

**Minutes of the 10<sup>th</sup> meeting of the State Advisory Committee held on 15<sup>th</sup> June, 2010 at 11.00 A.M. at "Narmada Seminar Room", Sardar Patel Institute of Public Administration (SPIPA), Ahmedabad.**

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The list of the Members present in the meeting is annexed (Annexure-1)

Shri Sanjay Nandan Agrawal, Secretary, GERC on behalf of the Commission warmly welcomed the Members and requested Dr P.K.Mishra, Chairman to address the meeting.

Dr P.K.Mishra welcomed all the Members and invitees and stated that the joint meeting of the State Advisory Committee and Co-ordination Forum is being held following the suggestion made by the Advisory Committee in its last meeting.

The Chairman, GERC also welcomed the two Special Invitees and introduced Shri Kiritbhai Amin and Shri Sachin Oza to the Members and stated that Shri Kiritbhai Amin is Member of the National level Advisory Committee and belongs to Gujarat and would provide a national level perceptive. Dr P.K.Mishra further stated that the Central Regulatory Commission decides tariff of Central sector and other Power Stations supplying electricity to more than one states and transmission tariff for inter-state transmission. CERC has no direct linkage/interaction with the consumers. He hoped that Shri Amin could present his suggestions based on deliberations in the present meeting at national level. Shri Sachin Oza, Executive Director, Development Support System who is working on support systems for agriculture and electricity in rural area, would be able to broaden the discussion, as there is a lot of focus has been on accessibility to power, energy conservation, removal of poverty, and energy security and issues of rural electrification in Gujarat. He further stated that Gujarat is a progressive State in several sectors, which include power sector also. He further mentioned that the Commission has issued Annual Revenue Requirement/Annual Performance Review orders for all the utilities by March 2010. The Commission has also issued Regulations on Procurement of Energy from Renewable Sources by the Distribution licensee, Captive and

Open Access users for procurement of Renewable/Non-conventional resources. Four tariff orders have also been issued for renewable energy sources i.e. solar, wind, biomass and bagasse based on cogeneration. GERC is the first Commission amongst the SERCs which has issued a comprehensive solar tariff order. The Chairman thanked GUVNL and TPI. for filing their ARR in time.

He further mentioned that two months ago World Resource Institute, South Africa had invited Chairman of GERC to participate in a workshop on Clean Energy initiatives organised by the Clean Energy Forum. Of all the other State Electricity Regulatory Commissions, only GERC was initially invited.

Chairman further mentioned that the Commission had appointed an independent full-time Ombudsman, Shri V.T. Rajpara, who was also present.

Thereafter, the agenda items were taken for discussion.

#### **Item No. 1**

#### **Approval of the Minutes of the 9<sup>th</sup> Meeting of the State Advisory Committee held on 4<sup>th</sup> December, 2009**

The Minutes of the 9<sup>th</sup> Meeting of the State Advisory Committee held on 4<sup>th</sup> December, 2009 were sent to all the Members vide Commission's letter No. GERC/SAC/2009 dated December 31, 2009. No comments were received from any of the Members. The minutes were, therefore, approved.

#### **Item No. 2**

#### **Follow up action on decisions taken in the 9<sup>th</sup> Meeting of the State Advisory Committee**

##### **2.1 DSM policy**

The Committee was informed that BEE has prepared a project report on pilot project on Agriculture DSM based on survey carried out and has identified potential of energy saving and has carried out cost-benefit analysis. The Commission held a meeting on 4.5.2010 and discussed the



project with GUVNL and Discoms. Discoms have agreed to implement the project.

## 2.2 Other consumer issues.

- (i) The matter regarding recovery of charges of LT line and transformer as per GUVNL circular No. 184 dated 8<sup>th</sup> February 2007, was taken up by the Commission with the utilities. They have agreed to look into the matter and are in the process of formulating a fair alternative.

During the meeting it was intimated by the MD, GUVNL that Discoms are collecting data on actual expenses on providing new connections so as to arrive at a uniform rate on per-KW basis. It was, however, highlighted that agriculture connections are being released free of cost and as such total expenditure will have to be recovered from other consumers.

