

**FORUM OF REGULATORS FOR EASTERN AND NORTH-
EASTERN STATES (FORENS)**

Secretariat: C/o-ODISHA ELECTRICITY REGULATORY COMMISSION (OERC)

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From

Priyabrata Patnaik,
Secretary, FORENS

To

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Sub: Minutes of the 10th meeting of the Forum of Regulators for Eastern & North-Eastern States (FORENS) held from 25th-27st October, 2018 at Bodh-Gaya (Bihar).

Sir,

Enclosed, please find herewith the minutes of the 10th meeting of the Forum of Regulators for Eastern & North-Eastern States held from 25th - 27th October, 2018 at Bodh-Gaya (Bihar) for favour of your information and necessary action.

Encl: As above.

Yours faithfully,


SECRETARY, FORENS

Minutes of the 10th meeting of the Forum of Regulators for Eastern and North-Eastern States (FORENS) held at Sambodhi Retreat, Bodh-Gaya, Bihar from 25th -27th October, 2018 hosted by Bihar Electricity Regulatory Commission

The 10th meeting of the Forum of Regulators of Eastern & North Eastern States was held on 25th - 27th October, 2018 at Bodh-Gaya, Bihar.

Members Present:

1. Sri U N Behera, Chairperson, FORENS and OERC
 2. Sri R.P. Singh, Chairperson, APERC
 3. Sri R.N. Sen, Chairperson, WBERC
 4. Sri S.K. Negi, Chairperson, BERC
 5. Sri S.C. Das, Chairperson, AERC
 6. Dr. Arbind Prasad, Chairperson, JSERC
 7. Er. Imlikumzuk Ao, Chairperson, NERC
 8. Sri N. Sarat Singh, Chairperson, JERC for Manipur & Mizoram
 9. Sri N.R. Bhattarai, Chairperson, SSERC
 10. Sri A.K. Das, Member, OERC
 11. Sri S. K. Parhi, Member, OERC
 12. Sri R.K. Choudhary, Member, BERC
 13. Sri Amitava Biswas, Member, WBERC
 14. Sri Durgadas Goswami, Member, WBERC
 15. Sri R.N. Singh, Member, JSERC
- (Attendance Sheet enclosed)

Officials Present:

1. Sri Ajoy Sahu, Joint Director, OERC representing FORENS Secretariat
2. Sri N. Prakash, Secretary, BERC

Inauguration of the Meeting

The meeting was inaugurated on 26th October, 2018 by Sri Bijendra Prasad Yadav, Hon'ble Minister of Energy, Excise & Prohibition, Govt. of Bihar

Sri S.K. Negi, Chairperson, BERC welcomed the Hon'ble Minister, the Chairpersons and Members of the participant State Electricity Regulatory Commissions. He highlighted the achievements of BERC in evolution of the electricity sector in the state of Bihar. He also delved upon the contribution of FORENS in addressing many common problems of the member commissions.

Sri U.N. Behera, Chairperson, FORENS outlined the functioning of FORENS, regulatory framework of the power sector and benefits accrued because of reform process. He also highlighted that the deliberations in the FORENS meeting over the years have resulted in many important

resolutions for the common problems faced by the member states of the FORENS. It has also helped in understanding the challenges and achievements in the face of barriers by the members states in order to achieve higher growth in the sector.

Hon'ble Minister, in his address welcomed all the delegates of the FORENS and appreciated the role of FORENS for the contribution to the energy sector. He observed that FORENS is a like a smaller entity of the FOR created under Section 166 of the Electricity Act, 2003. He opined that in the energy sector, in the recent times, there have been many new experiments undertaken in the sector and the contribution of FORENS will go a long way in improving the sector. He said that the Regulation of the power companies is an important task by balancing the interest of companies and consumers.

