

Minutes of the 21st Meeting of the State Advisory Committee

The 21st meeting of the State Advisory Committee (SAC) was held on 4th March, 2017 at Administrative Staff College, Khanapara, Guwahati.

The list of members, invitees and other officers/consultants present is appended at Annexure – A.

Presiding over the meeting, the Hon'ble Chairperson, AERC, Shri Naba Kumar Das, IAS (Retd) initiated the proceedings. At the onset, he welcomed all members/ invitees of the State Advisory Committee. Thereafter, the agenda items were taken up for discussion in seriatim. The important points raised by the Hon'ble Members during the course of discussions are briefly recorded below.

Agenda No. 1: Confirm the Minutes of the 20th meeting of SAC held on 07.07.2016

The Minutes of the 20th Meeting of the Committee were already circulated among the Members and Special Invitees. No comment was received on the Minutes. With the approval of the members, the Minutes of the 20th meeting of the SAC were confirmed.

Agenda No. 2: Action Taken on the decisions of the 20th Meeting of SAC.

A power-point presentation was made by Consultant, Shri J. Bezbaruah from AERC on the salient features of Action Taken Reports submitted by the power utilities. The Chairperson AERC asked the respective utilities to respond to any query from the SAC Members and also supplement the presentation in case there was any additional information to share. Hard copies of the action taken reports were circulated among the members of SAC. The following discussions took place during the course of the presentation:

- i. It was informed by a representative from APGCL that the last day for bid submissions for EPC contractor for 2 MW Namrup Solar PV Project was extended twice for want of adequate bidders. Finally, technical bids were opened in February last and the process for selection would be completed shortly.
- ii. It was further informed from APGCL that the Company is on its way to sign a MoU with Solar Corporation of India Limited (SECI) for the 69 MW Amguri Solar Project and 20 MW Chandrapur Solar Project.
- iii. A representative from APDCL informed the members that under the UDAY Scheme, the Ministry of Power, Government of India, the Government of Assam and APDCL entered into a tripartite MoU in order to improve operational and financial efficiency of APDCL and enable financial turnaround of the Discom. According to this MoU, the State Government would take over 75% (Rs 1132.53 Cr) of the outstanding State Government debt (Rs 1510.04 Cr) of APDCL as on 30.09.2015. Further 75% of Rs

1132.53 taken over by the State Government would be converted to Grant while the rest 25% to Equity. The State Government is required to guarantee repayment of principal and interest payment for the balance debt remaining with APDCL/bonds issued by APDCL and also to waive off the unpaid interest due from APDCL as on 30.09.2015 amounting to Rs 554Cr.

On the operational front, APDCL will have to reduce AT&C losses to 15% by FY 2019-20. Also, the gap between ACS and ARR is required to be eliminated by FY 2019-20.

- iv. It was informed from APDCL that the issue about non availability of smart meter vendors for the pilot smart grid project has been resolved. 500 Nos. of single phase whole current smart meters and 6543 Nos. of 3 phase whole current smart meters have been received. The installation of the meters has started from 01.03.2017.
- v. APDCL informed that as features like Power factor rebate/penalty, Maximum demand etc are not incorporated in the present prepaid meters supplied by the meter manufacturer, and considering the provision in the schedule of tariff, the installation of prepaid meter would be restricted to the following categories of consumers at present: Jeevan Dhara, Domestic A, Domestic B, Public Lighting & Agriculture.

The Chairman, APDCL Shri Ravi Kapoor, IAS informed that there is a revised plan for installation of prepaid meters in the entire State within the next two years keeping in mind the high level of AT&C losses at present. The Company plans to install prepaid meters in 9 Electrical circles within this year itself – installation in 5 Electrical Circles in the first phase within the next three months and then another 4 Circles in the consequent three months. The 5 Circles selected in the first phase have high AT&C losses and include Jorhat, Nagaon, Rangia, Badarpur and Lakhimpur.

