

MINUTES OF THE THIRTY FIFTH MEETING
OF
FORUM OF REGULATORS (FOR)

**VENUE : SUNDARBANS
KOLKATA
(WEST BENGAL).**

DATES : 15TH – 17TH FEBRUARY, 2013

The meeting was chaired by Dr. Pramod Deo, Chairperson, CERC/FOR.
The list of participants is at **Annexure-I**.

The Chairperson, Forum of Regulators welcomed Shri T.M. Manoharan, Chairperson, Kerala State ERC to the Forum as he was attending the Forum meeting for the first time. Shri Sushanta K. Chatterjee, Deputy Chief (Regulatory Affairs), CERC extended a warm welcome to all members of the Forum.

The FOR thereafter took agenda items for consideration.

**Agenda Item No. 1 : Confirmation of the Minutes of the 34th Meeting of
“FOR” held on 09th January, 2013 at New Delhi.**

Deputy Chief (RA), CERC briefed the Members about the action taken on the decisions of the last meeting. The Forum noted and endorsed the minutes of the 34th Meeting of FOR held at New Delhi on 09th January, 2013 as circulated. After brief discussion, the minutes were confirmed.

**AGENDA ITEM NO. 2 : OVERVIEW AND STATUS OF "POWER
SECTOR REFORMS IN WEST BENGAL"**

- PRESENTATION BY WBERC.

A presentation was made by the representative of West Bengal Electricity Distribution Company on power scenario in the State, power sector structure and power sector reforms and initiatives undertaken by the States. The Forum noted and appreciated the developments made in West Bengal. A copy of the presentation is **enclosed** as **Annexure-II**.

**AGENDA ITEM NO. 3 : PROPOSAL FOR SETTING UP
REGULATORY RESEARCH INSTITUTE
(RRI) / INSTITUTE OF CHARTERED
REGULATORY ANALYST (PROPOSAL
OF MERC).**

A presentation was made by Shri V.P. Raja, Chairperson, Maharashtra Electricity Regulatory Commission (M'ERC) on the Project Report prepared by MERC regarding proposal for setting up of Institute of Chartered Regulatory Analyst (ICRA) (copy **enclosed** at **Annexure – III**). The Forum noted the issues highlighted in the presentation.

Deputy Chief (RA), CERC also presented a brief account of the proposal of FOIR for setting up of Regulatory Research Institute (RRI) (**Annexure-IV**), highlighting inter alia the objective for such an institute. He also informed that FOIR had already invited Expression of Interest (EOI) from reputed academic and research institutes for housing the institute in its initial phase. It was also

informed that the Governing Body of the FOIR was likely to meet shortly to consider the proposals received so far from two institutes. The Forum discussed the issues in detail. After discussion, the following was agreed –

- ❖ The need for Regulatory Research Institute was endorsed by the Forum.
- ❖ The Chairperson MERC and other Regulatory Commissions as decided by Chairperson FOR may be invited as special invitee(s) to the FOIR Governing Body meeting and a common approach on the issue be evolved.

**AGENDA ITEM NO. 4 : STATUS OF IMPEMNTATION OF
APTEL SUO-MOTU ORDER ON OP NO.1
OF 2011 ON TARIFF REVISION BY
SERCs and JERCs.**

Deputy Chief (RA), CERC briefed the Members with regard to the compliance of Hon'ble APTEL Suo-Motu Order OP No. 1 of 2011 for the year 2012-13 and directions to FOR Secretariat for submitting of the report to the Registry. He also presented the format evolved by FOR Secretariat for submission of the requisite information which will further be compiled and submitted to Hon'ble APTEL.

The Forum endorsed the format and it was agreed that the format for FY 2013-14 can be designed based on the format for FY 2012-13 and the information shall be submitted by the SERCs/JERCs in the desired format within timeline stipulated by the Appellate Tribunal of Electricity.

**AGENDA ITEM NO. 5 : ENSURING GRID SECURITY – NEED
FOR LEGISLATIVE CHANGES.**

It was informed that the Committee set up by the Ministry of Power under the Chairmanship of Central Electricity Authority (CEA) has in its part report has recommended amendments to some of the provisions of the Electricity Act, 2003 with specific reference to enforcing grid discipline. A presentation (**Annexure-V**) was made by FOR Secretariat highlighting the proposed amendments and rationale for such proposal. It was also informed that CERC had also considered these proposals. Views of CERC were also apprised. After discussion, the following was agreed –

❖ **Section 2 (Definition) (45-A) National Power Committee,**

Section 26-A: (National Power Committee)

The Forum endorsed the proposed amendment regarding establishment of National Power Committee. However, it should be ensured that there is no overlap in the functions of National Power Committee and National Load Despatch Centre.

❖ **Section 2 (Definition) (49) "Person"**- The Forum felt that the proposed inclusion of "or an individual" in the definition of person appears redundant.

❖ **Section 27 (Constitution of Regional Load Despatch Centre) and Section 31: (Constitution of State Load Despatch Centres)** - The Forum appreciated the need for ring-fencing of Load Despatch Centres and felt that section 27 and section 31 should so amended as to provide inter alia that a Government company **other than a generating company or licensee,** or authority or corporation be designated to operate RLDC or SLDC as the case may be.

❖ **Section 29 (Compliance of directions) and Section 33: (Compliance of directions)** - The Forum did not endorse the proposal of empowering

RLDC or SLDC to impose penalty as this does not go with the role assigned to these institutions. Further, the principle of natural justice demands that any person being imposed penalty must be given an opportunity of being heard. The matters involving imposing of penalty are adjudicatory in nature and the law generally defines the process of adjudication of disputes. Provision of appeal is also provided. The proposed amendment does not take care of these factors.

❖ **Section 34 (Grid Standards)** - The Forum felt that the proposal of this amendment was redundant and should be dropped.

❖ **Section 94 (Powers of Appropriate Commission)** - The Forum felt that the provision should be worded in such a way as to include inter alia that the Appropriate Commission shall have all the powers of a civil court **including the power of execution**. Proposed clause (5) was not considered necessary and could be deleted. The Ministry could consider amendment to provide that ‘non-compliance of orders of the Appropriate Commission would be treated as contempt of court’.

❖ **142 (Punishment for non-compliance of direction by Appropriate Commission)** - The Forum endorsed the proposal to enhance the penalties under section 142 and the proposal of treating the order of the Commission as a decree of the Civil Court. However, the proposal of conferring on the appropriate Government and Central Electricity Authority the powers to impose penalties was not considered desirable and appropriate. The Act assigns the role of facilitator to the appropriate Government and the role of technical advisor to the Central Electricity Authority. The power to impose penalties for violation of the provisions of the Act, rules and regulations made there-under and the directions of the Commission are conferred on the Appropriate Commission. Section

142 talks about the rules and regulations made under the Act in general. Therefore, a mechanism already exists to impose penalties for non-compliance of the rules made by the appropriate Government and the regulations made by the Central Electricity Authority. Imposition of penalty is an adjudicatory process and proper procedures are required to be followed and there should be a provision for appeal. The proposed amendment does not envisage all such requirements.

❖ **Section 143 (Power to adjudicate)** - The proposed Clause (3) may be amended as "(3) The adjudicating officer....(1) ~~impose the penalty~~ **shall take a decision** under sub-section (2)".

❖ **146 (Punishment for non-compliance of orders or directions)** : The Forum did not endorse the proposed amendment. The Forum felt that instead of this, the amendment should provide that non-compliance of the orders or directions of the Appropriate Commission would be treated as contempt of court.

❖ The Forum did not endorse the amendments/inclusion proposed in **Section 178 (Powers of Central Commission to make regulations)** and **Section 181 (Power of State Commissions to make regulations)** in view of the observations in the context of sections 29 and 33.

Other Issue –

Chairperson, J&KSERC offered to host the next meeting of Forum in the month of April, 2013. It was decided to hold the same during April, 2013 in J&K.

The Forum appreciated the efforts made by WBERC under the chairmanship of Shri Prasad Ranjan Ray, Chairperson, WBERC, Kolkata (West Bengal) for the arrangements made for the meeting.

A vote of thanks was extended by Deputy Chief (RA), CERC. He conveyed his sincere thanks to all the dignitaries present in the meeting. He also thanked the staff of “FOR” Secretariat for their arduous efforts at organizing the meeting.

The meeting ended with a vote of thanks to the Chair.

LIST OF PARTICIPANTS ATTENDED THE THIRTY FIFTH MEETING
OF
FORUM OF REGULATORS (FOR)
HELD DURING 15TH – 17TH FEBRUARY, 2013 AT SUNDARBANS.

S. No.	NAME	ERC
01.	Dr. Pramod Deo Chairperson	CERC – in Chair.
02.	Shri A. Raghotham Rao Chairperson	APERC
03.	Shri Umesh Narayan Panjiar Chairperson	BERC
04.	Shri P.D. Sudhakar Chairperson	DERC
05.	Dr. P.K. Mishra Chairperson	GERC
06.	Shri R.N. Prasher Chairperson	HERC
07.	Shri S. Maria Desalphine Chairperson	J&KSERC
08.	Dr. V.K. Garg Chairperson	JERC for Goa & All UTs except Delhi
09.	Shri T.M. Manoharan Chairperson	KSERC
10.	Shri V.P. Raja Chairperson	MERC
11.	Shri Anand Kumar Chairperson	MSERC
12.	Ms. Romila Dubey Chairperson	PSERC
13.	Shri D.C. Samant Chairperson	RERC
14.	Shri T.T. Dorji Chairperson	SSERC
15.	Shri Manoranjan Karmarkar Chairperson	TERC

16.	Shri Jag Mohan Lal Chairperson	UERC
17.	Shri Prasad Ranjan Ray Chairperson	WBERC
18.	Dr. R.K. Gogoi Member	AERC
19.	Shri T. Munikrishnaiah Member	JSERC
20.	Shri A.B. Bajpai Member	MPERC
21	Shri K. Venugopal Member	TNERC
22.	Shri Sushanta K. Chatterjee Deputy Chief (RA)	CERC

