

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

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

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No.Secy/FORENS(Vol.IV)/ 608
Dated 28/04/2018

To

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- ✓ 3. The Secretary,
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- ✓ 5. The Secretary,
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- ✓ 6. The Secretary,
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- ✓ 7. The Secretary,
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9. ✓ The Secretary,
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Sub: Minutes of the 9th meeting of the Forum of Regulators for Eastern & North-Eastern States (FORENS) held from 19th-21st April, 2018 at Itanagar (Arunachal Pradesh).

Sir,

Enclosed, please find herewith the minutes of the 8th meeting of the Forum of Regulators for Eastern & North-Eastern States held from 19th-21st April, 2018 at Itanagar (Arunachal Pradesh) for favour of your information and necessary action.

Further, the annual membership contribution for the FY 2018-19 is due. It is, therefore, requested that contribution (Single Member Commissions Rs.1,00,000/- & other Member Commissions Rs.2,00,000/-) may be remitted to FORENS Bank account as per the following details:

Name of Bank: Corporation Bank, Plot No.1882, Besides Kalyani Mandap, Unit-8, Nayapalli, Bhubaneswar-751012, Orissa.
Account No: CLSB/01/150006
For DBT/NEFT/RTGS/ECS : A/c No. 054100301150006
Name of the Account Holder: Forum of Regulators for Eastern & North Eastern States
IFSC Code: CORP0000541
MICR Code: 751017003

Encl: As above.

Yours faithfully,


28/4/18
SECRETARY, FORENS

**Minutes of the 9th meeting of the Forum of Regulators for
Eastern and North-Eastern States (FORENS) held at Itanagar,
Arunachal Pradesh, 19th -21st April , 2018 hosted by
Arunachal Pradesh State Electricity Regulatory Commission (APSERC)**

The 9th meeting of the Forum of Regulators of Eastern & North Eastern States was held on 19th - 21st April, 2018 at Itanagar, Arunachal Pradesh.

Members Present:

1. Sri U N Behera, Chairperson, FORENS and OERC
2. Sri R.P. Singh, Chairperson, APSERC
3. Sri R.N. Sen, Chairperson, WBERC
4. Sri S.K. Negi, Chairperson, BERC
5. Sri S. C. Das, Chairperson, AERC
6. Er. Imlikumzuk Ao, Chairperson, NERC
7. Sri N. Sarat Singh, Chairperson, Jt. ERC for Manipur & Mizoram
8. Sri A.K. Das, Member, OERC
9. Sri S. K. Parhi, Member, OERC
10. Sri A. Biswas, Member, WBERC
11. Sri Durgadas Goswami, Member, WBERC
12. Sri Dipak Chakravarty, Member, AERC
13. Sri R.K. Choudhary, Member, BERC
14. Sri R.N. Singh, Member, JSERC

Officials Present:

1. Sri Ajoy Sahu, Joint Director, OERC
 2. Sri Rakesh Kumar, Secretary, APSERC
- List of participants is enclosed at Annexure-1.

Inauguration of the Meeting

The meeting was inaugurated on 20th April, 2018 at the Conference hall of APSERC office by lighting of a lamp by Sri U.N. Behera, Chairperson, FORENS, Sri R.P. Singh, Chairperson, APSERC of the host Commission, Sri R.N. Sen, Chairperson, WBERC, Sri S.K. Negi, Chairperson, BERC, Sri S. C. Das, Chairperson, AERC, Er. Imlikumzuk Ao, Chairperson, NERC, Sri N. Sarat Singh, Chairperson, Jt. ERC for Manipur & Mizoram

Sri R.P. Singh, Chairperson, APSERC in his opening address welcomed all the Chairpersons and Members of the participant State Electricity Regulatory Commissions to Arunachal Pradesh. He outlined the functioning of the APSERC and highlighted the development of the Commission in bringing about tariff orders in timely manner, notifying various regulations and other pioneering works of the Commission. In the state of Arunachal

Pradesh, the unbundling of the sector has not taken place and the functions of generation, transmission and distribution remains with the State Power Department. The challenges of Regulation, therefore, remains as the activities are still run by the government department.

Sri U.N. Behera, Chairperson, FORENS chaired the 9th FORENS meeting.

Agenda-1: A presentation on “An Overview of Arunachal Pradesh”.

A presentation on an overview of the state of Arunachal Pradesh highlighting its profile, political evolution, society and culture along with overall power scenario in the state along with the evolution of the Arunachal Pradesh State Electricity Regulatory Commission to the present stage was made by the Secretary, APSERC.

