

**Minutes of the 14<sup>th</sup> Meeting of the State Advisory Committee of the  
Assam Electricity Regulatory Commission held on 23<sup>rd</sup> November, 2010  
at the Omeo Kumar Das Institute of Social Change and Development,  
Upper Hengrabari, Guwahati - 36.**

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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 relevance of the Advisory Committee constituted as per section 87 of the Electricity Act 2003 in the present power scenario of the state where the Commission needs to balance the interests of the consumers at one hand and the power utilities on the other. He explained that some important regulations and petitions were proposed to be discussed in the meeting for suggestions from the members. He stated that on 1<sup>st</sup> June 2010, the Central Government hiked the price of natural gas from ₹ 2186 to ₹ 4780/TSCM (an increase of 119%) for APM gas and from ₹ 4961 to ₹ 7834/TSCM (increase of 58%) for non-APM gas. The Central Electricity Regulatory Commission has allowed the Central Sector utilities like NEEPCO, NTPC, etc to recover gas price hike for their generators. As a result, NEEPCO/NTPC/GAIL/OIL/AGCL/ have been raising their bills at revised rates to the state generation/ distribution utilities like APGCL/APDCL w.e.f July 2010. Therefore, APDCL has to now pay an additional amount of ₹ 22 Cr per month causing the company monetary hardship. Keeping in mind the varying fuel price, the Commission formulated the Draft AERC (Fuel and Power Purchase Price Adjustment) Regulations, 2010. Copies of these draft regulations have already been notified as previous publication and expected that the members would provide their valuable inputs on these regulations. In this regard, he appraised the members that the Commission allowed fuel surcharge of 13 paisa/unit to be collected from all consumers w.e.f. 1st July, 2010 onwards unless ₹ 40.37 crores spent by the state generation and distribution companies against additional fuel cost and power purchase for FY 2008-09 is recovered. As per Section 62(4) of the Electricity Act 2003, no tariff or part of any tariff may ordinarily be amended more frequently than once in a financial year except in respect of any changes expressly permitted under the terms of any fuel surcharge

formula as may be specified. The increase in fuel price is one of the major risks faced by the distribution licensees, which may affect their financial position adversely. Therefore, the commission proposes to introduce the aforementioned regulations so as to streamline the recovery of fuel and power purchase price hike in an effective and transparent manner. Meanwhile, he stated that the Commission would also like to discuss the multi-year tariff petitions filed by the utilities and informed that power point presentations will be given on the above by the utilities and Commission staff. He then requested the Chairman, ASEB, Shri S.C. Das to address the gathering.

Speaking on the occasion Shri S.C. Das thanked the Commission for organizing the meeting at an opportune time and called upon the members to extend their cooperation regarding Fuel and Power Purchase Price Adjustment (FPPPA) proposal. He reiterated that the state generation and distribution utilities were facing acute financial hardship due to increased fuel price. Besides, he informed the forum that from September 2010, the employees of the utilities were drawing pay at the revised rate approved by the Board and as such, the company was facing a cash deficit of ₹ 44 Cr per month. He informed that ASEB is momentarily trying to overcome the situation by encashment of fixed deposits of Pension Trust Fund as a short term measure. He expressed concern that if the situation continues, it may lead to default in payment to the central power generators which would seriously impact the power supply situation in the state. He expressed satisfaction that the Commission has been functioning as a watchdog over the last couple of years and some positive developments have taken place in the power sector. The Commission has been setting performance benchmarks for the utilities to achieve efficiency and although some targets have been achieved, there are lots more to be done and achieved. He stated that if the distribution company could not achieve the target T&D loss of 22.65% for FY 2009-10 as in Tariff Order 2008-09 and 2009-10, any excess loss due to this non-compliance will not be passed on to the consumers but has to be borne by the utility. He expressed hope that the Commission would continue with such endeavour to improve efficiency and the utilities would make an all out effort to achieve those targets set by the commission. He appealed to the Commission that the tariff is revised regularly so as not to tax the future consumers with the burden of past expenses and also to ensure proper, efficient functioning of the power utilities. He also appealed to the Commission that it insists that all assurances from the Government of Assam regarding subsidy to consumers, if

any, in the future, is received in the written form and mere verbal assurances should not be considered by the Commission.

Thereafter, the following deliberations were made as per agenda.

**Agenda Item No. 1 : To confirm minutes of the 13th meeting of the State Advisory Committee**

The minutes of the last meeting of the Advisory Committee held on 27.11.2009, was placed before the Committee for confirmation. A detailed discussion was held on the minutes of the last meeting.

