

**MINUTES OF THE 1st MEETING OF
THE SECOND STATE ADVISORY COMMITTEE OF OERC**

PRESENT:

1. Shri B.K. Das, Chairperson, OERC - [in the Chair]
2. Shri S.K. Jena, Member, OERC
3. Shri K. C. Badu, Member, OERC
4. Shri B.S. Panda
Addl. Secretary, Department of Energy, Govt. of Orissa, Bhubaneswar
2. Dr. Arati Mohanty,
Ex-Member, State Consumer Redressal Commission, Bhubaneswar
3. Shri K.N. Jena representative of Orissa Consumer Association, Cuttack -
753002
4. Ms Rama Subudhi
President, Institute of Women's Welfare, Berhampur
5. Shri Maheswar Baug, Ex-Minister & President of Nagarika Adhikar
Surakshya Committee & Durniti Nibarana Sangha, Balasore
6. Shri G.N. Agarwal
General Secretary, Sambalpur District Consumers Federation, Sambalpur
7. Shri P. K. Dash
Orissa Krusak Mohasangha, Cuttack
8. Shri S.C. Mohanty
General Secretary, Nikhila Orissa Bidyut Sramik Mohasangha, Cuttack
9. Shri M.V. Rao
M/s.Utkal Chamber of Commerce & Industry Ltd., Bhubaneswar
10. Shri S.K. Nanda
Confederation of Indian Industry, Bhubaneswar
11. Shri G. Pujari
Sundargarh Dist. Employers Association, Roukela
12. Shri R.K. Jain
Chief Electrical Distribution Engineer, East Coast Railway, Bhubaneswar
13. Shri S.C. Mahalik, New Delhi
14. Prof. (Dr.) G.C. Kar, Bhubaneswar
15. Prof. D.V. Ramana, Professor, XIMB, Bhubaneswar
16. Shri R.N.Mohapatra, Jeypore
17. Shri A.C. Mallick, Director (Commercial), GRIDCO
18. Shri V. Biswal, Managing Director, OPGC
19. Shri J. Padhi, Director (Operation), OHPC
20. Shri D. Biswal, CEO (F&C), CESU

OERC SECRETARIAT :

1. Shri N.C. Mahapatra, Secretary (in-charge)
2. Shri S.N. Ghosh, Director (Tariff)
3. Ms Purabi Das, PAO

TIME : 3:30 PM
DATE : 25TH APRIL 2007
VENUE : CONFERENCE HALL, OERC

I. Action taken report on last SAC meeting

1. The Secretary (in-charge) apprised the members of the action taken on the recommendations of the last SAC Meeting. He reported that all DISCOMs had been instructed to organise monthly meetings for disposal of consumer complaints at the Divisional level. As the CEOs of NESCO, WESCO & SOUTHCO were not able to be present due to unavoidable circumstances, they could not brief the SAC on the details of the action taken. The CEOs of the various DISCOMs would again brief the SAC on the action taken at the next meeting of the SAC. He also added that a special meeting of the SAC to deal exclusively with consumer complaints would be convened shortly.

II. Grievance Redressal Mechanism

1. A presentation was made by the Public Affairs Officer on the Grievance Redressal Mechanism in the State. During discussions the following observations were made :

- (i) Constitution of the GRF : Since DISCOMs appointed two of the GRF members, it would be difficult for the GRF to be independent and objective and to dispose of complaints impartially even though one of the members is independent of the DISCOMs. Moreover the CCRs of these officers were also being written by the controlling officers of the parent company. As such they could not be expected to be unbiased or in favour of consumers. Members opined that this was one defect which needed immediate rectification.
- (ii) Delay in observing statutory time limits : The statutory 45-day time limit for disposal of complaints and grievances was often violated since the utilities did not respond to notices within the required time. Moreover many GRFs did not have the basic infrastructure to serve notices and had to dispatch them by post causing delay.
- (iii) Attendance at hearings : It was also observed that officers of the utilities were not attending the hearings and were often designating subordinate staff for the purpose.

