

Minutes of the 6th meeting of the Forum of Regulators for Eastern and North-Eastern States (FORENS) held at Hotel Classic Grande, Imphal, Manipur from 8th to 10th September, 2016 hosted by Joint ERC (Manipur & Mizoram)

The 6th meeting of the Forum of Regulators of Eastern & North Eastern States was held on 8 - 10 September, 2016 at Imphal, Manipur.

Members Present:

1. Sri R.K. Kishore Singh, Chairperson, Joint ERC (Manipur & Mizoram)
2. Hon'ble Justice N.N. Tiwari, Chairperson, JSERC
3. Sri N. K. Das, Chairperson, AERC
4. Sri S.K. Negi, Chairperson, BERC
5. Sri N.R. Bhattarai, Chairperson, SSERC
6. Er. Imlikumzuk Ao, Chairperson, NERC
7. Sri R.P. Singh, Chairperson, APSERC
8. Sri A.K. Das, Member, OERC
9. Sri R.N. Singh, Member, JSERC
10. Sri Amitav Biswas, Member, WBERC
11. Sri Rajeev Amit, Member, BERC
12. Sri Deepak Chakravorty, Member, AERC
13. Sri S.C. Das, Member, AERC

Ex-Members Present:

1. Dr. R.K. Gogoi, Former Member, AERC
2. Sri S.C. Jha, Former Member, BERC

Official Present:

1. Sri K.L. Panda (Secretary I/c, OERC), Secretary FORENS
2. Sri Ajoy Sahu, Joint Director, OERC
3. Sri Richard Zothankima, Secretary, JERC (Manipur & Mizoram)
4. Sri S.D. Dhakal, Secretary, SSERC
5. Sri P.D. Chaktha, Director, SSERC

Other officials Present:

1. L. Manglem, Director, MANIREDA
2. Chandramani M, Manager, MSPDCL

Meeting on 10.09.2016

In the Chair – Sri R.K. Kishore Singh, Chairperson, Joint ERC (Manipur & Mizoram)

At the outset, Sri K.L. Panda, Secretary FORENS welcomed the members of the FORENS to the meeting and outlined the contribution of the Chairperson, JERC (Manipur & Mizoram) for excellent arrangement for the meeting. He appreciated and thanked the

Secretary, JERC and his team members for working very hard to make the meeting successful.

FORENS Account from 01.05.2016 to 30.08.2016 was placed before the Forum for perusal and acceptance of the members of the FORENS. He also informed that subscriptions from the participating ERCs of FORENS for the year 2016-17 have been received from all the FORENS members. The Forum members suggested that the **accounts of the FORENS may be audited by a certified Chartered Accountant firm** and such audited accounts be placed before the Forum in the next meeting.

Sri R.K. Kishore Singh, Chairperson, Joint ERC (Manipur & Mizoram) welcomed all the members of the Forum to the city of Imphal and hoped that the Forum would deliberate on the important issues as per the agenda items and to bring about meaningful resolutions. He first invited Sri Rajeev Amit, Member, BERC to make presentation on agenda item-1.

Agenda Item No.1 : Regulatory Framework on Mini-Grid in Bihar

Sri Rajeev Amit, Member, BERC gave a presentation on the proposed BERC (Mini-Grid Renewable Generation and Supply Framework) Regulations, 2016. Shri Amit said that BERC has initiated a suo motu proceeding to make such Regulation and have floated a draft consultative paper on their website for inviting suggestions/objections/comments on the draft regulation. Sri Amit highlighted the necessity of the mini-grid as an effective solution for electrification of scattered villages and hamlets, where grid extension is neither feasible nor cost effective. Section 4 of the Electricity Act, 2003 provides for stand-alone systems, Section 14 of the Act provides that no license is required for generation and distribution of electricity in rural area. Rural Electricity Policy provides that such generation would be out of the purview of the appropriate Commission and the retail tariff would be based on mutual agreement between the generator and consumer. Sri Amit further highlighted that under the recently notified Revised Tariff Policy, 2016, the Appropriate Commission shall notify necessary Regulations in this regard within six months. MNRE has also issued draft Policy on Mini Grid on 1st June, 2016 inviting suggestions and comments from the public and stakeholders.

Sri Amit told about the highlights of the draft Policy notified by the MNRE and the notable features of such draft Policy are the mutually agreed tariff, feeding of surplus power to the grid, if needed, multiple persons are allowed to operate in any area and enables the operator to operate in stand-alone, parallelly or as franchisee of distribution licensee/mode.