POWER SECTOR REFORMS IN WEST BENGAL



WEST BENGAL ELECTRICITY REGULATOR COMMISSION

POWER SCENARIO-WEST BENGAL

- **INSTALLED CAPACITY : 8270.73 MW**
- **T&D LINE - 410463 CKM**
- **TRANSFORMER CAPACITY -47746 MVA**
- **VILLAGE ELECTRIFICATION – 37904 (99.89%)**
- **PUMPS ENERGISED – 159202**
- **CONSUMERS – 13314258**
- **PLF (State Sector) - 69.26%**
- **T & D LOSS - 17.59%**
- **AT & C LOSS - 22.69%**

ENERGY SALE PATTERN FOR 2011-12 (%)

DOMESTIC	27.59
INDUSTRIAL	49.30
COMMERCIAL	12.90
AGRICULTURAL	3.68
PUBLIC SERVICE	2.75
TRACTION	3.40
OTHER	0.38

SYSTEM DEMAND

SYSTEM	PEAK (MW)	ENERGY (MU)
	2012	2011-12
STATE	8065	44548
WBSETCL	6846	40791



**Export Outside State In
2011-12 = 3052 MU**

WESTBENGAL POWER SECTOR

1) Following are the Distribution Licensees existing from the period prior to promulgation of Electricity Act 2003:

- ❖ CESC and DPSC in Private Sector
- ❖ DPL and DVC in Government Sector
- ❖ West Bengal Electricity Board (WBSEB)
- ❖ Singur-Haripal Rural Electric Supply Co-operative Ltd. (SHRESCL)

2) Since Independence State has the experience of

- ❖ Assorted type of multiple distribution licensees of different size and characters across the State .
- ❖ Multiple distribution licensees in the same area
- ❖ Separate State Generating Company- West Bengal Power Development Corporation Limited (WBPDC) for Thermal Generation.

3) After promulgation of Electricity Act'2003 the State Power Sector has been re-organised as follows:

- ❖ **WBSEB has been restructured into followings two entities from 01/04/2007.**
 - West Bengal State Electricity Distribution Company Limited (WBSEDCL) for Distribution business with few Hydro Generation.
 - West Bengal State Electricity Transmission Company Limited (WBSETCL) for Transmission of Electricity.
- ❖ **On 29/02/2008 Singur-Haripal Rural Electric Co-operative Ltd. had been wound up.**

POWER SECTOR STRUCTURE

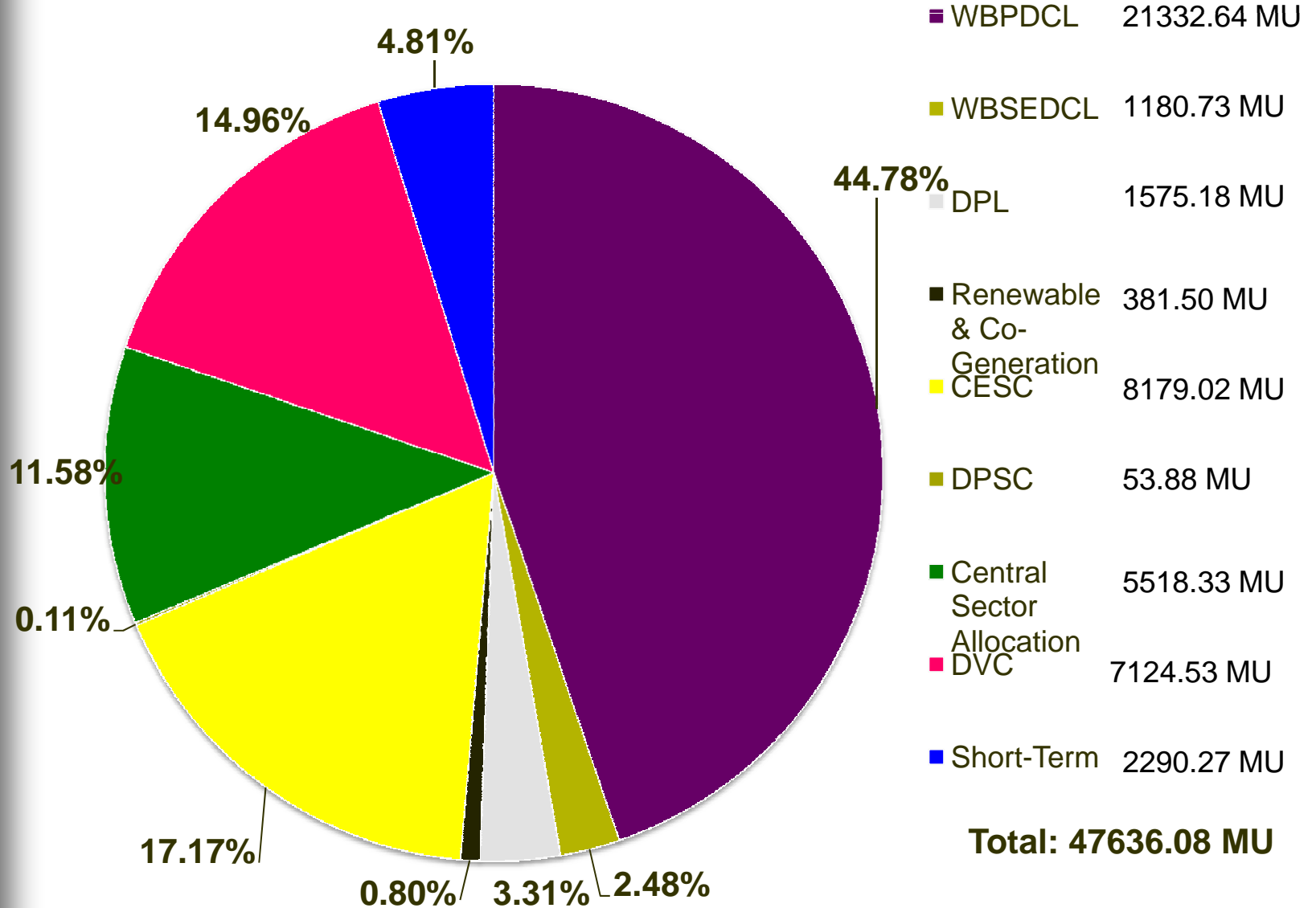
Utility	Function	Area of operation (Sq. KM)	2011-12	
			Consumer strength in Lakhs	% of share in business volume of energy
WBSEDCL	Distribution and Hydro Generation	88060 (98.53%)	106.73 (80.161%)	53.513
CESC	Distribution and Thermal Generation	567 (0.64%)	25.96 (19.498%)	23.555
DPL	Distribution and Thermal Generation	125 (0.14%)	0.448 (0.336%)	4.322
DPSC	Distribution and Thermal Generation	618 (0.69%)	0.00529 (0.004%)	2.284
DVC	Distribution and Generation	7009 (7.84%)	0.00109 (0.001%)	16.326
TOTAL		89370	133.143	100.00

Utility	Function
WBPDC	Thermal Generation- 3860 MW
WBSETCL	State Transmission Utility ➤ Transmission Line – 11095 CKM ➤ Transformation Capacity -19236 MVA

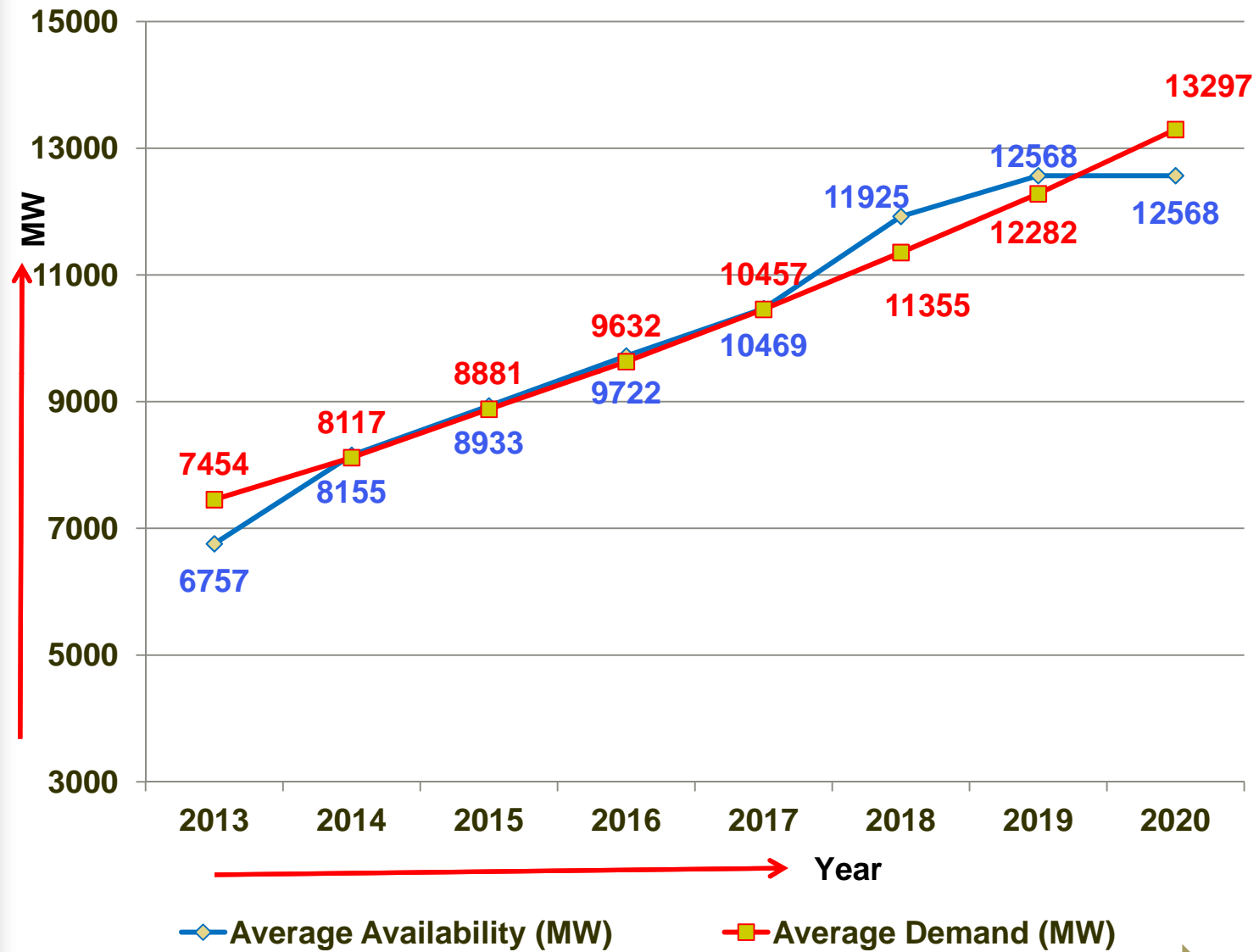
Summary of Power Stations

Type of the power Station	Capacity (MW)	Net Available installed Capacity for Grid (MW)
State Sector:		
Thermal	5755.02	5205.94
Hydro Conventional	168.71	167.02
Peaking Pumped Storage	900.00	891.00
Share from CPSU		
Thermal	802.00	709.64
Hydro Conventional	645.00	638.55
Total	8270.73	7612.15

