

**Minutes of the Meeting of the 6<sup>th</sup> State Advisory Committee  
of Assam Electricity Regulatory Commission held on  
5<sup>th</sup> April, 2005**

The meeting of the State Advisory Committee was held in the conference room of Assam Electricity Regulatory Commission with the members present as per the enclosed Annexure.

The Chairperson, AERC, who chaired the meeting, welcomed the participants and invited views and advice from the members on the following draft Regulations, which were circulated to the members earlier.

- 1) Assam Electricity Regulatory Commission (Procedure, Terms and Conditions for granting Intra-state Transmission Licence and other related matters) Regulations, 2005
- 2) Assam Electricity Regulatory Commission (Procedure, Terms and Conditions for granting a Distribution Licence and other related matters) Regulations, 2004
- 3) Assam Electricity Regulatory Commission (Procedure, Terms and Conditions for granting an Intra-State Trading Licence and other related matters) Regulations, 2005
- 4) Assam Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2004

Deliberations held on the above four draft Regulations and views expressed by the participants are as follows:

- 1.0 Assam Electricity Regulatory Commission (Procedure, Terms and Conditions for granting Intra-state Transmission Licence and other related matters) Regulations, 2005
  - 1.1. There were no proposals for amendments in the regulation. But the members asked for few clarifications which were made as under. Representative of FINER raised the following issues :
    - a) The process of review in case of refusal of license by the Commission under Section 12.1 of the Regulation
    - b) The details of technical experience for an applicant to be entitled for grant of license
    - c) The role of State Government in the granting of license under Section 12.5 of the Regulations.

- 1.2. The issues were clarified as follows :
    - a) The Appellate Tribunal may review the refusal of the License by the Commission
    - b) The details of technical experience are given in the Appendix – I of the Regulations
    - c) The State Government has no role in granting of the Licence
  - 1.3. The Principal Secretary, Power asked whether sufficient safeguards were provided in the regulations against walking away by the private investors where private sector were allowed to make investment in the critical segments of Transmission Network of the State. It was clarified that sufficiently prohibitive clauses were incorporated in the Regulation to prevent such eventuality.
  - 1.4. Representative of NESSIA wants to know whether the Commission is advocating privatization of assets of erstwhile ASEB. It was clarified that the Commission makes no distinction between public and private sector if other techno-commercial issues are settled to the satisfaction of the Commission.
- 2.0 Assam Electricity Regulatory Commission (Procedure, Terms and Conditions for granting a Distribution Licence and other related matters) Regulations, 2004
- 2.1. Representative of FINER asked whether a generating company can take a distribution license. It was clarified that there is no bar for a generating company to take a distribution license.
  - 2.2. The representative of AASSIA wants to know the details of charges, fees, security deposit etc. to be paid by consumer to the license for supply of electricity. It was clarified that all the details are given in the Supply Code and Related Matter Regulations.
  - 2.3. Representative of NESSIA suggested that there should be clear demarcation of power between the Ombudsman and the Commission. It was clarified that the powers of the Ombudsman were clearly stated in the Redressal of Consumer Grievances Regulations.
  - 2.4. Representative of FINER asked about the status of AERC (Terms and Conditions for Open Access) Regulations, which was discussed in the last Advisory Committee meeting. It was clarified that it was kept pending in the context of unbundling of ASEB and it will be taken up after considering the overall effects of unbundling and reorganization of ASEB and the acceptance of ARR of newly formed entities by the Commission.

3.0 Assam Electricity Regulatory Commission (Procedure, Terms and Conditions for granting an Intra-State Trading Licence and other related matters) Regulations, 2005

3.1. The Representative of FINER pointed out that scope of power trading in the State is limited at present due to power shortage in the State.

4.0 Assam Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2004

4.1. Representative of ABITA expressed the view that this regulation should have been notified earlier and the tariff proposal for FY 2005-06 by ASEB and its successor entities should have been prepared as per the terms and conditions so notified. Chairperson, AERC, requested the representative of ABITA to submit the details on the matter in writing which will be considered in due course. The representative of ABITA presented his case in writing.

4.2. The ABITA representative also raised the following points :

a) The Regulations under Section 1.2 state that the Regulations shall apply to ASEB as trader. But he felt it was beyond the scope of work of the Commission as indicated in section (a), (b), (c) and (d) of Section 62 of the Act.

b) In definition under Clause 2, there is no mention about the term 'cross subsidy' which has been referred in many paragraphs of the regulations. This is required to be defined.

c) In Clause 40, there is no mention of target availability and target plant load factor in respect of Namrup and Lakwa power stations. It was suggested that in absence of any norm it will not be proper to recover the full fixed charges from the existing availability of 30% and 40%.

d) It was suggested that the norms for other parameters for the purpose of determination of tariff should be either specified or kept at the same level as is existing in case of Central Governing Stations and Transmission Companies in Central Sector by a special mention in the regulation.

