

**Minutes of the 18th meeting of the State Advisory Committee
held on 12th August, 2014, at NEDFI House, Dispur, Guwahati.**

The 18th meeting of the State Advisory Committee was held at 11.00 am on 12th August, 2014, at NEDFI HOUSE, Dispur, Guwahati.

A list of members and officers present is appended at **Annexure – 1**.

At the very outset, the Secretary, AERC, welcomed all the Members of the State Advisory Committee, Special Invitees and officers present, to the 18th Meeting of the Committee. He then requested the Chairperson, AERC, Shri Naba Kumar Das, IAS (Retd) to preside over the meeting.

The Chairperson, AERC, on behalf of the Commission, extended a hearty welcome to all the Members of the State Advisory Committee, which had been recently reconstituted as per Section 87 of The Electricity Act, 2003. He stated that the State Advisory Committee is an important body with an objective to advise the Commission on manifold issues such as on all major questions of policy, matters related to quality, continuity and extent of service provided by the licensees, compliance by licensees with the conditions and requirements of their licence, protection of consumer interest; and electricity supply and overall standards of performance by utilities.

The Chairperson informed the members that Power Point presentations would be made by the representatives of the power utilities on the overall power scenario of the State and also on the petitions submitted by each of the three utilities for revision of tariff. He requested the members to take this opportunity to raise various issues and problems being faced by the consumers and offer suggestions so that effective strategies could be worked out to improve the power position of the State. He then proceeded for discussing the agenda items one by one which are briefly recorded below.

1. Agenda No. 1: Confirmation of the Minutes of the 17th meeting of the State Advisory Committee (SAC) held on 09.08.2013.

The Minutes of the 17th Meeting of the Committee was already circulated among the Members and Special Invitees. Hence, it was taken as read. No comment was received on the minutes. With the approval of the members, the Minutes of the 17th meeting of the SAC was confirmed.

2. Agenda No. 2: Action taken on the Minutes of the 17th Meeting of SAC.

With regard to submission of Action Taken Reports on the Minutes of the aforesaid meeting, the Chairperson apprised the members that most of the actions were required to be taken by the two Utilities i.e. APGCL (Generation) and APDCL (Distribution) and hence, the officers representing these two Utilities would brief the members on the actions taken by them.

Regarding the matter of drafting Regulations for Peak Power Management which was discussed in the last meeting of the Advisory Committee, the Chairperson informed that the Commission has been looking into the matter; however, a firm conclusion is yet to be reached. He stated that the Commission was also contemplating whether some kind of peak power tariff (in categories not having TOD tariff) could be introduced in the

course of finalising the tariff proposal in order to encourage consumers to adopt Demand Side Management practices. The Chairperson also raised the matter relating to payment of fixed charges to generating stations irrespective of whether power is available or not from the stations for discussion. He stated that this issue being a policy matter has to be taken up by the Commission along with the Government of Assam with the CERC and the Government of India.

A Power Point presentation was made by a representative of APGCL, showing actions taken by APGCL on the points concerning the Company as mentioned in the Minutes of the 17th Meeting of the Committee and these are briefly narrated below:

In the matter of Margherita Thermal Power Project, it was stated that the Board of APGCL by a resolution had decided to implement the Project as a Joint Venture with NEEPCO. It was informed that in this regard, a draft MOU had already been signed between APGCL and NEEPCO on 14.07.2014 and the members expressed hope that a decision would soon be taken for implementation of the Project.

So far the reduction of Auxiliary Power consumption in LTPS and NTPS is concerned, it was informed that there is a study report from National Productivity Council regarding the issue. Based on this report, APGCL had taken number of actions as a result of which, auxiliary power consumption of LTPS has been reduced to 8.8 % in FY 2013-14 from 11.5 % in FY 2012-13. Similarly, the auxiliary consumption of NTPS is also expected to come down to 4.5% from the present 5.5% after completion of works related to shifting of distribution feeders from the NTPS 132 KV substation.

