# Minutes of the 22nd Meeting of the State Advisory Committee

The 22nd meeting of the State Advisory Committee (SAC) was held on 8th February, 2018 at the Administrative Staff College, Guwahati.

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

Presiding over the meeting, the Hon'ble Chairperson (Off.), AERC, Shri D. Chakravarty welcomed all members and invitees of the State Advisory Committee. Shri Chakravarty briefly explained that the purpose of the meeting was primarily to discuss the tariff petitions filed by the State Power utilities for FY 2018-19 and the uniform Renewable Purchase Obligation (RPO) targets proposed by the Ministry of New & Renewable Energy (MNRE), Government of India. This was followed by an introductory session among the members and invitees. 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 21st meeting of SAC held on 04.03.2017**

The Minutes of the 21st Meeting of the Committee were circulated among the Members and Special Invitees. No comment was received on the Minutes. With the approval of the members, the Minutes of the 21st meeting of the SAC were confirmed.

**Agenda No. 2: Action Taken on the minutes of the 21st 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. Hard copies of the action taken reports were also circulated among the members of SAC. The Chairperson (Off.), AERC asked the respective utilities to respond to any query from the SAC Members. The queries/ suggestions from the members and respective replies are noted below:

i. Representative from CII, Ms S. Sarma commented that RPO targets and its fulfillment through purchase of Renewable Energy Certificates (RECs) is an additional financial burden on the State. She questioned as to whether RPO fulfillment is necessary at present, given the fact that availability of renewable energy in the State is limited.

   It was informed from the Chair that RPO targets were set by the Commission considering the policy directives of the Government of India. Besides, opinion of the Stakeholders were also considered while fixing the RPO targets, Therefore, RPO fulfillment cannot be avoided by the obligated entities. Shri Chakravarty observed that a State like Assam has sufficient renewable energy potential which needs to be harnessed by the obligated entities in order to avoid buying RECs. That is one of the objectives of RPO – to encourage generation of renewable energy. He stated that the issue may be discussed further when the agenda item for RPO is taken up.

ii. Regarding installation of separate feeders for HT and Tea Consumers, Secretary ABITA, Shri A. Sharma stated that the consumers in North Bank particularly Udalguri, Lakhimpur, Rangapara and Biswanath need to be looked into given the poor power situation prevailing in those areas. He stated that the North Bank is yet to be covered in the proposed plan.

In his reply, MD APDCL, Shri P. Gupta (IAS) stated in the Annual Plan for FY 2017-18, 35 gardens have been selected for providing separate feeders at an estimated cost of Rs 8.31 Cr and the tender process for these are underway. He informed that, in addition, execution of separate feeders for 85 Tea gardens is going on under ADB funding at an estimated cost of Rs 35 Cr. He further informed that if there was any tea garden which needs to be taken up on priority, it can be added to the list in the next budget. He stated that the list of Tea estates included for feeder separation will be provided to ABITA.

Representative from AIMO, Shri H. Sutodiya informed that Karbi Anglong district was the least yielding district of Assam with regard to tea. The power situation in Karbi Anglong District is not at all conducive for the few organized tea gardens situated there, and therefore, these gardens may be considered for feeder separation on priority. He explained that with implementation of the Government of India “Power for All” Schemes, a number of domestic consumers have been added to the feeders providing power to the gardens. As a result, the power quality has deteriorated in these gardens and separate feeders are likely to help the situation.

Hon’ble Chairperson (Off.), AERC requested APDCL to look into the matter and MD, APDCL assured to do so.

iii. Hon’ble Member, AERC, Shri S.C. Das IAS (Retd.) expressed surprise that tariff for the 2 MW Namrup Solar PV project was quoted so high at Rs 6.57 /kWh and that too when land was offered for free. He observed that the cost of solar power was declining and tariffs determined by the Commission recently for solar projects including land cost is around Rs 6 /kWh. Shri Das suggested that since the 2 MW Project was abandoned by APGCL, the Company may now consider setting up a Grid Interactive solar plant of higher capacity instead.

MD APGCL, Ms. Kalyani Baruah informed that the Company has already decided to set up a solar plant of 15 MW in Namrup as land is available.

Member AERC, Shri S.C Das further suggested that APGCL should explore the possibility of setting up solar projects in other areas of Assam as well. He observed that the price of solar power is likely to decrease further.