Energy Available from different sector in the State during 2011-12



Demand Vs Availability for the year 2012-2020



New units under construction:

SI No	Name of the Unit	Capacity (MW)	Expected date of Commissioning
1	Sagardighi TPP unit 3 & 4	2 x 500	2015-16
2	CESC at Haldia	2 x 300	2013-14
3	DPL Unit 8	1 x 250	2013-14
4	IPPCL (WBSEDCL's Share 300 MW)	3 x 150	March'2014
5	JSW (WBSEDCL's Share 528 MW)	1 x 300 + 2 x 660	April'2017
6	Teesta Lower Dam-III & IV of NHPC (100% share)	170+130	2013-14 & 2014-15

Project under Renovation & Modernisation :

- Bandel TPS: To be taken in 2012 under world Bank Project

Project under Development :

- Turga Pumped Storage Project- (600 MW)- Pre-feasibility Development
- Teesta Low Dam Project Stage-V : 100 MW
- Teesta Intermediate Stage : 110 MW
- Rammam ultimate Stage : 28 MW
- Teesta low dam I & II : 50 MW

Total : 888 MW

REFORM STRATEGY – Road Map Followed

- 1. APPROPRIATE REGULATORY FRAME WORK DESIGN**
- 2. CONTINUATION OF KEY PERSONS IN THE SECTOR THROUGHOUT REFORMS (SINCE 2005)**
- 3. DESIGNING OF RESTRUCTURED SECTOR WITH CONTINUOUS DIALOGUE WITH STAKE HOLDERS (BETWEEN 2004-2007)**
- 4. COMMERCIAL ORIENTATION SINCE 2004.**
 - **AT&C loss reduction**
 - **100% loan payment objective for Financial Institution**
 - **100% Interest and loan payment objective against Govt. of West Bengal loan**
 - **Commitment for full payment of Power Purchase bill within due date.**

REFORM STRATEGY – Road Map Followed..... Contd.

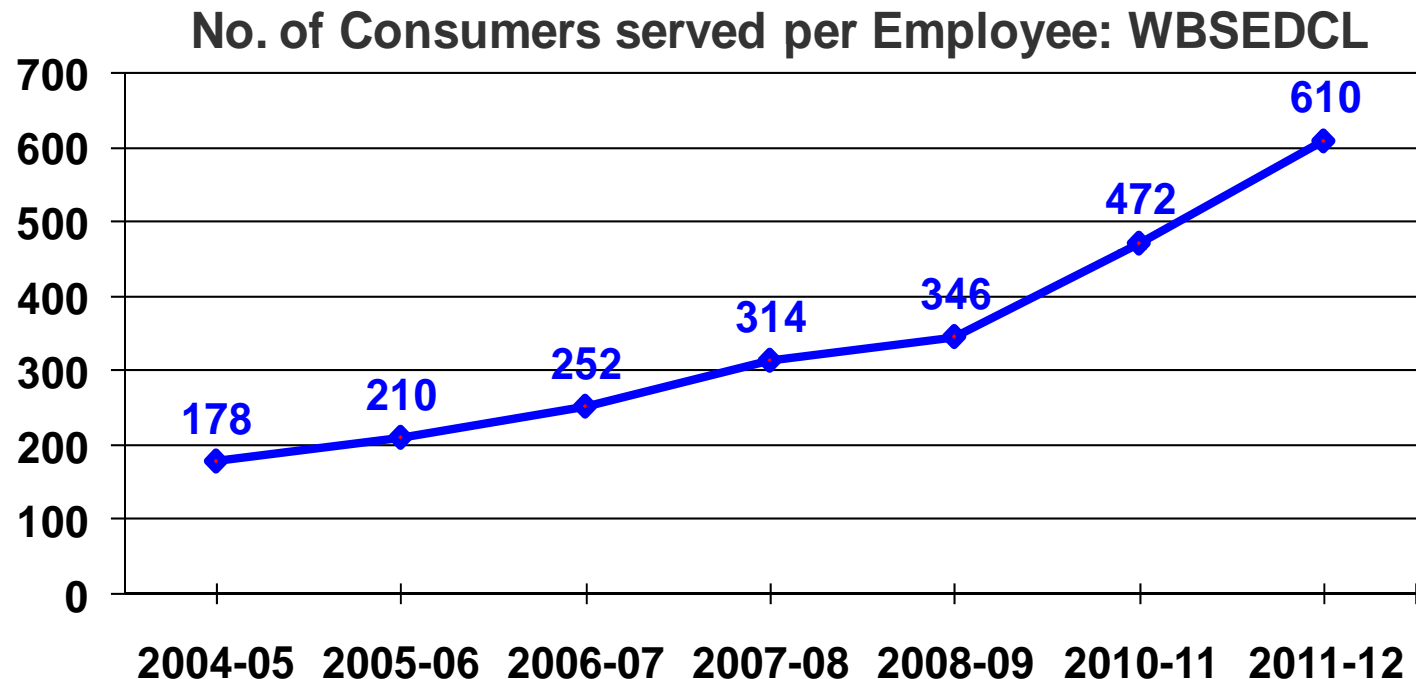
5. IMPLEMENTATION OF RESTRUCTURED POWER SECTOR WITH FOLLOWING KEY PARAMETERS (2007)

- **State Government design and implement the reform process in synchronization with advise of WBERC.**
- **Cleaning of balance sheet of restructured entities.**
- **Total independence to restructured entities.**
- **Corporatization of Restructured Entity with commercial principle and good company governance practices**
 - **Eminent Independent Directors**
 - **Emphasis on wide statutory compliances such as safety, contractor workers**
 - **Listing compliance in stock exchange**
- **Appropriate compensation to internal stakeholder of the restructured entity with adequate measures to enrich the human resources through State Government initiatives of capacity buildings.**
- **Complete ring-fencing of SLDC**

6. INTERNAL REFORMS OF THE RESTRUCTURED ENTITIES.

Organization Reforms of WBSEDCL

- Organization De-layering
- Outsourcing employment in none-core sector
- No. of Consumer served per employee



- Improved Customer Services
- Distribution Loss reduction
- Increased IT intervention for faster effective business process
- Improved Distribution Network through increased business process change by adopting best practices

Customer Service Improvements

- Modernization of customer service centre with modern Amenities
- 100% Billing through computerization, spot Billing & prepaid Metering ➡
- Multiple Payment System ➡
- Extending 24 X 7 breakdown services through
 - Zonal Call Centre situated at Kolkata, Burdwan, Baharampur, Medinipur, Siliguri.
 - Interactive Voice Response System(IVRS).
 - Facility at Customer Care Centre (CCC) to receive manual service call.
 - 590 no. mobile vans spreading over 459 Customer Care Centre ➡
- Easy Connection method for Consumers and no charges for Intending BPL Customers, not covered under any Central & state Govt. scheme , for permanent service Connection
- Emphasis on Rural Electrification

Loss Reduction Initiatives

1 Creating basic infrastructure

➤ 100% Metering Project

- ❖ 100% metering at 33Kv & 11Kv feeders
- ❖ 100% consumer metering including Irrigation (93%)
- ❖ More than 30% DTR metered
- ❖ Remote meter monitoring of HV / EHV Consumers

➤ LT AB Cable in theft prone areas

➤ Feeder bifurcation at 11Kv level

➤ Capacitor banks

- ❖ LT : 490 MVAR
- ❖ HT- 96.5 MVAR

2 Monitoring and Evaluation

➤ Three levels of Energy Audit on a monthly basis

- ❖ Corporate level
- ❖ Field Office level (480 in no.)
- ❖ Feeder & DTR level

Efficiency improvement.... Contd.

Loss Reduction Initiatives

3

Enforce Policies and Implement Systems

- ❖ Strict enforcement of anti theft legislation
- ❖ Monitoring systems for industrial theft – (HVCMS etc.) through analysis of MRI files and billing information
- ❖ Security & Loss prevention cell at every Region and Raid cell at every division
- ❖ Implementation of R-APDRP Part-A at 61 Towns , already 28 towns have been declared as Go-Live
- ❖ Collaboration with Singapore Power for Sharing of knowledge on Best Practices in the field of Network Planning , Condition Monitoring and SCADA followed with appropriate implementations

4

Awareness Building

- ❖ Continuous and sustained formal and informal media campaign
- ❖ Regular Workshops
- ❖ NGOs involvement in wide scale to build the regulatory awareness

Particulars of Different IT Projects

Particulars	Name of The Projects		
	R-APDRP (Central Govt. Scheme)	Balance Area of WBSEDCL not covered under R-APDRP	ERP
Coverage	61 Towns	350 nos. of CCC	970 Locations
Funding	Govt. of India	Internal Resources	
Scheme Cost (Rs. Crs.)	171.73	272	50
Data Centre	Rajarhat		
Disaster Recovery Site	Berhampur		
Under R-APDRP Project , 28 towns have been declared as GO-LIVE. SCADA will be implemented in 3 towns under R-APDRP Part-A.			