The representatives from AASSIA and NESSIA stated that manufacturing units certified by DIC as industry should be treated as industrial units for tariff purpose. However, there were instances where the utility refused to consider such units as industry despite the fact that these units had the certification from DIC as industrial units. Chairperson AERC informed the members that in Tariff Order 2008-10 it was clearly stated 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 M.K. Adhikary, DGM, APDCL stated that that units established in the industrial areas like Chaigaon, Bamunimaidan etc, were all billed as industry, but, welding and similar micro units set up outside the industrial areas were sometimes billed as commercial units rather than industries perhaps due to confusion among the officers on the matter. The representative from NESSIA appealed to the Chairman, ASEB that something is done in this regard to encourage the micro units set up within the state. Shri S.C Das assured the members that a circular will be issued clarifying the matter and directions given to its field officers accordingly. However, before doing this, he offered that a discussion may be held with the industry department along with members from AASSIA and NESSIA. All members agreed to this proposal.

The 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 as per the AERC (Standards of Performance for Distribution Licensee) Regulations 2005. They informed that the format for billing in the AERC (Supply Code and Related Matters), 2005 has provision for specifying the supply voltage, but although other conditions of the billing

format were adhered to, the voltage was never shown in the bills. 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 Chairman ASEB, Shri S.C. Das informed that some of the distribution meters are either defective or does not have provision of record the supply voltage and therefore, at present providing monthly supply voltage at the consumer premises is not feasible. The Chairperson, AERC also expressed concern that as per information received from the licensee all the distribution transformers are yet to be metered. The representative from AASSIA expressed deep concern in the matter stating that it was informed time and again by the authorities from ASEB and successor entities that new transformers are being procured and distribution metering being implemented under different development schemes, yet now it is being informed that there are lots left to be accomplished. Shri S.C. Das informed that more than 50 % of Distribution Transformer metering was not done due to paucity of funds and new transformers and DTR metering were being carried out under APDRP, R-APDRP only in the selected project areas. The Chairperson, AERC requested the Chairman ASEB that a report be submitted to the Commission on circle-wise defective meters, number of transformers where metering has been done and number where metering is yet to be done with segregation between the schemes under which these are being funded or otherwise and those completed utilizing the development fund granted by the Commission in Tariff Orders 2006-7 and 2007-08. The Chairman, ASEB suggested that all new transformers should be procured by the utility along with meters and the tender notices to be revised accordingly.

**Agenda Item No. 2 : Action taken report on the minutes of the 13th 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.

The Chairperson, AERC noted that the works related to 3x250 MW NTPC Bongaigaon Thermal Project were progressing well and it was informed by APGCL that the 1<sup>st</sup> unit of the project will be commission by March 2012.

On a query from Shri H. Dutta, member AERC regarding the time of commissioning of the Lakwa Waste Heat power project, it was informed by representative from Assam Power Generation Corporation Limited that the project would be commissioned by April 2011.

It was informed by APDCL in the meeting that the tariff determined by the Commission for the Champamati Small Hydro-electric Project is inadequate as the project cost was much higher than anticipated and therefore, the tariff may need to be reviewed. The Commission informed that this matter may be considered after a review petition is filed

**Agenda Item No. 3 : Appraisal of AERC's order dated 11/06/2010 on Miscellaneous Petition for Fuel and Power Purchase Price Adjustment (FPPPA) for FY 2008-09 submitted by APDCL and APGCL.**

The Chairperson, AERC informed that the Assam Power Generation Corporation Ltd. (APGCL) submitted a petition on 23.11.2009 in respect of additional fuel charges paid by APGCL in FY 2008-09 along with first quarter fuel adjustment charge from April, 2009 to June, 2009. Assam Power Distribution Company Ltd. (APDCL) also submitted a petition on 22.12.2009 praying for approval of the FPPPA formula with additional FPPPA rate of 17.86 paise /kWh to be recovered from the consumers. The Commission, after careful consideration of all aspects and examining the documents on record, came to the logical conclusion that the fuel surcharge of 13 paise/unit was made applicable to all consumers w.e.f. 1st July, 2010 onwards until ₹40.37 crores is recovered as fuel surcharge by the Licensee. He explained that this order considered only the fuel price adjustment due to change in calorific value.

The representative from NESSIA informed that huge arrear dues are yet to be collected from the consumers particularly from different departments of the Government of Assam and the licensee should make some effort to collect these so as to improve its financial position. The Chairperson, AERC informed that data regarding collection arrears was submitted to the Commission by the licensee and till August, 2010, out of ₹ 130 Cr total default, ₹ 42 Cr were pending collection from Government Departments. He informed the forum that the Commission therefore suggests that Pre-

paid meters be installed in all Government Departments and such a proposal will soon be forwarded to the concerned for compliance.

