

FORUM OF INDIAN REGULATORS

Sectt: C/O Central Electricity Regulatory Commission
Core-3, 7th Floor, Scope Complex, Lodhi Road, New Delhi 110003

Subject: Draft Minutes of the 13th General Body Meeting of the FOIR held at Bhopal on 11th and 12th September 2003

Shri G.P. Rao, Hony. Chairman, FOIR welcomed all the participants and the new members of the FOIR. The General Body condoled the death of Shri Ramesh Kumar, Former Chairman, HERC and observed one minute silence. In his welcome address, the Hony. Chairman expressed gratitude to the Members and Chairman of the various Regulatory Commissions who were due for retirement shortly for their valuable contribution.

2. Initially the consultants of MPERC made a presentation to the FOIR in regard to the Power Sector reforms in India and in the State of Madhya Pradesh in particular.

3. The discussion were held on the draft paper on 'National Tariff Policy' as prepared by FOIR based on the deliberations in the Governing Body Meeting of the FOIR held on 2nd September 2003 at New Delhi. After threadbare discussion the General Body approved the Tariff Policy document with some amendments. The General Body also decided to send the Tariff Policy to Central Government.

4. A presentation was made by the CERC on 'Open Access in Inter-State Transmission' the draft document of which had already been circulated to all the SERCs. The presentation generated a debate on the subject and all the FOIR Members participated actively in the debate. Hony. Chairman, FOIR, suggested that all the SERCs should respond back to CERC with their views/Comments and suggestions in the matter.

5. In the afternoon session of 11th September 2003, a presentation was made by BHEL on 'Controlled Shunt Reactor (CSR)', which had been developed, for ensuring reliable and efficient high voltage transmission systems. The Members of the FOIR interacted with BHEL in regard to the various technical and financial aspects of the CSR.

6. The Hony. Chairman of FOIR invited the Members of various Commissions to highlight the developments in their respective Commissions since the last Annual General Body Meeting held at New Delhi on 26th and 27th June 2003.

6.1 Shri S.S. Gupta, Chairman, HPERC, informed that they had circulated the draft guidelines for establishment of 'Forum for Redressal of Grievances of Consumers'. He mentioned that HPSEB had signed some PPAs without referring it to HPERC

ostensibly because of non –omission of section 43A(2) of the Electricity (Supply) Act, 1948 for the State of HP. The Commission took up the case suo motu and after hearing, the PPAs had been quashed/set aside. He further discussed about the Baspa Stage-II project the PPA of which was signed in 1997 and the project being under commercial operation presently. He informed that a supplementary PPA was signed by HPSEB with the IPP in February 2003 with a new clause concerning 12% free power. The matter was taken up through suo motu hearing conducted by HPERC and the supplementary PPA was quashed and the IPP has been directed to file the financial package as approved by the HPERC.

6.2 Shri Divakar Dev, Chairman, UERC, informed that the first tariff order has been issued by Uttaranchal Electricity Regulatory Commission reducing the retail tariffs by 20% . He informed that this had been possible due to considerable reduction in the average cost of power from 152 paise per unit to 62 paise per unit after the re-organisation of UP. He informed that 4 months time has been given for change over from unmetered to metered supply and from 1st January 2004 the penalty from the unmetered supply would go up significantly. Further rural electrification was being taken up under the low interest package of REC and TOD metering is being introduced from 1st January 2004 for the industrial consumers.

6.3 Shri K.S. Chaube, Chairman, HERC, informed that 3 (three) orders has been passed by HERC this year. He mentioned that transmission losses have come down to 3.5%. Six (6) orders of the Commission were challenged in the court and all the six cases were settled in favour of the Commission. He informed that pre-paid card system was being introduced in Haryana and compulsory metering of agricultural consumers was in progress. The demand forecast had been very accurate with the average reduction of 5% every year the overall transmission and distribution losses have come down to 40% from 47.5%.

7. Shri V.K. Sood, Chairman, DERC, proposed that the work of framing the regulations commonly for all the SERCs, may be undertaken by FOIR. Shri G.P. Rao, Hony. Chairman FOIR explained that it would be preferable to wait for the announcement of Tariff Policy by the Central Government.

8. A presentation was made by Shri Yogendra Prasad, Chairman, NHDC Ltd., on the role of Hydro Electric Power in System Stabilisation. A specific reference was made to the Narmada Basin Development being undertaken by NHDC Ltd. The presentation highlighted the various problems being faced by power sector in India and the role Hydro Power development could play in meeting the country's growing demand of peaking power. The

global as well as the Indian scenario of Hydro potential was also focussed in the presentation.

9. Hon'ble Chief Minister of Madhya Pradesh and Hon'ble Energy Minister of Madhya Pradesh also attended the FOIR meeting in the evening of 11th September 2003. Shri G.P. Rao, Hony. Chairman, FOIR, welcomed the Hon'ble Chief Minister and Hon'ble Energy Minister. In his welcome address, Shri G.P. Rao highlighted the objectives and activities of FOIR. Shri P.K. Mehrotra, Chairman, MPERC, also welcomed the Hon'ble Ministers and apprised them about the activities/deliberations held during the day in the FOIR meeting and the key issues concerning the State Utilities & Regulators. MPERC made a presentation before the Hon'ble Chief Minister with regard to the power sector scenario and the state of reforms in the country with specific reference to the state of Madhya Pradesh.