❖ New projects :

- **SCADA** :- Under R-APDRP part-A where project cost of Rs 32.94 Cr has been sanctioned by PFC for implementation of SACDA/DMS at 3 nos. of towns namely Kolkata UA, Asansol UA, and Siliguri which will be completed by September 2014.
- **SMART GRID** :- WBSEDCL has been implementing of Smart Grid pilot Project at an estimated cost of 8.05 Cr. in Siliguri area under Smart Grid India Task Force, MOP,GOI. This will help in improving billing efficiency , peak load management , Energy Audit Signaling for load control , better outage management , load curtailment beyond sanctioned limit, reducing AT&C loss and customer satisfaction

Other Distribution Project

❖ R-APDRP Part-B

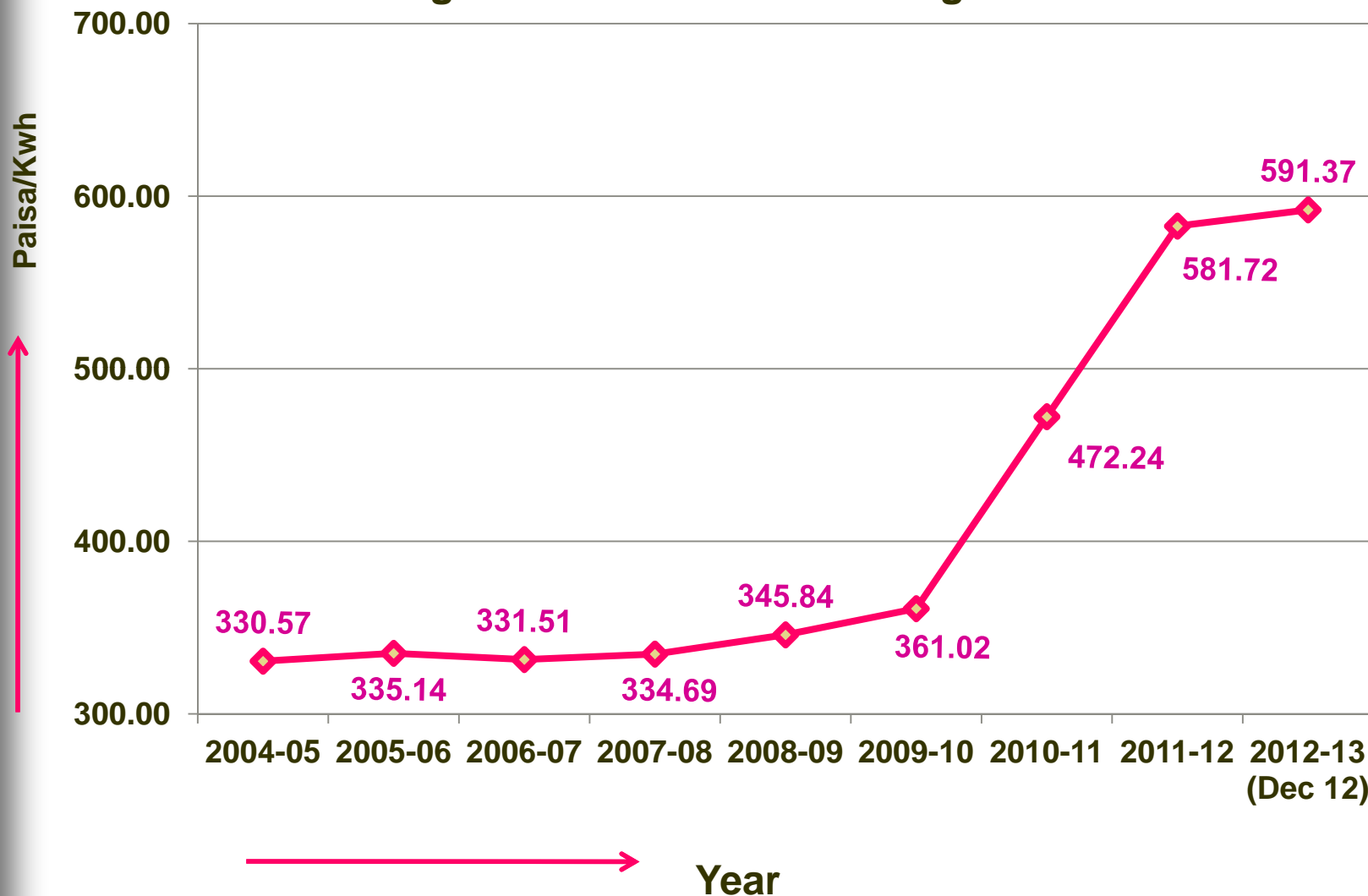
- Modernisation and Development of Distribution Infrastructure for 45 Towns for supplying Quality Power

❖ BRGF:-

- For effecting service connection to Domestic APL & BPL consumers falling for 11 districts of West Bengal under Backward Region Grant Fund Scheme. 38 lakhs consumer will covered under this scheme. Total Estimated cost is Rs 2511.00 Cr