The Chairman, ASEB informed that while deciding on the tariff for different categories of consumers the Commission considers the collection efficiency as 99% keeping provision of bad debt at just 1%. Any loss due to non-collection has to be borne by the utility itself. As such, improvement in collection does benefit the utility but such arrear collection should not become a part of the FPPPA adjustment as this has already been accounted for.

The representative from AASSIA stated that while these FPPPA adjustment were being approved for the Central generators like NEEPCO, NTPC etc, ASEB and its successor companies should have protested such increase. The Chairman, ASEB informed that the Central Electricity Regulatory Commission (CERC) has regulations for FPPPA adjustments and these are amended every five years. The Central Sector Generating Stations (CSGS) automatically adjust any increment in their fuel and power purchase price according to the formula and other conditions specified in these regulations. Therefore, at present there seems no other option but to pay the Central sector generators to avoid curtailment in quantum of power supply.

Chairperson, AERC observed that the state of Assam depends to a great extent on these CSGS for uninterrupted power supply as over 66% power necessary for the state is received from these stations. He informed that while the Commission allowed 13 paise/kWh as fuel price adjustment for FY 2008-09, our neighbouring state of Tripura has allowed fuel and power purchase price adjustment of ₹ 1.40/kWh.

The representative from ABITA stated that the calorific value of fuel purchased for generation by the Assam Power Generation Corporation Limited from OIL (at APM) and ONGC (at non-APM) is predetermined. Reacting to this, Chairman, ASEB, observed that the quantum of fuel purchased from OIL and ONGC are different and fuel for the Lakwa Thermal Power Station (LTPS) purchased from OIL is at non APM price. Further, he stated that the fuel market is the sellers' market and even when the calorific value of the fuel is lower than what was agreed to be supplied, the buyer has to buy greater quantum of fuel at the same price to avoid hindering power generation.

The representative from FINER commented that the consumer groups along

with the utilities should place objection petitions in CERC also against any future price rise in tariff of CSGS. The Chairman, ASEB agreed to this proposal.

The Chairperson, AERC informed that the Commission is planning to engage consultants for the FPPPA adjustment exercise in the future after the draft AERC (Fuel and Power Purchase Price Adjustment) Regulations, 2010 is finalized.

The representative from AASSIA suggested that since most of the officers of the Commission are on deputation from the utilities, therefore, consultants may be engaged for tariff determination process to facilitate transparency and objectivity. The Chairperson, AERC informed that the Administrative Staff College of India (ASCI), Hyderabad has been engaged as consultants for the tariff exercise for FY 2010-13 after tender notification in both local and national newspapers.

**Agenda item no 4 (a): AERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010.**

The Chairperson, AERC apprised the members of the Assam Electricity Regulatory Commission (Renewable Purchase Obligation and its Compliance) Regulations, 2010. The draft Regulations were already sent to ASEB, its successor companies, Assam Energy Development Agency and all members of the State Advisory Committee for comments/suggestions and also placed in the official website of the Commission for a period of 21 (twenty one) days as previous publication.. Comments were received from a few members and replies sent from the Commission. These Regulations are now being sent for gazette publication. With operationalisation of the Renewable Energy Certificate (REC) mechanism, an entity such as Distribution Licensee, Captive Generator and Open Access consumer with Renewable Purchase Obligation (RPO) in a state having deficit in renewable energy generation can avail the benefit of renewable energy generated in another state to fulfil its RPO. He informed that every obligated entity shall purchase not less than 1.4%, 2.8%, 4.2%, 5.6% and 7% of its total energy handled during 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 respectively from renewable energy sources under the Renewable Purchase Obligation or until reviewed by the Commission. He also informed that 0.05 percentage point out of the renewable purchase obligation so specified in the year 2010-11 shall be procured from generation based on solar as renewable energy source and shall be increased at a

rate of 0.05 percentage every year thereafter till 2014-15 or until reviewed by the Commission. There were no further comments from the members.

