

**Minutes of the 17th Meeting of the State Advisory Committee of the Assam
Electricity Regulatory Commission held on 9th May, 2013
at Assam Administrative Staff College, Khanapara, Guwahati.**

The 17th meeting of the State Advisory Committee was held on 9th May, 2013 at the Assam Administrative Staff College, Khanapara at 11:00 a.m.

List of members of the State Advisory Committee along with the officers of the Commission present in the meeting are appended at **Annexure-I**.

At the beginning Shri M.J. Baruah, Secretary, AERC, welcomed the members present and requested the Chairperson, AERC, Shri J. Barkakati to preside over the meeting.

Chairperson, AERC once again welcomed the members and stated the objectives of the State Advisory Committee as mandated by Section 87 and 88 of the Electricity Act, 2003 which are mainly to advise the Commission on major questions of policy, matters relating to quality, continuity and extent of service provided by the licensees, protection of consumer interest, electricity supply and overall standards of performance by the utilities. The Chairperson stated that the Commission has been making utmost efforts to discharge its functions effectively as mandated by Section 86 of the Electricity Act 2003. It was stated that altogether 28 Regulations have been notified by the Commission on different aspects of the power sector for its overall improvement. These include Regulations for promotion of generation of electricity from renewable sources, promotion of investment in electricity industry, specifying standards with respect to quality, continuity and reliability of service by licensees, encouraging demand side management, protection of consumers' interests, etc.

The Chairperson, AERC stated that MYT petitions have been submitted by the power utilities of the state for the FYs 2013-14, 2014-15 and 2015-16 and notifications on the summary of these petitions were already published in 11 newspapers. He stated that the meeting of the State Advisory Commission is convened to discuss these petitions. He further stated that the Commission has been consulting the members of the State Advisory Committee every time as and when the Commission receives any petition for tariff revision from the State power utilities for discussion and their views on the petitions. The Chairperson referred to the judgment of the Hon'ble Appellate Tribunal for Electricity dated 11th November, 2011 which directed every State Commission to issue tariff order for a financial year before 1st April of that year and stated that this is being strictly monitored by the APTEL through the Forum of Regulators.

The Chairperson stated that in the last sou-motu Tariff Order for 2012-13 issued on 28th February 2012, there was no increase in tariff. He further stated that in the Multi

Year Tariff Order for 2010-13 issued on 16.05.2011, the Commission had approved an increase of 15 paise per unit for Jeevan Dhara category and 25 paise per unit for the rest of the categories of consumers and therefore, for the last two years, no tariff resetting had taken place other than FPPPA charges.

The Chairperson said that the Power Purchase Cost accounts for 75% of the Annual Revenue Requirement of the distribution company and due to less contribution from the hydro based Central Sector Generating Stations in the NE region and also due to less availability of gas, the distribution company has been procuring power from the energy exchanges, NTPC, IPPs, etc through short/ medium term arrangements at an average cost of approximately Rs 4.56 per unit. The Chairperson stated that the power purchase cost has been increasing and the petitioners have demanded a tariff increase of 37% over the present tariff. He stated that the Commission is presently scrutinizing the materials/ information submitted by the utilities and shall take an appropriate decision only after prudent checking of all submissions made so far. Meanwhile, it was informed that the Commission had written to the State Government as per section 65 of the Electricity Act 2003 to offer any subsidy to any class of consumers deemed necessary by the Government to provide relief to that class of consumers.

The Chairperson further stated that in the MYT Order for FY 2010-13, the Commission gave directions to the distribution utility to reduce their distribution losses from 22.60% to 19.60% in 2012-13. However, the Chairperson expressed concern that the losses have been increasing over the last two years and as per submissions available, actual distribution loss in 2010-11 is 25.44% against AERC approved 21.60% - an increase of 3.84% and in 2011-12, actual distribution loss in 2011-12 is 26.60% against AERC approved 20.60% - an increase of 6%. The Chairperson called upon all members to actively participate in the discussions and share their views liberally and offer their valuable suggestions and advice.