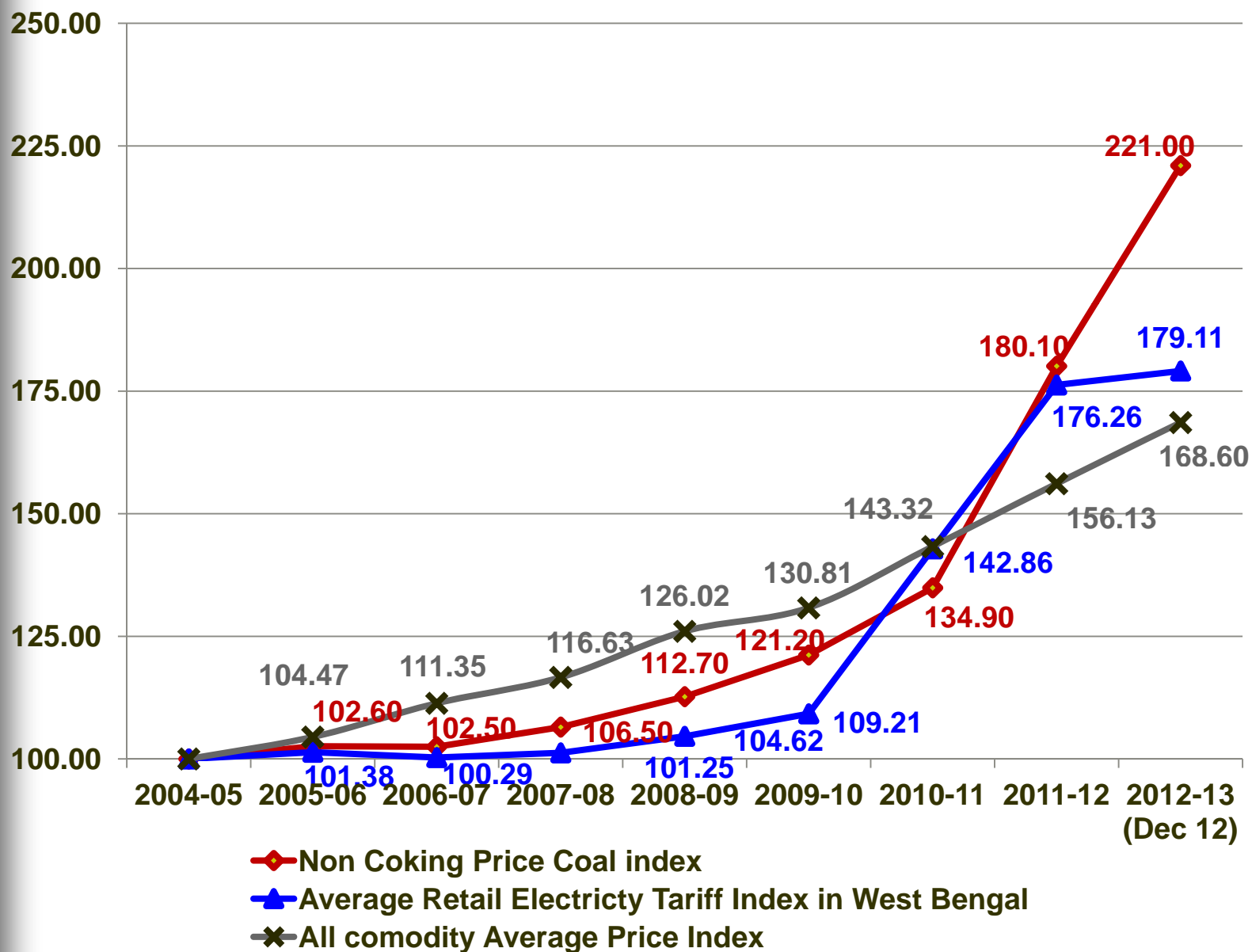
Impact of Reform initiative :-

Average Retail Tariff in West Bengal in Paisa/ Kwhr



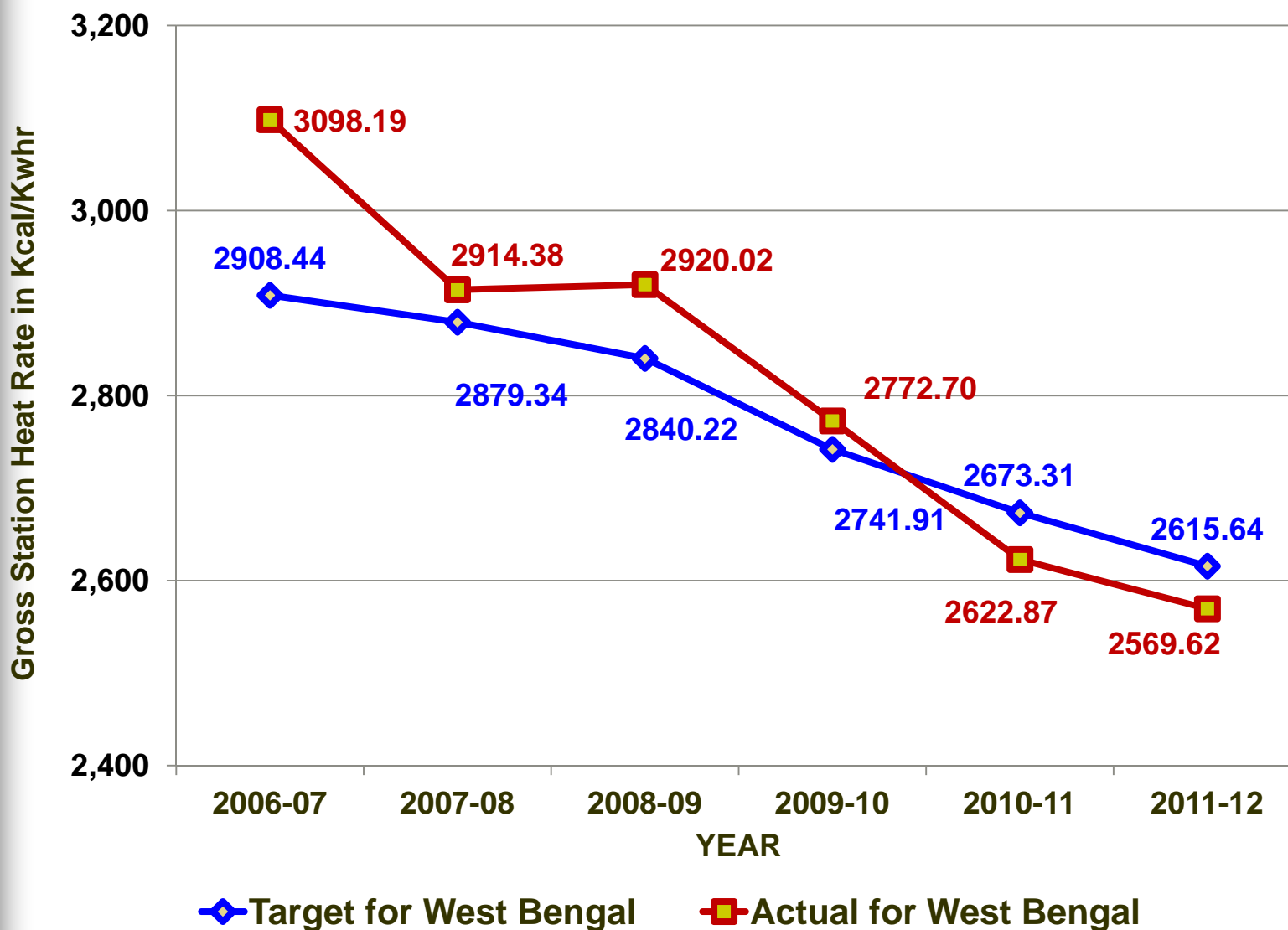
Impact of Reform initiative :- Contd..

WEST BENGAL RETAIL TARIFF INDEX VIS-A-VIS WHOLESALE PRICE INDEX



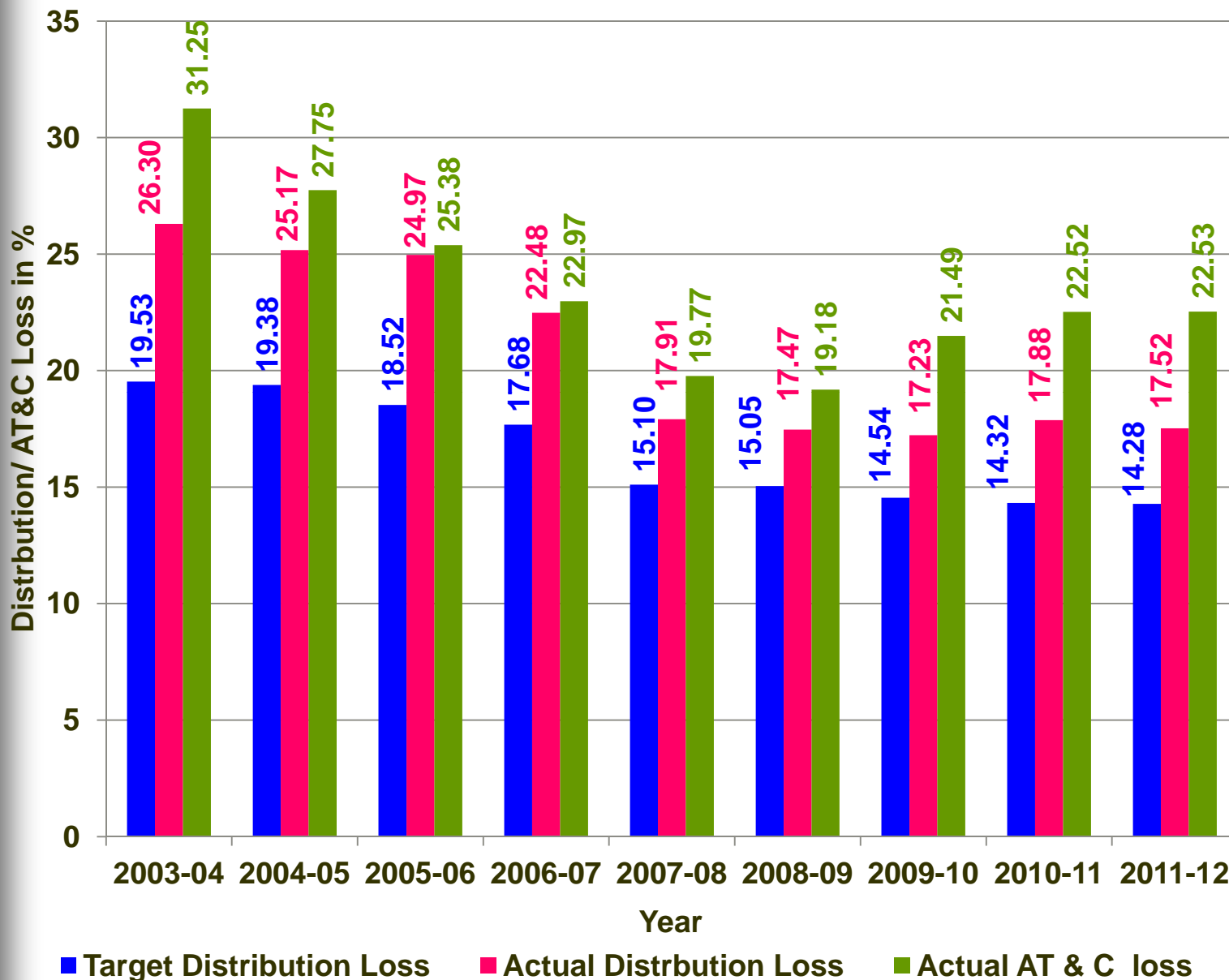
Impact of Reform initiative :- Contd..

TREND OF GROSS STATION HEAT RATE OF WEST BENGAL

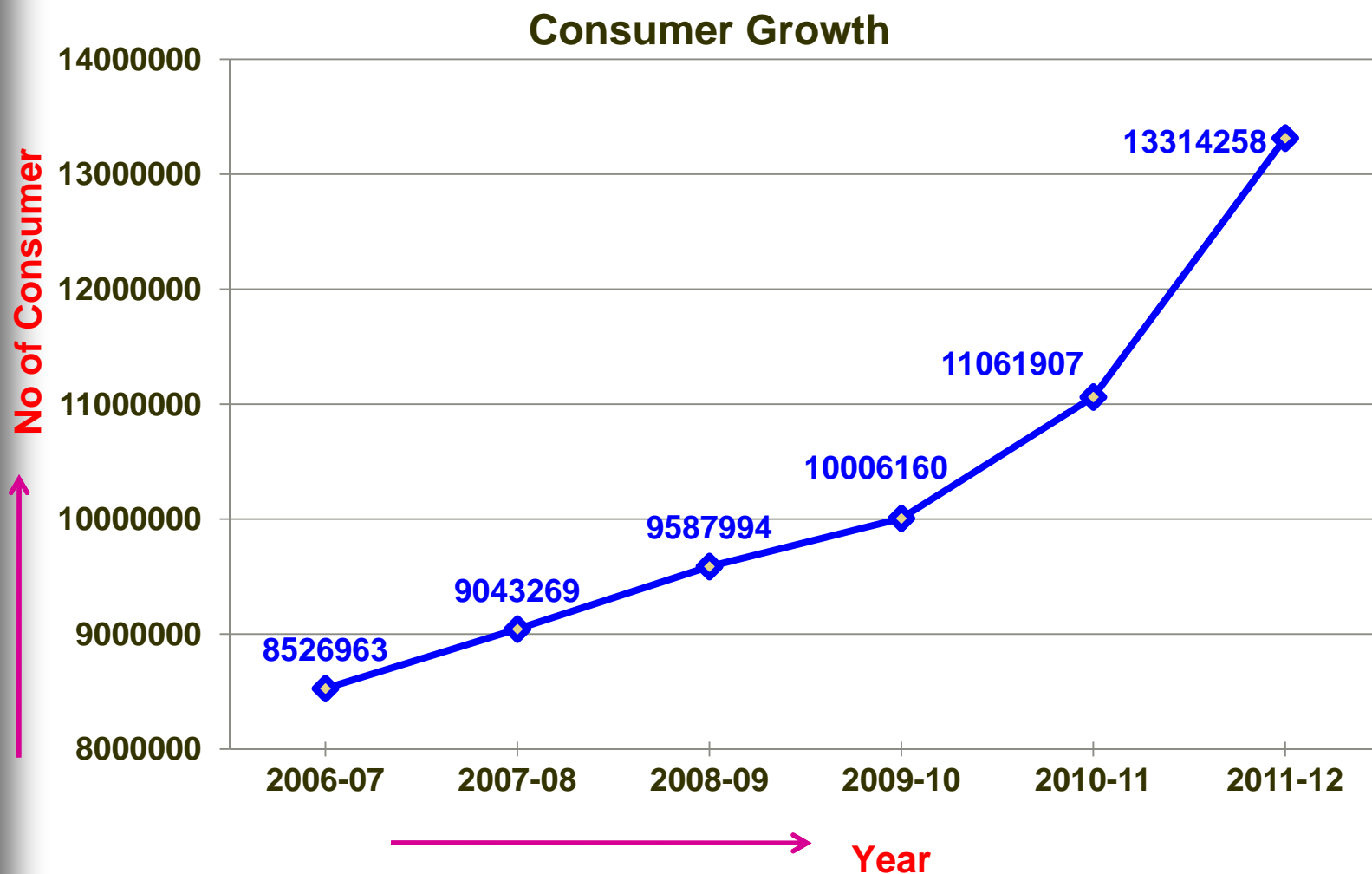


Impact of Reform initiative :- Contd..