**Agenda Item No. 4 (b) : AERC (Procurement of Electricity from projects/ schemes covered under Rooftop PV and Small Solar Power Generation Programme, RPSSGP, category I projects under Jawaharlal Nehru National Solar Mission) Regulations, 2010**

The Chairperson, AERC placed before the members the Assam Electricity Regulatory Commission (Procurement of Electricity from Projects / Schemes covered under 'Rooftop PV & Small Solar Power Generation Programme' (RPSSGP) - Category 1 Projects under Jawaharlal Nehru National Solar Mission) Regulations, 2010. He informed that these Regulations have been issued keeping in view the objectives of the Jawaharlal Nehru National Solar Mission (JNNSM) of contributing to the State's long term energy security and ecologically sustainable growth. Also these Regulations would assist the Project Proponents/ Developers to establish such projects in the State by availing the benefits provided by the JNNSM. The draft Regulations were sent to ASEB, its successor companies, Assam Energy Development Agency and all members of the State Advisory Committee for comments/suggestions and also placed in the official website of the Commission for a period of 21 (twenty one) days as previous publication. He informed that these Regulations are now being sent for gazette publication. There were no further comments from the members.

**Agenda Item No. 4 (c): Draft AERC (Fuel and Power Purchase Price Adjustment Formula) Regulations, 2010**

The Chairperson, AERC observed that the increase in fuel price is one of the major risks faced by the distribution licensees, which may affect their financial position adversely. As per the provisions of the Electricity Act 2003, changes in fuel price can be allowed as a pass through on the consumers' tariff in the same financial year itself. As per the Act, in order to recover the additional burden on account of changes in fuel price, a fuel surcharge formula is to be specified. He informed that the Commission therefore, proposes to introduce the Regulations to recover the change in fuel price for the approved quantity of generation and power purchase for the distribution licensee.

He informed that these Regulations are being notified as previous publication upto 10<sup>th</sup> December, 2010. Opinions/ suggestions are awaited on the matter.

**Agenda Item No. 5: Power Point presentation on Draft AERC (Fuel and Power Purchase Price Adjustment Formula) Regulations, 2010**

Then, the Joint Director (Tariff), Shri D.K. Sharma gave a detailed power point presentation on the features of the Regulations and the formula for FPPPA. The presentation was followed by a discussion as follows:

The representative from FINER stated that as per the Regulations, FPPPA would be recovered in the subsequent quarter. He enquired whether the periods for recovery of the FPPPA would overlap with one another. The Joint Director (Tariff), AERC explained that the formula will be applied at the end of each quarter by the Distribution Licensee without making it necessary to go through the regulatory proceedings. Adjustment in fuel & power purchase costs for the quarter would be calculated in the first month of next quarter and would be charged thereafter. Hence, if a quarter ends in the month of March, 2011 the adjustment in cost would be calculated by April, 2011 end and would be applied thereafter. He explained that the Distribution Licensee can include a prior period expense for recovery in the subsequent quarters if it can prove to the satisfaction of AERC that the details of the expenses claimed were not available for reasons beyond the control of Distribution Licensee at the time of filing.

The NESSIA representative stated that since any FPPPA charge has to be borne by the consumers and will be reflected in their electricity bills, therefore, consumer awareness in the matter is very essential. All members agreed to this aspect and the utilities will be required to act accordingly.

Regarding the Regulations, the utilities prayed for the following modifications as under for consideration of the Commission.

- a) **In (Reg. 4)**, Fuel and Power Purchase Price Adjustment Formula for Power Purchase it is stated that

*QPP= Actual Quantity of Power Purchased during the period in KWH*

Suggestion from utility:

*QPP= Actual Quantity of Power Purchased during the period in KWH  
**for sale to the APDCL scheduled consumers.***

- b) **In Reg. 5.8**, it is stated that *‘Any variation, during any quarter of a financial year, in quantum or cost of power procured and any procurement from a source other than a previously approved source, in excess of (5) percent of quantum of cost,-----.*

*Provided that a variation in power procured on account of changes in the price of fuel, calculated in accordance with Regulation 4, above shall not be included in need for prior approval of the Commission under this regulation 5.8.’*

Suggestion from utility:

Any variation, during any quarter of a financial year, in quantum or cost of power procured and any procurement from a source other than a previously approved source, in excess of (5) percent of quantum **or** cost,-----

Provided that a variation in power procured on account of changes in the price of **fuel of allocated/approved generators or** calculated in accordance with Regulation 4, above shall not be included in need for prior approval of the Commission under this regulation 5.8.

- c) **In Reg. 5.3**, it is stated that *‘the formula will be physically made applicable from prospective i.e. for the quarter beginning 1<sup>st</sup> January, 2011.’*

Suggestion from utility:

The formula will be physically made applicable from prospective i.e. for the quarter **ending 31<sup>st</sup> December’10.**

- d) **As per Reg 5.11**, *‘The actual variable costs computed exclude the effect of UI charges’*

Suggestion from utility:

**UI income if any from CSGS generators under ABT mechanism shall be calculated annually at the end of FY and shall be a part of Non Tariff Income of trading sale.**

In the meeting, the Commission decided to reduce the fee in each quarter for verification of all relevant documents pertaining to FPPPA claimed by the Distribution Licensees and Generating Companies from 0.1% of the claimed amount to 0.05% of the claimed amount.

