



JOINT ELECTRICITY REGULATORY COMMISSION
(For the state of Goa and Union territories)
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MINUTES OF THE 6TH STATE ADVISORY COMMITTEE MEETING HELD AT WILLOW HALL, INDIA HABITAT CENTRE, NEW DELHI ON 8TH OCTOBER, 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 Satya Gopal | : | Ex-officio Member Chandigarh |
| 5. Shri Surendar L. Rao | : | Member (Academic Expert) |

6. Gen. V.P. Malik : Member (Consumer interest)
7. Shri Ashok Khanna : Member (Industry)
8. Shri C.K. Parekh : Member (Transport & labour), DNH
9. Shri JyantiLaxmanbhai Patel : Member (Consumer) DNH
10. Shri KakadBhai A. Nikulia : Member (Agriculture) DNH
11. Ms Poonam Barua : Member (NGO)

Hon'ble Chairman welcomed all the Members of the State Advisory Committee. The minutes of the last meeting (agenda item No. 1) were confirmed.

Hon'ble Chairman apprised the State Advisory Committee Members about the unique status of the JERC wherein jurisdiction of JERC extends to State of Goa and six Union Territories located at distinct places in the country. Some of the UTs are spread over different physical locations. For instance, Pondicherry is spread over four different locations with Yanam, Pudducherry and Karaikal on the East Coast and Mahe on the West Coast. Likewise Daman & Diu is spread over two locations- Diu being an island near Gujarat and Daman being on Maharashtra Gujarat border, about 650 kms away.

Hon'ble Chairman emphasized that the role of the Regulatory Commission is critical one wherein fine balance is required to be maintained between the consumers' interest vis-à-vis the stake-holders/investors. On one hand, while the consumers want to have uninterrupted power at minimum rates, the investors strive to get maximum returns on their investments.

Hon'ble Chairman further emphasized on the need for proper interpretation and implementation of provisions under section 126 and section 135- (Unauthorized Use of Electricity and Theft of Electricity respectively) of Electricity Act, 2003. Since reading in the both the sections is "unauthorized use" the Joint Commission is considering fine tuning the Regulations to address this important issue and amend the Regulations thereof, if considered necessary.

Hon'ble Chairman further informed that in Andaman & Nicobar Island and Lakshadweep power generation is through diesel. The UTs, though they may seem small have the highest five among top 10 per capita consumption area in the country- with Dadra & Nagar Haveli at 11700 units/capita. As regards the top four highest consumption territories in India under JERC jurisdiction i.e. Dadra & Nagar Haveli, Daman & Diu, Goa, Puducherry..

Shri Ashok Khanna, Chairman cum Managing Director, K-watch Ltd. emphasized for restraining of unbridled power which is often exercised by junior officials of the electricity department in the name of checking unauthorized use and theft of electricity in the Union territory of Chandigarh. He recounted his own experience some 8-9 years back wherein he was framed under a false case of unauthorised use. Shri Khanna said that he had to undergo a lot of harassment and mental agony. Citing live example, Shri Khanna requested the Commission to look into such issues on priority.

General V.P. Malik, ex- Chief of Army Staff opined that involvement of Resident Welfare Associations in the interaction with electricity Department would go a long way for bridging the gap between the public and the department. He further stated that he is not impressed by the recommendations made by the Review Committee constituted by JERC for making suggestions on independence of Financial Autonomy of Consumer Grievances Redressal Forums. He stated that it will add to the expenditure which ultimately is to be borne by the consumers of electricity.

Secretary, JERC mentioned that CGRFs have been constituted under Electricity Act, 2003 and as per the Act, CGRFs are the grievance Redressal mechanism of distribution licensees. We need to enhance their functional/financial autonomy.

Shri S.L. Rao stated that he received the agenda through e-mail. However, he added that hard copy should also be sent in advance. Shri Rao said that CGRF are the alternative Redressal mechanism in the electricity Act, 2003. However, they should not sit in the Licensee's office as it gives an impression as if they are staff of the Distribution Utility and are working for them. He said that they should

sit separately. He further stated that electronic meters are technically advanced and are highly accurate. It has also been endorsed by Central electricity Authority in their Metering Regulation, 2006.

General V.P. Malik opined that in the coastal areas especially Andaman & Nicobar and Lakshadweep tidal energy can be explored as has been done, off British coast. Hon'ble Chairman, JERC replied that tidal energy may be viable in the Western countries where cost is not a constraint, however, in India if the capital cost is above Rs. 6-7 crore per MW, the power generation through such source is not normally competitive. He further added that the maintenance of such tidal energy equipment is also very costly and difficult to maintain.

Ms. Poonam Barua, Founder Chairman, Forum of Women in Leadership in her opening remarks said that she is new to the electricity sector and her remarks are based on the agenda circulated for SAC meeting. She wanted to know :

- About the designated/authorized officer under the Electricity Act
- Why there is high consumption in the UTs?
- Why there is generation through diesel in Andaman and Nicobar and Lakshadweep?
- Awareness programme for Disaster Management. She volunteered to help draft Disaster Management Programme.
- Open Access and RPO- She said that these are the larger issues which need to be elaborated at length , therefore, same may be put in the agenda of next meeting

She suggested that agenda be sent on e-mail in advance and no hard copy be sent to conserve paper.