DISTRIBUTION LOSS AND AT&C LOSS IN WEST BENGAL



Impact of Reform initiative :- Contd..

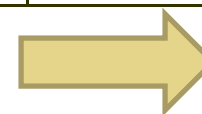


Mouza-Village Electrified	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Numbers	34385	36204	37308	37575	37843	37904
Percentage	90.62	95.41	98.32	99.02	98.78	99.89

Profit before Tax of different Licensee of West Bengal

Rs in Crores.

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
WBSEDCL	- 3979.69	102.12	48.55	126.17	113.83	102.63
WBSETCL	0	81.97	213.95	214.83	216.56	214.61
WBPDCCL	287.78	206.71	132.22	28.13	97.36	475.42
DPSCCL	24.6	2.68	10.37	15.36	7.44	17.39
CESC	341.00	403.00	465.00	522.00	614.00	693.00
DPL	24.6	0.72	-83.52	-137.32	-233.11	-154.07

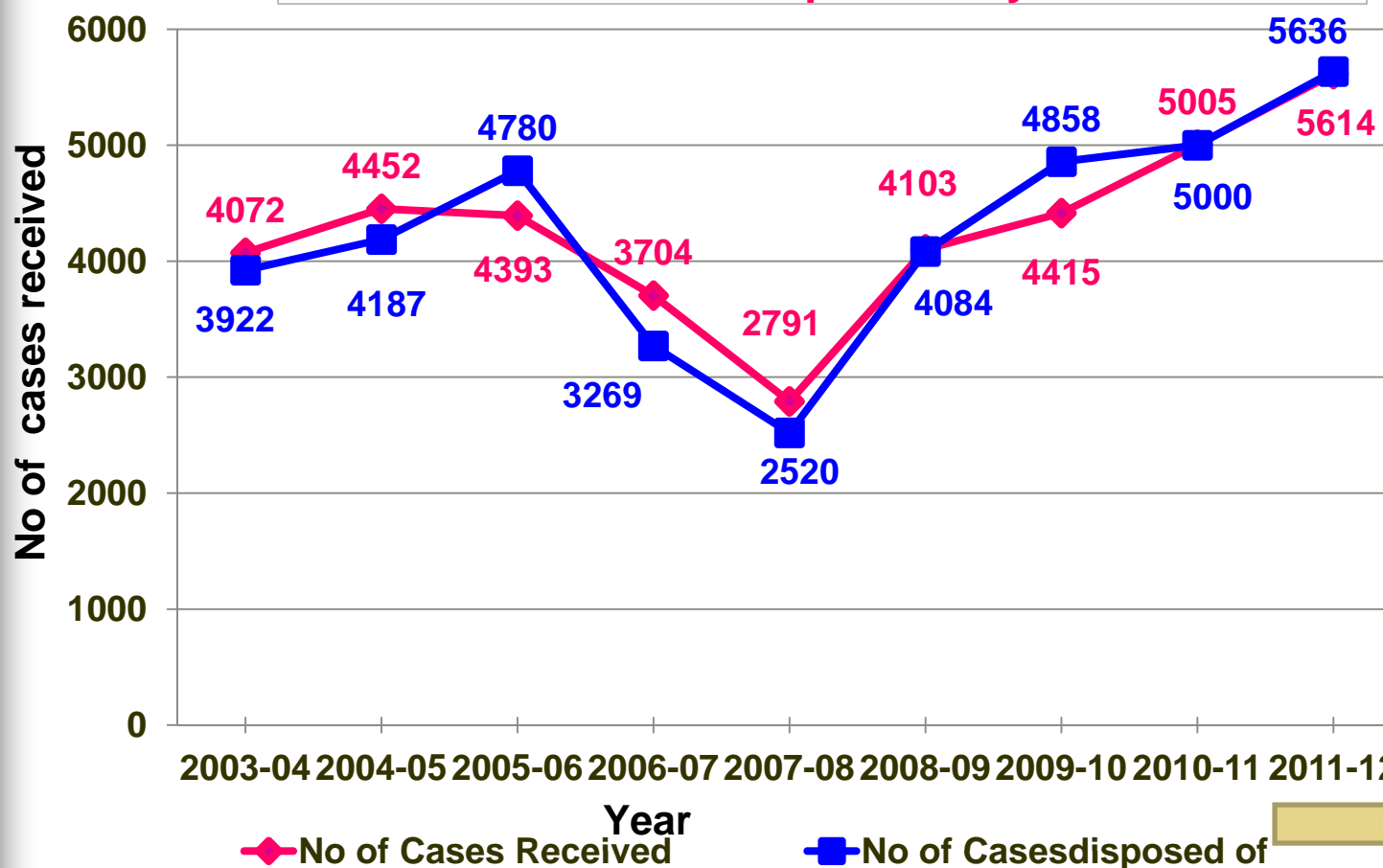


RESTRUCTURING OF DPL IS UNDER CONSIDERATION

Area of present Challenge:

- Hydro only 10.36 % of installed capacity. Share is to be increased
- Annually Hydro Energy availability during 2011-12 is 3049.89 MU (6.40% of total energy)
- Inconsistency in generation level.
- Continuous increase in power purchase cost due to different reasons such as increasing coal price and POC mechanism.
- Inefficiency in collection and high distribution loss of WBSEDCL.
- After introduction of Monthly Variable Cost Adjustment (MVCA) at retail tariff end and fixation of tariff for 2011-12, the scheduling of tariff fixation for future years in a manner so that annual tariff can be made effective prospectively from 1st April of each year

Cases received and disposed by Ombudsman



	WBSEDCL	CESC
No of Consumers service call in 2012 (in lakhs)	117.08	10.34
Ratio of call to consumer (annually)	1.19	0.40

Renewable Purchase Obligation of WBSEDCL (RPO)

Year	TARGET RPO (%)	RPO (%) as per contract	RPO (%) achieved by WBSEDCL
2010-11	2.00		2.48
2011-12	3.00	4.20	2.39
2012-13	4.00	4.52	2.56 (upto Jan'13)

Utility	YEAR	RPO (%)	RPO (%) achieved by
DPL	2011-12	3.00	4.25
DPSCCL	2011-12	3.00	0.13

❖ Revised New Renewable Energy Policy of State has been declared in 2012.

Energy Efficiency:

- ❖ Tariff for LED street lighting is 50 % of the normal street lighting tariff.
- ❖ Pilot LED based Street Lighting is completed in 273 location under KMC.
- ❖ LED Village Campaign : Dandirhat under Basirhat (D) Division is on the verge of completion.
- ❖ Installation of capacitor bank in 79 Sub/Stn. and 67,000 LT Industrial consumer's premises.
- ❖ Emphasis on Demand Side Management of System Load through TOD metering HV consumer, LT Industrial and Irrigation consumers

Con. Type / Tariff (Energy Charge)	Normal	Peak	Off-Peak
11 KV Bulk Industrial (M)	641 P/KWh	898 P/KWh	423 P/KWh
11 KV Bulk Commercial (M)	656 P/KWh	986 P/KWh	374 P/KWh
M&LV Industrial (U)	621 P/KWh	869 P/KWh	410 P/KWh
M&LV Agricultural	329 P/KWh	699 P/KWh	193 P/KWh

- ❖ Investment Grade Energy Audit completed for 16 nos. Govt. Building.
- ❖ Massive campaign undertaken for Replacement of Incandescent lamps by CFL lamps to manage the demand. Energy growth is 5.36 % against 20.36% Consumer growth in 2011-12 w.r.t. 2010-11 in the state.



FUTURE OBJECTIVE OF CONTINUING REFORMS:

- Quality Power and Service of International Standard
- Reasonable Price of power
- Consumers protection through empowerment of consumers group
- Sustainability of Utilities
- Light handed regulations
- Removal of distortion within the state power sector as far as possible towards achieving the above objectives



THANK YOU



Project Report

“INSTITUTE OF CHARTERED REGULATORY ANALYSTS”

Presentation

By

V. P. Raja

Chairman

Maharashtra Electricity Regulatory Commission, Mumbai

Preamble



- The total demand of Electricity in India is expected to increase 3.5 times in the next two decades.
- There will be a great demand of dedicated manpower possessing multi disciplinary skills in various sectors of economy such as Electricity, Telecom, Civil Aviation, Housing, Coal etc.
- There will be a great demand for such qualified manpower in the Electricity Sector, to achieve targets, set for Vision 2020.

Role of the Regulators



- To promote competition, efficiency and economy in Power Sector
- Ensure Improvement in the quality of supply, promote investments and advise government on the removal of institutional barriers to bridge the demand supply gap
- Foster the interests of consumers in pursuit of these objectives the Regulators have to;
 - balance the consumer interest with that of service providers;
 - ensure the viability of the structure;

Cont..



- Review, analyze and judge the documents created by knowledgeable persons in the field;
- Improve the operations and management of the regional transmission systems
- Formulate an efficient tariff setting mechanism, which ensures speedy and time bound disposal of tariff petitions, promotes competition, economy and efficiency in the pricing of bulk power and transmission services and ensures least cost investments.
- Facilitate open access in inter-state transmission Facilitate inter-state trading

Cont..



- Promote development of power market
- Ensure access to information for all stakeholders.
- Creation of competitive markets.
- Create a cadre of right mix of techno-commercial, economic, finance & legal and managerial personnel

Need for Institute of Chartered Regulatory Analysts



- A large number of Experts available in various Utilities of the Power Sector who **need to develop** their ability as professional and qualified Regulatory Analyst.
- Even executives in Finance, Legal and Administration area with non-technical background **need to have** adequate knowledge of technical issues that is essential to help them discharge their duties effectively as a Regulatory Analyst.

