

**Minutes of the 13th Meeting of the State Advisory Committee of the
Assam Electricity Regulatory Commission held on 27th November, 2009
at Assam Administrative Staff College, Khanapara**

Members present are as per list at Annexure – I.

At the beginning Smti Gauri Regon, Secretary, AERC, welcomed the members present in the meeting and requested Shri J. Barkakati, Chairperson of the Assam Electricity Regulatory Commission to preside over the meeting.

The Chairperson welcomed the members and highlighted the objectives of the Advisory Committee as per section 88 of the Electricity Act 2003. He stated that the demand for electrical energy is increasing at the faster rate and shall continue to grow in tune with the projected growth of the economy in future. Therefore, quality and sufficient availability of power are areas which need urgent attention. He underlined the importance of such a forum in the context of the present power scenario in the state while advising the Commission on the major questions of policy. He then requested the Commissioner, Power, Government of Assam, Shri Alok Kumar to appraise the members on the power programme and policies of the Government of Assam.

Speaking on the occasion Shri Alok Kumar said that the power supply in the state which is primarily met from the central sector hydro stations apart from 30% from State power utilities. Due to the drought like situation prevailing in the region in this year, availability of power from hydro sector was much lesser and therefore drawal from hydro stations was almost half than the expected generation level. He further stated that despite this adverse environmental condition, the utilities were somehow able to manage the power shortage with minimum load shedding. He expressed hope that the upcoming thermal power project at Salakati (NTPC Project) would become operational as scheduled which will help in meeting demand to some extent. He also informed that the State Government is trying to revive the CTPS through joint venture with private parties and efforts are on to set up the Margherita coal based power plant. The Government of Assam and IL&FS signed an MoA on 18th July, 2007 to form a Joint Venture company named as Assam Power Project Development Company Pvt Ltd (APPDPCL) to develop various small projects on commercial principles in the state of Assam. He informed that a few power projects have come up after formation of this enterprise and are expected to contribute towards improving the overall power

situation in the state in near future.

After him, Chairman ASEB and Managing Director of APDCL, Shri A.K. Sachan was requested by the Chairperson to address the committee members and others present. Shri Sachan stated that power distribution is a tricky business where forecasting the demand with a good level of accuracy plays the key role in determining profitability. He informed that in Guwahati there has been an unprecedented increase in demand for power over the last couple of years particularly due to proliferation of housing flats where ventilation facility is poor and high power consuming devices like air-conditioners have become a necessity. Although the system capacity was increased over the last few years, it has not been adequate and the demand continues to rise. While forecasting demand, several factors like weather condition, season of purchase, political, economic and social environment need to be taken into account. He stated that although the decisions of the licensees during difficult times are often criticized in public but sometimes such decisions become imperative and the most prudent considering long term implications on stakeholders. He expressed hope that the supplier companies will be able to meet the expectations of the consumers.

Thereafter, the following deliberations were made as per agenda.

Agenda Item No. 1 : To confirm minutes of the 12th meeting of the State Advisory Committee

The minutes of the last meeting of the Advisory Committee held on 3.12.2008, already circulated amongst the members, was placed again before the Committee for confirmation. A detailed discussion was held on the minutes of the last meeting.

The representatives from AASSIA, NESSIA and AIMO stated that manufacturing units certified by DIC as industry should be treated as industrial units for tariff purpose. Hotels and hospitals belong to the service sector and may continue to be considered as commercial entities. Chairperson AERC informed the members that a letter was recently received from AASSIA in this regard and clarified that the Commission has stated its views in Tariff Order 2008-10 that “*categories of industries if running in an industrial area under certificate from competent authorities may be considered as industries for tariff purposes*”. Reacting to this, Shri A.K. Sachan stated that reclassification of any consumer category for tariff purpose has to be studied vis-à-

vis its impact on the revenue of the distribution company. The decrease in revenue from one category has to be compensated with a hike in tariff for another category so that the annual revenue requirement of the distribution licensee is met.

The Chairperson AERC informed the forum that the Commission is preparing a handout incorporating the rights of consumers for redressal of grievances to be enclosed with electricity bills of the consumers and will be circulated shortly.