It was further informed by Shri Kapoor that APDCL would replace the old meters and bear the cost of replacement. The decision was taken keeping in mind that through installation of these meters, the commercial losses can be reduced significantly. Even a 1% reduction in AT&C losses would help recover Rs 4 Cr/ month of revenue and therefore, the project is worth the investment. A total outlay of Rs 1000 Cr is envisaged for replacing the meters and APDCL has requested ADB and AIFA (Assam Infrastructure Financing Agency) for funds in this regard. It was informed that Rs 150 Cr is already available from unused funds of ADB investments in the power sector proposed earlier. It was informed that even the State Government has shown eagerness to assist in this regard.

Citing the example of the city of Imphal, which successfully implemented prepaid meters with 100% recovery of revenue, Shri Kapoor stated that technology seemed to be the most effective way out to deal with AT&C losses and better service to

consumers. It was further informed that about two lakh old meters are expected to be replaced with prepaid meters in the 9 Circles.

The MD, APDCL, Dr Om Prakash, IAS informed the members that both online and offline recharge (like PayTM, Airtel Money, internet banking, etc) of the prepaid meters would be made available. He further informed the members that the State Government sanctioned Rs 34 Cr for metering of tea gardens and the meters being installed are all smart prepaid meters. This year also there is a proposal to sanction Rs 45 Cr for prepaid metering in tea gardens. Dr. Prakash informed that the meters would now work as prepaid meters; however, these can also be utilized as smart meters once the networking and other conditions for smart metering becomes available.

There was a suggestion from the members that since the prepaid meters would automatically get disconnected from the power system as soon as power consumption equals amount prepaid; there must be some mechanism inbuilt into the meters to alert the consumers (through sms, beeps) regarding their consumption at specific intervals so that these can be recharged well before power gets shut off. In addition, a mechanism may be developed so that power does not get disconnected during holidays, in weekends, etc.

The Chairperson, AERC expressed satisfaction on the steps taken by the Company and the State Government for installation of smart prepaid meters. He stated that the Commission had been insisting on installation of prepaid meters time and again in different Forums including in its Tariff Orders. Therefore, it is heartening to learn that the Company and State Government have seriously taken up the work in this regard. He stated that APDCL should also ensure that the targets for completion of prepaid metering are met.

- vi. Regarding the matter of creating awareness among the consumers on different issues like safety, energy efficiency, grievance redressal, the SAC members stated that although awareness programmes have been undertaken by the Company, the outreach of these programmes need to be enhanced. Also the expenses incurred in this regard and budget for the proposed programmes should be made available.
- vii. Representatives from the ABITA stated that while installation of prepaid meters is welcome, the Company must ensure greater availability and better quality of power supply to the tea gardens.

Reacting to this observation, MD, APDCL stated that the Company is proposing a three pronged strategy to curtail AT&C losses and improve power supply & availability in the State. First - Installation of prepaid meters, Second – Separate feeders for HT consumers & Tea gardens (Estimated cost: Rs 500 Cr) and Third – Mapping and Systematic augmentation of the Distribution network. (Estimated cost: Rs 2000 Cr).

Shri Prakash stated that although 100 tea gardens are at present served by separate dedicated feeders, the 11 KV feeders of 700 tea gardens and many HT consumers are yet to be separated from rural feeders. The Company intends to provide separate feeders for them within the next 2 years.

He further stated that at present the length of the distribution line is two to three times longer than the permissible limit and adequate number of DTRs, Sub-stations is not available. As a result, quality of power made available to consumers particularly in some rural areas may not be as good as it should be. Therefore, as a first step towards building a robust distribution network mapping is being done for the entire State to find the gaps, number of substations, DTRs required, augmentation of the lines, etc and 90% work in this regard has been completed.

ADB has been approached for funds for both the above projects.