- (ii) Regarding representation of SAC members to other agricultural consumers to use more than one meter in the same survey number, it was opined by the Discoms that this was not feasible due to possibility of misuse of this facility and large no. of pending agricultural applications. It was also intimated that many court cases have been filed before the Hon'ble High Court on this issue and the Hon'ble Court had also upheld the present practice.
- (iii) During the last meeting, the SAC members had stated that during checking of agricultural connections, the motor capacity is assessed on the basis of measured current and the supplementary bill is issued accordingly. In some cases the consumers are booked under Section 126 and 135 of the Electricity Act, 2003. The Members had expressed that higher current is always not due to higher capacity of motor but it may be due to various other reasons. As such, the Discoms were advised to exercise due care in such cases and the

assessment should be made after considering all relevant facts. Shri Kiritbhai Amin suggested that in such cases, capacity of motor should be calculated according to the circular issued by the Electricity Commissioner on 13.01.1999. Discoms agreed to this proposal.

- (iv) Shri K.K. Bajaj suggested that third party testing must be introduced in case of complaint about defective meter. In laboratory testing the consumer must be allowed to remain present along with his technical representative. Discoms/GUVNL agreed to look into the matter and take necessary action. It was pointed out that the Electrical Inspector does not have any authority to test the meter. The Supply Code has provision for carrying out third-party test in which the consumer is entitled to insist that the meter be tested in the NABL Laboratory and not at the utility's own laboratory. The consumer is allowed to keep his representative present during the testing in such a laboratory.
- (v) Shri Bavchandbhai Dhameliya mentioned that priority release of Agricultural Connections in the same category is not maintained. He submitted sample case of Gariadhar sub-division of PGVCL. PGVCL officials clarified that the information collected under RTI is not consistent with the sample case. The priority is different in case of MIS (Micro irrigation system) and DIS(Drip irrigation system), which depends on completion of execution of four party agreement and submission of documents ,test reports etc.

### Item No. 3

#### Tariff Orders: Highlights

Tariff Orders issued by the Commission on 31<sup>st</sup> March, 2010 and some salient aspects:

- Tariff rationalisation

Chairman appraised the Members that in the latest Tariff Orders, the Commission has rationalized the Tariff Structure as under.

- **Reduction in number of Slabs**

The number of slabs in residential category have been reduced to four from five slabs and in commercial category from four to three.

- **Removing ambiguity with respect to applicability of tariff:**

In order to remove ambiguity in applying the tariff categories among various types of consumers, the Commission has merged some of the existing H.T. categories in HTP-I category

- **Moderate Tariff hike due to rationalization:** Tariff rationalization can result in increase or decrease in some categories of tariff. An overall decrease in revenue due to tariff rationalization would have adversely affected the finances of the utilities. Hence, some tariff increase to prevent such a situation was necessary.

- **Changes in Tariff Schedule**

The Commission approved the following changes in tariff structure.

1. In LFD – I for Residential Premises the earlier five slabs are regrouped into four slabs as shown below;

Previous LFD-I Slabs	New LFD-I Slabs
1-50 kWh	1-50 kWh
51-100 kWh	51-100 kWh
101-200 kWh	101-250 kWh
201-300 kWh	Above 250 kWh
Above 300 kWh	

2. In LFD – II for Commercial Purposes the earlier four slabs are regrouped into three slabs as shown below;

Previous LFD-II Slabs	New LFD-II Slabs
1-50 kWh	1-50 kWh
51-150 kWh	51-150 kWh
151-300 kWh	Above 150 kWh
Above 300 kWh	



- **Impact of Electricity Duty**

The Commission advised the State Government to revisit the Electricity Duty structure because the present system of *ad-valorem* duty makes the impact of any tariff increase compound even further.

#### **Item No. 4**

#### **Commercial Operation of Intra-state ABT**

The Chairman mentioned that Intra-State ABT would bring discipline amongst the various stakeholders of the State and help improve quality of power with reliability to the consumers. The Commission has amended some of the clauses of The Intra-state ABT order dated 11.8.2006 based on the mock trial experience. The Commission has also incorporated the provisions based on the minutes of the meeting held among representatives of Essar Steel, Essar Power, GUVNL and GETCO which were pertaining to complex issues of metering at Essar complex. The Commission had taken the services of Shri Bhanu Bhushan, ex-Member, CERC verifying the readiness of SLDC. The Intra-state ABT was operationalised on commercial basis from 5.4.2010 and made applicable to CPP, IPP, utility Open Access Consumers and distribution licensees. An amendment order was also issued by the GERC on 24<sup>th</sup> May 2010 revising UI and additional UI charges based on the amendment made in CERC Regulation. Accordingly the SLDC has started preparation and issue of weekly UI accounts.

