

Minutes of the 12th meeting of the Forum of Regulators for Eastern and North-Eastern States (FORENS) held at Dirang, Arunachal Pradesh from 27th - 28th September, 2019 hosted by Arunachal Pradesh State Electricity Regulatory Commission

The 12th meeting of the Forum of Regulators of Eastern & North Eastern States was held on 27th – 28th September, 2019 at Dirang, Arunachal Pradesh.

Members Present:

1. Sri U N Behera, Chairperson, FORENS and OERC
2. Sri S.C. Das, Chairperson, AERC
3. Dr. Arbind Prasad, Chairperson, JSERC
4. Sri R.P. Singh, Chairperson, APSERC
5. Sri S. Bhattacharya, Chairperson, WBERC
6. Sri D. Radhakrishna, Chairperson, TERC
7. Sri Lalchhariana Pachuau, Chairperson, JERC for Manipur & Mizoram
8. Sri Durgadas Goswami, Member, WBERC
9. Sri R.N. Singh, Member, JSERC
10. Sri N. Sarat Singh, Member, JERC for Manipur & Mizoram
11. Sri S. K. Parhi, Member, OERC
12. Sri R.K. Choudhary, Member, BERC
13. Sri P.K. Singh, Member JSERC

Officials Present:

1. Sri Priyabrata Patnaik, Secretary, OERC & FORENS
2. Sri D. Mishra, Secretary, APSERC
3. Sri Ajoy Sahu, Joint Director, OERC representing FORENS Secretariat

Sri U.N. Behera, Chairperson, FORENS and Chairperson, OERC chaired the 12th FORENS meeting.

Sri R.P. Singh, Chairperson, APSERC welcomed the Chairpersons and Members of the participant State Electricity Regulatory Commissions to the beautiful state of Arunachal Pradesh. He highlighted that the place Dirang is an important destination for the tourists to make a stopover who are visiting Tawang. Dirang is located on the bank of River Kameng and the weather here is quite pleasant during most of the year. He wished that the participants would have a comfortable stay and a fruitful meeting.

Sri U.N. Behera, Chairperson, FORENS welcomed the members of FORENS and especially the new Chairperson of WBERC Sri S. Bhattacharya, Chairperson of Tripura ERC Sri D. Radhakrishna and Sri P.K. Singh, Member JSERC, who attended the meeting for the first time. He thanked Chairperson, Arunachal Pradesh Sri R.P. Singh, Secretary and the officers of APSERC for holding the meeting in an excellent venue and ensuring good arrangements for the stay of FORENS members and meeting. Sri Behera also observed that the interactions between the members have become more close and fruitful due to regular meetings of FORENS including technical meetings at Kolkata.

Agenda-1: A presentation on the Power Sector of Arunachal Pradesh by APSERC

A presentation on Arunachal Pradesh Power Sector was made by Sri D. Mishra, Secretary, APSERC. The presentation highlighted the state at a glance including the power supply position, physical and geographical summary, Net State Domestic Product (NSDP) per capita, Generation capacities, distribution system, AT&C loss and other highlights relating to restructuring and unbundling, load dispatch and other operational issues. Arunachal Pradesh has 25 districts with a population density of 17/sq. kms and with a per capita consumption of 683 Kwh. The total demand of the state is 150 MW and the most of such demand is met by the Central Hydro Station such as Ranganadi HEP, Pare HEP and Dikshi HEP. The state also generates 69 MW of Small Hydro power and these plants are not connected with the grid.

Chairperson, OERC stated that Arunachal Pradesh has the unique distinction of using all the Green Energy through hydel generation. He also suggested that hydro potential in the state can be developed by forming a state level Hydro Corporation in order to harness the hydro generation potential of the state. Chairperson, Arunachal Pradesh ERC stated that during the planning of hydro stations, no thought is given towards the downstream compensation affecting the population by development of such hydro stations. Chairperson Assam ERC stated that the Ranganadi Hydro Station is a runoff inter-basin project and in the downstream of Ranganadi project, there is another project which is the efficient way of hydro generation. Chairperson, WBERC suggested that downstream management can be done through a flood protection programme. He informed that the state of Maharashtra has a policy to give preference to hydro power generation in any irrigation project. He also suggested that upstream storage projects can prevent flooding. It was also highlighted by the members that the downstream issues have not been properly addressed resulting in flooding such as in the river Kosi in Bihar during last year.