The Chairperson AERC than asked Shri Anurag Goel, the Commissioner & Secretary to the Government of Assam, Power Department to address the gathering.

Shri Goel stated that the Multi Year Tariff Petitions have implications for the next three years and therefore, these need to be discussed and scrutinized in detail. Speaking on the present power scenario, Shri Goel informed that the power sector is treading in the path of progress since 2004-05 after re-organisation of the erstwhile Assam State Electricity Board in the state. Shri Goel stated that distribution losses have declined to some extent over the last ten year while the number of consumers have more than doubled and demand for power have also increased 2-3 times during the peak period.

Shri Goel informed the members that the Government of Assam has provided the state transmission and distribution companies around Rs 1000 Cr over the last 2-3 years from the Trade Development Fund for improvement of the transmission and distribution networks. Shri Goel also informed that on the insistence of the Government of Assam for increasing the generation capacity of the State, one tranche of the 3 tranches of ADB loan which are usually granted for development of the transmission sector has been earmarked for the state generation sector. Shri Goel stated that due to many critical issues, the hydro potential of the state could not be harnessed to the maximum; however, efforts are on to develop Renewable Energy projects including solar energy projects. Shri Goel informed that investment in the power sector from the Government of Assam shall continue through in-principle support in the form of equity in the upcoming power projects as in the case of 70 MW Phase I - Lakwa Replacement Project where Rs 79.2 Cr has been invested by the State Government as Equity. Shri Goel stated that the power companies must recover their cost of supply in order to be economically viable; however, the Commission also has to take into account the interests of the consumers while deciding on the tariff.

The Chairperson, AERC thanked Shri Goel and stated that the tariff regulations on renewable energy projects notified by the Commission shall act as guidelines while determining tariff for such projects. The Chairperson further stated that the cost of generation from Solar PV is much higher in Assam and other north eastern states due to higher cost of the projects (as it is remotely located and solar insolation level is much less than that of Gujrat and Rajasthan) and low Capacity Utilization Factor (CUF). In consideration of the above, a high solar tariff in the state is pertinent to ensure viability of solar projects. However, he said that any solar tariff without financial incentive will be prohibitively high and would dissuade the distribution licensee from procuring such power and at the same time will not encourage developers to invest in such projects. The Chairperson stated that in order to attract developers to solar PV power generation in Assam and for economic viability of such projects, adequate policy and regulatory support would be necessary. As such, there is a justification in making a strong plea to the Central Government/MNRE not only to fix higher incentive but also to review the normative operating and financial parameters for solar technology in Assam in particular and North East in general. A realistic capping of solar tariff for Assam will have to be at least Rs 10/kWh. The Commission is concerned that a project cannot financially sustain without such a tariff support.

The Chairperson then asked Shri Jitesh Khosla, Additional Chief Secretary to the Government of Assam, Power Department, to speak on the occasion.

At the outset, Shri Khosla appreciated the good functioning of the Commission since its inception despite several impediments. Shri Khosla stated that the Commission has been regularly issuing tariff orders with several directives to the power utilities, although many Commissions in other advanced states have failed to do so. He called upon all stakeholders to effectively participate in the tariff making process to make the exercise successful. Shri Khosla stated that there are a few challenges faced by the power sector in the state today. These include:

- i) Rising cost of fuel (coal, natural gas) which causes hike in tariff.
- ii) Increasing the efficiency of the existing power stations.
- iii) Balancing the hydro:thermal mix of power by building/enhancing the thermal capacity in the state. Hydro potential is seasonal and generation from the hydro based power stations in the North Eastern Region (NER) dips during the lean winter season causing shortages and hike in power purchase cost.

Shri Khosla stated that keeping in mind the peaking power requirement for trade, household and other purposes, a separate set of regulatory provisions seems essential for effective management of the peak demand and the Commission may formulate a separate set of Regulations in this regard.