The state of Bihar is facing a major challenge of supply of electricity 24X7 to the consumers of the state after separation of the state of Jharkhand resulting in most of the coal mines going out of the control of Bihar state. The Bihar has good potential of electricity generation through Biomass (Rice Straw and Rice Husk) renewable sources of energy which can reduce the dependence on coal. It has also achieved the power evacuation facilities through various transmission schemes and adopted new technologies like substation automation and GIS system. There has been exponential growth in the consumer base which now at 130.33 lakh. The state has also achieved substantial increase in the revenue collection which stood at Rs.8,000 crore for FY 2017-18. The AT&C loss reduction still remains a challenge for the companies which were about 33% during 2017-18. He hoped that the FORENS meeting will bring about important resolutions to various issues to be deliberated during the meeting at Bodh-Gaya.

Sri R.K. Choudhury, Member, BEREC gave the vote of thanks. He extended his gratitude to the Hon'ble Minister to spare some time from his busy schedule to be present to inaugurate the 10th FORENS meeting. Sri Choudhury thanked all the participants of the 10th FORENS meeting.

Sri U.N. Behera, Chairperson, FORENS and Chairperson, OERC chaired the 10th FORENS meeting.

Agenda-1: A presentation on "Bihar Power sector overview".

A presentation on an overview of the state of Bihar, its profile, political evolution, society and culture along with overall power scenario in the state and information on evolution of the Bihar

Electricity Regulatory Commission to the present stage was made by Mr. R Lakshmanan, IAS, Managing Director of Bihar State Power Holding Company Ltd (BSPHCL).

The members appreciated the efforts of the Distribution companies in reducing the overall reduction in the energy deficit, peak demand deficit and increase of per capita electricity consumption during the last decade in Bihar. Bihar has also achieved 100% village and household electrification as of now.

Agenda-2: Confirmation of the minutes of the 9th meeting of FORENS held at Itanagar on 19th – 21st April, 2018

The minutes of the above meeting had been circulated vide FORENS Secretariat letter No.608 dt.28.04.2018. In absence of any disagreements received from the FORENS members on the same, the said minutes of the meeting were confirmed.

Agenda-3: Action Taken Report (ATR) on the 9th FORENS meeting.

1. Renewable Purchase Obligation (RPO) target and weak compliance.

On RPO target and weak compliances, a revised draft letter was discussed in the last meeting and it was decided that member Commissions may communicate their comments within 15 days. No comments were received by the FORENS Secretariat from the member Commissions. The letter was finalized and sent to FOR by FORENS Secretariat on 22.05.2018.

2. Inter-state Comparison of Retail Supply Tariff

It had been decided that the study of the same may be done by the WISE, Pune including element of subsidy received from various state governments and this study may be included in their scope of work.

The WISE in their letter dt.27.09.2018 informed that WISE along with Shakti Sustainable Energy Foundation is preparing the comprehensive ToR for the proposed study which will subsequently be presented to FORENS Secretariat for approval.

They further proposed that for study on the topic 'Inter-state Comparison of Retail supply Tariff including various revenue subsidies and capital grants received from respective governments' similar studies have already been initiated by MoP with help of Shakti Foundation, FICCI and PwC. The outcome of such study will be available in public domain soon.

WISE have agreed to cover the other suggested topics in their study with regard to promotion of Renewable energy, energy efficiency, DSM, SoP of utilities and consumer advocacy.

The WISE along with Shakti Foundation will jointly present a draft ToR and Scope of Work to FORENS Secretariat before starting the work.

3. Registration of FORENS under Society Registration Act, 1860

In the last meeting, the draft Memorandum of Association and Rules & Regulations were finalized and it was resolved that the FORENS secretariat may undertake necessary process for registration of FORENS under Society Registration Act, 1860.

Accordingly the same has been processed and submitted (Application No.18201800098) to the Inspector General of Registration, Cuttack dt.11.10.2018

4. FORENS Website link

In the last meeting, the User ID along with Password for accessing the FORENS Website was circulated to the members. The Website is fully operational now with all relevant details of FORENS activities.

5. Consumer Advocacy Cell (CAC)

In the last meeting, after deliberations by the members, it had been decided to include the study on consumer advocacy in the scope of the work of WISE, Pune. Hence, this would be included in the scope of work of WISE.

The above ATRs were discussed and adopted.