Hon'ble Chairman replied that in Dadra & Nagar Haveli about 96% load is industrial load whereas in Andaman & Nicobar and Lakshadweep industrial load is nil. In Puducherry 60% load is industrial and commercial load and 40% is domestic load likewise in Chandigarh 45% is industrial and commercial load and 55% is domestic load.

The tariff for various categories is so determined that it is in compliance of the various provisions of the electricity Act, 2003, Tariff Policy, National Electricity Policy and various Regulations of the Commission. The tariff is designed in such a way to bring down the cross subsidies within reasonable and sustainable levels so as to reduce it gradually without giving 'Tariff Shock' to any category and retail tariff of different categories of consumers remains within +/-20% of average cost of supply and that even for BPL category consumers, tariff rates more close to 50% of the Average Cost of Supply. The Commission determines the tariff so that it progressively reflects the cost of supply of electricity and also reduces cross subsidies within a reasonable period and thereby balancing the interest of the utility and the consumer, in such a manner that :

- a. Subsidizing class is able to economically, financially and commercially able to sustain the cross subsidy.

- b. The subsidized class do not became too much dependent on the cross subsidy by the subsidizing class especially in the context of the open access.

When open access is implemented, the subsidizing class will progressively move out of the purview of the tariff determination by the Commission, which means the shrinking of the subsidizing class, which was subsidizing the revenue. The wheeling charge, cross subsidy surcharge etc. fixed by the Commission will bridge this gap but to what extent cannot be determined or forecasted today. Therefore, the retail consumer in general will have to be mentally prepared to progressively pay a tariff close to average cost of supply of power over a period of time.

Shri S.L. Rao clarified that designated officer is appointed under the Act. To this, **Ms. Poonam Barua** queried as to how many designated officers are there in the UTs and State of Goa which are in the jurisdiction of JERC

Shri Satyagopal, Secretary Consumer Affairs, Chandigarh wished if all Secretaries (Power) of UTs and State of Goa could attend the State Advisory Committee Meeting. He complimented Secretariat of the Commission for repeatedly reminding through e-mail/phone calls the Members seeking their confirmation for attending the SAC Meeting.

- A small presentation on the various issues for the discussion in the next meeting should be made at the commencement of the meeting.
- He opined that a well structured formula should be put for compliance under the section 126 and 135 of the Electricity Act so that the discretion in the hands of designated officers is reduced to minimum, who at times manipulate and harass the consumers.
- Non-availability of RECs in the power exchange is stumbling block in fulfilling the RPO as mandated by JERC.
- The power rates in UTs are lower than the neighbouring states of respective UTs. For instance, the power rates in Gujarat and Maharashtra are about one and half or two times the rates in Dadra & Nagar Haveli and Daman & Diu. Similar difference exists in the power rates in Chandigarh vis-à-vis Haryana and Punjab.

Shri S.L. Rao recounted that originally cross subsidy elimination was envisaged in the Electricity Act which was later changed to reduction of cross subsidy. Complications have arisen as a result of this amendment.

Regarding Open Access, he stated that open access cannot take place unless cross subsidy element which is to be paid by the consumers seeking open access is looked into.

Regarding grid collapse about a couple of months back, he opined that Power Grid Corporation Ltd. should not manage the RLDC and an independent entity be created.

Shri C.K. Parekh, D&NH stated that as a matter of fact marginal power is being procured for Dadra & Nagar Haveli due to upcoming industry in the Union

territory. He opined that implication of costly power should be borne by the industries and the same should not be passed on to other categories of consumers.

Tribals are not aware of the CGRF and so Panchayats should be involved in increasing the awareness about the CGRF institution. The department is short of infrastructure/equipments and hence are unable to augment the number of connections. On this **Shri Satyagopal** said that during his tenure as Administrator, the revenue of the electricity department increased from Rs. 95 crore to Rs. 350 crore. However, all of it was deposited with the Consolidated Fund of India and the electricity department could not utilize the increased revenue.

Ms. Poonam Barua said that data regarding CGRF as to the number of cases disposed of by them in the past three years/since inception may be made available in the next meeting.

Shri S.K. Chaturvedi, Hon'ble Member JERC said that POSOCO (Power System Operation Corporation Ltd.) is an independent entity and have no influence either of the government or Power Grid Corporation of India Ltd.

Shri C.M Parekh said that 4 MVA may be allowed on 11KV instead of 2.5 MVA as per the present practice. He said that 4 MVA connection on 11 KV is in practice in many states. He requested the Commission to allow joint feeder instead of express feeder for a group of industries wherein the industries could jointly share the expenses of laying the feeder. He further said that Bank Guarantee may be allowed in lieu of cash security deposit. **Hon'ble Chairman, JERC** pointed out that it has been noticed bank guarantees and fixed deposit receipts at times are not discharged in favour of the Electricity Departments and had they been properly discharged, bad debts would not have been created.

Ms. Poonam Barua said that paper on transition through diesel to other sources of electricity in the UTs of Andaman & Nicobar Islands and Lakshadweep Islands may be circulated for discussion in the next SAC meeting.

It was consented by the members to hold the next meeting of State Advisory Committee on 1st February, 2013 at Silvassa, Dadra & Nagar Haveli.

With this, the meeting ended with thanks to the chair.

(R.K. Malik)
Secretary