and objects of the State Advisory Committee which inter-alia includes advising the Commission on major issues of policy and on matters relating to providing quality and continuity of supply and services by the licensees, compliance of the Commission's orders and directions by the licensees, their interface with consumers etc. He welcomed all the members in the meeting to put forth their views and suggestions based on their expertise in different fields in the larger interest of development of the electricity sector in various constituents being regulated by the Commission, keeping in view the interest of all the stakeholders including consumers at large. He mentioned that the senior representatives of Indian Oil Corporation have been specially invited in this meeting to guide us on issues concerning fuel supply to island Union Territories (UTs) of A&N Islands and Lakshadweep which for their electricity generation and supply needs solely depend upon the supply of fuel from the mainland of the country.

Hon'ble Chairperson also referred to the high cost of supply of electricity in these island UTs which works out to about Rs. 15 per Kwh whereas the rate actually charge by the licensees in these UTs is Rs. 4 to Rs. 4.50 per Kwh. Currently this large difference between the actual cost of supply and rate charged is met and paid by the Governments of these UTs out of their non- plan expenditure budget. However, as per the requirements of the Electricity Act, 2003, once the tariff is determined by the Commission and Governments of these UTs will have to decide as a policy to subsidise the tariff for supply to consumers. Chairperson mentioned if an alternative source of power in Andaman and other UTs through Petronet LNG company, a PSU joint venture almost at a rate of Rs. 6 per unit at present LNG rates, which can feed high end users on long term open access basis from LNG Petronet generation unit set up in the UT. Petronet LNG who mentioned about an innovative model with his organisation whereby it may be possible to set up a LNG based power generation unit to generate and supply electricity to the licensees in

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these UTs at the rate of about Rs. 6 per unit. This, he mentioned, needs to be explored further through a dialogue between them and the concerned UTs as the average cost of supply is already reaching these levels.

The Chairperson also referred to the issue of fulfilling the Renewable Energy Purchase Obligations (RPOs) - Solar and Non- solar separately, by the licensees as set by the Commission through appropriate regulations. Licensees are given freedom to meet RPO by (i) Project in own territory. (ii) Inviting tender for purchase. (iii) Tender for bundled power (iv) Purchase of RECS. This is an area of importance requiring continued guidance and support to the licensees in all the UTs.

Protecting the interest of consumers is one of the important objects of the Electricity Act, 2003 and is of great concern to JERC. In accordance with the provisions of the Act on this matter, CGRFs have been established by the licensees in all the constituents being regulated by the Commission and are functional. CGRFs in the UTs of Chandigarh and Puducherry are in fact quite progressive and prompt in handling consumers' grievances and we expect CGRFs in the State of Goa and other UTs also to operate and function similarly.

With these words, the Chairperson invited all the members present in the meeting to render their valuable advice and suggestions for growth of this sector in Goa and all UTs.

Shri Naveen Kapoor, Vice- President (Commercial) Zuari Industries and Chairman of Goa Chapter of CII

As for power availability, the State of Goa presently is more or less comfortable. However, to keep up with the growing demand for power for various categories of consumers including industries, additional power availability would need to be sourced. Plans are under way in the State to set up gas based power plant for which it is understood that the dialogue is on by the State Government with

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GAIL for supply of gas. Once such a plant comes up the position will be comfortable for meeting the increased demand. Potential exists in the State for solar power but no serious efforts have yet been made to add to the supply through such an additional source. It could be due to high unit cost of solar power. Such renewable sources of power would however need to be tapped sooner than later. Tapping renewable sources of energy such as solar power would be inescapable in order to meet the requirement of renewable energy obligations. Programmes for energy saving by using efficient lighting system and equipment are needed to be launched in the State on the same basis as already done in number of progressive States that has helped them to cut down to some extent the electricity shortages. Consumer education in this connection and launching of special programmes to encourage use of efficient lighting system may go a long way to achieve the goal of energy efficiency.