The Chairperson, AERC, agreed to consider the above suggestions.

4.3. The representative of AIMO pointed out that Section 17 of the regulations states that the interest charges on working capital shall be equal to the short term Prime Lending Rate of SBI as on April 1 of the relevant year plus 2%. He felt that as the actual interest paid is less than prime lending rate, it may lead to undue earning. The Chairperson, AERC, agreed to look into the matter.

- 4.4. The representative of FINER pointed out that as per the section 20.3, the benefits of tax holiday shall have to be passed on to the customers. He felt that this provision might lessen the enthusiasm of the investor for investment in NE States where such tax holiday was allowed.

## 5.0 Other Matters

- 5.1. Ways & means to improve Customer Service including billing and collection :

- (1) A base paper on the matter was circulated wherein the following points were highlighted :

- a. Better Complaint Handling Mechanism :
  - i) The complaint booths of ASEB in Guwahati have been renamed as Customer Care Centers. This is to be extended to whole State.
  - ii) Personnel operating those centers are to be trained to be more consumer-friendly.
  - iii) Voice recorders may be installed in these centers.
- b. Better Bill Payment Facilities :
  - i) Drop boxes may be introduced in all collection offices
  - ii) Sitting arrangement may be made in collection offices
  - iii) Introduction of Electronic Clearance System as in BSNL
- c. Simpler Procedures for New Connection etc. :
  - i) Simplify procedures for new connection, replacement of defective meters.
  - ii) Strict adherence to Distribution Licensees' Standard of Performance
- d. To Enhance Collection Efficiency :
  - i) Concerned personnel of a billing unit made responsible for collection from the unit.
  - ii) Higher penalty for delay in payment of bills

- iii) Extension of Single Point Supply Scheme to other rural areas.

5.2. Ways and means of monitoring performance management :

It was stated in the base paper that the performance of ASEB and its successor companies can be monitored with the help of key performance indicators. The key performance indicators are the guaranteed standards of performance and the general standard of performance which include the standards on consumer related services and standards related to quality, continuity and reliability of power supply. The performance of the Utilities against these standards may be maintained and a status report filed to the Commission at the specified intervals.

ASEB has installed Electronic Trivector (ETV) meters for consumers with contract load greater than 20 KW. So, ASEB should move towards 100% ETV metering for HT consumers and do the billing and Meter Reading Instrument (MRI) analysis regularly. The progress so far achieved in analysis of meter data using MRI for various categories of consumers may be intimated to the Commission.

Monitoring T & D losses each month at each billing unit may be one of the means of monitoring the performance of utilities. ASEB should measure the commercial losses separately and show these distinctly. Action should be taken to eliminate the commercial losses through required investments which may sometimes be small and administrative action. ASEB and its successor entities are to submit the figures on T & D losses each month for each of its circles to the Commission.

5.3. Adoption of IT initiatives in the Power Sector :

A base paper was circulated wherein it was stated that there is no Management Information System spanning all the wings of ASEB. So it was suggested that a system study of existing manual systems in ASEB be made and based on the results of the study, suitable hardware and software are to be designed for a MIS spanning all the wings. .

5.4. Key Performance Indicators for Distribution (Circles / Districts) :

As indicated above, two of the regulations published by the Commission namely the “Guidelines for Redressal of Consumer Grievances” and the “Distribution Licensees’ Standards of Performance” Regulations had stipulated in detail certain performance standards for the licensees which may be taken as Key Performance indicators for distribution. The base paper summarizing these standards is enclosed as Annexure.

6.0 The Members offered suggestions on these issues as below :

6.1. Chairman, AIMO :

- a) A senior officer should check the complaints register every day

- b) Payment through Bank or Post office be allowed
- c) In case of IT initiative, outsourcing may be explored
- d) Continuous training of personnel in :
  - i) Preventive maintenance
  - ii) Setting up of quality circles
  - iii) Attitudinal orientation

6.2. Secretary, ABITA :

The Commission should formulate the benchmark of performances like target availability, standard duration of interruptions in a month, the standard frequency of interruption in a month and impose penalty for deviation..

6.3. Representative of FINER :

- a) Introduction of an integrated Enterprise Resource Planning Package covering all the functions of business like SAP in ASEB and successor companies will have an impact on their bottom lines.
- b) ASEB can develop its transmission and distribution lines as communication backbone like PGCIL has done and increase its income.
- c) A system of keeping confidential complaints should be maintained.

The members also agreed to the suggestions offered in the base papers on these four issues.