Representative of M/s. Essar Energy Ltd. requested for timely issue of billing of energy accounting and mentioned that transmission losses are not given separately in the energy accounting bill. Representative of SLDC replied that energy accounting billing system and data processing and implementation are under process and will be regularized in due course.

Chairman enquired about the disputes regarding wind generation set-off from the date of commissioning and date of energy injected into the grid. It was

replied by the representative of SLDC that after September 2009 all PPAs are signed after issue of the letter for commissioning of the unit.

**Item No. 5**

**Regulations on Renewable Energy, RPPO and REC**

**1. Renewable Energy**

The Committee noted the following orders issued by the Commission after hearing all the stakeholders.

**(i) Wind Energy Tariff Order No. 1/2010 dated 30.1.2010**

The Commission has determined Wind Energy Generation Tariff and passed an order on 30.1.2010 after considering the views expressed by the stakeholders, Government policy, orders of various SERCs/CERC. This is the second order for Wind Tariff. The Commission has revised tariff from Rs. 3.37 per unit to Rs.3.56 per unit in the revised order. The Commission has also allowed third party sale without cross-subsidy. The project developers were also allowed to wheel power at lower transmission and wheeling charges as a promotional aspect.

**(ii) Solar Energy Tariff Order No. 2/2010 dated 29.1.2010**

The Commission determined tariff for Solar PV and Solar Thermal power projects established in the State and those who sell power to the distribution licensee of the State. The Commission passed an order for Solar PV and Solar Thermal Power projects on 29.1.2010 based on the submissions made by the stakeholders, Government Policy, and CERC Regulations/Order.

The Commission is the first SERC in the country to bring out a comprehensive tariff order for Solar Energy in the State. It will be helpful to the project developers to establish projects in the state and

sell the energy generated from it to distribution licensees. Distribution licensees were under obligation to purchase energy generated from solar energy as fulfillment of RPO.

**(iii) Biomass based power generation.**

The Commission has determined tariff for biomass based power generation vide its order dated 17.5.2010. This is a second order for biomass based power generation. The Commission has revised tariff from Rs. 3.08 per unit to Rs. 4.49 per unit in the revised order with accelerated depreciation and Rs. 4.54 per kWh without accelerated depreciation. The Commission has divided the above tariff in blocks of initial 10 years and 11<sup>th</sup> year to 20<sup>th</sup> year to match out the incremental cost of fuel in the last part of the project. This order would encourage project developers to establish such plants and enhance energy generation from such Non-conventional Resources. It would also result in socio-economic benefits to people in rural areas.

**(iv) Bagasse based Cogeneration.**

The Commission determined the tariff for bagasse based cogeneration in the State vide order dated 31.5.2010. The Commission has revised tariff from Rs. 3.00 per kWh to Rs. 4.65 kWh with accelerated depreciation and Rs. 4.71 per kWh without accelerated depreciation. The Commission has divided the above tariff in blocks of initial 10 years and 11<sup>th</sup> year to 20<sup>th</sup> year to match out the incremental cost of fuel in the last part of the project. This order would encourage project developers to establish such plants and enhance energy generation from such Non-conventional Resources and would also result in socio-economic benefits to people in rural areas.

**(v) Renewable Purchase Obligation**



The Commission notified Regulations on Procurement of Energy from Renewable Sources, 2010. The Commission has enhanced the renewable purchase obligation from 2% in the F.Y.2008-09 which is enhanced to 5%, 6% & 7% for the years 2010-11, 2011-12 and 2012-13 respectively. The Commission has provided separate RPO provisions for wind, solar and other renewable energy sources based on their availability. The National Action Plan on Climate Change provides that every State Commission provide minimum 5% of RPO for the year 2009-10 and the same can be enhanced by 1% every year. The RPO is also made applicable to the Captive and Open Access consumers/users.

**(vi) Renewable Energy Certificate.**

According to Sec. 86(1) (e) of the EA 2003, the SERCs are mandated to promote co-generation and generation of electricity from renewable sources. The renewable energy certificate is a mechanism by which the consumers who are not connected with the grid, but getting the power through dedicated line or from their own CPP are able to fulfill their Renewable Power Purchase obligations. In such condition, the REC is an instrument which will be helpful to the obligated entities (CPPs/Open Access users) to fulfill their statutory requirement. The Commission has made necessary provisions in the Procurement of Energy from Renewable Sources Regulations, 2010 for REC. The CERC has also made Regulations for REC. The Commission will finalize the REC mechanism once it is finalized at CERC level and necessary mechanism is developed at State as well as National level.