Agenda-2: Confirmation of the minutes of the 8th meeting of FORENS held at Puri on 12th – 14th October, 2017

The minutes of the 8th meeting was circulated to the members earlier and also with the agenda note. No views/comments have been received from the FORENS members on the same.

The members confirmed the said minutes of the 8th meeting of FORENS.

Agenda-3: Action Taken Report (ATR) on the 8th FORENS meeting.

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

On RPO target and weak compliances, it was agreed that FORENS may forward an agenda note to the FoR (for discussion in the FoR meeting) for Solar Rooftop Plants with a proposal for recommending a differential subsidy structure based on CUF. A letter addressed to FoR on those lines was circulated to the members.

The members discussed the same and resolved that a proposal may be sent to FoR for enhancement of Central Financial Assistance (CFA) from the present 30% to 50% for the Eastern states such as Odisha, West Bengal, Bihar & Jharkhand and from the present 70% to 90% for all the North-eastern states and Sikkim. While CUF is low for all the eastern and north-eastern states as compared to rest of the country, the eastern and north-eastern states have the additional handicap of logistic constraints.

Accordingly a revised draft (Annexure-2) has been prepared taking into account such suggestions made by the members of the FORENS. Member Commissions are requested to communicate their comments, if any, within 15 days. On receipt of such

comments the letter will be finalized and sent to FoR for inclusion of the same as an agenda point for discussion in the FoR meeting.

2. Inter-state Comparison of Retail Supply Tariff

As regards the Inter-state comparison of Retail Supply Tariff, it was decided in the earlier meeting that the required data would be sent to the FORENS Secretariat for further analysis and discussion in the 9th meeting. The member Commissions were requested in the FORENS Secretariat letter dt.09.03.2018 to furnish the details. It was also requested to provide details with regard to subsidies/grants provided by different governments. Study of subsidy along with retail supply tariff will help in taking a holistic view of the matter. The member Commissions were accordingly requested to furnish a detailed note on various revenue subsidies and capital grants provided by the respective governments along with the information.

The FORENS Secretariat received information from some of the member Commissions. However, an inter-state comparison of retail supply tariff, prepared by OERC officers, for member states for 2017-18 was circulated for discussion by the members.

Members opined that the element of subsidy received from various state governments may also be taken into consideration while making the comparative analysis. It was finally decided that the study of the same may be done by the WISE, Pune and this study may be included in their scope of work.

3. Registration of FORENS under Society Registration Act, 1860

As regards the Registration of FORENS under the Societies Registration Act, 1860, it was decided in the 8th meeting to study the Bye-law of the FOIR and ascertain the type of structure that should be adopted for FORENS. It was also decided that the FORENS Secretariat would formulate a modified draft bye-law, which would be circulated to the members of the FORENS for further deliberation and finalisation in the 9th FORENS meeting. Accordingly, a modified Rules and Regulations of FORENS under the Societies Registration Act, 1860 with appropriate modifications was circulated for deliberation of the members in the meeting.

The members, after discussion, finalized the same and resolved that the FORENS secretariat may undertake necessary process for registration of FORENS under Society Registration Act, 1860.

4. Audit Reports of FORENS Account

As regards the audit reports of FORENS Account, it was decided in the 8th meeting that the complete accounts for 2016-17 along with all statements duly audited should be circulated to the member Commissions for discussion and adoption in the 9th meeting. The complete account for FY 2016-17 was circulated along with the agenda note.

The same was adopted.

5. Consumer Indexing – Purpose Energy Audit

As regards Consumer Indexing (purpose –Energy Audit), it was decided in the 8th meeting that the member Commissions may study the proposal of OERC with respect to practices in their states and discuss the same in the next FORENS meeting. In the meantime, OERC finalized the Consumer Indexing scheme, the copy of which was sent to the member Commissions.

6. FORENS Website link

As regards FORENS Website link, it was decided in the 8th meeting that the FORENS website will only be accessible to the Chairperson and Members of the FORENS ERCs. The FORENS secretariat would send the User ID and Password to the respective E-mail account of the Chairperson and Members. The FORENS website link is being developed by the IT wing of the OERC who generated the User ID along with Password for accessing the FORENS Website. These were circulated to the members. The Secretaries of the Commissions will also be provided access to the website.

7. Financial Position of FORENS Account

The present financial position in shape Bank statement was circulated for appraisal of the members.

The above ATRs were adopted in the meeting.

Agenda-4: Achieving 100% metering with special emphasis on Smart Meter

Most of the DISCOMs are struggling with high AT&C losses, one of the primary reasons being lack of proper metering. Smart meters can provide DISCOMs a game changing ability to address billing inefficiencies that have contributed to the losses. Smart Meter records electricity consumption at short intervals and communicates it back to the utility for monitoring and billing through its capability of two-way communication.