Agenda-4: Consumer Indexing – Purpose Energy Audit

In the last meeting, a brief presentation on “New Protocol on Consumer Indexing” was made by OERC and this was discussed in the meeting. After deliberation, it was opined by the members that this scheme adequately addresses the Consumer Indexing mechanism. However, it was felt that this requires further study by the member Commissions, taking into account their state specific variations. It was also decided that this could be further discussed in the next meeting of FORENS.AERC had earlier given a response to this point which was circulated in the meeting. AERC said that the State DISCOM (APDCL) designed the logic for consumer indexing which is location driven and derived on the basis of the electrical network. The suggested protocol by FORENS for consumer Indexing Phase one, Phase two and Phase three are being implemented in the state of Assam but due to technical constraints is not fully operational.

It was left to the member commissions to develop and follow their own consumer indexing protocol.

Agenda-5: Achieving 100% metering with special emphasis on Smart Meter

In the last meeting, the members resolved that since the availability of smart meters at an affordable cost is still evolving, the issue of smart meters will further be discussed in the next meeting.

This agenda point was discussed in the meeting. OERC chairperson wanted to know about the progress of installation of smart meters in the member states. He informed that in Odisha the commission has constituted a task force comprising of the officials of DISCOMs and OERC to suggest a way forward in implementation of the smart meters in the state. The teams of the task force visited four locations in the country where the smart meter implementation programme has made some progress. The report of the task force is expected in a fortnight's time.

WBERC chairperson said that EESL scheme of funding smart meters implementation through OPEX model is most suitable similar to what has been done in the states of UP and Haryana. The rate of payment per month for single phase consumers is Rs. 60/- which is quite acceptable as consumers are already paying meter rent of about Rs 50/-.

It was resolved that further developments in the matter shall be discussed in the next meeting.

Agenda-6: Proposed amendment in Tariff Policy, 2016 - Implications in terms of capital fund requirement and imminent tariff rise.

In June, 2018, MoP, GoI have circulated the proposed amendments in Tariff Policy, 2016. The proposed amendment envisages many changes to strengthen the generation, transmission and distribution segments. However, there are certain amendments proposed on installation of Smart Meters and reduction of losses in a very short period, which have far reaching consequences to the states in terms of financial implications as the DISCOMs are in poor financial health. The views of OERC submitted to the MoP, GoI, had been placed along with the agenda.

It was resolved that this point would be discussed further in the next meeting.

Agenda-7: Proposed Amendment to Electricity Act, 2003 (Electricity (Amendment) Act 2018) – Issues and challenges with reference to changing distribution business.

MoP, GoI have proposed amendment to the Electricity Act, 2003 in their notification dt.07.09.2018. The new proposed amendment envisages many sweeping changes to the Act.

A brief presentation on the proposed changes was circulated for discussion by the members in the meeting. The comments/ suggestions of WBERC on the proposed amendment sent to the Ministry of Power, Government of India was also circulated to the members in the meeting.

It was resolved that this point would be discussed further in the next meeting.

Agenda-8: Privatization of Distribution Licensee

Privatization of Distribution Licensee has been thought as a way forward for improving the performance of public sector distribution utilities . Both Odisha and Bihar have tried this route with mixed outcome. The members were to share the experience of privatization as a way forward for improving the efficiency of Distribution utilities.

A brief presentation on the subject was circulated for discussion by the members in the meeting. It was resolved that this point would be discussed further in the next meeting.

Agenda-9: New RPO Trajectory and its concern

In the proposed amendment to Electricity Act, 2003, a new Section (57C) has been inserted in the following manner:

“Renewable Purchase Obligation” means such minimum percentage of the purchase of electricity from Renewable Energy Sources to be procured by every obligated entity in a manner as may be prescribed by the Central Government from time to time.

Further, in Section-3 (National Electricity Policy and Plan), a new sub-section in the following manner have been inserted.

4. The Central Government may, after such consultation with the State Governments as may be considered necessary, notify policies and adopt measures for promotion of Renewable Energy Generation including grant of fiscal and financial incentives.

Further for promotion of Renewable Energy Generation the Central Government may issue trajectory for Renewable Purchase Obligations from time to time.