7.0 Lastly, the tariff petition submitted by ASEB and its successor entities for the FY 2005-06 before the Commission was discussed by the members and the views expressed are as follows :

7.1. Chairman, AIMO :

He raised the following points on the UAEDCL petition :

- a) As a successor entity in a transitory stage, it should have waited for some time to stabilize its working on commercial lines. Otherwise it has to base its requirements on projected figures.
- b) The tariff hike should be linked to reduction in T & D losses
- c) The PLF needs to be raised

- d) The projections included in the ARR need closer scrutiny with regard to :
  - i) Power Purchase Cost – Peak and Off-peak period
  - ii) Depreciation
  - iii) Interest and financing charges – Bank Commission shown as Rs. 1.54 Cr. seems to be high.
  - iv) Provision for Bad and doubtful Debts
  - v) Return on equity
  - vi) Accounting for an out lay of Rs. 1149 Crores for Power Sector announced in the State Budget for 2005-06
- e) Printing presses should be taken as industry for tariff purposes

#### 7.2. NESSIA :

The representative of NESSIA suggested the following rectification of existing L.T. and H.T. category of industries as below:

- a) The existing fixed charge for H.T. industries up to 35 KVA is to be made same as that of LT industries up to 25 KVA @ Rs. 62.00 per month per KVA of load.
- b) Fixed charge for industries above 35 KVA up to 80 KVA be charged @ Rs. 80.00 per month per KVA of load.
- c) Fixed charge for industries above 80 KVA up to 100 KVA be charged at @ Rs. 125.00 per month per KVA.
- d) No change in fixed charge for industries above 100 KVA.

He also suggested that tariff should be allowed to be increased only if the quality of power supply improves.

#### 7.3. ABITA :

The representative of ABITA suggested the following

- a) The tea gardens should be billed as per the maximum demand reading of the meter instead of the present practice of billing on the basis of 70% of connected load.
- b) The present practice of rewarding of utility with higher overall rate per unit at reduced availability and penalizing the consumer to pay more when it gets power supply at reduced

availability should be remedied to protect the interest of the consumer.

- c) The principle of application of tariff for the consumer to pay in a reasonable manner based on cost of supply should be implemented.

7.4. Grahak Suraksha Samstha, Guwahati :

The representative of Grahak Suraksha Samstha offered the following views:

- a) The proposed hike in domestic tariff in the tariff petition is too high compared to Tea, Coffee, Oil and Coal etc.
- b) Consumer consuming 45 unit / month should have a lifeline tariff for them which should be a subsidized one.

7.5. FINER :

The representative of FINER offered the following views:

- a) There should be 3 tier tariff – for peak, off-peak and office time ( 8 hours)
- b) The power factor rebate and penalty should be stringent as well as lucrative for the consumer.
- c) The hospitals, hotels and tourist lodges should be taken as industry for tariff purposes as Government of India had given industry status to these categories.

Next, a paper on Power Tariff Design, prepared by the Commission's staff was presented in the meeting. The members agreed with the principles of tariff determination described in the paper. The paper is enclosed as Annexure.

The meeting concluded with a vote of thanks from the Chairperson.

Sd/-  
Chairman,  
State Advisory Committee  
Assam Electricity Regulatory Commission

**List of persons attending the Meeting of the  
6<sup>th</sup> State Advisory Committee of  
Assam Electricity Regulatory Commission held on 5<sup>th</sup> April, 2005**

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- (1) Sri Bhaskar Barua, Chairperson, Assam Electricity Regulatory Commission
- (2) Sri S. K. Srivastava, Principal Secretary to the Government of Assam, Department of Power (Elect.) etc.
- (3) Sri H. Narzary, Commissioner and Secretary to the Government of Assam, Department of Food and Civil Supplies
- (4) Sri Pinuel Basumatary, Member (Finance), ASEB
- (5) Sri K. C. Kalita, Joint Commissioner, Guwahati Municipal Corporation
- (6) Sri P. Baruah, Executive, Confederation of Indian Industry, Assam State Chapter
- (7) Sri Dhiraj Kakati, Secretary, ABITA
- (8) Sri B. P. Bakshi, Chairman, All India Manufacturers' Organisation, Assam State Branch, Tinsukia
- (9) Sri Anuj Baruah, President, All Assam Small Scale Industries Association (AASSIA)
- (10) Sri George Chacko, Director (Power), FINER
- (11) Smti Lily Das, President, Grahak Suraksha Samstha, Guwahati
- (12) Sri M. C. Borkotoky, Working President, NESSIA
- (13) Sri Ajay Singh, Chairman, Assam Valley Consultation Committee of Planters' Association, Guwahati
- (14) Sri Manoj Adhikary, Joint Director-cum-Secretary, Assam Electricity Regulatory Commission