MD APDCL informed that the price quoted by APDCL in the recent reverse auction for solar power without evacuation facility was in the range of Rs 4.36 /kWh and Rs 4.48/ kWh and PPA with developers are likely to be signed within 31st March, 2018.

iv. Ms S. Sharma, CII suggested that tariffs determined should be commensurate with voltage at which power is supplied, connected load, etc.

v. Shri K. Medhi, Secretary, NESSIA asked the status regarding the proposal for installation of prepaid meters in 5 Circles of Assam, whether annual calenders for generating consumer awareness published by APDCL were being circulated among the consumers, the status of distribution of LEDs and status of the Amguri and Chandrapur Solar Power Projects.

MD, APDCL, Shri P. Gupta (IAS) informed as follows:

- Although decision was taken to install prepaid meters in the 5 highest loss making districts of Assam from savings under ADB funds, the same was diverted to the lower Kopili project and material procurement for transformers. Inspite of this, installation of prepaid meters has been taken up intensively. Around 22,000 prepaid meters have been procured and these are being installed and more shall be done in future.

- Annual calenders are displayed in all the APDCL collection and billing offices so that awareness can be generated among consumers visiting these offices. Besides, various awareness programs to ensure safety and other issues have been undertaken by the respective field offices.

- Approximately 20 lakh LED bulbs have been distributed so far under UJALA and DELP schemes. Consumers can have real time information regarding distribution of LEDs through the UJALA App of the Government of India.

- MD, APGCL, Ms K. Baruah informed that the 70 MW Amguri Solar Project is progressing well and is likely to come under operation within 2019. She further informed that the 20 MW Chandrapur Solar plant was found to be unfeasible due to its undulating structure.

  The Principal Secretary, Power, Government of Assam, Shri J. Baruah (IAS) informed that Government of India has proposed extension of the National Grid gas pipelines to Assam. He stressed that APGCL may seize the opportunity to start a gas based thermal power station in Chandrapur. Besides, since modern thermal plants require lesser manpower and space, the available infrastructure at

Chandrapur might be used to house a training institute for power sector employees of the State.

vi. Shri J. Baruah (IAS), Principal Secretary, Power, Government of Assam stated that he was contemplating to hold a meeting with ABITA and tea associations to discuss the issues related to tea gardens as it was an important sector contributing more than 10 % of APDCL's revenue.

vii. Prof. B.K. Roy, NIT Silchar observed that the Companies did not provide any reply/ status to many issues discussed during the last meeting. He suggested that if action against any issue was pending, the companies should inform so.

On his query regarding status of constitution of Coordination Committees (to resolve power related issues with the tea gardens), it was informed by MD, APDCL that meetings have been held among officers of APDCL and tea garden officials from time to time and a number of issues were resolved, wherever possible. However, APDCL was considering institutionalizing the Committees so that they met every month.

Ms S. Sarma, CII requested that these committees should be formed for other HT consumers as well.

Hon'ble Chairperson (Off.), AERC requested that the status of the functioning of these Committees be forwarded to the Commission.

viii. Prof, B.K. Roy, NIT Silchar also suggested that awareness programmes on power sector may be organized in schools through quiz, debate and essay writing competitions, etc. He opined that such programmes can be very effective and could be conducted by the local APDCL offices and cost involvement would be minimal.

**Agenda No. 3 (i) : Presentation on Tariff Petition for FY 2018-19 by AEGCL**

There was a brief power point presentation on the revised Annual Revenue Requirement and tariff for FY 2018-19 along with true up for FY 2016-17 and Annual Performance Review for FY 2017-18. The status of ongoing projects in AEGCL was also discussed. The following discussions took place during the course of the presentation.

i. Shri H. Sutodiya, AIMO wanted to know the reason behind cheap power i.e less than Rs 3/ kWh from Bhutan. Hon'ble Member, AERC Shri S.C. Das informed that most of the power projects in Bhutan are hydro based projects and subsidized by the Government and therefore, cheaper.

ii. Ms S. Sarma, CII suggested that Assam should try to procure this cheap power as the requisite infrastructure to transmit this power is available.

Hon’ble Member, AERC Shri S.C. Das informed that the power from Bhutan cannot be procured directly by APDCL as it is international power and is allocated by the Government of India. He informed that Assam has been allocated 118 MW from Nikasu Power Project, Bhutan which is likely to be received from July, 2019.

MD, APDCL, Shri P. Gupta (IAS) stated that cross-border power transmission Regulations are yet to be framed by the Central Commission.