Regarding Station Heat Rate, it was stated that APGCL was incurring losses every year due to higher heat rates of the NTPS and LTPS stations than what have been approved by the Commission in its Regulations. In this connection, he referred to the proposed amendment to the Regulations by the Commission after submission of a report from IIT, Guwahati who was assigned the task of studying the Heat Rate of LTPS and NTPS. Therefore, the matter is now with the Commission for necessary action.

Regarding the ongoing/ new projects in the state, it was informed that APGCL had already submitted detailed report to the Commission. It was further informed that both units of 1.5 MW each of the Myntriang Small Hydro Project were commissioned in March 2014.

The MD, APDCL, taking permission from the Chair raised certain issues concerning the APDCL in the Meeting as stated below.

1. Regarding Load shedding, MD, APDCL stated that due to shortage of power, load shedding had to be resorted to from time to time across the state. Although, power can be purchased from the exchanges to meet the power shortage, however, such power is expensive. In this connection, he referred to the direction given by the State Advisory Committee to APDCL in the last Meeting of the Committee for constituting committees for load shedding. He informed the members that in pursuance of the above direction, APDCL had constituted two tier power committees to look into the matter of Load Shedding. The level –I committee is chaired by the MD, APDCL with all CGM(D) of the regions and CGM (Com) as members. The level-II committee is headed by GM of the respective zones with all the DGMs of the circles and R.E of the Grid S/s as members. It was informed

that in case of shortage of power, the company follows the principle of preferential load and priority is given to essential services like hospitals, airports and agencies controlling the law and order situations as far as practicable. SLDC is entrusted with the implementation of the decision of the Committee and to take action accordingly.

2. Regarding installation of Prepaid Meters, it was informed that it has been made compulsory to install prepaid meters in all multi-storied buildings. It was informed that the financial and technical parameters for installation of prepaid meters in Government establishments are being examined by the Company and the State Government and it is likely to be installed from March 2015. MD, APDCL informed the members that APDCL has been taking all possible steps in this regard.
3. So far the clearance of outstanding arrears of Power Consumption bills in respect of the Government Departments is concerned, the matter had been taken up with the State Power Department and other Government Departments including at the level of the Chief Secretary and Chief Minister of Assam. The Central payment mechanism has been proposed to be withdrawn w.e.f. April 2015 and payment responsibility will be entrusted to the concerned department.
4. It was informed that APDCL has been requesting the Central Government to allocate 500 MW firm power from Bhutan Hydroelectric projects and efforts are on to procure power from some of the power projects in Bhutan which are under construction.
5. Regarding reduction of losses, it was informed that various steps were being taken like i) cutting down extra 33/11 KV lines, commissioning of new 33/11 KV substations & installation of adequate number of DTRs ii) refurbishing of old 33/11 KV substations iii) timely completion of R-APDRP works iv) replacement of stopped/ defective meters. The Company has also tried to recover their old outstanding dues through waiver of surcharge. It was informed that the Company appointed franchisees for collection of revenue, however, there were discrepancies in depositing money by some franchisees. A new scheme has been proposed by which the bills will be prepared by the Company and the consumers will deposit the money only in the APDCL collection centres. The proposal has been placed before the APDCL Board for taking a decision in this regard.

Intervening on the matter, some members voiced their concern regarding functioning of some of the franchisees particularly in respect of revenue collection as there was no transparency in the matter. They complained that although huge amounts of revenue were collected by the franchisees, yet they did not deposit the fund to the APDCL. **Moreover, they wanted to know whether approval of the Commission was taken in the matter of appointment of Franchisees.**

The MD, APDCL assured that with the introduction of the new system already discussed there would be more transparency regarding the functioning of franchisees.

The Chairperson informed the members that although there is no provision in the Act requiring approval of the Commission for appointment of franchisees,

however, the Commission has been directing APDCL to submit information on franchisees from time to time, whenever complaints were received. Endorsing the views of the Chairperson, Dr. R.K. Gogoi, Member, AERC, informed that since franchisee is an intermediary, no permission is required from the Commission for appointing franchisees, yet the Commission gathered information on the issue from the Utility from time to time and issued directives on the issue.

However, as suggested by the members, the Commission decided to look into the present system of functioning of the franchisees so that it can be improved.