It was resolved by the Forum that the downstream effect mitigation management be part of the DPR of any hydro generation project.

Sri Mishra, Secretary, APSERC highlighted that the data given by the State Government under various parameters are deficient. Chairperson, APSERC explained that Arunachal Pradesh has mostly radial system of line connectivity resulting in poor management of power availability to the consumers. Efforts are being made to correct such radial system to ring system by new connections with Assam. He also informed that the state government has assured that all the 25 districts of the state will have 132 KV system within 3 years.

As regards the CAPEX for the Transmission and Distribution system, the entire cost is borne by Government and it has no implication while determination of tariff for the consumers. Sri N. Sarat Singh, Member, Jt. ERC informed the Forum that now as per GOI policy for North-Eastern states, the CAPEX is borne 100% by GOI which was earlier capped at 90%.

It was observed by the Chairperson, OERC that though the cost of generation is only 3.04 paise/unit, the average cost of supply is Rs.13.32/unit as a result there is considerable gap between the average cost of supply and annual revenue requirement. As revealed from the presentation that the employee cost accounts for 57.36% of the total ARR which is on the much higher side. The other members stated that this is also true for some of the North-Eastern states.

It was, therefore, suggested by the Members that a comprehensive capacity building programme for the North-Eastern states is required. Chairperson, AERC informed that in Guwahati, a NPTI centre has been set up, the services of which can be utilized for such capacity building programmes.

Agenda-2: Confirmation of the minutes of the 11th meeting of FORENS held at Digboi on 19th – 22nd April, 2019

The minutes of the above meeting was circulated vide FORENS Secretariat letter No.701 dt.31.05.2019 and also placed before the members in the meeting. No views/comments have been received from the FORENS members on the same.

Hence, the said minutes of the meeting were confirmed.

Agenda-3: Action Taken Report (ATR) on the 11th FORENS meeting.

1. Achieving 100% metering with special emphasis on Smart Meter

This agenda point was discussed in the last meeting. OERC Chairperson 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 members of the Task Force have visited four locations in the country where the smart meter implementation programme has made some progress. The Committee has submitted the final report and the Commission has accepted the report for implementation of the same in Odisha. The recommendation of the final report of the task force was placed with the agenda for discussion in the meeting. This point was discussed by the members.

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

It was resolved in the last meeting that since this is an evolving topic, this point may be deliberated in the next meeting of the FORENS.

This point was discussed and in view of the MoP, GoI initiating the amendments, this may be pursued by the Member Commissions.

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

It was resolved in the last meeting by the members that since this is an evolving topic, this point may be deliberated in the next meeting of the FORENS.

This point was discussed and in view of the MoP, GoI initiating the amendments, this may be pursued by the Member Commissions.

4. The Competitive Bidding Framework and Approaches to Threshold Limit

A presentation was made by M/s Sterlite Power Transmission Limited. 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. This agenda was taken up in the meeting for further deliberations by the members.

Agenda-4: Financial Position of FORENS Account

During the year 2019-20, FORENS Secretariat has received Annual Subscription Fee of Rs.9,00,000/- (Rupees nine lakh) only from the member Commissions. A statement of such contribution was placed before the Members.

The last FORENS meeting was held at Digboi, Assam from 19th – 22nd April, 2019 hosted by AERC. The total expenditure as submitted by AERC for the said meeting was Rs.16,54,000/-. As per the resolution of the FORENS, an amount of Rs.7 lakh was paid to the host Commission i.e. AERC.

The present financial position was also shown in the shape of Bank statement. The closing balance in the FORENS bank account on 20.09.2019 was Rs.25,45,782.00.

This was discussed and adopted.

Agenda-5: Audit Report of FORENS Account

The Audited Accounts for the FY 2018-19 is being prepared and certified by the statutory auditor. However, a draft financial statement prepared by FORENS Secretariat was placed before the Members in the meeting for discussion.