Hon’ble Member, AERC Shri Das informed that till such time these Regulations are framed, power can be transmitted through bilateral arrangement as is being done by Tripura and Bangladesh.

Representative from IEX, Shri N. Sabikhi informed that although cross – border trading is presently being done on bilateral mode, it may become possible for Assam to buy power directly through the exchanges as the CERC Regulations (which is under draft stage) permits term ahead transactions for cross border trading. He further informed that once the system is in place, Assam will be able to compete with any other State in India on the exchange for cross border power from SAARC nations (barring Pakistan and Afghanistan).

iii. Shri S. Agarwal, FINER asked the reasons behind increase in the PGCIL and depreciation charges than what was approved by the Commission in FY 2016-17 and FY 2017-18.

MD, AEGCL, Shri S. N. Kalita informed that PGCIL charges have increased on account of the revision by CERC and switch over to Point of Connection charges. He further informed that depreciation charges shown during the presentation were inclusive of grants and is likely to change, as the Commission do not allow grants in depreciation to be passed on to tariff.

iv. Shri K. Medhi, Secretary, NESSIA observed that more than 50% of AEGCL cost accounted for PGCIL charges. Therefore, he suggested that the Company may try to built and augment its own network at least within the State, particularly, in view of the new initiatives under *Advantage Assam* and accommodate the anticipated increased power flow.

MD, AEGCL Shri S. N. Kalita informed that since most of the power consumed within the State was imported from outside the State, PGCIL charges were high. MD, AEGCL remarked that the suggestion was noted. He informed that plans are already on to augment the capacity of the State transmission network and steps would be taken accordingly.

**Agenda No. 3 (ii) : Presentation on Tariff Petition for FY 2018-19 by APGCL**

APGCL made a brief power point presentation on the revised Annual Revenue Requirement and tariff for FY 2018-19 along with true up for FY 2016-17 and Annual Performance Review for FY 2017-18. The status of ongoing projects in APGCL was also discussed. The important points raised by the participants during the course of the presentation are summarized below:

i) MD, APGCL, Ms K. Baruah informed that the Lakwa Replacement Power Project (LRPP) of 70 MW will become operational from April 2018. The LRPP will replace the LTPS Stage I Project of 60 MW.

ii) Regarding the status of 70 MW Amguri Solar Power Project, MD APGCL reiterated that SECI is the consultant for the project and tender has been floated for reverse bidding with a capping of Rs 3.50/ kWh. She informed that the Capacity Utilization Factor (CUF) for the project is considered as 17%.

Representative from ABITA, Shri A. Kakati mentioned that the climatic conditions in the region was perhaps not very conducive for setting up solar projects. Citing an example of a private100 KW solar plant set up, he stated that CUF achieved from this Solar Plant is much lesser than expected at about 14%, He, however, said that this may be so due to location of the solar plant, which is near to Bhutan.

MD, APDCL, Shri P. Gupta (IAS) informed that the CUF recorded at the 5 MW solar power project at Balipara is 15.5%. MD, APDCL stated that solar projects constitute a sizeable part of power generation in Germany even when intensity of solar radiation is relatively less than in Assam. Member, AERC observed that lower CUF may also be due to sub-standard quality of the solar panels being supplied.

iii) On a query from Ms S. Priyadarshini, Associate Prof, DCB Girls' College regarding the status of Namrup Replacement Power Project (NRPP) and Myntriang SHEP, it was informed by MD, APGCL, Ms. K. Baruah that NRPP could not be commissioned last year due to some unfortunate breakdowns in the plant machineries. M/s Bharat Heavy Electricals Limited (BHEL), the developer of the project has sought extension for commissioning of the project and it was expected that the plant may be commissioned by September, 2018.

Regarding Myntriang SHEP, it was informed that Stage I of the project would come into operation by April 2018. Stage II of the project is already under operation.

Replying to a query from Prof. B.K. Roy, regarding who would bear the enhancement in project cost caused by delay of NRPP, MD APGCL stated that penalty charges have already been incurred on M/s BHEL due to the time overrun and any additional project cost would be entirely borne by M/s BHEL. Nevertheless, APGCL is losing generation due to delay in commissioning of NRPP.

iv) Shri K. Medhi, NESSIA stated that the Margherita Thermal Power Project has been inordinately delayed and enquired regarding the status of the project.

