

ODISHA ELECTRICITY REGULATORY COMMISSION

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Sub: Minutes of the meeting of the Regional Forum of Regulators for Electricity for the Eastern & North-Eastern States (FORENS).

Sir,

Enclosed, please find herewith the minutes of the meeting of the Regional Forum of Regulators for Electricity for the Eastern & North-Eastern States held on 26-27 October, 2013 at Puri, Odisha for favour of your information and necessary action.

Encl: As above.

Yours faithfully,



SECRETARY

**Minutes of Regional Forum of Regulators for Eastern and
North-Eastern States (FORENS) organized by OERC and held at Puri
between 26-27 October, 2013**

A meeting of the Electricity Regulators of the Eastern & North Eastern States was held on 26-27 October, 2013. The following members and other officials were present.

Sri S.P. Nanda, Chairperson, OERC
Sri U.N. Panjiar, Chairperson, BERC
Sri Digvijai Nath, Chairman, Arunachal Pradesh ERC
Sri T.T. Dorji, Chairman, Sikkim ERC
Er. Donary A. Shishak, Chairman-cum-Member, Nagaland ERC
Sri M.R. Karmakar, Chairman, Tripura ERC
Sri B.K. Misra, Member, OERC
Sri S.P. Swain, Member, OERC
Sri Tapan Chatterjee, Member, Assam ERC
Dr. Rajani Kanta Gogoi, Member, Assam ERC
Sri S.C. Jha, Member, BERC
Sri N. Shyamsundar Singh, Member, Joint ERC Manipur & Mizoram
Sri T. Munikrishnaiah, Member, JERC
Sri Sujit Dasgupta, Member, WBERC

Sri G.K. Dhall, Secretary, OERC
Sri K.L. Panda, Director (Engg.), OERC
Sri Antaryami Sahoo, Director (Tariff), OERC
Sri Priyabrata Pattanaik, Director (Regulatory Affairs)

Sri S.P. Nanda, Chairperson, OERC inaugurated the meeting, delivered the welcome address and introduced the agendas of the meeting as under:

Agenda 1: Technical Session on Compliance of Renewable & Co-generation Purchase Obligations - Presentation made by Sri Priyabrata Pattnaik, Director (RA) followed by discussion on the issue;

Agenda 2: Adoption of Constitution and Bye-laws of the Forum

Agenda 1

Sri Priyabrata Pattnaik, Director (RA), OERC made a detailed presentation on the initiatives and experience of OERC on the RPO Obligation and compliances in the State. In his presentation Sri Pattnaik analysed and presented the issue starting from its legislative moorings, Regulatory frameworks as well as the experience of OERC to the present position as spelt out by Hon'ble ATE in its order dt.30.01.2013 in Appeal No.54 & 59 in the case of M/s Emami Paper Mills Ltd. & M/s Vedanta Power Ltd.

It was explained by Mr. Pattnaik that based on the study conducted by FOR, Secretariat, CERC vide its Letter dated 20.07.2010 has advised Central Govt. for specifying of different percentage of RPO in different states considering the wide variation in renewable resources position in different state for incorporation in Tariff Policy. Considering the above suggestion of CERC, the Commission has notified the Odisha Electricity Regulatory Commission (Renewable and Co-generation Purchase Obligation and its Compliance) Regulations, 2010 on dated 30.09.2010 specifying different percentage of Renewable Purchase Obligation (RPO) from different sources.

The Commission is of the opinion that the obligation in respect of co-generation can be met from both solar and non-solar sources in order to achieve the total RPO of the financial year, but the solar and non-solar purchase obligations has to be met mandatorily by the obligated entities. But consuming electricity only from co-generation sources shall not relieve any obligated entity from its responsibility of meeting RPO of solar and non-solar obligations.

However, the Hon'ble ATE did not approve of the above regulations as framed by the Commission. Hon'ble ATE in its order dated 30.01.2013 stated that Co-generation plants does not have to meet Renewable Purchase Obligation (RPO), and the definition of the obligated entity would not include a person who is consuming power from co-generation plant.