On the matter of fixing tariff for option 2 of HT (V) C category, the Chairperson AERC informed that the option has been continued in the Tariff Order for 2008-10 as desired by the Advisory Committee member, Shri B.P. Bakshi in the last meeting.

In regard to power purchase from renewable sources, Shri Sachan, Chairman ASEB suggested that the Commission may consider fixing firm rates as is being done by CERC instead of imposing ceiling rates. Chairperson AERC opined that when the AERC regulations for renewables were drafted, the CERC regulations were not in place. Besides, capital benchmarking is difficult to arrive at considering the hostile environmental conditions, roads and communication bottlenecks in the region. He explained that for capital benchmarking the model of power project needs to be similar. And therefore, capping of price for different sources of renewable energy was done considering important aspects as has already been explained in reply to the comments from the stakeholders on the draft regulations. He stressed that the capping of prices from renewable energy sources were done with a purpose of inviting investments into the state. He also stated that with the passage of time amendments to these regulations may become necessary and the Commission will take action accordingly. Representative from NESSIA stated that capping of prices is necessary as it prevents the producer from stating exorbitant prices and thus safeguard consumer interests.

Shri A.K. Sachan also stated the need to fast track tariff fixation for small power projects of 1MW to 5 MW in 10-15 days to encourage entrepreneurs. The Chairperson AERC replied that since most of these entrepreneurs/ power producers were stationed outside the state, procuring additional documents for processing the tariff petitions, organizing hearing etc takes time. However, the suggestion was noted and the Commission stated that it would consider reducing the time for determining tariff for such projects.

One representative from NESSIA drew the attention of Chairman ASEB to the fact that the voltage of supply to the consumers need to be specified in their bills so that in case of low voltage, the consumers can claim compensation. They informed that during the peak hours, mostly during the hot days of summer, voltage fluctuation is high and supply voltage particularly for single phase consumers is very low. The Chairperson AERC noted that the AERC (Standards of Performance for Distribution Licensee) Regulations 2005 have specified the standards of supply by the Discoms and accordingly the consumers can claim compensation in case of non compliance. The AASSIA representative stated that it might not be possible for the distribution company to provide supply voltage of each and every individual domestic consumers, but some arrangement may be made to record voltage supply at distribution transformers and the same may be reflected in the bills. The Chairperson AERC assured that the matter will be examined and action taken in this regard.

One of the NESSIA representatives stated that the centralized telephone number 155333 for lodging complaints is not accessible from certain mobile company phone numbers like Aircel. The Chairman ASEB, Shri Sachan assured that he will take up the matter with BSNL authorities and try to resolve the problem.

The representative from AASSIA informed that the computerized billing updating was not done properly and some corrective steps may be taken in this regard.

Agenda Item No. 2 : Action taken report on the minutes of the 12th meeting of the State Advisory Committee.

The action taken reports on the minutes of the last meeting submitted by the companies were read out by the Chairperson, AERC for information of the members and copies of the same were also distributed among the members.

On the status of ABT metering, the MD, AEGCL, informed vide letter AEGCL/MD/TECH-273/Pt-I/48 dated 26.11.2009 that except in three numbers of generating stations, erection, commissioning and training are in progress. The process of collecting data of the successfully commissioned stations will be started by SLDC from 1st week of January 2010.

Assam Power Generation Company Limited (APGCL) vide letter No. APGCL/MD/AERC/SAC/141/22 dated 17.11.2009 informed that Myntriang Small

Hydro Electric Project (SHEP) (9MW), Lungnit SHEP (6MW) will be commissioned by 2011. Besides, APGCL has identified 90 locations for development of SHEP with a total power potential of 148.90 MW. Detailed survey and investigation is going on for 20 MW Amring SHEP, 2 MW Sunani SHEP, 2x500 KW Killing SHEP and 2x500 KW Umat SHEP.

Lower Assam Electricity Distribution Company Limited vide letter No. MD/LAEDCL/161/2006/24 dated 04.03.2009 informed that with regard to installation of static meters, 153955 numbers were being purchased under ADB scheme and 2296 numbers are in store. They also informed that payment of interest on security deposit was under progress.