This was discussed and adopted.

Agenda-6: A Brief Overview: Distribution Franchisee Framework

A presentation was made by the APDCL, Assam on the topic highlighting Policy framework, Rules & regulation enabling Distribution franchisee mechanism, major franchisee systems, benefits to DISCOMs and experience of Franchisee system in APDCL during the last meeting at Digboi, Assam. It was resolved in the meeting that this topic may be further discussed in the next meeting.

This point was discussed by the members.

Agenda-7: Consumer Advocacy

A presentation on the topic highlighting the provisions for protection of Electricity consumer interest, NEP, Tariff policy, FOR Model Regulation 2011, consumer Advocacy Group (CAG) and Funding was made by the host Commission.

The presentation raised the issue of protection of interest of the consumers of North East area and selection of and financial assistance to the CAGs. It was highlighted that during the tariff hearing proceedings at CERC, no SERC is represented and therefore the important issues concerning distribution are not highlighted. There is a need to strengthen the consumer advocacy groups at the local level in the state which may be encouraged to

represent the state before the CERC proceedings. These groups may be funded by the SERCs for espousing such cause.

This point was discussed by the members.

Agenda-8: Achieving 100% metering with special emphasis on Smart Meter

In the last meeting, the development of the implementation of smart meters, feasibility, financial implications and models of implementation were discussed by the members. It was also resolved in the last meeting that further developments in the matter shall be discussed in the next meeting.

In Odisha the Commission 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 large scale implementation of the smart meter has been carried out. The task force is finalizing the report on their findings. The recommendations in the draft report of the task force was placed to enable the members to deliberate on the issue.

This point was discussed in the meeting and the members opined that development of the same will be watched by the Member Commissions. It was also resolved that the complete report of the Task Force for implementation of Smart Meter in Odisha shall be kept in the FORENS website.

Agenda-9: Proposed amendment in Tariff Policy, 2016 - Implications in terms of capital fund requirement and imminent tariff rise.

In June, 2018, MoP, GoI had 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, have been placed along with the agenda.

This point was discussed and in view of the MoP, GoI initiating the amendments, this may be pursued by the Member Commissions.

Agenda-10: Proposed Amendment to Electricity Act, 2003 (Electricity (Amendment) Act 2018) – Issues and challenges with reference to changing distribution business.

MoP, GoI 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.

This point was discussed and in view of the MoP, GoI initiating the amendments, this may be pursued by the Member Commissions.

Agenda-11: The Competitive Bidding Framework and Approaches to Threshold Limit

A presentation was made by M/s Sterlite Power Transmission Ltd. in the 10th meeting at Bodh-Gaya. The members after deliberation opined that there needs to be more 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 in the meetings.

This point was discussed in this meeting and the Chairperson, JSERC informed that Govt. of Jharkhand have decided to bear the entire cost of projects under TBCB route. There would be no financial implication to the Transmission companies and no consequential increase in tariff of the consumers. No threshold limit has been stipulated by the Commission for TBCB projects as these projects have individual peculiarity and challenges and therefore specifying a threshold limit may not serve the right purpose. For these projects, the Board of Directors of the Transmission Company has agreed that certain modifications may be allowed at the downstream level taking into account the situational challenges. It has also been agreed that after 30 to 35 years, when the cost of the project is realized these projects will be handed over to either government or government owned company. A petition is filed before the Commission by the Company for allowing these two modifications to the Standard Bidding Document as per the MoP guidelines.

It was agreed by the members that these developments will serve as important guidelines for other states to implement these TBCB projects. It was therefore resolved that since this issue is still being evolved, this agenda point may again be discussed in the next meeting of FORENS.

Agenda-12: Developing Comprehensive Metering Regulation and Accounting Framework for Grid Connected Roof-Top Solar Deployment in India.