In view of the above newly inserted provisions, the RPO Trajectory as issued by Central Govt. from time to time will have to be adhered to by the licensees without taking into account the specific issues with regard to type of resources and potential of Renewable Energy in each state.

A brief presentation on the proposed changes was circulated for discussion by the members in the meeting. It was resolved that this point would be discussed further in the next meeting.

Agenda-10: Financial Position of FORENS Account

The present financial position in the shape of copy of the pass book along with the statement of receipts and expenditure during the year were also placed before the members. The members discussed the above and adopted the same.

Agenda-11: Audit Report of FORENS Account

The Audited Accounts for the FY 2017-18 prepared and certified by the statutory auditor was placed before the members. The same was discussed and adopted.

Agenda-12: The Competitive Bidding Framework and Approaches to Threshold Limit

A presentation was made by M/s Sterlite Power Transmission limited. The presentation highlighted key benefits of PPP in intra-state transmission system such as lower tariff compared to cost plus plan (30-40% lower), faster execution, majority risk with developer, transparent process through standard bid document and use of advanced technology.

It elaborated the detailed procedure to be followed in project planning, identification of projects to be taken for TBCB, and role of different agencies including SERCs in the process. SERCs need to notify Threshold limit above which projects get taken up under TBCB, notify regulations for Capital Investment Plan/Business Plan, and for grant of Transmission License. TRANSCOs need to develop Transmission Plan for the state, identify projects/ schemes for TBCB, seek approval of the Commission and file Tariff Petition for projects below threshold.

It was said that states like Madhya Pradesh, U.P and Jharkhand have released RFQ for projects under TBCB Model. The BERC in its MYT & SLDC charges Regulation 2018 have provided for notifying a threshold limit separately.

The members in the deliberations raised several concerns regarding the execution of projects, roles and responsibilities of various stake holders, cost and tariff burden to the consumers. Several members raised doubts about the claims being made of lower tariff through TBCB. It was pointed out that claim of 30 to 40% of lower cost in the presentation has been worked out from the project estimates; this is not relevant because even in cost plus projects construction is awarded after transparent bidding process, and not on estimated cost. Further, Regulatory Commissions closely examine all the cost before allowing them for transmission charges. They wanted to know from the representatives of the Sterlite some examples where tariff per unit of Electricity Transmission has gone down after implementation of TBCB projects. The representatives of Sterlite could not immediately respond if the implication on Tariff has been worked out in cases where RFQ have been issued as in Jharkhand.

Mr. R. Lakshmanan, IAS, Managing Director, Bihar State Power Transmission Company, presented an example of Darbhanga Motihari Transmission lines undertaken through TBCB and said that the project execution was delayed by years; and developer on one pretext or other claimed enhanced cost for the delay in execution of the project. Thus, claim of lower cost and early execution in fact did not materialize. He further pointed out that Transmission infrastructure projects have much longer life time than allowed through PPAs. In cost plus tariff determination, consumers benefit from low cost of transmission once the expenditure of development is recovered. In TBCB, the developers become the owner of transmission infrastructure and continue to charge transmission charges even after development cost is fully recovered. He also pointed out the difficulties faced in case the transmission facilities need further expansion after completion of the project. In cost plus mechanism, any additional substation can easily be added and cost recovered. In TBCB, this is not possible to do.

Chairperson, AERC wanted to know how the threshold limit is to be determined. He opined that proposal for projects under TBCB needs to be simple and it should include the entire package up to the LT level. The packaging of the projects therefore is important and these projects are difficult to be executed. Chairperson WBERC stated that since the tariff of these projects is levelled for several years, the tariff would be paid even after depreciation period is over. The consumer should have benefits of lower tariff after such period. He also highlighted that integration of HT system with LT system is important and TBCB projects cannot be executed in isolation. He also highlighted that in many existing TBCB projects developer have been approaching Regulators for cost escalation citing various reasons such as difficulty in acquiring right of way. Therefore the TBCB projects are not immune to cost and time over run as claimed.