**Agenda Item No. 6: Multi Year Tariff Proposals filed by APGCL, AEGCL and APDCL for FY 2010-11, 2011-12 and 2012-13.**

Power-point presentations on the Multi Year Tariff Proposals filed by APGCL, AEGCL and APDCL for FY 2010-11, 2011-12 and 2012-13 were given by representatives from the respective utilities. Shri S.K. Saha, CGM, (F&A), APGCL and AEGCL appealed to the Commission that it may consider 8% interest payable to the employees on GPF loan during the next tariff revision. The representative from NESSIA wanted to know as to how the Balance Sheets, Profit & Loss statements were prepared for the APDCL for FY 2007-08 when there were three different distribution companies at that time. Chairman, ASEB explained that these statements were prepared by clubbing together of the Statements of all the three companies. The APDCL was formed in a similar way as the successor companies were formed from ASEB as per transfer scheme of the Government of Assam. The NESSIA representative further stated that the proposal of connection charge per consumer of Rs 80 per month for the Jeevan Dhara category is quite high and may dissuade poor rural consumer from taking electricity connection which in turn will defy the objective of the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY). The Chairman, ASEB stated that while it is important that the benefits of electricity dissipate to the less privileged, it is also necessary that the cross subsidy is reduced as per mandate of the Electricity Act 2003. Concession to this category would mean enhancing the tariffs of other cross subsidizing categories. Therefore, the Government may offer direct subsidy to this category to relieve such consumers from paying higher tariff. He reiterated that the cost of the companies has increased with increase in salary to employees and other administrative expenses and

regular category-wise tariff increase is essential for meeting these additional expenses of the companies.

**Agenda Item No. 7: Any other matter.**

The member from NESSIA observed that the demand for power from the HT categories has increased over these years and so has the revenue of the companies. He contended that even then adequate provision has not been made to encourage more consumers and industries in taking HT connection. He stated that the augmentation works of the 132/33 KV Sishugram substation is still pending completion and has caused immense difficulty for consumers seeking power connection for new industries in that area. He stated that entrepreneurs are now opting to set up for non-power based industries in that area.

Chairperson AERC expressed concern in this matter and asked the utilities to submit a detailed report in the matter within one month indicating the tentative date of completion of the substation. Chairperson, AERC requested that the work be completed at the earliest possible time for greater interest of the people of the region.

No other matter was discussed and the meeting ended with a vote of thanks offered by Shri D.K. Sharma, Joint director (Tariff) to all those present in the meeting.

(J. Barkakati)  
Chairperson,  
Assam Electricity Regulatory Commission

**List of Persons attending the 14<sup>th</sup> Meeting of the  
State Advisory Committee held on 23<sup>rd</sup> November, 2010**

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- (1) **Shri J. Barkakati**, Chairperson, AERC
- (2) **Shri H. Dutta**, Member, AERC
- (3) **Shri S.C. Das, IAS**, Chairman, ASEB.
- (4) **Shri Swapan Handique MD**, APGCL
- (5) **Shri S. K. Saha**, CGM (F&A), AEGCL
- (6) **Shri S.C. Nath**, CGM (D), LAZ, APDCL
- (7) **Shri M.K. Adhikary**, DGM (Com-T), APDCL
- (8) **Shri S. K. Agarwal**, Member, FINER
- (9) **Shri Nirmal Das**, Administrative Officer, FINER
- (10) **Shri Dhiraj Kakati**, Secretary, ABITA
- (11) **Shri Anuj Kumar Baruah**, Vice President, AASSIA
- (12) **Shri Gopal Ch. Baishya**, President, Grahak Suraksha Sanstha
- (13) **Shri Kumud Ch. Medhi**, State Secretary, NESSIA
- (14) **Shri Deepankar Kakati**, AEE, Guwahati Municipal Corporation.

**Officers of AERC present :**

- (1) **Smti Gauri Regon, ACS**, Secretary, AERC
- (2) **Shri Deepak Kumar Sharma**, Joint Director (Tariff), AERC

**Consultants of AERC present :**

- (1) **Ms Panchamrita Sharma**, Consultant (Finance, Database and Consumer Advocacy)
- (2) **Shri Nipen Deka**, Consultant (Technical)
- (3) **Shri Jagabandhu Sharma**, Consultant (Liason)