Some of the members were of the opinion that members representing consumer interests should be included in the Load Shedding Committees. **The Chairman, APDCL assured the members that the matter would be looked into.**

The members insisted that the timing of load-shedding should be publicised for information of the consumers.

The MD, APDCL informed that in an integrated system, the power position is unpredictable and changes day to day even hour to hour. Therefore, it is difficult to follow a definite load shedding schedule all over the State. As a result, it is not possible to inform the public about the expected time of load shedding. However, in case of scheduled load shedding against shutdowns for maintenance of stations, lines etc., prior information is given in local newspapers. He, however, stated that the information regarding load shedding is hosted in the APDCL website daily.

3. Agenda No. 3: Appraisal on Tariff proposal by the respective Utilities

Speaking on the occasion Shri K.V. Eapen, IAS, Chairman, APDCL, APGCL and AEGCL gave an overall view on the functioning of the above mentioned three Companies as follows:

He stated that it has been 10 years since unbundling of the state electricity board into three separate entities for generation, transmission and distribution was initiated and therefore, it was important to examine the developments that have taken place over the years. He informed that in the **Distribution Sector**, the position is critical as there is a shortfall of power of about 200 MW during off peak hour and 400 MW during peak hours at this time. He further informed that the Central Sector Generating Stations were able to provide hardly 60 per cent of the total state power allocation to the Company. Thus, there has been an unprecedented shortfall and the Company has to purchase power from the exchanges or through bilateral trade which involves huge financial burden affecting the financial health of the Company. Moreover, the power purchase cost from the existing generating stations has also been increasing due to increase in fuel cost. On the other hand, with implementation of Rajiv Gandhi Vidyutikaran Yojana, consumption increased tremendously leading to manifold increase in demand. However, the recovery rate from the consumers is not commensurate with the cost of supply of power. Expansion of rural LT network has also to some extent led to the increasing loss suffered by the Utility. However, he stated that in spite of all difficulties, it is the responsibility of the Company being a public utility to extend the rural LT network and it would continue to do so.

He further informed that in order to improve the quality of power, APDCL had taken up some schemes which are likely to yield good results.

On the **generation sector**, he stated that the machines of Namrup Thermal Power Plant are extremely old and although these are still functioning despite completion of their life cycles, this would not be sustainable for long. He stated that as per discussions in the last meeting of the Advisory Committee, the Generation Company had taken several steps for increasing the generation of power. He informed that the Company was in the process of setting up of a coal-based Power Station at Margherita with 660 MW capacity in collaboration with NEEPCO. While the Generation Company had already cleared the proposal, it was expected that NEEPCO would clear the proposal by the end of this year. Moreover, it was further informed that the Generation Company was actively examining the setting up of a 70 MW Solar Power Project at Amguri. He thanked the Commission for giving importance to the Station Heat Rate issue and informed that the Company has been successful in reducing the auxiliary consumption of both the power stations. He hoped that with steady performance of the stations, regular flow of gas and availability of water, the APGCL would be able to generate 300 MW of power from its thermal and hydel stations for internal consumption. Due to all these factors, the position has marginally improved in the last few days. However, he stated that there would be some disruption in the availability of power when the OTPC, Palatana would be shut down for regular maintenance from 20th August to 5th September, 2014. Therefore, during this period, the Distribution Company will have to manage with its own generation resources and through power purchase.

He informed that in the **transmission sector**, the Company had handled only 720 MW in 2004 but now with financial assistance received from ADB, NLCPR etc., the transmission handling capacity had been enhanced to a little over 1600 MW. All the projects which are presently under execution will enhance the capacity to handle transmission of almost 1700 MW of Power by the end of this year and it is expected that by the end of 12th plan period, the capacity will be almost 2000 MW.

He further stated that the tariff proposal submitted by the Company is an extremely rational and thought out proposal. He informed the members that there are some factors which are within the control of the Company and some are beyond their control and all these have been taken into consideration while preparing the detailed Tariff proposal. Hence, he requested the Members of the Advisory Committee and the Hon'ble Commission to take a realistic view of the problems being encountered by the power sector and support their Tariff proposals.