The Commission felt that this interpretation by ATE defeats the intention and objective of the Act which mandates for promotion of environment friendly renewable energy, primarily to save the fast depleting fossil fuel resources and environment. Accordingly, the Commission is in appeal before the Hon'ble Supreme Court against the order of ATE.

During the course of deliberation on the above issue the views expressed by the members are summarized as under:

Sri U.N. Panjiar, Chairperson, BERC viewed that no fossil fuel based cogeneration should be included and only RE based cogeneration should be considered for RPO. Sri

Panjiar stated that it is to be appreciated that the RE potential in the country varies across the states depending on the technology and availability of RE resources. In the western part of the country the solar insolation is of good quality in the states such as Rajasthan, Gujarat, etc. while Bihar has no wind potential. In view of such a scenario, the same obligation cannot be linked uniformly across the states of the country and, therefore, RPO should be based on the potential of the RE resources specific to such states.

Sri S.P. Swain, Member, OERC opined that there is a need for the amendment of the relevant provisions of the Act so as to separate co-generation and RE sources which are presently clubbed together. Sri Swain explained that technology and resource wise these two forms of generation are different and accordingly RE has to be promoted differently. He was of the opinion that co-generation from fossil fuel should not be clubbed with RE sources.

Sri T. Munikrishnaiah, Member, JERC stated that in Jharkhand, solar and non-solar RPO has been fixed however co-generation obligation has not been included in such total obligation. It was informed that in the State there are many industries which are generating cogeneration power and they are approaching the Commission to include co-generation in the total obligation by referring to the RPO obligation of Odisha and APTEL order in this regard.

Sri Sujit Dasgupta, Member, WBERC was of the opinion that no burden should be put on consumers in order to promote RE projects.

Sri Digvijai Nath, Chairman, Arunachal Pradesh ERC informed that Arunachal Pradesh has abundant potential of small hydro projects however there is no potential to set up solar or wind projects.

Sri T.T. Dorji, Chairman, Sikkim ERC said that there is no RP obligation in respect of Sikkim. The state is already surplus in small hydro potential which can far exceed the total obligation. Thus by enforcing RPO of such RE potential that are not available in the state serves no purpose to the people of the state. Another problem which was highlighted by Sri Dorji is the restricted production and other difficulties encountered in the state on

account of improper and inefficient evacuation of power due to lack of transmission projects which is handled by the central agency PGCIL.

Sri Tapan Chatterjee, Member, Assam ERC suggested that in order to fulfill RPO half of the money should be invested back in the State itself. He was of the opinion that buying of REC is not desirable and beneficial to the state.

Er. Donary A. Shishak, Chairman-cum-Member, Nagaland ERC informed that due to financial crisis in the State there is no promotion of renewable projects in the state.

Sri S.C. Jha, Member, BERC opined that RE projects need to be encouraged. He further stated that enforcing solar obligation to the states like North-Eastern states should not be made mandatory and accordingly advocated the need to move to Govt. of India to make necessary changes in the policy for the promotion of renewable projects.

Sri N. Shyamsundar Singh, Member, Joint ERC Manipur & Mizoram concurred with others that the RE potentials are not evenly distributed among the States of the country. While the western and southern States like Gujarat, Rajasthan and Tamil Nadu etc. are richly endowed with Solar power potential, the North Eastern States are well gifted with huge Hydro Power Potential which is another renewable source of energy like Solar and Wind. Sri Singh opined that the Central Govt. may evolve a need based and holistic policy for capacity addition and give equal weightage and importance to all kinds of development of renewable sources of energy in the country.

Sri Singh accordingly suggested that in the light of the above fact, the concerned authorities may be moved to consider a review of the REC mechanism and strike a balance of interests of all stakeholders.