MD, APGCL, Ms K. Baruah informed that the Ministry of Power, Government of India has approved an enahanced 3,200 (800x4) MW thermal Power Plant in Margherita and NTPC Limited has recently submitted a DPR for the first phase i.e. 1600 (800x2) MW of the Project. Ms.Baruah further informed that the most crucial parameter for the successful commissioning of the project is grant of coal linkage. The DPR is now under examination and once it is finalized along with the coal linkage, the project is likely to be commissioned within 5 years. However, the present production capacity of the NER Coal Fields is only about 1 million ton per year which is insufficient to run a coal based project of this capacity. As providing Coal linkage to the project is a prerogative of the Government of India, therefore, no concrete timeline can be drawn at present regarding the completion of the project.

v) Shri S. Agarwal, FINER questioned APGCL on the status of their agreement with the gas suppliers with regard to minimum off take/ supply of gas in view of the decommissioning of the APGCL Stations of Namrup & Lakwa.

MD, APDCL explained that according to the GSA with Oil India Limited (OIL), in case of less off take of gas by APGCL than agreed quantity, due to decommissioning /breakdown of any generating unit, the Company would be required to compensate OIL and if OIL is unable to supply gas as per the agreement, it would have to compensate APGCL. As per this arrangement, Rs 1.49 Cr is payable to OIL.

Shri Agarwal commented that since APGCL was not receiving adequate gas supply for its power stations, APGCL may explore the possibility of buying gas from traders at competitive rates on rental basis to avoid loss in generation and also paying compensation against minimum guaranteed quantity.

vi) Ms. S. Sarma, CII questioned regarding the present shortfall in generation in the State and strategy, if any, to overcome this shortfall.

MD, APGCL, Ms K. Baruah informed that at present the gross generation from APGCL generating units was around 240 MW although average peak demand is 1450 MW and off-peak demand is around 1200 MW. Ms Baruah informed that a number of new projects are under different stages of development namely the 120 MW Lower Kopili Hydro Electric Project, Myntriang Stage I, NRPP and LRPP besides, a number of Solar projects. It was informed that replacement plants namely NRPP and LRPP would contribute additional 60 MW power into the system (50 MW and 10 MW respectively).

The Principal Secretary, Power, Government of Assam, Shri J. Baruah (IAS) informed that in addition to APGCL, the Distribution Company procured power from Central Sector Generating Sectors, through bilateral and exchange trading, Banking, etc to meet the demand for the State. He further informed that although there was an occasionally shortfall during peak hours, the Company could sell power during off-peak hours. He stressed that although there was power available from different sources outside the State, it always made economic sense to increase own power generation as APDCL power cost about Rs 4.09/ unit, power from outside cost around Rs 5.23/unit.

vii) CII Representative suggested that since the State has surplus power during off-peak hours, the industries may be incentivized to shift their load to the off-peak hours.

Member AERC, Shri S.C. Das opined that such a provision through Time of Day Tariffs already exist in the State for four categories of industrial consumers namely Oil & Coal, Tea, HT Industry I & HT Industry II.

viii) Prof. B.K. Roy, NIT Silchar questioned whether the Company carried out preventive maintenance as it was observed that Unit I of Stage II Myntriang SHEP was under forced shutdown from 20.11.2016 due to Thrust Pad bearing damage.

It was informed from APGCL that the damage was caused due to landslide in the area and mud rushing into the power station. It was stated that removing mud from the station itself took over two months and there was more than just bearing damage. However, proper precaution has been undertaken to ensure that such damage is not repeated. APGCL informed that the breakdown was due to natural calamity and unforeseen. It was further informed that preventive maintenance is practiced in the Company for smooth functioning of the generating units. In KLHEP, which is now over 10 years in operation, engineers from Japan visit the project regularly as a component of preventive maintenance.

**Agenda No. 3 (iii): Presentation on Tariff Petition for FY 2018-19 by APDCL**

There was a short Power Point presentation from APDCL on the revised Annual Revenue Requirement and tariff for FY 2018-19 along with true up for FY 2016-17 and Annual Performance Review for FY 2017-18. The following discussions took place during the course of the presentation:

i. Shri H. Sutodia, AIMO sought clarification on a few points. These along with the respective replies as noted below –

a) Fixed charge collected from the consumers is meant to recover the infrastructure costs for supplying power. The infrastructure costs are likely to reduce over the years due to depreciation, etc. The fixed charge component is already high for the industries and whether any study is being done by the Discom to review the infrastructure cost with regard to the connected load of the consumers.