3.1. Generation (APGCL)

A Power Point Presentation was made by a representative of APGCL, the salient points of which are recorded below:

Although APGCL is capable of generating 300 MW of power yet they have not been able to generate power to that extent because of paucity of gas and sometimes water. However, the thermal stations namely Namrup and Lakwa Stations have occasionally, generated power to their fullest capacity. Further, the Karbi Langpi HEP is also generating energy upto their full load of 100 MW as per availability of water.

With regard to Truing up for FY 2012-13, the approved gross generation was 1803.08 MU against which the Utility was able to generate 1765.26 MU. This lower generation was mainly due to bad hydrology, which includes non-availability of water. Moreover, the Auxiliary Consumption was also higher than the norms set by Commission. Against total approved income of Rs 382.50 Cr, the Utility had recovered Rs 459.56 Cr primarily due to the FPPPA charges levied. On the other hand, although the total fuel cost approved was Rs 157.32 Cr, the Utility had to spend Rs 364.54 Cr due to fuel price rise and low gross station heat rate. In the matter of Return on Equity, it was stated that the Government of Assam through a letter had issued a guideline stating that the grant should be considered as promoter's contribution.

With regard to the Annual Performance Review for FY 2013-14, it was stated that there were differences in some parameters like fuel cost and depreciation from what was approved in the ARR by the Commission in its Tariff Order due to higher Station Heat Rates and addition of the Myntriang Small hydro project.

With regard to Tariff Proposal for FY 2014-15, it was informed that difference from the approved ARR for the year occurred mainly on account of the Fuel Cost, which was more than double the earlier price of fuel. Therefore, it was stated that price of fuel was a major factor for submission of the Revised Tariff proposal.

One member expressed concern that the power generation of the APGCL was always less than estimated. He requested the utility to try to generate power to their maximum capacity. MD, APGCL informed that low generation was due to non-availability of gas as per requirement. It was informed that the utility has taken up the matter with the supplying agencies to supply the required quantity of gas with standard calorific value.

3.2 Transmission (AEGCL)

A Power Point Presentation was also made on behalf of AEGCL, the main points of which are briefly noted below:

With regard to Annual Performance Review for FY 2011-12, the representative of the Utility stated that differences had occurred from the approved figures in Tariff Order for the year regarding payment to Power Grid, Employee Cost and also on account of Interest and Finance Charge. **He also informed that In the Annual Performance Review for FY 2012-13**, differences had occurred mainly due to payments made to Power Grid and again in Employee Costs.

With regard to **the Annual Performance Review for FY 2013-14**, it was informed that the differences occurred on account of Employee Cost due to DA payment to employees and new recruitment and also on account of depreciation which increased due to capitalisation of new assets.

One Member wanted to know whether there was proper estimation of the expenditure made by the Company. In reply, the representative of AEGCL stated that the expenditure of the Transmission Company is mostly fixed and variations occurred mostly on payment to Power Grid which accounted for 40% of the total cost and depended on the annual power procurement. However, sometimes deviations were observed in other heads as well due to reasons explained above.

Some members stated that although they were insisting on balance sheets and audited accounts of the Company to be made public, yet this was not done by AEGCL. The Chairperson advised the Utilities to make sure that the balance sheets and audited statement of accounts are made public and hosted in their websites.

3.3 Distribution (APDCL)

Regarding the tariff proposal of APDCL (Distribution), a Power Point Presentation was made on the proposals and some of the salient points are furnished below.

In true up of the ARR for FY 2011-12, the utility claimed a revenue gap of Rs 516.88 Cr. Similarly, in true up of ARR for FY 2012-13, a revenue gap is shown as Rs.196.27 Cr. In both the years, deviation was mainly on account of cost of Power Purchase, Interest and Finance Charge, etc. for which the amount of variation claimed comes to approximately Rs 591 Cr and Rs 402 Cr respectively. Again, in Annual Performance Review for FY 2013-14, total revenue gap claimed is Rs.583.72 Cr.

A member stated that there should be correct estimation of the actual power requirement and availability as power purchase is the main component of tariff. Another member requested the Commission that the State Government must be approached to sustain the subsidy granted to BPL and Domestic-A consumers and even increase the same, if necessary this year, to provide some respite to these consumers from tariff hike.