The representative from Grahak Suraksha Samiti, stated that payment of interest on security deposit by the licensee was not satisfactory. Shri S.K. Saha, CGM (F&A), AEGCL, stated that interest on security deposit is to be made at bank rate for that particular year plus 1%. He informed that individual records of security deposit for most of the domestic consumers is not available with the distribution licensee although the combined (gross) figure of security deposit for that particular year is available. As such, adjustment of security deposit has not been possible as yet and it will take some more time as modification of the software now used will be necessary. But, for domestic consumers with new connection and for industrial and big commercial consumers payment are being made.

The Chairman ASEB stated that a copy of the agreement signed with consumers is now given by Discom officials to the consumers as desired by the Advisory Committee members during the last meeting.

Agenda Item No. 3 : Discussion on the Tariff Order for ASEB and its successor entities for FY 2008-09 and 2009-10 issued on 24th July, 2009.

The Chairperson, AERC, stated the salient features of the Tariff Order for FY 2008-09 and 2009-10.

Shri B.P Bakshi, Chairman AIMO observed that consumer awareness on power sector should reach far flung areas and steps should be taken in this regard. The NESSIA representative also observed that awareness is lacking in the rural areas. The representative from AASSIA stated that consumer meetings should be held at sub-

divisional level regularly.

The Chairperson, AERC observed that provision for holding such meetings and creating consumer awareness exists in the AERC (Guidelines for Redressal of Consumer Grievances) 2004 and must be adhered to by the distribution licensee. Shri A.K. Sachan assured that after the amalgamation of the three Discoms to one, a new “Consumers’ Grievance Redressal Forum” (CGRF) has been constituted and action is being taken to adhere to the guidelines specified.

Agenda item no 4 : Appraisal of the Judgment of the Appellate Tribunal for Electricity in Appeal No. 92/2008 and IA No. 122/2008 by the Distribution Companies.

The Chairperson, AERC appraised the members of the Judgment of the Appellate Tribunal for Electricity in Appeal No. 92/2008 and IA No. 122/2008 by the Distribution Companies whereby the tribunal upheld the rebate given to the domestic consumers by way of considering the higher rating of only one equipment for determination of connected load if both geyser and air conditioner (without heaters) are installed and used for domestic purpose only.

In this regard, the NESSIA representative observed that the provision made via the Commission’s Tariff Order of 2007-08 is not for the common people but for those who has the capacity to pay. He stated that while making such a provision the Commission should consider the fact that any reduction in revenue from this category of domestic consumers will have to be adjusted with higher tariff from some other category of consumers which may not be justified.

The representative from FINER observed that the Government of Assam may be approached to compensate the utility for any revenue loss. The Chairperson, AERC observed that the State Government is approached every year before the issue of Tariff Order is issued under Section 65 of the Electricity Act, 2003 however no subsidy for any category has been forthcoming from the Government so far.

Agenda Item No. 5 : Discussion on Miscellaneous Petitions for (a)Power Purchase Cost Adjustment (PPCA) for FY 2008-09 by the LAEDCL and for (b)Fuel Adjustment Surcharge (FAS) for FY 2008-09 and First Quarter of FY 2009-10 by the APGCL.

The Chairperson, Assam Electricity Regulatory Commission stated that LAEDCL submitted petition in the matter of Power Purchase Cost Adjustment (PPCA) for FY 2008-09 U/S 62(4) of the Electricity Act 2003 read with clause 9 of the AERC (terms and conditions for determination of tariff) regulations 2006 on 16th September 2009. In this petition it is stated that the company spent an excess amount of Rs. 82.13 crores for power purchase in FY 2008-09 based on which they have sought PPCA of Rs. 0.24 per unit.

He also informed that APGCL also submitted petition in the matter of additional fuel charges incurred by APGCL in the FY 2008-09 and Fuel Adjustment Surcharge (FAS) for the first quarter April-June 2009 U/S 62(4) of the Electricity Act 2003 read with clause 9 of the AERC (terms and conditions for determination of tariff) regulations 2006 on 6th October 2009. The CGM (G), APGCL has stated in his petition that they had spent an excess amount of Rs. 10.415 crores against fuel cost in FY 2008-09 than what was approved in Tariff Order for FY 2008-09 and 2009-10 and may be allowed to be recovered. Also he prayed to allow month-wise FAS shown in the petition for April, May and June 2009 for necessary billing to ASEB (Trader) by APGCL.