Shri Khosla further stated that some excellent projects have been undertaken in the transmission system and this has helped in reducing the transmission losses marginally and the trend needs to be maintained. In the distribution sector too, investments have been made under various schemes of the State and Central Government and distribution losses have been reduced from above 40 % (ten years back) to 27% equivalent to the National Average. It was stated that a lot of investment is necessary to strengthen the transmission and distribution systems further. Shri Khosla stated that the distribution network is expanding rapidly with the Rajiv Gandhi Gramin Vidyutikaran Yojana and appealed to the Commission that electricity usage and pricing may be regulated through tariffs in such a manner so that wastage is minimum. Shri Khosla said that the fuel prices are internationally linked and therefore, its pricing cannot be regulated. However, a part of the extra burden of the fuel cost may be offset through increase in efficiency in production and preventive maintenance of the necessary infrastructure/ equipments.

Shri Khosla emphasized that quality of service needs to improve further, particularly in the rural areas. He also emphasized on the effective usage of

Demand Side Management and conservation efforts in reducing electricity consumption, through use of LEDs/ CFLs, energy efficient equipments, etc. Shri Khosla assured that the Government would continue to support all efforts that are made towards DSM activities and for increasing the efficiency of the system.

The Chairperson AERC stated that the Commission is contemplating to draft some Regulations in line with Karnataka and Orissa on Peak Power management.

On a request from the Chairperson AERC, the Managing Director and Chairman, APDCL, Shri Rajiv Yadav, spoke on the occasion. Shri Yadav expressed concern that with the growth of the BPL consumers in rural areas, the distribution losses have increased. He stated that the Company is making efforts to arrest these losses by applying different technological options. Shri Yadav stated that as a State owned utility, implementation of the RGGVY is a priority.

Shri Yadav further stated that the share allocation from the Central Sector Generating Stations (CSGS) located in the North Eastern region was only on paper, the CSGS could provide only 50% of the allocated power to the Distribution Company during the last few months. Shri Yadav appealed to the Commission that the issue be communicated and deliberated with the Central Electricity Regulatory Commission as the distribution licensee had to pay the fixed charges despite non-availability of energy from the Stations. He further appealed to the Commission that the Central Electricity Authority may be requested to increase the share allocation of Assam from the CSGS located in the North Eastern Region, particularly from the thermal stations. Shri Yadav reiterated that the Company is making efforts to reduce its commercial losses through proper metering, more IT- Based applications, use of prepaid meters, etc. He further informed that the Company is making efforts to increase the number of HT consumers so that distribution losses could be curtailed significantly. Shri Yadav requested the State Government to provide financial assistance of Rs 463.00 Cr in power procurement so as to support the BPL consumers added through the RGGVY.

The MD, APDCL stated that a number of power projects are being envisaged in the coming years, some through the PPP mode which shall contribute in stabilizing the power demand and availability ratio. . He stated that the Company has submitted the MYT petitions for FY 2013-16 before the Commission and expressed hope that the Commission would provide a very judicious tariff structure which would help the company to effectively discharge its duties and obligations. Shri Yadav appealed to the Commission that it may allow the distribution company to recover

the tariff gap which has accumulated over the last three years to be realized through electricity tariffs.

The Chairperson, AERC stated that increase in distribution losses is alarming and measures already suggested by the Commission in the last tariff orders need to be implemented to curtail these losses. He further stated that the Government of Assam should take adequate steps to implement the Margherita Project in right earnest and efforts should be made to use the expertise of NTPC by forming a JV Company in implementing the project.

The Chairperson then took up the Agenda for the meeting item-wise.

(1) Agenda Item No. 1: To confirm the Minutes of the 16th Meeting of the State Advisory Committee held on 19.12.2012.

The minutes of the last meeting of the Advisory Committee held on 19.12.2012, was placed before the Committee for confirmation. The minutes of the 16th meeting were accepted and confirmed.