10. Hon'ble Chief Minister of Madhya Pradesh in his address stressed the need to depoliticise the power sector. He stated that the first step to depoliticisation of the sectors was to set up Regulatory Commissions. The Regulatory Commissions are taking a much closer look and as a result of which the correct picture of the sector is emerging. He stated that his Government has taken some hard decision while implementing reforms as a result of which the gap between the cost of supply and realisation has started narrowing. He cautioned that 'Open Access' is a good philosophy but it should not be enforced too quickly and Boards should be given time to put their house in order. He stated that proposed National Tariff Policy cannot aim at micro management of the sector. It should laid down broad parameters. He suggested that popularising the use of pre-paid meters in the electricity is a must to ensure better recovery. He appealed the Regulatory Commissions to enforce energy audit by the utilities. On behalf of FOIR, Shri P. Subrahmanyam, Hony. Sr. Vice Chairman, FOIR, proposed the Vote of Thanks for Hon'ble Chief Minister of Madhya Pradesh and Hon'ble Energy Minister of Madhya Pradesh.

11. In the initial session of the FOIR meeting on 12th September 2003, the minutes of the 4th Annual General Body Meeting of the FOIR held at New Delhi on 26th and 27th June, 2003, were confirmed. Thereafter, a presentation was made by TERI on their draft report on 'Compilation and Analysis of Tariff Orders of the various Commissions'. The Members of the FOIR pointed out various deficiencies in the draft report and suggested that the corrections be made for evaluation of the financial loss due to T&D losses. Shri G.P. Rao, Hony. Chairman, FOIR, advised TERI to include Tariff Orders of the SERCs issued upto date. TERI requested FOIR for some more time for completion of the report since six (6) State Commissions had issued their Tariff Orders of 2003-04 after 31st March, 2003 and the same were now proposed to be included in their Final Report. Shri G.P. Rao, Hony. Chairman,

FOIR, advised TERI that after inclusion of the said six (6) Tariff Orders the draft report should be circulated to all the SERCs by the end of September 2003.

12. Shri D. Roy Bardhan, Member, MPERC, proposed for a presentation on the Cost of Service Model for the benefit of all SERCs since AP, Karnataka and Haryana Regulatory Commissions had undertaken some work in this regard. Shri G.P. Rao, Hony. Chairman, FOIR, suggested that APERC could make a presentation to the FOIR on the said subject and also a meeting of the Technical Members of FOIR could be held at Hyderabad for deliberations in this regard.

13. A presentation was made by M/s. Consolidated Energy Consultants Limited, Bhopal, on the Economics of Wind Energy Generation. The presentation was focussed on the Technical and Financial aspects of Wind Energy Generation in India as well as Worldwide. The advantages of Wind Energy Generation and the efforts required for promotion of the same were duly highlighted. On this occasion the first edition of a Journal on MPERC Orders published jointly by M/s. National Power Training Institute and M/s. Consolidated Energy Consultants Limited, Bhopal, was released by Shri G.P. Rao, Hony. Chairman, FOIR.

14. The issue of Annual subscription fee of FOIR for the year 2003-04 was discussed. Shri G.P. Rao, Hony. Chairman, FOIR, requested all the SERCs to deposit the fee with FOIR secretariat at the earliest. It was decided that Kerala SERC would be exempted from the payment of Annual subscription fee of FOIR for the year 2002-03 since Kerala SERC has been participating in the FOIR from April 2003 onwards only. Shri V.K. Sood, Chairman, DERC, suggested that the Annual subscription fee of FOIR be raised so that all the expenses including accommodation of FOIR Members etc can be taken care of by FOIR for the meetings which are held outside Delhi. The Members of FOIR supported the suggestion of SHRI V.K. Sood. Shri G.P. Rao, Hony. Chairman, FOIR, appreciated the suggestion of the FOIR Members and proposed that the issue of increase of Annual subscription fee would be worked out assuming four (4) meetings of FOIR every year for which all the expenses will be met out by FOIR. All the FOIR Members also made a suggestion for presenting some gift/momentos to the FOIR Members who were due for retirement before the next FOIR Meeting.

15. Concluding the proceedings, Shri G.P. Rao, Hony. Chairman, FOIR, outlined the follow up action to be taken up after the meeting for the following:

- (i) A workshop to be held for the Technical Members of FOIR on Cost of Service Model.
- (ii) The issue of increase in the subscription fee to be discussed by the Governing Body of FOIR.

- (iii) TERI would be submitting the draft report on 'Compilation and Analysis of Tariff Orders of various Commissions' by the end of September 2003 and all the SERCs should send their comments to TERI by 15th October 2003.
- (iv) FOIR will be sending the paper on 'National Tariff Policy' as per the discussions held in this meeting
- (v) All the SERCs would be responding to the CERC on the 'Concept Paper on Open Access in Inter-State Transmission'
- (vi) The letter for remittance of Annual Subscription Fee of FOIR for the year 2003-04, should be immediately send by FOIR secretariat.

16. It was proposed to hold the next General Body Meeting of FOIR in the 3rd week of December 2003 before 25th December 2003. UERC and JERC proposed to organise the FOIR meeting in their respective States. It was finally decided to hold the next FOIR Meeting at Ranchi and all the necessary arrangements in this regard would be made by JERC in consultation with FOIR secretariat.

17. At the close of the Meeting, Shri G.P. Rao, Hony. Chairman, FOIR, thanked MPERC and all other agencies involved in organising the meeting of FOIR at Bhopal, for the excellent arrangements and hospitality. Shri V.K. Sood, Chairman, DERC, proposed the vote of thanks in this regard.

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