Sri Amit also brought out contradiction in the draft Policy of MNRE stating situations when the distribution licensee finally reaches at such mini grid area where the operator is already operating. The draft policy also provisioned that in case subsidy is provided by the Govt., then the tariff is to be fixed by the Govt. The draft Policy does not envisage involvement of CGRF in the grievance redressal mechanism. These issues will render these activities out of the purview of the Appropriate Commission inconsistent with the Electricity Act. He expressed apprehensions due to these policy provisions such as the operator may not develop and maintain efficient distribution system for the consumers or not provide supply to the consumers within mandated time limit or not pay interest on security deposit and since the tariff would be on the basis of mutual agreement, the consumers would be on the mercy of the operator due to differential tariffs for consumers in rural areas.

Sri Amit mentioned that draft BERC Mini-Grid Regulation has tried to address certain issues as noticed in the draft MNRE Policy. The BERC draft Regulation envisages no differential tariff for the same category of rural consumers, protection of consumer rights through CGRF mechanism and universal service obligation to be applicable to the Mini-Grid Operator (MGO). The MGO shall have to sign PPA at feed-in-tariff determined by BERC with distribution licensee along with Franchisee Agreement when the Licensee finally reaches the area. The other important provisions to protect both MGO and the consumers are the provisions such as the distribution licensee shall make payments to the MGO on priority basis, in order to ensure quality all connections are to be made through meters only and BERC to approve feed-in-tariff and franchisee fee in the ARR of the distribution Licensee.

In case of extension of grid into the distribution licensee area, the distribution licensee will take over the assets on book value as on 31st March less depreciation and distribution licensee shall have option to either distribute electricity by itself to such consumers or MGO will continue to distribute supply electricity under Franchisee Agreement with the Licensee.

Sri A.K. Das, Member, OERC enquired if such draft Regulation of BERC is not in contravention to Section 86 of the Electricity Act. Sri D. Chakravarty, Member, AERC pointed out that many areas which are connected to the grid are not getting 24x7 power supply and introduction of mini-grid mechanism might introduce complication among rural consumers and the safety aspects should also be monitored by the Electrical Inspector. Justice N.N. Tiwari, Chairperson, JSERC opined that where the policy is not in consonance to the Act, such provisions of the policy need not be adhered to. In his opinion, the draft BERC Mini-Grid Regulation should be in accordance with the law and Act. Sri S.K. Negi, Chairperson, BERC highlighted that certain features such as parallel operation by the distribution licensee in the area, mutually agreed price need to be addressed and benefit of subsidy should go to the consumers.

Agenda Item No.2: Exclusion of states like Sikkim and some North-Eastern States (Producing Hydro Electric Power) from meeting RPO Obligation.

Chairperson, Sikkim ERC mentioned about Solar RPO and its inadequacy in his state due to adverse geo-climatic conditions prevalent. He sought help how MNRE needs to be convinced on this to allow Sikkim to meet its obligation from non-solar specifically small hydro. However, this was highlighted briefly by Chairperson, SSERC in the subsequent agenda item.

Agenda Item No.3: A briefing on feasibility study of Solar Power in the hilly states with comparatively much lower solar radiation level

Sri N.R. Bhattarai, Chairperson, SSERC continued with the agenda item No.2&3. He elaborated that there is low solar irradiation in Sikkim and consequently solar panels generate power with low CUF. There is also scarcity of land to install solar plants on MW basis since 80% of the state is covered with forest and hills. There is also very limited potential for harnessing wind power. However, there is ample potential for small hydro generation which exceeds the percentage of non-solar RPO obligation. He is of the opinion that state like theirs cannot be fastened with solar obligation in view of the limited solar potential and it should be fastened to clean energy. However, the RPO obligation shall be suitably tuned by the MNRE to consider fulfilling of RPO through the available renewable energy sources in the state. A

representation on such modification may be sent to MNRE through this Forum. Sri R.P. Singh, Chairperson, APERC also endorsed the view that solar potential is very low in the state of Arunachal Pradesh.