A presentation on “Smart Meter – Present status in India and way forward for Odisha” was circulated in the meeting. Sri S.C. Das, Chairperson, AERC informed that the metering position in the state of Assam is nearly 100%, however, the meters installed under DDUGJY are not of good quality. In case of replacement of meters with smart meters, the existing meters can be re-deployed in deficit regions. Sri R.N. Singh, Member, JSERC said that the smart meters can be mostly installed in urban and semi-urban areas. Sri R.K. Choudhury, Member, BERC said that installing smart meters in rural areas may not make much economic sense, as the consumption of the rural consumers is low and the connectivity required for the two way communication of smart meters is not reliable in the rural areas. Sri R.N. Sen, Chairperson, WBERC stated that measuring energy flowing to the consumer is of paramount importance and smart meters provide a viable option for the same. DISCOMs may resist the installation of the same because of the high cost of the meters, however, in order to facilitate installation of smart meter, the order for procurement of the same may be placed by the respective state government. On the connectivity issue especially in rural areas, Sri Sen stated that smart meter can communicate through any of the means such as RFID, GPRS or PLC system. Sri U.N. Behera, Chairperson, OERC said that EESL had invited bids for 5 million smart meters to be deployed in UP and Haryana, the orders for which seems to have been placed but the details of such orders are not made available. As per a presentation made by the EESL to OERC, the cost of single phase smart meter is about Rs.2,500/- and cost of 3 phase smart meter is about Rs.3,634/-. M/s EESL proposed to recover the cost of meter on per month basis. The complete proposal consisting of the cost of meter and recurring cost on communication envisages recovery of the cost in monthly installments of Rs.81/- for 3 phase meters and Rs.73/- for single phase meters over a period of eight years. However, the EESL requires a minimum order of 20 lakh meters to supply the meters at the above cost. Sri N. Sarat Singh, Chairperson, Jt. ERC for Manipur & Mizoram informed that Manipur has a highly successful pre-paid meter scheme and the entire expenditure on such installation has been met under R-APDRP scheme and by the state government.

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.

Agenda-5: Experience of engaging franchisees in Electricity distribution business.

Odisha has experienced limited success on the Franchisees operation. Currently, in Odisha, two types of Franchisee models are in operation viz. “Community based Micro franchisee (Women SHGs) for rural areas” and input based franchisee – operation on incremental revenue sharing basis at Division level.

A presentation on the topic was circulated in the meeting. Sri S.K. Negi, Chairperson, BERC stated that the experience of franchisee operation in Bihar is far from encouraging. The franchisee operation was given in areas such as Bhagalpur, Gaya and Muzaffarpur, however, the franchisees have failed to achieve any of the performance parameters. Sri S.C. Das, Chairperson, AERC stated that experience of franchisee in Assam is also not satisfactory.

Agenda-6: Study for FORENS by World Institute of Sustainable Energy (WISE), Pune.

World Institute of Sustainable Energy (WISE), Pune have offered to conduct a detailed study in the areas of ARR and tariff determination, monitoring utilities performance and adherence to standard of performance (SOP), and other initiatives with regard to promotion of renewable energy, energy efficiency and demand side management. The objective of the study is to identify the points of convergence and divergence along with understanding the rationale and thus evolving the best practices in governance, for balancing the interest of consumers and utilities which can be adopted uniformly by the member ERCs. The proposal envisaged no cost to FORENS. The proposal received from WISE along with the concept note was circulated in the meeting.

After deliberations, the proposal of WISE, Pune was agreed upon by the members. Comparative study of tariff, subsidy and revenue and capital grants received from the concerned state governments may also be included in the scope of study. It was decided that the said firm may be given terms of reference only after a detailed discussion with the FORENS Secretariat.

Agenda-7: Consumer Indexing – Purpose Energy Audit

A presentation was made by OERC on the new protocol on Consumer Indexing (purpose –Energy Audit) during the 8th meeting at Puri. OERC finalized a Consumer Indexing scheme, the copy of which was sent to the member Commissions.

A brief presentation on “New Protocol on Consumer Indexing” was circulated 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 each member Commissions, taking into account their state specific variations.

This could be discussed further in the next meeting of FORENS.

Agenda-8: Consumer Advocacy Cell (CAC)

The establishment of regulatory bodies like the CERC and SERCs have brought to focus the importance of consumer participation in the reform process. Increasingly it is felt that the real benefits of regulation can accrue only when Consumer Advocacy Groups (CAG) are able to act as a countervailing force on the utilities and the regulators.