The Chairperson, AERC said that the FAS formula stated in the APGCL petition was not approved by the Commission. Besides, records from Tariff Order for FY 2006-07 shows that the formula was objected to during public hearing. He stated that fuel surcharge is definitely an important issue and the Commission is concerned as it has financial implications on the companies. He stated that it will not be desirable and prudent for the Commission to allow any amount to be recovered from the consumers at this juncture against Power Purchase Cost Adjustment (PPCA) as no proposal was made in the tariff petitions for FY 2008-09 and FY 2009-10 and as such proposal was neither placed in public domain nor discussed in public hearing. However, the matter has been noted by the Commission and it will be considered along with the next tariff petitions likely to be submitted by January 2010.

Agenda Item No. 6:

(a) Draft Assam Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2009.

The draft Assam Electricity Regulatory Commission (Co-generation and Generation of Electricity from Renewable Sources of Energy)) Regulations, 2009 was prepared by the

Commission and sent to all members of the State Advisory Committee for comments/suggestions. Views were received from few members and replies sent from the Commission. The regulations were placed before the State Advisory Committee for appraisal and comments before sending for gazette notification.

The Chairperson, AERC stated that co-generation and use of renewable resources should be encouraged. Solar PV cells have good prospect in the state of Assam. But, requirement of huge space and particularly high cost of these solar equipment acts as impediments. Therefore, the State Government should come into play and encourage harnessing of solar energy.

Stating the example of Punjab, he added that a CFL scheme was implemented, which required the use of CFL lamps in place of conventional lamps. For this purpose CFL lamps were provided at a reasonable price. By introducing such a scheme, the state of Punjab was able to save upto 500 MW of power during the peak period. He expressed hope that similar initiative will be taken by the distribution company in Assam.

(b) Draft Assam Electricity Regulatory Commission (Fees) Regulations, 2009.

The Chairperson AERC noted that in the draft regulations, enhancement of fees has been proposed. He observed that for tariff determination and other related works in the Commission, outsourcing through consultancy has become imperative for ensuring the success of the reform process in addition to taking measures conducive to development of electricity industry, promoting competition, protecting interest of consumers and promotion of efficient and environmentally benign policies. The engagement of consultants has certain financial implications which may be met by increasing the fees structure. He allayed fear of the members that such enhancement would hike the tariff of consumers. He stated that there will be virtually no impact on consumer tariff due to the proposed enhancement. However, the Chairperson stated that the Commission will consider modification of some sections in the fee structure as requested by some members.

The representative from FINER stated that although power audit is a troublesome job, it should be made mandatory within the state. If required, skilled consultants could be hired for serving the purpose.

The representative from AIMO proposed that the Commission should charge some fee from the neighbouring states like Arunachal Pradesh, Mizoram, etc when they seek expertise from the Commission on regulatory matters.

Agenda Item No. 7: Status of redressal of consumer grievances and functioning of Consumer Grievance Redressal Forums of the Distribution licensee

A presentation was made by the distribution licensee (APDCL) about the steps taken by them to address consumer grievances. It was told that 6 Consumer Care Centers (CCC) have been setup in the Guwahati region as an initiative in this regard. Many more of such Consumer Care Centers are envisaged to be setup in other surrounding regions like Silchar, Hailakandi, Nagaon, Jorhat, Tejpur, Golaghat, etc. As stated by the representative, the Consumer Care Centers practiced a man-to-man methodology to address grievances. The consumers now had to contact a single officer entrusted with the job of redressing consumer grievances at one of such Centers to report their problems. These Centers also stood helpful in installation of new connections to the consumers. It was informed that a new and simple new service connection scheme has been proposed for consumers of Guwahati Circle I since 17.08.09. As narrated, a new applicant now had to visit a CCC a maximum of 3 times instead of a minimum of 8 times earlier. It was pointed out that this scheme was put to practice as a pilot scheme in Guwahati and only upon success of this scheme, it would be carried to other areas of the state.

ASEB chairman, Shri Sachan stated that they continued giving service connection at Rs. 850.00 only in the rural areas and to those consumers who were below the poverty line, the installation was carried out for free.