Sri A.K. Das, Member, OERC suggested that Sikkim ERC should have a technical study done on various renewable potential in the state which shall form the basis for notifying RPO Regulation by the State Commission. Er. Imlikumzuk Ao, Chairperson, NERC highlighted that the cost of setting up of SHEP is very high and some incentives or concessions be provided by the Govt. of India. Members of the forum agreed that in view of the importance of the matter this issue can be taken up with Forum of Regulators. Many members expressed their reservation that the RPO trajectory has been fixed by MNRE without taking into consideration the views of the Regulators or the state specific renewable energy potential. It was agreed by the members of the forum that the individual commissions can have RPO regulation notified under the Section 183 of the Act in order to fix the renewable generation trajectory taking into consideration the type of renewable potential available.

Agenda Item No.4: Renewable Generation in Manipur

Director, Manipur Renewable Energy Development Agency (MANIREDA) made a power-point presentation on the available renewable generations in the state of Manipur. MANIREDA has tried to harness solar potential by putting up stand-alone solar plants for 399 common service centres, wind solar highbrid system, stand-alone solar power plants at 46 Nos. of Govt. offices, district hospitals, police stations, subordinate courts and electrification of remote villages, installation of 3392 Nos. of solar water heating system and 7 Nos. of small hydro projects. They have also implemented smart solar LED streetlights at district headquarters with maintenance free batteries for 5 years. He said that the major challenge to implementation of renewable sources of energy especially in hilly region is the high cost of transportation of the equipments adding to the capital cost. There should be capital subsidy in order to improve the penetration of renewable sources plants in the region. Sri R.P. Singh, Chairperson, APERC suggested that MANIREDA can explore the possibility of floating solar generation on the vast Loktak Lake which could be cost effective on the long run.

Agenda Item No.5: Manipur's experience regarding Pre-paid Metering System in their State.

Sri Chandramani, Manager, MSPDCL (Manipur State Power Distribution Co. Ltd.) made a presentation on the benefits achieved due to implementation of pre-paid metering system in the state. He mentioned that due to massive pre-paid metering drive, the peak load has reduced appreciably and the revenue for the company has doubled from 2012-13 level. He elaborated on the initial challenges faced for implementing pre-paid being gradually overcome by undertaking concomitant initiatives such as digitization of all the consumers, extensive network of AB cabling, frequent monitoring of recharge value, installation of distribution transformers at low voltage areas, engagement of local contractors for laying of AB cables and installation of pre-paid meters, recharge of vouchers through web portal, ITZ cash, M-Paise, and placing of a strong IT team in the company etc. He said currently 5 paise is being charged for all kind of recharges. He informed that the State Govt. is funding for the pre-paid meters and no money is charged from the consumers. For the HT consumers of 50 KW 3 phase supply, the prepaid meter is installed on the LT side.

He explained the difficulty in energy audit is due to lack of communication modules with the meters which they are trying to address gradually. They are trying to conduct energy audit through feeder and distribution transformer meters (existing outstanding arrears of the consumers are collected in instalments from the recharge @20% for every recharge towards the arrear).

Sri A.K. Das, Member, OERC enquired as to how the variation in the contract demand is handled as per the Regulation. Sri Chandramani explained that the prepaid meter is adjusted in such a manner that whenever the consumption exceeds the contract demand the meter will trip. In case of disputes regarding consumption, this is settled with the company after complaint is received. The company has provided a toll free number 1912 for lodging the complaints to the Customer Care. All types of complaints are being addressed within 10 hours. Currently all the servers and hardware are with the prepaid suppliers but recently they have tied up with TCS for securing a common platform in order to integrate all types of meters supplied by various suppliers for consumer services such as recharge of vouchers, handling of complaints, new connections and all the technical issues. The company is also in the process of setting up of data centre in the state to capture and store data in a secure

platform. Prepaid meters are also scalable in order to cater to the new tariff and other technical developments.

Agenda Item No.6: Exploitation and Development of Small Hydro Potential in the State of Odisha.

Sri Ajoy Sahu, Jt. Director, OERC made a presentation on the development of Small Hydro projects in Odisha along with the highlights of RPO obligation. Sri Sahu highlighted that Odisha has good potential for small hydro projects, predominantly canal based/dam foot based schemes. Currently, there are three numbers of small hydro projects totaling to 57 MW capacity owned by the private developers with the project specific tariff ranging from Rs.3.68 to Rs.3.71 paise/unit. The state is also at the implementation stage for another 66 MW of power from SHP projects shortly. As regards the renewable purchase obligation, half of the non-solar obligation is being met through the small hydro generation and the balance through bio-mass project. The OERC has also pronounced generic tariff for small hydro projects during the controlled period 2013-14 to 2017-18 at levelized tariff of Rs.4.89 Kwh for SHP projects ranging from 5 to 25 MW capacity and Rs.4.26 Kwh for projects below 5 MW capacity. Sri R.P. Singh, Chairperson, APSERC suggested that the levelized tariff of Small Hydro projects can still be lowered by increasing the tariff period from 25 to 30 years.