Consumer advocacy should not be viewed as a voluntary or as a non-profit service. Instead it should function as a professional body. Here comes the need for financial resources. Though regulatory regime has been in India for nearly two decades, no effort is being made to recognize the importance of consumer advocacy and give it a legal basis. It is necessary that regulatory bodies find means and ways of granting financial assistance to recognised CAGs to enable them to hire the services of legal and technical experts, collect data and appear before different forums like CERC & APTEL.

Till date some states have allowed funding of the Consumer Advocacy Cells but no proper information is available as a whole.

After deliberations by the members, it was decided that the study on consumer advocacy may be included in the scope of the work of WISE, Pune.

Agenda-9: Bongaigaon Thermal Power Project (BGTPP)

Bongaigaon TPP of NTPC is one of the biggest power plants in the NE region having capacity of 3X250MW. It was thought that, with the Commissioning of the said project, the NE region power scenario will get a face lift. The state of Assam has provided the land free of cost hoping that the cost of power will be cheaper. However, in reality the cost of power from the project reached as high as Rs 5.80/unit which is beyond affordability. As a result, the beneficiaries are contemplating to surrender their share of power.

This issue was deliberated by the members and it was agreed that this may be resolved between NTPC and the respective state governments.

Agenda 10: Point of Connection (PoC)

PoC is the methodology of computation and sharing of ISTS Charges and Losses among Designated ISTS Customers (DICs) which is dependent on the location and sensitive to distance and direction of the node in the grid. Charges would be computed for each node of DICs based on Hybrid Method as explained in the CERC Regulations. It is the hybrid of Marginal Participation and average participation method.

After the introduction of PoC mechanism, the states of the eastern and north-eastern region are burdened with high charges which resulted in the overall increase of transmission tariff, that is to be passed on to the consumers with increase in retail tariff.

This issue was deliberated by the members and opined that the cost to the generating states is more than the consuming states. Therefore, the methodology of computation of PoC needs to be revised. This issue may be taken up by the member Commissions in the FoR meetings.

Agenda-11: Bihar Electricity Regulatory Commission have raised certain issues of common interest for discussion in the meeting. The issues raised are as follows:

- a) Achievement of Renewable Purchase Obligation, penalty for non achievement of the same and mechanism thereof.
- b) Standard Practice for deciding threshold limit for award of intra-state transmission project on tariff based competitive bidding process in other states.
- c) Standard practice for deciding the meter rent.
- d) Reference point (Ex-bus or state transmission periphery or distribution periphery) in fixing the T&D target of the DISCOMs.
- e) Structure of fixed charges and allowing the same in retail tariff of consumers.
- f) Status of Regulation on Power Regulatory Accounting for submission of Regulatory accounts timely.
- g) Status DT metering and cost effectiveness of DT metering of Rural areas.

The copy of the issues raised by BERC was circulated in the meeting. As regards compliance of RPO, most of the members stated that no penalty has been imposed as yet on non-compliance and no money has been deposited by any obligated entity in a separate fund. As regards meter rent, Sri U.N. Behera, Chairperson, OERC stated that in Odisha cost of meter is

recovered in 60 monthly installments as per OERC Condition of Supply Regulation. The cost of meter is not included in the Capex programme, but instead is a part of Opex. As regards the measurement of energy at the appropriate point for distribution loss, most of the members stated that energy is measured at the 33 kV injection points of DISCOMs from the substation of STU. As regards the fixed charge of DISCOMs, the members opined that the same is to be recovered by the DISCOMs to maintain the system and needs to be passed on to tariff prudently. As regards the Regulatory Accounting, the members informed that no Commission has notified Regulation on such aspect. As regards DT metering of rural area, the members opined that metering of DTRs is important for energy audit purposes and measurement of correct energy flowing through the system.

Agenda-12: Venue for the next meeting of the FORENS with tentative date.

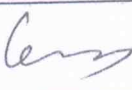
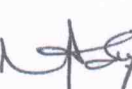

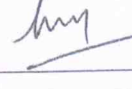
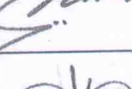
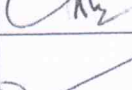
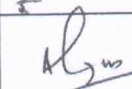
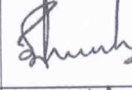
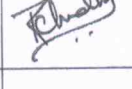
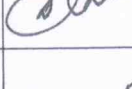
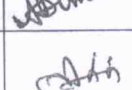
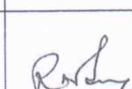

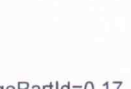
The earlier meetings were conducted in the following manner.

| 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 |

The members deliberated to fix the venue and date for the next (10th) FORENS meeting. Sri S.K. Negi, Chairperson, BERC gave his consent to hold the next FORENS meeting in Bihar in October, 2018. The venue and the dates shall be fixed by BERC at least 15 weeks in advance and communicated to all concerned.