(2) Agenda Item No. 2: Action taken on the Minutes of the 16th Meeting of the State Advisory Committee held on 19.12.2012.

The action taken reports on the minutes of the last meeting were submitted by the APGCL, AEGCL and APDCL to the Commission for information. Copies of the same were also distributed among the members in the meeting. The deliberations that took place on these minutes are briefly recorded below:

On the issue of higher Auxiliary Power Consumption (APC) than approved, it was informed by APGCL that higher auxiliary consumption is due to Lakwa Waste Heat Recovery Unit commissioned in January, 2012 having APC of 9% and consumption in gas booster compressor in Lakwa TPS and transformer loss of NTPS 132 KV substation for distribution transmission feeders. It was informed by APGCL that action is being taken to remove the distribution feeders from the NTPS 132 KV substation. Further action is also being taken up in LTPS for calibration of energy meter to eliminate possible errors. Regarding higher Station Heat Rate (SHR), it was further informed that as advised by AERC, IIT Guwahati has been engaged for studying the actual SHR of the generating units of LTPS and NTPS and the study report will be submitted to the Commission to review the SHR of NTPS and LTPS in due course of time. APGCL also informed that the Company has been pursuing seriously to expedite

the progress of the project works at various levels for their timely completion.

On the status of the 2x250 MW Margherita Coal based Thermal Power Project, it was informed that instead of coal linkage, Government of India would be allocating coal block to the state for the project. A member suggested that Case II bidding may be invited from investors willing to participate in implementation of this project.

On the hydro power stations, it was informed that the 2nd phase (2x1.5 MW) of the 9 MW Myntriang Small Hydro Power Project is likely to be commissioned in June 2013 at a tariff of Rs 0.99/ unit. It was informed that no other hydro project is likely to be commissioned during the FY 2013-14.

The Chairperson AERC suggested that the Detailed Project Reports of the Small Hydro Projects in the State should be taken up immediately and the projects should be implemented within the scheduled timeframe.

AEGCL informed that during the last four years i.e. 2009-10, 2010-11, 2011-12 and 2012-13, transmission losses have been gradually reduced from 6.04%, 4.81%, and 4.21% to 4.15% respectively. AEGCL also informed that the PGCIL transmission charges have been increased to Rs 178.34 Cr and Rs 209.58 Cr for FY 2010-11 and FY 2011-12 respectively from the approved cost of Rs 134.24 Cr mainly due to tariff revision of PGCIL by CERC.

APDCL informed that efforts are being made to motivate personnel at the field level to improve system reliability and for submission of Standards of Performance (SOP) achieved as per formats of AERC for FY 2010-11 and FY 2011-12.

On a query from a member regarding formation of the Load Shedding Protocol (LSP) Committee, APDCL informed that the process for constitution of the Committee is under progress as suggested by the Commission. **The Advisory Committee members requested that a meeting of the LSP Committee be held to discuss the Principles and Protocols of Load Shedding Hours without further delay.**

On the issue of arrear dues to the APDCL from the Government departments, it was informed that the State Government has made a budget provision of Rs 70.83 Cr against Government consumers and power subsidy for FY 2013-14 which shall be released shortly. It was also informed that for the current year, the Government releases Rs 8 Cr/ month against consumption in Government departments. It was however, informed that the amount is insufficient and no budget provision has been made against arrear of above Rs 13 Cr against the NHRM Hospitals.

The Chairperson AERC, suggested that the distribution company should work out the total amount outstanding upto FY 2012-13 and submit this to the State

Government for necessary decision on the matter.

Regarding prepaid meters, it was informed that a total of 3253 prepaid meters have been purchased out of which 2624 were installed and a directive has also been issued to make it mandatory to install prepaid meters in all upcoming residential flats of Guwahati city. **Regarding installation of prepaid meters in Government buildings, it was informed that APDCL has not received any action plan from the State Government.**

Shri Khosla stated that the matter regarding installation of prepaid meters in Government buildings would be considered and informed in due course.