Suggestions were made to make the process of applying for a new connection “online” as internet has become an easy mode of access nowadays. Also the members suggested that adequate publicity should be given to these schemes through press meets.

It was also informed during the presentation that consequent upon merger of three Distribution Utilities of the State into a single entity named Assam Power Distribution Company Ltd., a new “Consumers’ Grievance Redressal Forum” (CGRF) has been constituted with the following members: Shri U.K. Sharma, General Manager,

Lower Assam Zone(LAZ), APDCL; Shri A. Chakraborty, Senior manager (Accts), LAZ, APDCL and Shri G.C. Baishya, President Grahak Suraksha Santha, Guwahati.

The Chairperson, AERC praised the efforts made by APDCL to address consumer grievances and appreciated the fact that an initiative was taken to reduce the time required in providing new connections. He expressed hope that the APDCL authorities will take adequate measure to educate the consumers on different aspects of consumer grievance redressal and earmark an education/awareness fund as directed in the tariff Order for FY 2008-09 and 2009-10.

Agenda Item No. 7: Staff Paper on Open Access and Role of SLDC

A presentation on the staff paper was made by Shri A. Goswami, Deputy Director (Engg.), AERC, which was followed by another presentation on “An Approach towards harnessing captive power in Assam” by Shri Chiranjib Bhattacharya, Consultant (Technical). Shri B.P. Bakshi, Chairman AIMO Assam State Board expressed satisfaction at the importance assigned by the Commission on these matters.

Agenda Item No. 8: Any other matter.

No other matter was discussed and the meeting ended with a vote of thanks offered by Shri A. Goswami to all those present in the meeting.

(J. Barkakati)
Chairperson,
Assam Electricity Regulatory Commission

**List of Persons attending the 13th Meeting of the
State Advisory Committee held on 27th November, 2009**

- (1) **Shri J. Barkakati**, Chairperson, AERC
- (2) **Shri H. Dutta**, Member, AERC
- (3) **Shri Alok Kumar**, IAS Principal Secretary, Department of Power, GoA
- (4) **Shri A. K. Sachan**, IAS, Chairman, ASEB and M.D APDCL
- (5) **Shri Dilip Barhakur**, Additional Secretary, Agriculture., GoA
- (6) **Shri P. K. Hazarika**, CGM (P& Com-T), APDCL
- (7) **Shri G. R. Baruah**, CGM (HQ), APGCL
- (8) **Shri S. K. Saha**, CGM (F&A), AEGCL
- (9) **Shri S.C. Nath**, CGM (D), LAZ, APDCL
- (10) **Shri U.K. Sharma**, GM, LAZ, APDCL
- (11) **Shri A. K. Barhakur**, DGM, APGCL
- (12) **Shri A.K. Saikia**, SM, SLDC Division, AEGCL
- (13) **Shri J.K. Saud**, SM (G), APGCL
- (14) **Shri M.K. Adhikary**, SM (Com-T), APDCL
- (15) **Shri G.K. Bhuyan**, Manager, SLDC, AEGCL
- (16) **Shri D. Dihingia**, OSD, APDCL
- (17) **Shri M. K. Sarma**, Member, FINER
- (18) **Shri Nirmal Das**, Administrative Officer, FINER
- (19) **Shri Anuj Kumar Baruah**, Vice President, AASSIA
- (20) **Shri Gopal Ch. Baishya**, President, Grahak Suraksha Sanstha
- (21) **Shri B. P. Bakshi**, Chairman, AIMO (Assam State Board)
- (22) **Shri Sailen Baruah**, President, NESSIA
- (23) **Shri K. Medhi**, State Secretary, NESSIA

List of Officers of AERC present :

- (1) **Smti Gauri Regon**, ACS, Secretary, AERC
- (2) **Shri Anuj Goswami**, Deputy Director (Engineering), AERC
- (3) **Shri Alik Purkayastha**, Deputy Director (Finance), AERC

Consultants of AERC present :

- (1) **Ms Panchamrita Sharma**, Consultant (Consumer Advocacy and Database)
- (2) **Shri Chiranjib Bhattacharya**, Consultant (Technical)