- viii. On a query from Ms. S. Priyadarshini regarding utilization of funds from ADB, Chairperson AERC observed that perhaps another meeting may be held to review the new & ongoing projects with funds from different sources including ADB.
- ix. Hon'ble Member AERC, Shri Subhash Ch. Das, IAS (Retd) observed that the Coordination Committees on Power which were constituted in different Electrical Circles with the concerned DGM, APDCL as the Chairman and the Managers of tea estates under his jurisdiction as Members for power infrastructure development and uninterrupted power supply to tea gardens must be revived and meetings held every month. He stated that a lot of issues can be resolved in such meetings and called upon both the tea gardens and APDCL to follow up the decisions taken during such meetings for better power supply. He also asked APDCL to maintain a commercial attitude in its functioning and improve its revenue collection by improving availability and quality of power supply to the tea gardens.

Chairperson AERC directed that similar arrangements be replicated for other HT consumers as well.

- x. The Member from IEX, Shri Mediratta stated that APDCL may adopt Smart Power Procurement strategy to plug the leakages in revenue. He suggested that power is nowadays available in the energy exchanges at a much cheaper price and therefore, APDCL should resort to both long term and short term power procurement in a prudent manner keeping the market availability and price in mind.

Agenda No. 3: Brief account of power scenario in Assam.

There was a brief power point presentation on the present power scenario in the State from APDCL including an overview of the sources from which power is procured for distribution among consumers in both peak and off peak period.

- i. It was observed by APDCL that while the average rate of power purchase was Rs 4.49/unit, power procurement from Bongaigaon NTPS was high at Rs 5.33 /unit. Cost overrun of the project due to delay in commissioning is one of the reasons for this high cost and the fixed charge of this Station was Rs 3.40/ unit.
- ii. Regarding levying of FPPPA charges of Rs. 0.59/unit by APDCL from 01.12.2016, Chairperson AERC clarified that the AERC FPPPA Regulations, 2010 allow the distribution company to levy FPPPA charges upto 25% of the variable charge of power to help them pay their fuel and power purchase bills in case of mid year increases due to unforeseen circumstances. Chairperson, AERC explained that every state is having such a Regulation to help the distribution licensees help pay their power purchase bills in time and avoid late payment interests.

Further, MD, APDCL informed that the PGCIL transmission charges have increased more than twice over the last couple of years due to introduction of Point of Connection (PoC) method for computation of interstate transmission charges. PoC is the latest transmission charge pricing methodology introduced for sharing of Inter State Transmission Systems (ISTS) charges and Losses among the Designated ISTS Customers (DICs) depending on their location and sensitive to their distances from load centers (generators) and generation (customers) and the direction of the node in the grid.

The Chairperson AERC informed that Interstate transmission charges are determined by CERC according to the CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

- iii. On a query from NESSIA, Shri K. Medhi regarding any policy on improving the HT:LT consumer mix, AERC Chairperson informed that this can happen only when more consumption and connections takes place on the HT side and the State Industries Department attracts more investments in the State. He observed that the State at present did not have large consumers like railway traction unlike some other states which could have changed the HT: LT picture noticeably.
- iv. On a suggestion to provide subsidy to bulk consumers, MD, APDCL informed that providing subsidy to any category by APDCL itself was not possible as it was a Company supposed to be functioning on commercial principles.

The Commission observed that a Regulator could only provide cross subsidy to some categories as per the terms and conditions laid down in the National Tariff Policy and the Electricity Act 2003.

Agenda No. 4: Draft AERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010, (Second Amendment), 2016.

These draft Regulations were placed in the official website of the Commission and also circulated among the important stakeholders including the State Government and the SAC Members for their views on the same and public hearing was held on 30.01.2017.

There was a short Power Point presentation by Shri N.K. Deka, Consultant, AERC on the aforementioned draft Regulations and the following discussions took place;

- i. As per the revised Tariff Policy dated 28.01.2016, long-term growth trajectory of Renewable Purchase Obligations (RPOs) will be prescribed by the Ministry of Power (MoP) in consultation with MNRE and accordingly, MNRE suggested year wise RPO trajectory to the SERCs for notification so as to reach 17% in the total energy mix by the year 2022 including minimum 8% from Solar. Consequently, a trajectory has been proposed by AERC in the draft Regulations.
- ii. On the status of compliance by the Open Access (OA) consumers and Captive Power Plants (CPP), it was informed that there were 15 OA consumers as on date and all of them complied with their respective RPOs for FY 2015-16. Among the CPPs, 6 are carrying out the compliance as per reports available.
- iii. The SAC member from IEX suggested that the Commission may give a month extension to the obligated entities to comply with RPO for each financial year as the prices of the Renewable Energy Certificates (REC) traded in the power exchanges reduce once the financial year ends. He stated that this would provide relief to the obligated entities.