**Item No. 6**

**Open Access.**

The members of the committee were apprised about the various provisions of Open Access Regulations. It was clarified that the provisions for the long-term

open access and short-term open access have been made in the Regulations. However, it is observed that GETCO had granted Open Access on medium term basis which is not in accordance with Open Access Regulations of the Commission. It was further observed that sometimes open access is denied on some minor grounds like absence of communication facility etc., which is against the spirit of open access. The very purpose of Open Access is to encourage competition in the electricity market. For creation of an effective electricity market, open access is one of the tools to enhance competition. The consumers having more than 5 MW are entitled to get open access of transmission and distribution system of the licensee for transmission/wheeling of power. Open access is one of the key factors which will lead to competition in the power sector. Therefore, it is essential to promote open access in the state with all necessary support by the utilities.

#### **Item No. 7**

##### **Earthed Terminal at consumer's premises.**

Shri K.K. Bajaj submitted that under Rule 33 of Indian Electricity Rules 1956 the distribution licensees are required to provide earthed terminal at consumer's premises. He added that though the Commission has already issued directions to the distribution licensees in this regard, no action has been taken by the licensees so far. It was intimated that, as directed by the Commission, the licensees had carried out a study with the help of ERDA and made presentation before the commission on 4.5.2010. During the presentation, it was observed that some modifications and changes are required to be incorporated in the report. The utilities were directed to make necessary amendment in the report and submit an action plan specifying the timeframe during which the compliance would be made by the utilities. The Chairman requested GUVNL/distribution licensees to take urgent action to implement Commission's directives.

#### **Item No. 8**

##### **Recent Activities/Orders/Notifications**

**1. Notification no. 1 of 2010 dated 16.2.2010:**

GERC has notified GERC (Fixation of Trading Margin) Regulations, 2010. Accordingly, a trading licensee shall not charge trading margin exceeding 4 paise / kWh on the electricity traded, including all charges, except the charge for scheduling energy and open access.

**2. Notification no. 2 of 2010 dated: 16.2.2010**

According to the provision 4.2 (i) of Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) Regulations, 2005 dated 31<sup>st</sup> March, 2005 pro-rata cost of transformer was being recovered from the applicant, it should be recovered only if, either a new transformer was erected or an existing transformer was to be upgraded on his demand. It was noted that the Commission issued an amendment to give equal treatment to all consumers vide notification no. 2- GERC Regulations, 2010.

**Item No. 9**

**Appointment of Ombudsman**

The Chairman introduced Shri V.T. Rajpara who was appointed as Ombudsman on 31<sup>st</sup> December 2009.

**Item No. 10**

**Other issues raised by Members of the State Advisory Committee**

It was intimated that letters have been received from a number of Members suggesting issues to be discussed in the meeting. In view of the paucity of time, Chairman requested the Members to put forth important points from their letter.

**(i) Consumer Education and Research Society, Ahmedabad**

Mr K.K. Bajaj raised the issue regarding large number of electrical accidents in PGVCL/ UGVCL areas. M.D, PGVCL explained that large



number of accidents are occurring due to negligence of consumers. It was emphasised that the distribution licensees should ensure proper earthing to save human life. Shri Bajaj further stated that transparency should be maintained in calculating FPPPA charges.

- (ii) Shri Bavchandbhai Dhameliya raised the issue regarding release of F.Q. as in PGVCL priority is not maintained in release of agricultural connections citing an example of Ganiyadhar Taluka. It was observed that this issue has already been covered under item No. 2(v) above. However, Chairman suggested that the Chairman, PGVCL should discuss the issue with Shri Bavchandbhai and sort out the same.

**(iii) Rajkot Engineering Association, Rajkot (3 letters)**

The association representative requested to consider and fix appropriate cost per BHP for small industrial applicants and refund 11 KV line cost to the consumer if Discom taps other transformer on this line within three months, as the consumer has paid full cost of line and Discom avails the business free of cost. They requested not to recover electric plant cost from a consumer asking for less than 15 BHP connection as was the practice in the time of GEB.