A presentation on the above topic was made by M/s Ernst & Young LLP in the 9th 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 the views of all the Member Commissions may be obtained regarding the practice of Roof-top Net metering and Gross metering arrangement. The FORENS Secretariat may accordingly write a letter to all the FORENS member Commissions to share their experience and regulations regarding implementation of the Solar roof-top under Net & Gross metering arrangement in their state. After obtaining such views and practices, this may be referred to the Technical Committee of FORENS to be constituted for the purpose.

Agenda-13: Venue for the next meeting of the FORENS with tentative date.

The earlier meetings were conducted at the following places.

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
11	11 th meeting	19 th -22 nd April, 2019	Digboi	Assam ERC
12	12 th meeting	27 th - 28 th September, 2019	Dirang	Arunachal Pradesh ERC

The venue of the next (13th) meeting of the FORENS was fixed at Agartala, Tripura to be held during January, 2020. TERC will finalise the dates in consultation with the FORENS Secretariat.

Agenda-14: Presentation on higher interstate Point of Connection Charges for Eastern states.

In the 11th FORENS meeting at Digboi Assam the Point of Connection (POC) charges was deliberated and it was felt that interstate POC charges for the eastern states were high. Sri R.K. Choudhary, Member, Bihar Electricity Regulatory Commission (BERC) made a brief presentation in which he highlighted that POC charges are higher for Interstate Power plants located in Bihar vis-à-vis consuming states such as Tamil Nadu, Gujarat, Delhi, Uttar Pradesh, Madhya Pradesh etc. The issue was further deliberated and he opined that the parameters determining POC charges are not rationale resulting in higher charges for eastern states. Further since the calculation is done through software, it is difficult to appreciate the intricacies in the calculation. These parameters are not clearly understood and hence ambiguity in the calculation of POC charges.

It was felt by the members that in order to understand what factors are contributing to the higher POC charges and those factors are to be identified. Keeping this in view the members of FORENS resolved that a technical committee may be constituted comprising of technical members to study the mechanism of determination of POC charges and how it is impacting the Eastern and North-Eastern states. A committee was accordingly formed constituting the following members:

1. Sri R.N. Singh, Member, JSERC
2. Sri R.K. Choudhary, Member, BERC
3. Sri P. Patnaik, Secretary, OERC
4. Shri Anup Kumar Dutta, Director Engg. WBERC
5. Sri Rwamish Tauseef, Deputy Director (Transmission) , BERC

The above Committee will be guided by Sri R.N. Singh and Sri R.K. Choudhary. The committee may also co opt members for the committee. To start with it is necessary to study the Bakshi Committee report in order to have a meaningful discussion. The committee may give their recommendations before the next FORENS meeting which can be further taken up in the FOR meeting. It was resolved that the FORENS secretariat may write a letter to all the member states to forward their suggestions, comments and also suggest names of the persons, if any, for inclusion in the committee.

Agenda-15: FORENS Website

It was suggested by the Chairperson, Tripura ERC that FORENS can have its own website and not in the present form as a part of the OERC website. It was therefore resolved that FORENS Secretariat may take steps to book a site of its own.

Agenda-16: Presentation by CBIP:

A presentation was made by the representative of CBIP, the Publication House. The CBIP has released the latest compendium during January, 2019. The Compendium includes the consolidated RE Regulations including amendments, comparison of RE tariff of various states, policies, CEA Regulations, Banking norms, MNRE and IRDA guidelines etc. The CBIP offers Rs.10,000/- for lifetime membership of the publication.

Agenda-17: Presentation by National Solar Energy Federation of India:

A presentation was made by the Federation on structural changes in RE contracting by Central agencies: Market Making to sustain growth of the Sector. The said presentation highlighted that the federation is facilitating annual balancing of RE power between RE surplus and RE deficit states. Under the mechanism, RE resource rich states will develop RE capacities at lower costs and RE deficit states will fulfill their short term RE needs through a mechanism while their long term RE fulfillment will be planned through long term contracts of SECI. RE deficit states will continue to meet their RPO obligations through existing REC mechanism. This mechanism will boost achieving National target of 175 GW of RE power, more firm power to RE deficit states and more importantly lead to one Nation – one Grid – one RPO – one Tariff.

The meeting ended with a vote of thanks to all participants by the Secretary, FORENS.
