

The Third Annual Report
For The Year
2001 – 2002



GUJARAT ELECTRICITY REGULATORY COMMISSION
1ST FLOOR, NEPTUNE TOWERS, OPP. NEHRU BRIDGE,
ASHRAM ROAD, AHMEDABAD-380 009.

GUJARAT ELECTRICITY REGULATORY COMMISSION

**THE THIRD ANNUAL REPORT
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GUJARAT ELECTRICITY REGULATORY COMMISSION

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**THE COMMISSION PRESENTS THE THIRD ANNUAL REPORT FOR THE
YEAR 2001-2002, AS REQUIRED UNDER SECTION 36 OF THE ELECTRICITY
REGULATORY COMMISSIONS ACT, 1998. A SUMMARY OF THE ACTIVITIES, DURING THE
YEAR DONE BY THE GUJARAT ELECTRICITY REGULATORY COMMISSION.**

**M.D.MANKAD
SECRETARY
ON BEHALF OF
THE GUJARAT ELECTRICITY
REGULATORY COMMISSION**

Gujarat Electricity Regulatory Commission
Ahmedabad
Third Annual Report for the year 2001-2002

1. Introduction

Gujarat Electricity Regulatory Commission (GERC) has been constituted under Section 17 of the Electricity Regulatory Commissions Act, 1998 by Government of Gujarat, vide Notification dated 12th November, 1998 and the GERC has started functioning from 1.4.1999. and this is the Third Annual Report for the year 2001-2002 is submitted herewith.

2. The Commission and its Secretariat

2.1 Commission

The Commission is a statutory body comprising of Chairman and two Members.

The composition of the Commission during the year 2001-2002 was as under :-

Chairman

1. Shri B.M. Oza, I/c. Chairman from 1-4-2001 to 3-7-2001
2. Justice S.D. Dave from 4-7-2001 to 31-3-2002

Members

1. Shri B.M. Oza, Member from 1-4-2001 to 31-3-2002
2. Shri R.K. Sharma, Member from 1-4-2001 to 31-3-2002

Justice S.D. Dave was sworn in as Chairman by the Hon'ble Chief Minister on 4-7-2001

2.2 Secretariat of the Commission.

The following Officers had held the charge of the Secretary.

- 1) Shri G.D. Vyas, IAS, Secretary from 1-4-2001 to 4-2-2002
- 2) Shri M.D. Mankad, IAS, Secretary from 5-2-2002 to 31-3-2002

2.2.1 The State Government had sanctioned total 35 posts for the smooth functioning of the Commission. Out of these 35 posts the Commission has recruited four Executives (June 2001) and four Dy. Directors (September-October, 2001). One post of Dy. Director, two post of Executives and one post of Accounts Officer have been filled up by way of deputation. Thus the total strength at present working in the Commission, including Chairman and the Members, Secretary, Officers and subordinate staff is 23 (twenty three).

2.2.2 Office Building

According to Notification dated 15th April, 1999 issued by Energy & Petro chemicals Department, the Commission had occupied 5th Floor of Center Point as the Office Building, but the said Office Building had to be changed due to non-availability of BU Permission. Subsequently, the Commission had occupied 1st Floor of Neptune Tower, Ashram Road, Ahmedabad at its Office Building and started functioning at this premises with effect from 31st August 2001. The necessary permission from the Government was also obtained and the necessary infrastructure is developed for the smooth functioning of the Commission.

3. Functions of the Commission

3.1 Chapter-V of the Electricity regulatory Commissions Act, 1998 provides the powers and functions of the State Commission :-

- (1) In terms of Section 22(1) of the Act, subject to the provisions of Chapter-III, the State Commission shall discharge the following functions, namely :
 - (a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in section 29 ;
 - (b) to determine the tariff payable for the use of the transmission facilities in the manner provided in section 29 ;
 - (c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
 - (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- (2) Under Section 22 (2) of Electricity Regulatory Commission as Act, 1998 Subject to the provisions of Chapter III and without prejudice to the provisions of sub-sectionP (1), the State Government has, by Notification No. GHU-98-56-ERC-1298-Goi-30-(3)K dated 20.10.98 in the Official Gazette conferred the following functions upon the State Commission, namely

- (a) to aid and advise the State Government, in matters concerning electricity generation, transmission, distribution and supply in the State ;
- (b) to regulate the operation of the power system within the State;
- (c) to issue licences for transmission, bulk supply, distribution or supply of electricity and determine the conditions to be included in the licences;
- (d) to regulate the working of the licences and other persons authorized or permitted to engage in the electricity industry in the State and to promote their working in an efficient, economical and equitable manner ;
- (e) to require licensees to formulate perspective plans and schemes in co-ordination with others for the promotion of generation, transmission, distribution, supply and utilization of electricity, quality of service and to devise proper power purchase and procurement process;
- (f) to set standards for the electricity industry in the State including standards relating quality, continuity and reliability of service ;
- (g) to promote competitiveness and make avenues for participation of private sector in the electricity industry in the State, and also to ensure a fair deal to the consumers ;
- (h) to lay down and enforce safety standards ;
- (i) to aid and advise the State Government in the formulation of the State Power policy ;
- (j) to collect and record information concerning the generation, transmission, distribution and utilization of electricity;
- (k) to collect and publish data and forecasts on the demand for, and use of electricity in the State and to require the licences to collect and publish such data ;
- (l) to regulate the assets, properties and interest in properties concerning or related to the electricity industry in the State including the conditions governing entry into, and exit from, the electricity industry in such manner as to safeguard the public interest ;
- (m) to adjudicate upon the disputes and differences between the licensees and utilities and to refer the matter for arbitration ;

- (n) to co-ordinate with environmental regulatory agencies and to evolve policies and procedures for appropriate environmental regulation of the electricity sector and utilities in the State; and
- (o) to aid and advise the State Government on any other matter referred to the State Commission.

