

MINUTES OF THE
EIGHTH MEETING OF THE FORUM OF REGULATORS (FOR)

Venue : **Hotel Chandela, District Chhattarpur
Khajuraho (Madhya Pradesh)**

Date : **26th September, 2008**

List of Participants : **At Annexure-I (enclosed).**

Item No. 1- Welcome Address :

Secretary, CERC/FOR welcomed the participants and briefed the members about the constitution of the various working groups and their proceedings.

Item No. 2 – Opening Remarks :

2. In his opening remarks, the Chairperson said that it was a matter of satisfaction that five working groups have completed their work and finalized their recommendations within a period of three months. Referring to his meeting with CAG, he asked the SERCs to bring to the notice of the FOR Secretariat the instances where the Fund rules were restrictive, so that this could be taken up with CAG office for necessary action. He also mentioned that the Forum needed to undertake an exercise in consultation with CAG office for agreeing on the scope of performance audit which CAG audit teams could follow.

2.1 He said that increasing costs of short term traded power was a matter of concern for most of the State power utilities. Referring to the staff paper of CERC, he said that it was still not clear where caps on short term traded power price would be a feasible solution. He added that some restructuring of UI rates was required.

2.2 He further said that the impartial and independent functioning of SLDCs was crucial for implementation of open access. He expressed the view that prima-facie sale of renewable power through UI mechanism is not only legally untenable but is also not conducive for promoting investments in renewable energy projects. Impressing upon the need of protecting of consumer interests, he said that the working group had attempted to examine the legal issues involved and the Forum could consider suggesting amendment/s in the Electricity Act, if required in future. He emphasized that the Forum should further deliberate on the ways and means for strengthening consumer advocacy mechanism.

2.3 Touching upon the strategies for loss reduction in distribution segment, he said that ATC could be an appropriate parameter for measuring and monitoring distribution losses for the time being but at the same time there was a need for differential analysis of technical loss, non-technical loss and the collection efficiency and separating transmission and distribution losses. Regarding the staffing of the SERCs, he said that constitution of ERC Fund and augmenting it by adopting rational fee structure including annual license fee would be the first step towards financial autonomy and will also provide adequate flexibility to the ERCs for appointing consultants on retainer basis to supplement/complement the skills available in the commission.

Item No. 3. Confirmation of the Minutes of the Seventh FOR Meeting held at New Delhi and Review on the Action Taken Report :

3. The minutes of the 7th meeting of the Forum held in New Delhi on 13th June, 2008 were confirmed. It was agreed that another meeting with CAG would be arranged which may be attended by Chairperson, TNERC.

3.1 The action taken report was also perused by the Forum and it was desired the exercise of displaying illustrative cases (State wise) regarding open access charges on the website of Forum should be completed without any further delay.

Item No. 4 - Power Shortage Mitigation Strategy – Pune Model - interaction with representative(s) of CII and Prayas :

4. A follow-up discussion was held on the presentation (**copy enclosed at Annex-II**) made by CII in the meeting of FOIR held on 25th September, 2008. The representatives of CII proposed that their organization would like to replicate the Distributed Generation Based Franchisee Pune model in other parts of the country with the objective of over-coming power outages in short-tem in the areas where the consumers were willing to pay extra costs for the same. This extra cost is manageable only if distribution losses are less than 20% and recovery is high. The members of the Forum welcomed the initiative of CII.

Item No.5 – Green Energy: Energy Efficiency and Renewables - Interaction with representative(s) of Energy foundation :

5. A follow-up discussion was held on the presentation (**Annex-III**) made by Dr. Jayant A. Sathaye, Senior Scientist, Energy Analysis Programme, Lawrence Berkeley National Laboratory, Berkeley, CA. In the meeting of FOIR held on 25th September, 2008, Dr. Jayant said that DSM was a less expensive, quick and proven way to conserve energy and over-come energy shortages. He said that appropriate regulatory intervention was necessary to motivate utilities to undertake DSM programmes involving its consumers. He added that appropriate monitoring and verification mechanism (M&V), availability of ESCOs and commercially sound contracts were necessary to undertake DSM measures successfully. He offered to share the training material prepared by LBNL on DSM. It was desired by Forum that training material be circulated to all

the SERCs. It was suggested by Chairperson, Punjab ERC that there was a need to design DSM measures particularly suitable for government owned entities.

Item No. 6 – Consideration of the WG Reports :

Report on DSM -

6. The report of the working group was considered and approved with the following modifications besides some drafting suggestions:

- (a) The report should clearly bring out that the regulatory interventions have to be primarily in the areas of appropriate pricing of electricity and enabling regulatory framework for consumer-utilities partnership. Operational issues should be responsibility of the utilities.
- (b) The recommendations should also include the need for consumer awareness and the need for enhancing the effectiveness of State Designated Agencies. It could also be suggested that the State Governments might consider reduction in taxes on energy efficient appliances.
- (c) The requirement of having identified staff in the areas of DSM in SERCs may also be included in the recommendations of the working group on Staffing.
- (d) Some percentage of ARR may be indicated for DSM programmes in the recommendation no. 10.5.