MD, APDCL, Shri P. Gupta (IAS) informed that fixed charge levied by the Discom is not linked to the infrastructure and its expansion of the Company alone but rather consist of the Operation and maintenance charges including salary to its employees. Major chunk of the fixed cost almost 60% constitutes payment to generating units which is collected in two parts – fixed and variable.

b) Whether minimum charges can be levied instead of separate fixed and consumption charges.

APDCL replied that "*Minimum Charge*" is an old concept and most of the State utilities have done away with it. Minimum charges consisted of fixed charge and other charges like energy charge. As per Electricity Act 2003, tariffs must constitute of at least two charges – fixed and variable.

c) The supervision and other charges are collected from the new consumers wanting to set up industries in the State under "Make in Assam", despite the fact that the cost of materials are borne by the consumers themselves. Whether these supervision and other charges be done away with.

MD, APDCL Shri P. Gupta (IAS) clarified that the supervision charge is a miscellaneous charge constituting 15% of the labour charge and these charges are not connected to material cost. Member, AERC, Shri Das further clarified that prior to 2005; supervision charge was 15% of the entire cost which was quite high, however, AERC stepped in and reduced this charge to 15% of labour cost only. He observed that by levying these charges, the Discom take the responsibility that the line has been properly constructed following the norms and safety standards.

d) Industries in the State, particularly tea and food processing units require to maintain a steady backup of spares and machineries so as to meet exigencies, whenever required. Whether there can there be a provision of additional connected load without affecting the fixed charges.

Shri P. Gupta (IAS) MD, APDCL informed that as per the new AERC Supply Code Regulations, 2017, the industries would be allowed to contract the demand as per their requirement irrespective of their connected load.

Hon'ble Member, AERC, Shri S.C. Das clarified that seasonal industries had to declare a minimum 65% of the connected load as contracted demand. But with notification of the AERC Supply Code Regulations, 2017, the industries may declare contracted demand as per their requirement, however; such demand cannot be more than the sanctioned connected load for the industry. He stated that the new Regulations may be downloaded from the official website of the Commission.

ii. Shri K. Medhi, NESSIA offered the following suggestions –

a) If the quality of power improves, a nominal and reasonable increase will be considered justified by the consumers as the price of all necessary commodities have risen over the years. Therefore, the Discom should make efforts to provide good quality, reliable power to its consumers.

b) From the tariff proposal, it can be seen that increase proposed in the fixed charge for industrial, commercial and domestic consumers are not uniform.

   Load survey for the consumers is not conducted regularly and as such, the Discom is losing substantial revenue on account of fixed charge. The connected load of the consumers tend to increase over the years with increase in their electrical equipments, however, such increase is hardly intimated to the Discom. Although, the Discom give notices of voluntary load declaration from time to time, this may not be as effective as load survey.

c) The tariff for General Purpose consumers consisting of temples, mosque etc is already high. Due to this many organizations resort to unauthorized means of getting power instead of legal ways. Therefore, tariff for this category needs to be reviewed.

d) 90% of the meters in Jeevan Dhara category are either defective or not working and these need to be replaced.

Hon'ble Chairperson (Off.), AERC thanked the member for his suggestions.

Shri P. Gupta (IAS), MD, APDCL informed that tariff increase proposed for all categories is not uniform as in some categories tariff is already high.

Hon’ble Member AERC, Shri S.C. Das stated that the industrial sector is actually cross subsidizing the domestic consumers through higher tariffs. In fact, if voltage based tariff would have become applicable, tariffs for many industrial categories would have decreased as they were receiving power at a higher voltage causing low loss in the power network. However, such an arrangement would be a heavy burden to the domestic consumers and therefore, Commission follows the tariff policy while determining tariff.

iii. Ms S. Sarma, CII opined that voltage fluctuations in remote areas were severe and corrective measures need to be initiated in this regard.

Member AERC, Shri S.C. Das stated that infrastructure must be improved to encourage setting up of industries in rural areas. He opined that tariff determination based on voltage fluctuations would not be feasible, however, feeder separation of domestic and industry, initiated by the Company, should help improve the situation in rural areas considerably.

iv. Shri H. Sutodiya, AIMO suggested that the intimation regarding anticipated power failures should be given to the industrial units.