4. State Advisory Committee

Section 24 of the Electricity Regulatory Commissions Act, 1998 empowers the (State) Commission to establish State Advisory Committee, consisting not more than twenty one members to represent the interest of Commerce, industry, transport, agriculture, labour, consumers, non-government organizations and academic & research bodies in the energy sector. In view of this the Commission has constituted the Advisory Committee in the month of September, 1999. The tenure of the said Advisory Committee was extended for a further period upto 31-10-2002 vide Notification No. GERCI/SEC/2000 dated 5th March, 2002.

The objects of the Advisory Committee are to advise the Commission on :

- (i) Major question of policy
- (ii) Matter relating to quality, continuity and extent of service provided by the licensees
- (iii) Compliance by licensees with the conditions and requirement of their licensee
- (iv) Protection of consumer interest, and
- (v) Energy supply and overall standards of performance by utilities.

The meeting of the Advisory Committee was held on 10.5.2002.

5. Activities during the year

- 5.1** To keep pace with changing scenario in the Power Sector and in order to keep staff of the Commission in tune with the development in the Power Sector, the Commission has sent the staff regularly to various Energy Sector related training programmes to the Organisations/Institutes like, NEXANT INC Energy Conservation & Commercialization, Mumbai, the Central Power Research Institute, Bangalore and Central Board of Irrigation and Power, New Delhi, TERI, New Delhi etc.

5.2 In the Tariff Application received from Surat Electricity Co. Ltd. the Commission has given their Award vide their Order dated 1st December, 2001. Tariff Application of Ahmedabad Electricity Co. Ltd. received in October, 2000 was also taken up by the Commission for determination. The details of these two Tariff Applications are given in the subsequent paragraphs under the Heading "Determination of Tariff".

6. Determination of Tariff

6.1 Tariff Application of SEC.

6.1.1 The Commission has been constituted under Section 17(1) of the Electricity Regulatory Commissions Act, 1998. The details and functions of the Commission are as per Section 22 of the said Act and Section 29 of the Act contemplates determination of Tariff as per certain principles, which the Commission is required to follow while determining the Tariff. These principles are enumerated in Section 29(2) of the Act.

6.1.2 The Surat Electricity Co. Ltd.(SEC) submitted its application on 14th June, 2000. The SEC is a sanction holder under Section 28 of the Indian Electricity Act, 1910. The area of distribution covers only 52 Sq. Km. in the city of Surat as compared to the total Municipal Area of 112 Sq. Km. The company purchase the power from GEB. The tariff of the sanction holder is to be decided according to Section 29 the ERC Act, 1998.

6.1.3 After scrutiny of the application, the Commission through a public notice invited objections and suggestions from the public. In response to the public notices which appeared in the news papers, the Commission received suggestions and objections from as many as 80 consumers and consumer organizations. The Commission has considered all the objections/suggestions very carefully and given the opportunity of hearing to all the 80 consumers and consumers organizations in the open court and after hearing all the groups through a transparent process the Commission had furhter declared the Award in respect of the SEC on 1st December, 2001 making the Tariff Structure simple and determining the tariff applicable to various categories of consumers.

6.2 Tariff Application filed by the Ahmedabad Electricity Co. Ltd.

6.2.1 The Ahmedabad Electricity Co. Ltd submitted its proposal for revision of Tariff on December 18, 2000, The Commission held various hearings in 2001. In order to ascertain the views of the various consumer groups about the quality of services as well as the condition of supply and the tariff total 61 objections/suggestions were received. The application was under consideration during the Financial Year 2001-2002. Since post of Chairman was vacant, there was a technical problem about quorum and also a case was filed by the Ahmedabad Municipal Corporation. The matter remained pending at the end of the financial year 2001-02.

7 Other orders issued by the Commission

7.1 In addition to the above, the following important orders were also passed by the Commission during the year 2001-2002.

- i) Minimum Charges to the earth quake affected areas in the Gujarat State
- ii) Subsidy by Government in Agricultural Sector
- iii) Approval of PPA between the GEB and NTPC
- iv) Applicability of Tariff Rate HTP-IV to the industries using induction furnace
- v) Disconnection of Electricity Supply of M/s Mardia Chemicals
- vi) For Non-implementation of HTP-IV orders passed by the Commission dated 27-11-2000.

8. Commission's Website

The Commission has revamped its website and started maintaining the same from the office of the Commission. The site gives details about organization, Regulations, Orders passed by the Commission, Hearing Schedules, Reports and provides links to various websites of Utilities, other State's Regulatory Commissions and various departments of State as well as Central Government relating to power sector. The address of the Commission's website is www.gercin.org.

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