(3) Agenda Item No 3: Appraisal of members of the State Advisory Committee on the present power scenario of the State.

Representatives from APDCL gave a power-point presentation on the prevailing power situation in the state. It was informed during the course of the presentation that 47.62% out of installed capacity of 1235 MW from the Central Sector Generating Stations (CSGS) in North Eastern Region (NER) is allocated to the state of Assam. Out of total installed capacity of 4940 MW from the CSGS located in the Eastern Region (ER), Assam has been allocated only 157 MW. It was further informed that during the past few months, APDCL received only 50% of the power allocated from the NER CSGS. Therefore, there was a shortfall of about 250-300 MW all through these months, particularly, during the peak hours. It was informed that out of 107 MW allocated to the state, only 43 MW was received from the Kopili Hydro Electric Project.

The Chairperson AERC informed that during the recently held Coordination Forum Meeting, the representative from NEEPCO informed that the underwater machineries had undergone corrosion due to acidity in the water and repairs & maintenance works have been taken up. On a query from the Commission as to when the project would be able to generate to its effective capacity, it was informed that the repairs and maintenance works are likely to be completed by March 2014 and the project would be able to generate to its full capacity depending on the inflow of water.

The Chairperson, AERC informed the Committee that Rs 1.03 /unit is being charged as Fuel and Power Purchase Price Adjustment (FPPPA) on electricity consumption for all consumers and therefore, as the distribution licensee is now aware of the fact that power from Kopili Hydro Electric Project will be partially available until March 2014, the licensee may find some alternative economic source of power to mitigate the shortage.

APDCL informed that the Company was trying to procure power at an average price of Rs 2.50/unit from the Indian Energy Exchange and through Short term Open Access.

(4) Agenda Item No 4: Appraisal of members of the State Advisory Committee on Multi Year Tariff Proposal by the respective utilities.

As per AERC (Terms and Conditions for Determination of Tariff) Regulations 2006, the generation, transmission and distribution companies are required to file Multi Year Tariff petitions for FYs 2013-16 for determination of ARR and tariff by 01.12.2012. Each of the power utilities approached the Commission with petition to grant extension of time upto 31.01.2013 for filing MYT petition for FY 2013-14 to FY 2015-16 stating that the necessary information to submit the petitions was not available and therefore, the documents were not ready. Accordingly, the Commission extended the time by two months upto 31.01.2013.

The Commission informed the members of the State Advisory Committee that the petitions subsequently received from APGCL, AEGCL and APDCL were also deficient in material particulars and Technical Validation Sessions were held between officials of the Commission and the petitioners. Some data/clarifications were further sought from the Commission from time to time and most of these have been submitted except for those required to be submitted after the validation sessions.

The Commission further informed that, as per the Electricity Act 2003, and in line with the procedure followed by AERC for the previous years, notices regarding petitions received for determination of ARR and Tariff for FY 2013-16 were asked to be published in widely circulated dailies. The notifications were published in 11 dailies – 4 Assamese dailies, 3 English, 2 Bengali and 2 Hindi dailies. The last date for receipt of objection petitions was stated in the notifications as 30.04.2013. However, the Commission received a number of requests to extend the time for submission of response petitions and it was decided to extend the date for submission of comments and objections upto 13.05.2013. It was also informed that some petitioners requested that the notices be published in Assamese language in the Assamese newspapers. The Commission directed the power utilities to comply with and accordingly notices in Assamese language were published on 01.05.2013 in Assamese dailies.

The MYT petitions submitted by the utilities were briefly discussed during the meeting and power point presentations on these petitions were also given by all the companies.