Principal Secretary, Power Government of Assam, Shri J. Baruah (IAS) suggested that this can be done for all IRCA consumers through email, mobile numbers.

v. Shri S. Agarwal, FINER gave the following suggestions:

a) The Company should give rebate on load factor, increase the rebate on power factor to encourage consumers for efficient power utilization and performance.

*b)* With the possibility of more industries coming into the State with *Advantage Assam*, newer categories for HT consumers must be introduced. Also, both LT and HT consumers should be encouraged to opt for receiving power at a higher voltage by providing incentives in tariff.

vi. Shri N. Sabikh, IEX stated that depending on the type of industry like continuous, seasonal, etc. tariff may be formulated in a way (by increasing/ decreasing the fixed charge and decreasing /increasing the energy charge) so that the average cost to the industry remains same and revenue expected to be recovered for the Discom also remains intact.

He complemented the Discom for managing their power portfolio effectively. The power purchase is 70-80% of the ARR and there is still scope of optimizing the same. IEX has developed a system which allows the Discom to optimize their power purchase on a day-ahead basis whether that power is from a State or Central generator. The discoms need to put in their quantum of power to buy into the system on a day ahead basis, and the most optimal power portfolio would be made available. Maharashtra, Bihar, Punjab are now trying to use this system to optimize their power purchase. He stated that although, it may not be possible to optimize the power purchase everyday, it can be done for a substantial period over the year, benefitting the discom by saving on its power purchase cost.

vii. Prof. B.K. Roy NIT, Silchar asked what will be the temporary rate for an agricultural consumer above 7.5 Hp.

It was informed that the consumer will come under HT temporary category.

viii. Ms S. Sarma, CII requested if an awareness campaign could be conducted on the functioning of the prepaid meters by the Discom. She offered that CII may also be a partner for the campaign.

The Discom agreed to the suggestion.

**Agenda No 6: Promotion of Renewable Energy and RPO trajectory**

A presentation was made by Shri N.K. Deka, Consultant (T), AERC on the RPO Regulations and its amendments notified by the Commission from time to time which is briefly discussed in the following paragraphs:

The Commission notified the AERC (RPO and its Compliance) Regulations, 2010 on 2nd November, 2010 fixing a trajectory for both solar and non-solar RPO compliance for FY 2010-11 up to FY 2014-15. Subsequently, the Commission amended the RPO Regulation, 2010 vide 1st Amendment notification dated 15th October, 2015 and provided a RPO trajectory for FY 2015-16 to FY 2018-19 keeping in mind the renewable resources available within the State and the views received from the obligated entities.

The Ministry of Power (MoP), GoI notified the new National Tariff Policy (NTP) dated 28.01.2016. and in light of the NTP, the Ministry of New & Renewable Energy (MNRE) issued a letter dated 11.02.2016 to the states requesting to develop Action plan for compliance of RPO upto 2022 and suggesting the SERCs to notify the RPO trajectory so as to reach 8% Solar and overall trajectory of 17% including Solar & Non-Solar by 2022.

In compliance of the National Tariff Policy and MNRE requests; the Commission initiated the process of revising the 2$^{nd}$ amendment of RPO trajectory. The above draft amendment Regulations were hosted on the Commission’s website and Public Notice was issued in the newspapers for objections/ suggestions from stakeholders..

After carefully examining, the suggestions from public/utilities and availability of RE Resources within the state and considering the impact of revision of RPO on the retail tariffs, the Commission revised the RPO trajectory and notified the same vide 2nd amendment to RPO regulations, 2010 on 14th March, 2017 as below:

| **FY** | **2016-17** | **2017-18** | **2018-19** | **2019-20** | **2020-21** | **2021-22** |
|---|---|---|---|---|---|---|
| Non –Solar | 3% | 5% | 6% | 7% | 8% | 9% |
| Solar | 1% | 4% | 5% | 6% | 7% | 8% |
| Total | 4% | 9% | 11% | 13% | 15% | 17% |

It may be mentioned here that on 22.07.2016, MNRE, GoI issued another guideline proposing a uniform Long-term trajectory of RPOs for Non-Solar & Solar Energy for FY 2016-17 to FY 2018-19 for all States/Union Territories, where it was proposed that 17% overall RPO may be achieved by FY 2018-19 itself. The same is shown in table below:

| **FY** | **2016-17** | **2017-18** | **2018-19** |
|---|---|---|---|
| Non –Solar | 8.75% | 9.50% | 10.25% |
| Solar | 2.75% | 4.75% | 6.75% |
| **Total** | **11.50%** | **14.25%** | **17.00%** |

As the Commission notified the revised RPO trajectory in accordance with NTP on 14th March, 2017 another revision within the year would have additional burden on the obligated entities. The matter was therefore, placed before the SAC for deliberation and advice.