Report on Staffing -

7. The report of the working group was considered and approved with the following modifications besides some drafting suggestions:

- (a) A model staffing pattern may be annexed with the report.
- (b) The recommendation 4.4 need not mention any specific percentage regarding the revenues from fees.
- (c) The recommendation 4.7 may not refer to any specific service. The Secretary of the Commission should be of super-time scale level.
- (d) The recommendations 4.1 and 4.3 may be re-phrased so as to reflect the correct legal position.

Report on Loss Reduction Strategies -

8. The report of the working group was considered and approved with the following modifications besides some drafting suggestions:

- (a) It should be clearly brought out that transmission losses should be monitored separately and these should not be clubbed with distribution loss.
- (b) The resolution of the CM's conference held in May, 2007 regarding loss reduction may also be referred to.

- (c) Any under achievement in loss reduction strategies should be on account of distribution licensee.
- (d) Monitoring of the capital expenditure should be linked to loss reduction achieved, project-wise and division wise.
- (e) The methodology for computing ATC loss should exclude arrears.
- (f) The computation of collection efficiency should incorporate normative bad-debts.

Report on Protection of Consumer Interests -

9. The report of the working group was considered and approved with the following modifications besides some drafting suggestions:

- (a) Though the consumer should have a right to directly access the consumer grievance forum, the usefulness of periodic meetings/interactions by the local utility staff in redressing the consumer grievance may also be brought out in the report.
- (b) Recommendation 7.2 should not be applicable to those States where lawyers do not appear before the Ombudsman.

Report on Code of Ethics -

10. It was agreed to defer the discussions for the next meeting of the Forum.

Item No. 7 - Any other issues:

11. (i) Based on the deliberations on the report of the working group on 'Loss Reduction Strategies', the Forum agreed to constitute a working group on metering issues. The chairperson was authorized to constitute the Working Group. The Group would primarily focus on consumer metering and distribution transformer metering.
- (ii) MPERC raised the issue of notices received by the transmission utilities preparing levy of service tax on transmission charges. The Forum desired that the secretariat may find out the status of similar issues being earlier forced by STU in Maharashtra and also obtain legal opinion in the matter.
- (iii) HERC informed that Consumer Courts were intervening in the cases under Section 126 of the Electricity Act. The Forum desired that Secretariat may examine the issue and also obtain legal opinion, if required.
- (iv) M.P.ERC and HERC felt that there should be some provision for suo-motu revision of the orders of the Consumer Grievances Redressal Forum by Ombudsman in case it was considered necessary to protect the genuine interests of the utility. The Forum desired that this issue may be legally examined by the Secretariat.

- (v) The FOR Secretariat drew the attention of the Forum to the letter from Power Grid dated 04th September, 2008 regarding the transmission charges for use of STU networks. Power Grid had requested that the transmission charges for open access may be specified by the SERCs only in Rs./MWh in order to facilitate smooth implementation of open access. It was agreed that the SERCs would duly consider the issue raised for taking necessary action.

12. The Forum appreciated the efforts of MPERC for making various arrangements for the meeting.

13. Dr. J.L. Bose, Chairperson, MPERC also conveyed his gratitude and deep appreciation to the staff of FOR Secretariat for their arduous efforts at organizing the meeting.

14. It was agreed to accept the invitation of OERC to host the next meeting of the Forum.

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

LIST OF PARTICIPANTS ATTENDED THE EIGHTH MEETING

OF

FORUM OF REGULATORS (FOR)

HELD ON 26TH SEPTEMBER, 2008

AT “HOTEL CHANDELA, DISTRICT CHHATTARPUR, KHAJURAHO (M.P.)

S. No.	NAME	ERC
01.	Dr. Pramod Deo Chairperson	CERC – in Chair.
02.	Shri B.K. Halder Chairperson	BERC
03.	Shri S.K. Misra Chairperson	CSERC
04.	Shri Berjinder Singh Chairperson	DERC
05.	Dr. P.K. Mishra Chairperson	GERC
06.	Shri Bhaskar Chatterjee Chairperson	HERC
07.	Shri Yogesh Khanna Chairperson	HPERC
08.	Shri K.B. Pillai Chairperson	J&KSERC
09.	Shri Mukhtiar Singh Chairperson	JSERC
10.	Shri C. Balakrishnan Chairperson	KSERC
11.	Dr. J.L. Bose Chairperson	MPERC
12.	Shri Vinay Kohli Chairperson	MSERC
13.	Shri B.K. Das Chairperson	OERC
14.	Shri Jai Singh Gill Chairperson	PSERC

15.	Shri S. Kabilan Chairperson	TNERC
16.	Shri V.J. Talwar Chairperson	UERC
17.	Shri Vijoy Kumar Chairperson	UPERC
18.	Shri R.K. Sharma Member	Joint ERC for UTs
19.	Shri Himadri Dutta Member	APERC
20.	Shri A. Velayutham Member	MERC
21.	Shri K.L. Vyas Member	RERC
22.	Shri Alok Kumar Secretary	CERC
23.	Shri Sushanta K. Chatterjee Deputy Chief (Regulatory Affairs)	CERC