Cont..



- There is **shortage of trainers** and also **insufficient training programmes** on Electricity Regulation.
- In view of the **impending requirement and need** for qualified and trained manpower for existing Regulators and various Utilities/ organizations / departments who are subjected to Regulations, there is absolute need for a dedicated Institute of Chartered Regulatory Analysts .

Recommendations



➤ **Set-up an Institute of Chartered Regulatory Analysts;**

- Focusing on the Electricity Regulators (FOR) and Utilities in Power Sector;
- To encompass studies in sectors of the economy which are required for a Regulator and
- Create a cadre of proficient in Regulatory work.

Objectives and Functions of the Institute



➤ Encompass regulatory studies in all sectors of the economy which are required for a Regulator.

➤ **Functions:**

- **(1) Academics,**
- **(2) Training and Development,**
- **(3) Research**
- **(4) Advisory.**

Academics



- **Post Graduate Degree,**
- **Degree**
- **Diploma**
- **Certificate courses,**

Covering techno-commercial, economic, Finance & legal and managerial aspects involved in the industry.

Training and Development



- **Long term and Short term state-of-the-art training for officers / staff of SERCs and Utilities of Power Sector.** (*List attached at Annexure – 2.*)

A Systematic approach and Methodology for conducting these courses is also drawn and placed at Annexure 2(A)

- Promote opportunities for training around the world and increase access to energy regulatory information & experience .
- Provide a formal platform for exchange of information, research, training and experience among other regulators.

Research



- To provide analytical and empirical research in the field of regulation;
- To promote networking, through documents and ideas exchanges; and
- Undertake and encourage research & consultancy activities in the public and private sectors.

Advisory



- Provide advisory to the :
Government ,
Regulators
Clients and
Platform for experience sharing amongst the
regulators

Sources of candidates and scenario at the successful completion of the course



Attempt will be made to make the course broad based for those who wants to pursue a career in electricity regulation.

The principal source of the candidates would be:

- Graduates aspiring career in regulatory domain, from open market.
- Candidates sponsored by SERCs.
- Candidates sponsored by Power utilities
- Government officials from Energy, Environment, Planning and Infrastructure, Industry & Finance Department.
- International, regional and private financial institutions.
- Agencies, industries and academics involved in energy sector.

Award of certificate



- **After successful completion of courses and prescribed examinations,**
 - **a certificate will be awarded by the Institute.**
- **It may be prudent to enter into some sort of MOUs with FOR/FOIR .**

Members



- 1. Permanent Members:**
CERC, All SERCs, FOR, FOIR etc
- 2. Associate members:**
(State energy development agencies (GEEDA, MEDA), Utilities etc.)
- 3. Affiliate members:**
(Educational Institutes, NTPC, TERI, NPTI etc.)
- 4. Honorary Members:**
(Experts and educationalist)

Financial Autonomy and Sustainability



- Institute will involve recurring and non – recurring expenses.
- Approximately estimated a capital outlay of Rs. 60 Crores.
- The cost of the Land is not included
- Approximate operating expenditure is estimated at Rs. 10.20 Crores per annum.

Cont..



- At the initial stage, financial assistance may be provided by the FOR, till the proposed Institute of Chartered Regulatory Analysts achieves its financial autonomy

Infrastructural Facilities



- **The Institute of Chartered Regulatory Analysts will require infrastructural facilities like :**
 - ***Training / Seminar Hall,***
 - ***Syndicate Rooms,***
 - ***Multipurpose Hall,***
 - ***Library,***
 - ***Reading Hall,***
 - ***Common Room,***
 - ***Computer Lab,***
 - ***Hostel and***
 - ***Guest House***

Manpower for the Institute



Director / Principle	1
Dy. Director	3
Registrar	1
Assistant. Secretary (Programme Officers) /US	3
Section Officer	2
Accounts Officer	1
Accountant	1
Librarian	1
Sr.PA/PA	5
Clerks	5
Peon	2
<i>Total</i>	<i>25</i>

Other Services



- Housekeeping,
- Maintenance of Guest House,
- Hostel,
- Training/Seminar & Auditorium,
- Catering,
- Transport & Vehicles etc.

may be **outsourced** so that the core strength of the institute could be kept to the minimum.

Governing Council



The Institute will be working under the direction of a Governing Council. The suggested composition and scope of the council is at Annexure – 5

Governing Council, consisting of :

- | | |
|------------|--|
| Members | - All the members of FOR , Secretary Power & RE, MOP and Director/Principal of the Institute |
| Chaired by | - Chairperson, CERC. |
| Secretary | - Registrar of the Institute |

Council should meet quarterly .

Nodal Agency



- To start up the Institute we have to identify a **Nodal Agency**
- Maharashtra Electricity Regulatory Commission (**MERC**) **can take this responsibility** and explore & approach with an existing management/business institution / university to provide their infrastructure on hire / profit sharing basis and commence functioning till the Institute of Chartered Regulatory Analysts gets its own full fledged infrastructure and facilities.
- Thus, the focus can be on the development of the courses and content of the curriculum, while administration can be taken up by the institute.
- In order to take off, a sum of **Rs. 5 crore as seed money**, as a grant in aid may be sanctioned by FOR.

Working Committee



- A working committee, under the Governing Council may be constituted to explore & approach with an existing Business School on hire / profit sharing basis and commence work on creation of the Institute.

Composition of the Working Committee



- **Chairman :**
The Chairperson of the Commission, identified as Nodal Agency
- **Members:**
Three members will be nominated by the Chairman, Governing Council.
- **Chairman Working Committee:**
May **opt three members** for execution of the project
- **Secretary:**
Secretary of the FOR

Scope of the Working Committee



- Identify existing management/business institution / university to provide their infrastructure on hire / profit sharing basis;
- Commence functioning till the Institute of Chartered Regulatory Analyst gets its own full fledged infrastructure and facilities.
- Prepare Annual Training Calendar, prepare Budget and get it approved by Governing Council

Cont..



- Start conducting Long term and Short term courses.
- Initiate steps for creation of Institute of Chartered Regulatory Analysts and monitor the progress of construction work of the Institute.
- Committee shall also submit its progress report to Governing Council.
 - **Committee shall meet every month.**


Way Forward



- Take up this proposal to FOR for their approval
- Constitute a Governing Council
- Identify the Best Location for the institute
- Identify the Nodal Agency
- Formation of working group
- Listing and approval of courses to be started.
- Sanction of initial financial assistance.
- If the above is approved, a Working Group may be constituted under the Chairmanship of the Chairperson of SERC identified as the Nodal Agency



Thank You

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Setting Up of a Regulatory Research Institute (RRI) in India



Need

- Dearth of qualified manpower, external consultants available with the regulators in the country.
- At the outset, RRI to focus on Power Sector and in course of time experts from other sectors shall also be engaged in the RRI.



Design

- A central pool of external resources/ consultants.
- A blend of Regulatory Experts to support the regulators in terms of expert and skilled manpower whom the regulators can draw upon for their requirements.
- A research body that would aid the regulators in framing policies & decision making.




Objectives

- Research
- Consulting Services
- Training
- Knowledge Management/Repository of Information
- Knowledge Exchange/ Capacity Building



Research

- To identify regulatory challenges, both current and future by tapping the thinking of all regulators, forums / associations, consultants, industry stakeholders, government and government agencies and last but not the least, the public
- To produce an always existing, regularly refreshed research agenda, publicly available for comments
- To carry out research based on the changing needs and the challenges of the regulatory environment such as new interest groups, technological change, stakeholder expectations etc
- To create the new knowledge necessary to meet current and future regulatory challenges by performing the original research necessary to ensure the quality of regulations being framed by the Regulatory Commissions
- To carry out research whose outputs enable readers to reach their own conclusions

- 
- To carry out research that aids the regulators in effective policy making based on facts, objective analysis and independence by ensuring that the process of fact gathering, fact sifting, analysis and reasoning are neutral and transparent
 - To carry out research whose outputs also indicate effectiveness of prevalent regulations and regulators
 - To undertake, promote and provide facilities for prosecuting core, fundamental, empirical, applied and other kinds of research work and projects and studies
 - To undertake research projects in specialised areas on a fee basis
 - To carry out multi-disciplinary research in collaboration with other research bodies and educational institutions
 - To award, institute, and grant scholarships, and other forms of financial assistance for facilitating research work



Consulting

- To respond quickly to emerging needs of the regulators and to provide them with expert resources for the regulators to operate effectively
- To assist the regulators with expert staff to address their short term resource requirements
- To provide inputs in formulation of policies and regulations and their implementation at macro and micro levels through a consultancy fee basis



Training

- To facilitate access to existing knowledge by generously sharing regulatory knowledge with the framework of intellectual property rights
- To establish itself as an “academy” of international standard for the purpose of imparting, disseminating, and promoting knowledge related to regulatory aspects from different functional and sector perspectives
- To organise and sponsor training programmes, study courses, lectures, meetings, workshops, seminars, conferences and symposia either on its own or jointly or at the instance of other persons and entities
- To engage in capacity building among the regulators and its stakeholders based on research inputs



Knowledge Management

- A specialised vehicle for developing a knowledge base which could be used by the institute and the nation
- Prepare and publish, either on its own or through or in collaboration with other persons and entities, papers, periodicals, magazines, books, journals
- Create and maintain a world-class store house of knowledge and information with a state of art electronic database and exchange facilities




Knowledge Exchange & Capacity Building

- To network and collaborate with organisations of national and international repute, persons of eminence in the relevant field
- Serving as a role model for other institutions in and outside India to enhance the quality of interaction in within regulators and between regulators and their stakeholders




Set Up

- Initially, RRI to be setup in association with a reputed academic & research institute.
- FOIR is looking forward to collaborate with a premier academic institute to operationalize RRI.
- FOIR intends to draw upon the existing infrastructure, expertise, human resource, knowledge base of the.