- (iv) Ex-parte decision : When time limits were not observed by utilities ex-parte decision should be awarded by GRFs in favour of consumers.
- (v) Publicity : Adequate publicity is not being given to the institution of GRFs/Ombudsman and, therefore, people are not aware of their role in redressal of grievances. Utilities should be advised to give wide publicity to these institutions by every means available and cooperate with GRFs in organising public awareness camps at divisional level.
- (vi) Committee to recommend amendments in regulation : A committee should be constituted by OERC to examine the various lacunae and suggest amendments to the GRF & Ombudsman Regulations and the GoI Rules providing for appointment for serving employees of Utilities, as GRF members as this is in contradiction of the legislation which provides that only the SERCs would lay down the guidelines for the GRFs. It is for the appropriate Commission to lay down the guidelines in accordance with section 42(5) of the Act, 2003 and not for the GoI to frame rules in this regard.
- (vii) Rather than the DISCOMs meeting the fund for functioning of the GRFs, it is desirable to set up a Fund under the SERC, with contributions from the DISCOMs from which the expenditures of the GRFs could meet so as to maintain autonomy and independence.
- (viii) It was also observed that innumerable grievances of innumerable consumers can not be redressed by a handful of GRFs. The fundamental and basic responsibilities is with the DISCOMs who should establish an efficient Complaint Handling Procedure for speedy redressal of grievances. Driving the consumers for all their small grievances to the GRFs is not a meaningful way of handling grievances. Consumer grievance should preferably be redressed at the nearest licensees' office starting from section level to corporate level. A consumer when dissatisfied with the handling of grievance at any level should approach the GRF. That is why it is necessary that the functioning of their field officers is scrupulously monitored by the licensee to reduce consumer grievances.

- (ix) Under the provisions of the Act, 2003, the licensees have no scope of appeal against the orders of the forum where as a consumer can appeal to an ombudsman. The Ombudsman is appointed/designated by the Commission. All expenses of the Ombudsman and his office are met by the Commission where as the expenses of the forum are met by the licensee. The Forum of Indian Regulators (FOIR) is collecting the views of all SERCs in this matter, after which FOIR will make appropriate recommendations. Therefore, it will be better to await the recommendations of the Forum of Indian Regulators (FOIR) regarding the status of the Grievance Redressal Forum and make suitable amendment to the regulation, if it is considered necessary.

III Tariff appraisal

1. The Director Tariff of OERC made a presentation analyzing tariff trends in 2007-08. This was followed by a presentation on the tariff order of 2007-08 by the Naba Krushna Choudhury Centre for Development Studies. The following observations were made during the discussions :-

- (i) Tariff not constant : Tariff had remained unchanged only for domestic consumers. The increase in BST has been passed on to EHT consumers.
- (ii) Rise in Transmission Loss : GRIDCO should not have been allowed an increase in transmission loss in tariff from 4% to 5%. Addition in transmission assets was expected to reduce loss.
- (iii) Income Tax : Income Tax is a direct tax and should not be passed on to consumers, members opined. It was clarified that this is because GOI guidelines stipulate 14% return after payment of Income Tax.
- (iv) Performance based tariff : There should be incentive to increase competition in the area of loss reduction by the utilities.
- (v) Depreciation : Members felt that depreciation is being accepted in toto and was not based on prudent calculation. They were assured that the

depreciation was being calculated as per GOI notification at pre 1992 rate and book value of the assets.

- (vi) Merit order purchase : members wished to know whether OPTCL was confirming to the principle of merit order purchase in calculating BST. They were assured that high power cost was not being added to pooled cost and least cost power was made available to state consumers.

IV Any other subjects

1. With the permission of the Chairperson, the following issue was raised:
Wider public participation and franchising in commercial loss reduction :-
- (A) It was clarified that the Commission has accepted in principle that the public participation in the rural areas may be effective to reduce commercial losses and improvement of collection efficiency.

Preference may be given to the Gram Panchayats, giving them an incentive for reduction of losses and improvement of collection efficiency. The licensees have been directed to come forward with an action plan within the next two months about the engagement of franchisee in their respective areas after due consultation with various authorities. On receipt of such an action plan, the Commission will approve the modalities to be adopted for engagement of franchisees.

- (B) It was also suggested by some members that the functioning of CESU is being hampered due to the presence of two CEOs. For better co-ordination of day-to-day activities, CESU should be handled by one CEO. The matter was clarified that the restructuring of CESU is under active consideration of the Commission.

The meeting ended with a vote of thanks to the Chair.

Sd/-
MEMBER(B)

Sd/-
MEMBER(SK)

Sd/-
CHAIRPERSON