Some members also suggested that the cross subsidy of industries need to be reduced further as stipulated in the National Tariff Policy and if possible, completely removed.

The Chairperson, AERC stated that cross subsidy has been reduced to the extent possible in the tariff orders and is likely to remain until it is possible to charge consumers as per the cost of supply.

4. Agenda No. 4: Presentation on Smart Grid Pilot Project by R-APDRP, APDCL

A Power Point Presentation on Smart Grid Pilot Project was made by the Representative of R-APDRP, APDCL and the salient points of which are mentioned below.

The Smart Grid Pilot Project is a Government of India project which was launched in 14 States including Assam. The Commission gave in-principle approval to the investment proposal for the project amounting to Rs 29.93 Cr. In Assam, three areas under Paltanbazar, Ulubari and Narangi Substations have been selected under the Pilot Project Scheme. Some of the expected benefits of the project were reduction of AT&C losses, lowering peak loads, increase in efficiency of the network, etc. It was informed that the consumers whose residences will be fitted with smart meters will not be able to use any excess load during peak hours than the permissible limit and their extra load could be remotely switched off automatically by the licensee.

On a query by a member, it was clarified that there would be no load shedding for the customers availing smart meters. It was further suggested that a consumer availing smart grid facility may be allowed enhanced connected load on demand, without going through the normal procedures. The members also suggested that while implementing the project, the consumers should not be burdened financially.

5. Agenda No. 5: Discussion on the following Draft Regulations and amendment.

i) Draft AERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2014

On behalf of AERC, a Power Point presentation was made on the Draft Regulations.

It was informed that as per Electricity Act 2003, the State Electricity Regulatory Commission is required to promote cogeneration and generation of electricity from renewable energy by providing suitable measures for connectivity with grid and sale of electricity to any person and also specify the percentage of renewable energy to be procured by licensees. In pursuance of the above, the Commission notified the AERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations 2009, covering all the matters mentioned under section 86(1)(e) of EA 2003.

However, during the last four years, there were a number of developments in renewable energy based power generation scenario in the country particularly, in Solar Power. The present amendment of the AERC (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2009 has been proposed duly taking into consideration all the above developments. Once these new Regulations are notified in the official gazette, the (Co-generation and Generation of Electricity from Renewable Sources of Energy) Regulations, 2009 shall stand repealed.

ii) Draft AERC (Grid Interactive Solar PV Systems) Regulations, 2014

A Power Point presentation was made on the above Draft Regulations from AERC.

It was informed that Grid Interactive solar power plants can contribute a significant amount of energy for meeting day time load in urban homes, reducing day time peak system demand. In fact, 40% to 70% of day time electrical load in offices, educational institutions, commercial establishments, etc. can be met from grid interactive solar systems. In these systems, the advantage is that it runs without battery or with low capacity battery backup. Therefore, the establishment cost as well as running cost is much lower. An efficient Solar PV System also needs low maintenance. It was also informed that one of the disadvantages of this System is that energy is available only when sun shines. Also, benefit from the grid interactive system would be less in places where power supply is irregular.

A member suggested that such systems may be installed by the Government of Assam in the Bharalu, Deepar Beel and such other waterbodies. These systems may also be installed in unused/ barren land masses to prevent encroachment and a proposal in this regard may be forwarded to the Government by the Commission. It was however,

suggested that the issue of safety and security of the systems (lines/ panels) had to be ensured. Another member of the Committee suggested that rooftops in hospitals, hotels and such other commercial establishments and industries may be made mandatory and incentives provided to such consumers.

The Chairperson, AERC informed the members that a policy paper on solar PV System is being prepared. This draft would be submitted to the State Government for examination. The Government may then choose to notify the same for public opinion and the above suggestions regarding incentives and others may be forwarded to the State Government directly at that time. He suggested that brainstorming sessions may also be held by APDCL along with the concerned officials of the State Government before the policy paper is finally adopted. While noting the suggestions offered by the members, the Chairperson observed that installation of the solar PV systems should not be confined within Guwahati, instead, the policy should contain provisions to encourage consumers for installation of such systems throughout the state.