Bidding institute to Facilitate sharing of knowledge & learning to carry out Research Projects by Contributing :

- Existing Infrastructure
- Expertise
- Human Resource
- Knowledge Base
- Enabling Environment & quality manpower



AGENDA : ENSURING GRID SECURITY- NEED FOR LEGISLATIVE CHANGES

*35th Meeting of Forum of Regulators
15th-17th February, 2013*

SECTION 2 - (DEFINITION)

Existing	After the Amendment
<u>Section 2. (Definition)</u> Note: New Sub-Section	<u>Section 2. (Definition)</u> <u>(45)-A “National Power Committee” means a committee established by resolution by the Central Government at the National Level for facilitating the integrated operation of the power systems in the Country;</u>
Rationale: Synchronisation of the Regional Grids	

SECTION 2 - (DEFINITION)

<p>(49) “person” shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;</p>	<p><u>Section 2. (Definition)</u></p> <p>(49) “person” shall include any company or body corporate or association <u>or an individual</u> or body of individuals , whether incorporated or not, or artificial juridical person;</p>
<p>Rationale: To include individual as in Competition Commission Act</p>	

SECTION 26 - NATIONAL LOAD DESPATCH CENTRE

New Section after existing Section 26

Section 26-A. (National Power Committee)

(1) The Central Government may establish a Committee at the National Level for facilitating the integrated operation of the power systems in the Country

(2) The constitution and functions of the National Power Committee shall be such as may be prescribed by the Central Government:

Rationale: Establishment of a Committee at National Level.

SECTION 27 - CONSTITUTION OF REGIONAL LOAD DESPATCH CENTRE

(2) The Regional Load Despatch Centre shall be operated by a Government company or any authority or corporation established or constituted by or under any Central Act, as may be notified by the Central Government:

Provided that until an Government company or authority or corporation referred to in this sub-section is notified by the Central Government the Central Transmission Utility shall operate the Regional Load Despatch Center.

(2) The Regional Load Despatch Centre shall be operated by an Government Company or any authority or corporation established or constituted by or under any Central Act, as may be notified by the Central Government:

Provided that until an Government company or authority or corporation referred to in this sub-section is notified by the Central Government or 2 years from enactment of this Amendment of Act , which ever is earlier, the Central Transmission Utility shall operate the Regional Load Despatch Center.

Rationale: For making a time-bound provision for ring fencing of RLDC

SECTION 29- COMPLIANCE OF DIRECTIONS

(6) If any licensee, generating company or any other person fails to comply with the directions issued under sub-section (2) or sub-section (3), he shall be liable to a penalty by Regional Load Despatch Centre in accordance with the regulations specified by the Appropriate Commission (prescribed by the Appropriate Government) but not exceeding rupees ~~fifteen-lacs~~ one crore and in case of a continuing failure with an additional penalty which may extend to six lacs rupees for every subsequent violation after contravention of the first such direction.

Notwithstanding anything contained in sub-section(6), the penalty may be imposed under Section 143.

Rationale: To issue set guidelines for imposing penalty through new Regulation, and enhancement of penalty (ten times jump in investment in last decade) and Imposition of penalty under non-compliance of the directions of RLDC by the Adjudicating Officer.

SECTION 31 - CONSTITUTION OF STATE LOAD DESPATCH CENTRES

(2) The State Load Despatch Centre shall be operated by an Government Company or any authority or corporation established or constituted by or under any State Act, as may be notified by the State Government:

Provided that until an Government company or authority or corporation is notified by the State Government or 2 years from enactment of this amendment of Act , which ever is earlier, the State Transmission Utility shall operate the State Load Despatch Center.

Provided further that no State Load Despatch Centre shall engage in the business of trading in electricity.

Rationale: For making a time-bound provision for ring fencing of SLDC

SECTION 33- COMPLIANCE OF DIRECTIONS

<p>(5) If any licensee, generating company or any other person fails to comply with the directions issued under sub-section(1), he shall be liable to a penalty not exceeding rupees five lacs.</p>	<p>(5) If any licensee, generating company or any other person fails to comply with the directions issued under sub-section (1), he shall be liable to a penalty <u>by State Load Despatch Centre in accordance with the regulations specified by the Appropriate Commission (prescribed by the Appropriate Government) but</u> not exceeding rupees five lacs one crore and in case of a continuing failure with an additional penalty which may extend to six lacs rupees for every subsequent violation after contravention of the first such direction.</p> <p>Notwithstanding anything contained in sub-section(5), the penalty may be imposed under Section 143.</p>
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Rationale: Mirror Clause of Section 29

SECTION 38- CENTRAL TRANSMISSION UTILITY AND FUNCTIONS

- (2) The functions of the Central Transmission Utility shall be -
- (b) to discharge all functions of planning and co-ordination relating to inter-State transmission system with –
- (i) State Transmission Utilities;
 - (ii) Central Government;
 - (iii) State Governments;
 - (iv) generating companies;
 - (v) National Power Committee;**
 - (vi) Regional Power Committees
 - (vi) Authority;
 - (vii) licensees;
 - (viii) any other person notified by the Central Government in this behalf;

SECTION 94 - POWERS OF APPROPRIATE COMMISSION

(4) An order made by the Appropriate Commission under this Act shall be executable by the Appropriate Commission as a decree of civil court and, for this purpose, the Appropriate Commission shall have all the powers of a civil court.

(5) Notwithstanding anything contained in sub-section (4), the Appropriate Commission may transmit any order made by it to a civil court having local jurisdiction and such civil court shall execute the order as if it were a decree made by that court.

Rationale: Appropriate enforcement power to the Commission for penalty recovery

SECTION 142 -PUNISHMENT FOR NON-COMPLIANCE OF DIRECTIONS BY APPROPRIATE COMMISSION

(1) In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made there under, or any order or direction issued by the Commission,....., such person shall pay, by way of penalty, which shall not exceed ~~one lacs~~ **one crore** rupees forto ~~six thousand~~ **six lacs** forafter contravention of the first such direction.

(2) Notwithstanding anything contained in section 142(1), if a person fails to comply the provisions of the Rules or the Regulations notified by the Appropriate Government or the Authority as the case may be, and the Appropriate Government or the Authority is satisfied that the person has contravened any of the provisions made therein, the Appropriate Government or the Authority may after giving such person a notice in writing, direct that, without prejudice to any other penalty to which he may be liable under this act, such person ,shall pay, by way of penalty, which shall not exceed one crore rupees forto six lacs forafter contravention of the first such direction.

(3) An order made or direction issued by the Commission, interim or final, under this Act shall be executable by the Commission as a decree of a Civil Court.

(4) The Appropriate Commission shall be entitled to take such assistance from the police and other authorities required to effectively enforce the orders and directions given by it.

SECTION 142 -PUNISHMENT FOR NON-COMPLIANCE OF DIRECTIONS BY APPROPRIATE COMMISSION

Rationale: Enhancing the penalty, making it severe in view of the high stakes, Providing powers of imposing penalty to Appropriate Govt. and Authority. (In line with amendment in Section 94)

SECTION 143 - POWER TO ADJUDICATE

(2) While holding an inquiry, the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or produce any document which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry, and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of section 29 or section 33 or section 43, he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

(3) The adjudicating officer shall, within thirty days from being appointed under sub-section (1) impose the penalty under sub-section (2).

Rationale : Expedient disposable of issues with reference to Grid Security/ non compliance.

SECTION 146- PUNISHMENT FOR NON-COMPLIANCE OF ORDERS OR DIRECTIONS

Whoever, fails to comply with any order or direction given under this Act,..... shall be punishable, by the Appropriate Government or the Authority or the Appropriate Commission as the case may be, with imprisonment for a term which may extend to three months or with fine which may extend to ~~one lakh~~ five crore rupees... additional fine which may extend to ~~five thousand~~ five lakh rupees.....of the first such offence:

Provided that punishment with imprisonment or fine or both shall be imposed by the Chief Judicial Magistrate or Chief Metropolitan Magistrate as the case may be.

Provided that the Chief Judicial Magistrate or Chief Metropolitan Magistrate shall not take cognizance of any offence under this section save on a complaint filed by the Commission or any of its officers authorized by it.

Rationale: Enhancing the penalty, making it severe in view of the high stakes (Clarifying the Procedure of imposition of penalty.)

SECTION 178- POWERS OF CENTRAL COMMISSION TO MAKE REGULATIONS

<p>(2) In particular and without prejudice to the generality of the power contained in sub-section (1), such regulations may provide for all or any of following matters, namely:-</p> <p>(a) period to be specified under the first proviso to section 14;</p> <p>-----</p> <p>(3) All regulations made by the Central Commission under this Act shall be subject to the conditions of previous publication.</p>	<p><u>Section 178. (Powers of Central Commission to make regulations):</u></p> <p>-----</p> <p>(a)-----</p> <p>-----</p> <p><u>Sub-Section 2.(h)-A</u></p> <p><u>Levy of penalties under section 29(6)</u></p> <p>(i)-----</p> <p>(3) All regulations made by the Central Commission under this Act shall be subject to the conditions of previous publication.</p>
<p>Rationale: A detailed Regulation for levying penalty for Grid security under Section 33</p>	

SECTION 181- POWERS OF STATE COMMISSIONS TO MAKE REGULATIONS

<p>(2) In particular and without prejudice to the generality of the power contained in sub-section (1), such regulations may provide for all or any of the following matters, namely: -</p> <p>(a) period to be specified under the first proviso of section 14;</p> <p>(b) the form and the manner of application under sub-section (1) of section 15;</p> <p>(c) the manner and particulars of application for licence to be published under sub-section (2) of section 15;</p> <p>.</p> <p>(zp) any other matter which is to be, or may be, specified.</p> <p>(3) All regulations made by the State Commission under this Act shall be subject to the condition of previous publication.</p>	<p><u>Section 181. (Powers of State Commissions to make regulations): ---</u></p> <p>(a) period to be specified under the first proviso of section 14;</p> <p>-----</p> <p>-----</p> <p><u>Sub-Section 2.(g)-A</u></p> <p><u>Levy of penalties under section 33(5)</u></p> <p>(h)-----</p> <p>(3) All regulations made by the State Commission under this Act shall be subject to the condition of previous publication.</p>
<p>Rationale: A detailed Regulation for levying penalty for Grid security under Section 33</p>	

Thank You