**(iv) Bharatiya Kisan Sangh, Gandhinagar**

Shri Maganbhai submitted that at present, the scheme of energy efficient pump sets is launched for HP based tariff only. The scheme should be made applicable to agricultural connections with metered tariff also. It was noted that the issue was put up before Government representative and was suggested to request Government to make necessary amendments in the said policy so that the scheme can be extended to other categories also. It was further informed that MGVCL, UGVCL and PGVCL have adopted ESC model for replacement of the existing agricultural pump set.

(v) **Confederation of Indian Industry, Ahmedabad.**

The Association representative stated that the concept of CPP is mooted in the new Electricity Act and suggested that grant of short term and medium term open access need to be quick and simple as the provisions of Electricity Act and policy of Ministry of Power and CERC mandate easy and trouble free use of the grid for sale of power within the State and outside. They also suggested that SOP details should be obtained by GERC from customers and not from Discoms.

**Item No. 11**

**Any other item with the permission of Chair**

Shri Kirtibhai Amin stated that utility officers do not respond to the communication of Member of Advisory Committee of CERC citing example of UGVCL. Hon'ble Chairman advised that all such communications should be properly acknowledged and prompt action should be taken to address the issues raised therein.

The meeting was concluded with a vote of thanks to the Chair and all participants by Shri M.N. Khalyani, Dy Director (Adm & Acts).

Date : 20.08.2010  
Ahmedabad



( Dr Ketan Shukla )

Secretary  
Gujarat Electricity Regulatory Commission  
Ahmedabad

## Annexure-I

Sr No.	Name & Designation
1	Dr. P. K. Mishra Chairman, GERC
2	Shri Pravinbhai Patel Member(T), GERC
3	Shri Sanjay Nandan Agrawal, IAS, Secretary, GERC
4	Shri L. Chuaungo, IAS Chairman, GUVNL
5	Shri V. S. Gadhavi, IAS Chairman, PGVCL
6	Managing Director, DGVCL
7	Managing Director, PGVCL
8	Smt Shobhanaben Desai, Jt. Secretary, E&PD, GoG
9	Shri K.M. Chorera Under Secretary, E&PD, GoG
10	Managing Director MGVCL
11	Managing Director UGVCL
12	Shri S.K. Neggi Managing Director GETCO
13	Shri P.H. Rana Director (Tech), GETCO



- 14 Shri S.B. Khayalia  
Executive Director (Finance), GUVNL
- 15 Executive Director,  
TPL, Ahmedabad
- 16 Executive Director,  
TPL, Surat
- 17 Shri V. T. Rajpara  
Ombudsman for Electricity
- 18 Shri M.B. Patel  
Jt. Managing Director, PGVCL
- 19 Shri Vagmin Buch  
Director, GEDA
- 20 Shri Sachin Oza  
Executive Director, Development Support Centre
- 21 Shri Kirtibhai Amin  
Member, CERC, and  
President, Pradesh Kisan Vikas Sang, Patan
- 22 Shri K. K. Bajaj,  
Director, Consumer Education and Research Society
- 23 Shri N. Dinkar  
Member
- 24 Shri Bavchandbhai Dhamelia  
Gujarat Khedut Samaj
- 25 Shri Maganbhai Patel  
Bhartiya Kisan Sangh
- 26 Shri Shival.S.Barasiya  
President, Rajkot Engineering Industry Association
- 27 Shri T.P. Govindan  
Director, ERDA

- 28 Shri Dipesh Shah  
Director, CH, Gujarat
- 29 Shri T. E. Bhatt  
ESSAR Energy
- 30 Shri Nilay Dave  
ESSAR Energy
- 31 Shri Jyotindra Patel  
Chamber of Commerce & Industry
- 32 Shri G.K. Prajapati  
Chamber of Commerce & Industry

### **Staff of GERC**

- 1 Shri M.N. Khalyani  
Dy Director (Adm & Acis), GERC
- 2 Shri Dharmendra Parmar  
Jt Director (Tech)
- 3 Shri S.R. Pandey  
Legal Advisor, GERC
- 4 Shri B.R. Joshi  
Consultant (Tariff), GERC
- 5 Smt. Malaben Y Shah  
Consultant (Legal), GERC
- 6 Ms C.N.Bhatt  
Accounts Officer, GERC
- 7 Smt. A.S. Dani  
Dy Director (Tech), GERC
- 8 Shri S.T. Anada  
Dy Director, GERC