The Chairperson however, stated that the Draft Regulations may require some amendments depending on the comments received from some stakeholders.

iii) Draft AERC (Terms and Conditions for Appointment of Consultants) Regulations, 2014.

A Power Point presentation was made on the Draft AERC (Terms and Conditions for Appointment of Consultants) Regulations, 2014. It was explained that these Regulations have been drafted in line with CERC (Appointment of Consultant) Amendment Regulations, 2010 and the Regulations when finally notified, would supersede the AERC (Terms and Conditions of Appointment of Consultants) Regulations, 2005. The engagement of four categories of Consultants in AERC have been suggested in the Draft Regulations such as, (i) Corporate Consultants (ii) Individual Consultants (iii) Staff Consultants and (iv) Professional experts. All matters regarding appointment/engagement of Consultants will be governed by these Regulations.

iv) Draft amendments to Annexure II & III of AERC (Terms & Conditions for Determination of Tariff) Regulations, 2006.

Amendments have been proposed in normative Station Heat Rate and Auxiliary Energy consumption for the power stations of the state.

Some Members opined that the modified rates fixed is high and should have been less. On behalf of AERC, it was explained that the normative Station Heat Rates were decided Normative Station based on a study report of IIT Guwahati and so far as auxiliary consumption is concerned, recommendation of CEA norms for gas based power stations were being considered.

6. Agenda No 6: Status of implementation of DSM activities of APDCL.

A Power Point Presentation was made regarding status of implementation of DSM activities by a representative of APDCL.

In the Presentation, it was stated that the one of the main functions of DSM is to reduce the electricity consumption through various ways. For successful implementation of DSM, the Company has taken some programmes, some of which are in the pipeline and some are ongoing. The Utility also has taken up some Energy Efficiency Schemes and Energy Saving Schemes. Moreover, for efficient functioning, some officers of APDCL are proposed to be trained on DSM and Energy Efficiency.

7. Agenda No 7: Any Other Matter

No other matter had come up for discussion.

The meeting ended with a 'Vote of Thanks' to and from the chair.

Sd/-
(Naba Kumar Das)
Chairperson
Assam Electricity Regulatory Commission

**List of members present in the meeting of the State
Advisory Committee held on 12th August, 2012**

1. Shri Naba Kumar Das, IAS(Retd), Chairperson, AERC
2. Dr. Rajani Kanta Gogoi, Member, AERC
3. Shri D.Chakravarty, Member, AERC
4. Shri K.V. Eapen, Chairman, APDCL, AEGCL & APGCL
5. Shri R.L. Barua, MD, APDCL
6. Shri P. Bujarbaruah, MD, APGCL
7. Shri G.K.Das, MD, AEGCL
8. Smt. Sailen Barua, President, NESSIA, R.G.B Road, Guwahati-24
9. Shri Kumud Ch. Medhi, General Secretary, NESSIA, Guwahati-7.
10. Shri M.P. Agarwal, Chairman, All India Manufacturers' Organisation.
11. Dr. Shree Birendra Kumar Das, President, Grahak Suraksha Sanstha, Guwahati.
12. Shri Bharat Saikia, Secretary, Grahak Suraksha Sanstha, Guwahati
13. Shri Debasish Chakravarti, Secretary, ABITA Zone 1
14. Shri Anuj Kumar Baruah, AASSIA, President, Bamunimaidam, I/E Guwahati
15. Shri A.K. Dutta, AASSIA, General Secretary, Bamunimaidam, Guwahati-21.
16. Shri Anil Rai, FINER, Member
17. Smt. Utpala Saikia, Deputy Secretary, Power Deptt., Dispur.
18. Shri Dipak Kr. Deka, GM, AIDC

Officers of AERC

1. Shri D.K. Sarmah, Secretary & Joint Director, AERC
2. Shri T. Mahanta, Deputy Director (Engg) AERC
3. Shri A. Purkayastha, Deputy Director (Finance) AERC
4. Ms. Panhamrita Sarma, Consultant (Finance, Database and Consumer Advocacy Cell) AERC.
5. Shri N.K. Deka, Consultant (Technical), AERC

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