After the presentations, a few members of the State Advisory Committee (SAC) enquired regarding billing and collection efficiency. APDCL sources informed that average current billing and collection efficiency was 75% and 95% respectively. **The**

members suggested that third party study of AT&C losses of the distribution company needs to be conducted and measures to reduce such losses must be taken as in rural areas, it can be seen that the losses were in the range of 40%-45%. It was further suggested that third party energy audit need to be done.

Some SAC members enquired on the success of involving franchisees in Single Point Power Supply Scheme. APDCL informed that 26 Nos. of feeders and more than a 100 transformers entrusted to rural franchisees are running smoothly. APDCL further informed that in some areas in Central Assam like Nagaon, franchisee system has been very successful while in lower and upper Assam, it has not been that successful. It was informed that in Nazira and Sivasagar of Upper Assam, new feeders have been allocated to franchisees.

A SAC member pointed out that there were allegations that franchisees were not willing to enter into agreement with the distribution licensee as the revenue target offered to the franchisee were on the higher side and sometimes not achievable. Besides, there were also allegations that in some areas, either the franchisee DTRs were not metered or meters were not working and franchisees were billed on average consumption which led to financial losses to the company.

The Chairperson AERC asked the distribution licensee to make public the number of feeders and transformers offered to franchisees, the commission being offered to the franchisees and other details including increase in the revenue of APDCL after the franchisee system was introduced in a particular area to enhance transparency in the functioning of these franchisees.

It was suggested by a SAC member that the ongoing power projects within the state like Bongaigaon Thermal Power Project, need to be expedited and the Government of Assam should make sure that the law & order situation does not stand as an impediment in timely commissioning of these projects.

Shri Khosla assured the members that action in this regard would be taken.

No other matter was discussed and the meeting ended with a vote of thanks by the Secretary, AERC to everyone present in the meeting.

Sd/-
(J. Barkakati)
Chairperson,
Assam Electricity Regulatory Commission

**List of Persons attending the 17th Meeting of the
State Advisory Committee held on 9th May, 2013**

- (1) **Shri J. Barkakati**, Chairperson, AERC
- (2) **Dr. R. K. Gogoi**, Member, AERC
- (3) **Shri T. Chatterjee**, Member, AERC
- (4) **Shri J. Khosla**, Additional Chief Secretary, Power Deptt., Govt. of Assam.
- (5) **Shri A. Goel, IAS**, Commissioner & Secretary, Power Deptt., Govt. of Assam
- (6) **Shri R. Yadav, IAS**, Chairman, ASEB & CMD, APDCL.
- (7) **Shri M.R. Dutta**, Joint Secretary, Agriculture Deptt., Govt. of Assam
- (8) **Shri G. K. Das**, MD, AEGCL
- (9) **Shri C. Baruah**, Director (Technical), APDCL.
- (10) **Dr P.K. Bordoloi**, Professor & HoD, Deptt. of AEI, GIMT, Guwahati-17.
- (11) **Shri D. Kedia**, Member, Power Committee, FINER, Guwahati.
- (12) **Shri J. Madhav**, Former Chief Advisor to the Chief Minister, Govt. of Assam.
- (13) **Shri A. K. Baruah**, President, All Assam Small Scale Industries Association.
- (14) **Shri G.C. Baishya**, President, Grahak Suraksha Sanstha
- (15) **Shri S. Baruah**, President, North Eastern Small Scale Industries Association
- (16) **Shri K. C. Medhi**, State Secretary, North Eastern Small Scale Industries Association.

Officers of AERC present :

- (1) **Shri M.J. Baruah**, ACS, Secretary, AERC.
- (2) **Shri D. K. Sharma**, Joint Director (Tariff), AERC
- (3) **Shri T. Mahanta**, Deputy Director (Engg.), AERC
- (4) **Shri A. Purkayastha**, Deputy Director (Finance), AERC

Consultants of AERC present :

- (1) **Ms P. Sharma**, Consultant (Finance, Database and Consumer Advocacy), AERC
- (2) **Shri N.K. Deka**, Consultant (Technical), AERC