Sri Ajoy Sahu, Jt. Director, OERC on behalf of FORENS Secretariat thanked the members of the FORENS for their participation in the meeting.

ATTENDANCE SHEET
9th FORENS Meeting at Itanagar from 19th – 21st April, 2018
Venue: APERC, Itanagar, Arunachal Pradesh

| Sl. No. | Name & Designation | Name of the SERC/JERC | Signature | Contact No. | E-mail ID |
|---------|---|---|--|----------------|-------------------------------|
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| 2. | Sri R. P. Singh, Chairperson | Arunachal Pradesh State Electricity Regulatory Commission |  | 9810251 974 | |
| 3. | Sri R.N. Sen, Chairperson | West Bengal Electricity Regulatory Commission |  | 94326 22022 | |
| 4. | Sri S. K. Negi, Chairperson | Bihar Electricity Regulatory Commission |  | 943024126 | shaktiing @ gmail.com |
| 5. | Sri S.C. Das, Chairperson | Assam Electricity Regulatory Commission |  | 99549 44044 | subhashdas55 @gmail.com |
| 6. | Er. Imlikumzuk Ao, Chairperson | Nagaland Electricity Regulatory Commission |  | 94360063 84 | nerc_kohima @yahoo.com |
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| 9. | Sri S.K. Parhi, Member | Odisha Electricity Regulatory Commission |  | 9868866597 | skparhi58 @gmail.com |
| 10. | Sri R. K. Choudhary, Member | Bihar Electricity Regulatory Commission |  | 9650992283 | member2@bere.co.in |
| 11. | Sri Dipak Chakravarty, Member | Assam Electricity Regulatory Commission |  | 94350 54225 | dchakravarty @gmail.com |
| 12. | Sri A. Biswas, Member | West Bengal Electricity Regulatory Commission |  | 9339276583 | |
| 13. | Sri Durgadas Goswami, Member | West Bengal Electricity Regulatory Commission |  | 9830077713 | member2.wbere @gov.in |
| 14. | Sri R. N. Singh, Member, | Jharkhand State Electricity Regulatory Commission |  | 808472 2828 | robindraaaryans @gmail.com |
| | | | | | |

FORUM OF REGULATORS FOR EASTERN AND NORTH-EASTERN STATES(FORENS)**Secretariat: C/o-ODISHA ELECTRICITY REGULATORY COMMISSION (OERC)****Plot No.4, Chunokoli, Sailashree Vihar, Bhubaneswar-751021****TEL. No. 2721048/2721049, FAX : 2721053/2721057****e-mail : orierc@rediffmail.com, Website : orierc.org****No.Secy/FORENS(Vol.IV)/****Dated /04/2018**

To

The Secretary,
Forum of Regulators,
C/o. Central Electricity Regulatory Commission,
3rd & 4th Floor, Chandralok Building, 36 Janpath,
New Delhi - 110 001.

Sub: Differential subsidy structure for solar rooftop units.

Sir,

In inviting a reference to the subject mentioned above, I am to say that the above matter was discussed in the meeting of the Forum of Regulators for Eastern & North-Eastern States (FORENS).

Govt. of India has set a target of achieving 40 GW of Roof-top Solar generation by 2022. This can be achieved through proper incentive mechanism for such installations. The installation of Roof-top Solar in the country has many challenges in spite of the fact that this would help in reducing peak demand during day time and in reduction of the losses. The Ministry of New and Renewable Energy, Govt. of India is providing financial assistance of 30% of benchmark cost/ tender cost (whichever is lower) for general category states/UTs and 70% for special category states i.e. North Eastern States. However, it may be appreciated that the CUF in these states is quite low as compared to Northern and Western states. Further, the cost of Roof-top installation is considerably higher in the North-Eastern states due to logistic constraints. These factors require higher pay-back period for the installation costs. Another major challenge is the non-availability of skilled and trained manpower in these parts of the country especially in North Eastern States.

FORENS is of the view that FoR may consider to include an agenda item on differential subsidy structure for Solar Roof-top plants based on CUF relevant to each state. It is proposed to increase the central assistance of 30% to 50% of benchmark cost/ tender cost (whichever is lower) for the eastern states, namely, Bihar, Jharkhand, Odisha and West Bengal and 70% to 90% for special category states of i.e. North Eastern States and Sikkim.

Yours faithfully,

SECRETARY, FORENS