Shri Ragesh Chandra, Special Secretary for Consumer Affairs, Government of Puducherry

Firstly, he was apologetic for not being able to facilitate holding the third meeting of the Advisory Committee originally scheduled to be held in Puducherry because of their engagement with priority work of rehabilitation in the aftermath of destruction caused due to cyclone.

Hementioned that there is immediate need for tariff revision in the UT, particularly when the cost of purchase of power has gone up substantially during the last one year. Electricity Department of Puducherry is learnt to have already filed its tariff petition with JERC. He also informed that currently there is no power cut in the UT for domestic consumers.

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Shri Rakesh Bali, Secretary, Consumer Affairs, Andaman & Nicobar Islands.

He stated that since the source of electricity supply in this islands UT is mainly through diesel based generation, the cost of supply is as high as Rs. 15 per unit. Substantial financial support is provided by UT Government to Electricity Department to enable them to supply electricity to consumers between Rs. 4 – 5 per unit.

Shri Ravi Chandra, Lakshadweep.

He said that they have distributed generation and the maximum capacity is 2.1 MW solar power. The Chairman at this point appreciated that the Act does not provide for special dispensation. Discussion was carried out on REC Scheme and it was clarified that scheme is not applicable to standalone system. All the assets are in the name of the Lakshadweep Administration and a mechanism is to be evolved as to how these assets may be transferred to local 5panchayats Lakshadweep Administration may make afresh legally sound proposal to State Advisory Committee and Government Of India will be approached thereafter. He further stated though Solar Power Plant has been installed by BHEL but it is not working. Lakshadweep is a land of coconuts and IREDA may suggest/ select the use of coconut waste as source biomass energy.

Shri Debashish Majumdar, CMD, IREDA

There is no doubt that all renewablesources of energy are currently expensive as compared to conventional sources of energy. However, these are feasible options for decentralised generation and supply for remote areas and especially in most of the Uts. He was of the view that in case RBI agrees to treat financing of renewable energy projects by banks and financial institutions as priority sector lending, the cost may come down and may become relatively attractive options.

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Dr. Leena Srivastava, ED, TERI

Development of Electricity sector in Uts poses special challenges and therefore calls for a special model of development. Distinct approaches are needed depending upon the special requirement of each UT. Conventional power may not be the ultimate option for supply of electricity especially in the islands Uts as the cost of conventional power would keep on rising with increase in price of liquid fuel/ coal. Renewable energy appears appropriate options and would need to be explored based on the locally available renewable resources. She, in fact, felt the need for higher RPOs for these Uts. Energy efficiency is another area which needs to be pursued vigorously in all the Uts. She appreciated the role played by JERC in ensuring that the licensees have established CGRFs in all the Uts and are functional to redress the grievances of consumers. She suggested that a mechanism may be devised by which experiences of some of progressive CGRFs is shared with others to establish similar procedures and arrangements in all CGRFs to redress grievances of consumers promptly and effectively.

Shri R. S. Kamath, Special Invitee from IOC at Cochin.

He explained that high speed diesel is sent to Lakshadweep through Beypore (near Kozhikode) then from there is sent through barrels. The high cost of power generation could be due to many other reasons and not necessarily the cost of diesel as it is less by 20% in Lakshadweep due to exemption in Sales Tax.

Shri P. K. Dey, Special Invitee from IOC at Howrah.

He informed that diesel is supplied to Andaman and Nicobar Islands by IOC through Haldia Port. An appropriate mechanism is in place to ensure that the supply

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is maintained uninterrupted to islands. The delivered price at Port Blair is Rs. 39 per litre, which is cheaper than that prevalent in Chennai or Kolkata.

The Hon'ble Chairperson appreciated the views put forth by all the members. Before concluding the meeting, he wanted the members to indicate their conveniences about the date and venue for holding the next meeting of the Advisory Committee sometime in the last week of June, 2012 as suggested by members. It was consented by all the members that the next meeting may be held in Goa. Based on the convenience of the members about the exact date, the notice for holding the next meeting will be issued by Secretary, JERC.

With this, the meeting concluded with a vote of thanks to the Chair.

Sd/-
(R. K. Malik)
Secretary