The Chairperson, AERC thanked the member for his suggestion.

Agenda No. 5: Draft AERC (Electricity Supply Code & Related Matters) Regulations, 2016

A Power Point presentation was made on the salient features of the draft Regulations by Shri P.C. Sarma, Consultant AERC. These draft Regulations were placed in the official website of the Commission and also circulated among the important stakeholders including the State Government and the SAC Members for their views on the same.

The important observations made during the course of the presentation are discussed hereunder:

- i. SAC member from NESSIA stated that there is a provision in the draft Regulations to recover arrears up to 2 years only unless such sum has been continuously shown as arrear in the electricity bills. He opined that this may lead to loss to the distribution

company and the provision may be reviewed. It was clarified that it is as per the provision in the Electricity Act 2003.

- ii. There was a suggestion that load survey may be done every year and the month of April may be dedicated for this purpose by the Company.

APDCL observed that the Company allows its consumers scope for voluntary load declaration from time to time.

SAC members agreed that although the scheme for voluntary declaration is welcome, the Company should conduct such surveys at least once in a year to deter consumers from using unauthorized load.

- iii. Representative from AIMO, Ms. V. Pareek stated that the time frame for giving new connections should be adhered to by APDCL.
- iv. On the matter of compensation to some Government officials on payment of electricity bills, it was clarified by APDCL that full payment against the electricity bills of such Government officials were recovered from the State Government. Any compensation in electricity bill to any officer is a perk enjoyed by the officer and is a policy decision of the State Government. However, APDCL does not give any subsidy and the electricity charge due from those officers is recovered in full from the State Government.
- v. Member from NESSIA Shri K. Medhi opined that although provisions are there in the Regulations for controlling power theft, APDCL should create awareness among the consumers for better theft control and revenue recovery.

The Chairperson AERC requested the SAC Members to go through the draft Regulations and submit their views and suggestions on the same. He informed that the Commission intended to hold a public hearing on the responses received against these draft Regulations.

Agenda No. 6 & 7: Presentations and discussions on the MYT Petitions 2016-19 submitted by APGCL, AEGCL and APDCL

Brief power point presentations were held on the MYT Petitions 2016-19 by each of the power utilities namely APGCL, AEGCL and APDCL respectively. The important points raised by the Members are noted below:

- i. PGCIL charges to be booked against tariff of AEGCL.
- ii. The energy requirement projected for the years are based on the 24x7 Power for All Document prepared for the State. There was a suggestion that the projections made in the 19th EPS Report of CEA may also be referred to.

- iii. While long term power purchase is necessary, prudent short term purchase from available sources may contribute in bringing down the average cost of power. States like Gujrat and Maharashtra are also procuring power from the market despite being power sufficient. The cost of power from BTPS (Unit II) which is likely to be commissioned in April 2017 would be Rs 5.80/ unit.
- iv. Power demand is a sophisticated subject and present facilities of the Discom are not adequate to forecast the demand for the State accurately. Advice from expert firms may be sought.
- v. A comprehensive Study regarding Peak Demand in Assam may also be done to help long term power procurement for the State at the best prices.
- vi. Member, IEX offered to submit a paper on base load surplus in power availability to the Commission.
- vii. There is a huge suppressed demand for power in the State; however, APDCL was unable to cater to this demand due to want of funds to buy the power.

Agenda No. 8: Any Other matter.

No other matter came up for discussion.

The meeting ended with vote of thanks from the Chair.

Sd/-
(N.K. Das)
Chairperson,
Assam Electricity Regulatory Commission.