Hon'ble Chairperson (Off.), AERC informed that the matter is under deliberation at the Forum of Regulators and it has been also proposed that the differentiation between solar and non-solar RPO be removed.

The following deliberations took place after the presentation:

1. MD, APDCL, Shri P. Gupta, IAS stated that it was becoming increasingly difficult to buy renewable power either through the exchanges and also through DEEP portal as bidders are not available. He stated that a number of renewable projects are under implementation within the state and until these projects are commissioned, there will be no option left but to buy Renewable Energy Certificates (RECs).

2. Member AERC, Shri S.C Das stated that the matter has been placed before the State Government and it is now the State Government to give policy directives in this regard. The Commission has complied with the directives of the Government of India after taking the views of the stakeholders concerned and accordingly made the trajectory upto 2021-22.

3. Shri S. Agarwal, FINER commented that RPO trajectory should be based on the available RE resources within the state. He observed that the tariff of the State is

already high and increase in RPO trajectory may force the obligated entities to buy RECs which would further increase the tariff burden on the consumers. He also stated that trading of solar RECs have been kept on a hold by the Hon'ble Supreme Court due to pricing issues.

4. Ms S. Sarma, CII stated that till such time the RE potential in the State is tapped to a certain extent, perhaps the RPO targets may be kept lower.

5. Chairperson (Off.) AERC, Shri D. Chakravarty explained that these are policy initiatives of the Government of India and every State is expected to follow the same irrespective of the present RE availability in the State. RECs have been introduced so that States not having RE potential/ availability can purchase these in the exchanges. He further observed that the Commission has to monitor compliance by the obligated entities in accordance with its Regulations.

6. Shri N. Sibikhi, IEX stated that RPO compliance is a national initiative to improve the green portfolio. He observed that RPO is comparable to taxation to encourage and benefit renewable energy producers. He stated that the States have to decide whether to make or buy RE. RE producing potential differ across different States within the country and it is always economical to produce renewable power in States that have greater potential depending on the climatic conditions and natural resources available. Therefore, States not having RE potential or yet to develop adequate RE generating units may resort to buying RECs from the exchanges to meet their RPO. The REC market was developed for this reason. He stated that the Discoms throughout the nation, initially, were deferring buying RECs, however, they have now started buying RECs to meet the RPO shortfall to clear their backlogs. As such, the REC market has seen an upsurge in the previous year and he expressed apprehension that if the trend continues, the floor price for RECs may be discontinued.

7. Shri S. Agarwal, FINER observed that although, the Discoms had the option of setting up renewable generation projects through developers, the Captive consumers had no option left but to buy RECs to meet their non solar obligations because they can set up rooftop solar plants, however, may not be able to set up non-solar projects. This would increase their cost of production and ultimately, the consumers would have to bear the cost.

8. Shri N. Sibikhi, IEX stated that as the term RPO goes, Renewable Purchase is perceived as an *Obligation* rather than as a *Responsibility*. He observed that it may not be feasible for a small industry to set up a renewable generation unit; therefore buying RECs may be the only viable option.

9. Shri S. Agarwal, FINER requested that RPO trajectory of other States may be studied vis -a- vis their availability before drawing the trajectory for Assam.

10. MD, AEGCL, Shri S.N. Kalita also requested that a detailed study may be done before deciding on the RPO trajectory.

11. Shri K. Medhi, NESSIA asked regarding the solar potential of the State mentioned in the State Solar Policy and incentives available. it was informed by the Principal Secretary, Power, Shri J. Baruah, IAS that solar potential has been stated as 14000

MW and incentives to industries have also been provided. No incentive has been provided regarding grant of land for solar projects as most of the land available is fertile in nature.

**Agenda No. 5: Any Other matter.**

No other matter came up for discussion.

Chairperson (Off.), AERC assured the members that the tariff proposals of the utilities would be prudently scrutinized and the valuable suggestions offered by each stakeholder would be taken into account while determining tariffs for FY 2018- 19.

The meeting ended with vote of thanks from the Chair.

Sd/-

(D. Chakravarty)
Chairperson (Off.),
Assam Electricity Regulatory Commission.