Agenda Item No.7: Changes in Tariff Regulation - WBERC

Sri Amitav Biswas, Member, WBERC gave a presentation on the changes in the draft MYT Regulations of WBERC. The proposed draft Regulation envisages certain important changes with regard to separation of Wire & Supply business, separate tariff for embedded generating stations of licensee, awarding thorough competitive bidding for construction of transmission lines above 50 Kms., 20 Kms. for underground cable and construction of substations above 150 MVA. The draft Regulation provides for ARR of the Wire & Retail Supply business to be determined separately, tariff for generating companies and licensee to be determined once in the control period, operation and maintenance expenses to be controllable item, depreciation rate is made higher for first twelve years, RoE will be at pre-tax basis 15% for thermal generation, transmission and wire business, 16% for hydro generation and for retail supply business RoE will be certain retail supply margin in terms of paise/unit of sale. Transfer price of coal from allotted coal mines free of cost or through

reverse bidding are to be determined. The other important features of the draft Regulation for tariff design are the determination of voltage level-wise wheeling charges, determination of voltage level-wise uniform tariff for supply business based on average cost of service, tariff to be determined without any cross subsidy and application of universal supply obligation to the new consumer at the voltage level of determined tariff.

Discussion on other items:

1. Sri N.K. Das, Chairperson, AERC suggested that the Forum shall adopt the minutes of the previous meeting held at Jharkhand which was earlier circulated to the Forum members. All members confirmed the minutes of the 5th meeting held at Jharkhand.
2. He further pointed out that there is no action taken report on the items discussed in the previous meeting at Jharkhand. Secretary, FORENS stated that in the 5th meeting, it was decided that the members of FORENS should study the project report (submitted by WBERC) on grant of MNRE subsidy to the states and furnish their views so that the same could be consolidated and a proposal would be sent to MNRE, GoI. No views have been received so far. However, the members agreed that from the next meeting onwards, the action taken report on the previous meeting shall be taken up.
3. Sri Das also brought to the notice of the Forum that it was decided in the 4th meeting at West Bengal to conduct a study on the retail tariff of Eastern and North-Eastern region states through a consultant. Secretary, FORENS said that Chairperson, FORENS subsequently found that the financial involvement for this exercise shall not be viable looking into the present financial strength of FORENS. Hence, no further progress has been made.
4. Sri R.K. Kishore Singh, Chairperson, Joint ERC (Manipur & Mizoram) brought out issues for the consideration of the Forum. He proposed that the Secretaries of the Member- Commissions may be allowed to attend the Forum meetings in order to address many technical issues discussed in the meeting. Sri A.K. Das, Member, OERC brought to the notice of Hon'ble Members that participation is open to members only as per by law in line with FOR & FOIR.
5. Sri Singh also proposed for the participation of ex-members in the FORENS meeting. The proposal is accepted for further deliberation in the next meeting along with financial implication and responsibility of extending the invitation. A protocol with all

- issues shall be placed in the next meeting for consideration and voting. The members after deliberation decided that a list can be prepared of the retiring members.
6. Sri Singh further proposed that the Annual subscription fee of Rs.1.00 lakh may be increased to Rs.1.5 lakhs in view of the rising cost of meeting. Since the response was poor the idea is dropped to next meeting.
 7. The Forum members on these proposals of Sri Singh decided that the participation of ex-members and enhancement of annual subscription fee can be deliberated and decided basing on the fund availability, after audit of the accounts of the Forum. The Secretary of the Forum may undertake to get the accounts of the Forum audited by a certified Chartered accountant firm and place in the next meeting.
 8. Sri N.R. Bhattarai, Chairperson, Sikkim State Electricity Regulatory Commission (SSERC) proposed to conduct next meeting of FORENS at Gangtok, Sikkim during the month of April, 2017. This proposal was accepted by all the members of FORENS.

Vote of Thanks:

All the Forum members thanked the Chairperson, Member and staff of Joint ERC (Manipur & Mizoram) for excellent arrangements made by them for their stay and conduct of Forum meeting.

The meeting ended with vote of thanks to Chair.

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