Chairperson, JSERC raised concern that these projects are being finalized in isolation without much planning and integration with the lower voltage level sub transmission system. The implication on Tariff in planning TBCB projects have also not been made clear. He also highlighted that the State Governments have gone for bidding of the projects on TBCB model without SERCs having notified the threshold limit or approved investment proposal.

The members after deliberation opined that there needs to be lots of clarity on TBCB projects and the role of SERC is critical in order to protect the consumers from higher burden of increased tariff. It was therefore resolved that all the member states who have implemented these projects share their regulations and this would be discussed in the subsequent meetings for taking a view in the matter.

Agenda-13: Developing Comprehensive Metering Regulation and Accounting Framework for Grid Connected Roof-Top Solar Deployment in India.

A presentation on the above topic will be made by M/s Ernst & Young LLP which was placed before the members in the meeting. The presentation highlighted on The world Bank – SBI Grid connected Rooftop Solar Photovoltaic Technical Assistance program (SUPRABHA). The program would cover 17 Indian States with interventions such as Policy and Regulatory, capacity Building, Knowledge exchange, process streamlining and demand aggregation. The presentation also highlighted technical and commercial issues related to model Net Metering Regulation. The members deliberated on the topic and resolved that since this topic is still evolving in many states this can be further taken up in subsequent meetings.

Agenda-14: Venue for the next meeting of the FORENS with tentative date.

The earlier meetings were conducted in the following manner.

Sl. No.	Meetings	Dates	Venue	Host Commission
1	1 st meeting	26 th – 27 th October, 2013	Puri	Odisha ERC
2	2 nd meeting	7 th – 8 th February, 2014	Kaziranga	Assam ERC
3	3 rd meeting	13 th – 14 th November, 2014	Rajgiri	Bihar ERC
4	4 th meeting	18 th – 21 st November, 2015	Sundarbans	West Bengal ERC
5	5 th meeting	5 th – 6 th May, 2016	Ranchi	Jharkhand ERC
6	6 th meeting	8 th – 10 th September, 2016	Imphal	Jt. ERC (Manipur & Mizoram)
7	7 th meeting	27 th – 30 th April, 2017	Gangtok	Sikkim SERC
8	8 th meeting	12 th – 14 th October, 2017	Puri	Odisha ERC
9	9 th meeting	19 th – 21 st April, 2018	Itanagar	Arunachal Pradesh ERC
10	10 th meeting	25 th -27 th October, 2018	Bodh-Gaya	Bihar ERC

The members deliberated to fix the venue and date for the next (11th) FORENS meeting. It was decided that the next meeting would be held in Dibrugarh, Assam in April, 2019.

The meeting ended with vote of thanks by The Chairperson, FORENS who lauded the efforts of the BERC in hosting the meeting. He appreciated that the meeting was conducted in a well coordinated manner. He thanked the Chairperson, BERC for his leadership in organizing the same, Member BERC for coordinating the activities and all the officers and staff of BERC for putting their whole hearted efforts in making the meeting a success. He also wished Shri Rajiv Amit Member, BERC a speedy recovery, who could not attend the meeting due to an accident.

ATTENDANCE SHEET

10th FORENS Meeting at Bodh Gaya from 25th - 27th October, 2018
Venue : Sambodhi Retreat, Bodh Gaya, Bihar

Sl. No	Name & Designation	Name of the SERC/JERC	Signature	Contact No.	E-mail ID
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6.	Shri Arbind Prasad Chairperson	Jharkhand State Electricity Regulatory Commission			
7.	Er. Imlikumzuk Ao Chairperson	Nagaland Electricity Regulatory Commission			
8.	Shri N. Sarat Singh Chairperson	Joint Electricity Regulatory Commission for Manipur & Mizoram			
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11.	Shri S.K. Parhi Member	Odisha Electricity Regulatory Commission		9868866597	kunipasthica groupror
12.	Shri Rajeev Amit Member	Bihar Electricity Regulatory Commission			
13.	Shri R.K. Choudhary Member	Bihar Electricity Regulatory Commission			
14.	Shri Amitava Biswas Member	West Bengal Electricity Regulatory Commission			
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