Sri M.R. Karmakar, Chairman, Tripura ERC informed that a major problem confronted by the state is the constraints in evacuation of power. Sri Karmakar was of the view that the APTEL can be moved by communicating a consensus view through this meeting regarding enforcement of RPO particularly to this region of the country. The North-eastern states are uniquely positioned and, therefore, the centralized policies of GoI should not be enforced.

Agenda-2

It was resolved by the members present that the name of the forum shall be Forum of Regulators for Eastern and North-Eastern States (FORENS).

It was also resolved that the annual subscription fee shall be Rs.1,00,000/- for the member states. At present the secretariat of the forum shall be operated from OERC and Secretary of OERC shall be the Secretary of such forum. The subscription fee shall be remitted to Secretary, OERC who shall maintain a separate bank account in order to defray expenses on account of the meetings and other objects of the forum. The Constitution and Bye-laws as adopted is annexed. It was agreed that annually; there shall be at least two meetings of the forum and the next meeting of the Forum shall be organized either at Assam or Patna. It is further agreed that 50% of the subscription collected during FY 2013-14 shall be given to the Commission organizing the next meeting of the Forum in February, 2014.

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Draft Constitution

FORUM OF REGULATORS FOR EASTERN & NORTH EASTERN STATES

About Forum of Regulators for Eastern & North Eastern States (FORENS)

Constitution of the Forum

- FORENS will be registered as a Society under the Society Registration Act.
- The Chairperson of Odisha Electricity Regulatory Commission (OERC) will be Chairperson of the Forum. This can be changed on rotational basis every year as decided by the members.
- The Forum shall consist of Chairpersons and Members of the following State Electricity Regulatory Commissions:-
 1. Assam Electricity Regulatory Commission
 2. Arunachal Pradesh Electricity Regulatory Commission
 3. Bihar Electricity Regulatory Commission
 4. Jharkhand Electricity Regulatory Commission
 5. Joint Electricity Regulatory Commission Manipur & Mizoram
 6. Meghalaya Electricity Regulatory Commission
 7. Nagaland Electricity Regulatory Commission
 8. Odisha Electricity Regulatory Commission
 9. Sikkim Electricity Regulatory Commission
 10. Tripura Electricity Regulatory Commission
 11. West Bengal Electricity Regulatory Commission
- The Secretary of the OERC shall be the *ex-officio* Secretary to the Forum. Secretarial assistance to the Forum shall be provided by the OERC.
- The headquarter of the Forum will be located at Bhubaneswar and it can be shifted to another place by consent of the majority of the members.

Functions of the Forum

The Forum shall discharge the following functions, namely:

- Sharing of information among the members of the Forum on various issues of common interest and also of common approach.
- Harmonization of regulation in power sector;
- Analysis of the tariff orders and other orders of Central Commission and State Commissions and compilation of data arising out of the said orders, highlighting, especially the efficiency improvements of the utilities;
- Undertaking research work in-house or through outsourcing on issues relevant to power sector regulation. To collaborate with academic bodies and build up a panel of experts to analyse and

- develop regulations, procedures and guidelines;
- Evolving measures for protection of interest of consumers and promotion of efficiency, economy and competition in power sector; and
- Discussion of issues relating to electricity sectors which are of common nature and mutual interest to the member states.
- To highlight and present the decisions taken in the forum before the FOR and Central Government.

Finances of the Forum

- The OERC may take necessary financial contributions from the State Electricity Commissions for carrying out the activities of the Forum.
- The annual subscription for each State Regulatory Commission shall be Rs.50,000/- (Rupees fifty thousand) only.
- The Forum Secretariat will keep separate accounts for the activities of the Forum which shall be audited annually.
- Secretary, OERC will open, maintain and operate bank account of the Forum.

Meetings of the Forum

- The Forum shall meet at least twice in a year.
- The Forum will frame its own rules of business for the conduct of its meetings.
- All decisions of the Forum will be decided by simple majority of the members present in the meeting.

Annual Report

- The Forum of Regulators for Eastern & North Eastern States shall prepare every year, an annual report, giving a summary of its activities during the previous financial year and copies of the report shall be forwarded to the Central Government.
