

**Minutes of the 14th State Advisory Committee Meeting
Held on 22.04.2015 at 11.30 hrs**

As per provisions contained in Section 87 of the Electricity Act, 2003, the Delhi Electricity Regulatory Commission had re-constituted the "State Advisory Committee" and notified the same vide Gazette Notification (No.F.7(37)/DERC/JS/2014-15/Vol-IV/C.F.NO. 4440/4691) dated 4th March 2015.

Commission

1. Sh. P.D.Sudhakar, Chairman
2. Sh. J.P.Singh, Member
3. Sh. B.P. Singh, Member

Other Members of SAC (incl. their nominees):

1. Sh. IS. Mishra, Addl. Secretary, Dept. of Power, GoNCTD
2. Sh. RK. Srivastava, EO to Principal Secretary, Dept. of Power, GoNCTD
3. Sh. Shalabh Goel, CEE, DMRC
4. Sh. Devendra Singh, CEE, East Delhi Municipal Corporation.
5. Ms. Pravatanalini Saml, (Nominee of Director General, BEE)
6. Dr. GC. Datta Roy, CEO, PHDCCI
7. Sh. Goutam Roy, Director, CEA
8. Sh. Rajesh K. Mediratta, Sr. VP, IEX
9. Sh. K. Ramanathan, Distinguished Fellow, TERI
10. Sh. Koshy Cherail, (Nominee of Chairman, AEEE)
11. Prof. Bhim Singh, HOD (E), IIT Delhi

Officers of the Commission

1. Ms. Jayshree Raghuraman, Secretary
2. Sh. Mahendra Singh, ED (T)
3. Sh. U.K. Tyagi, ED (E)
4. Sh. Rakesh Kumar Mehta, ED (Law)
5. Sh. Prashant Kumar, JD (T-F)
6. Sh. Mukesh Wadhwa, JD (E)
7. Sh. Sudhir Kumar Sharma, Advisor (Finance)
8. Sh. Sharad Kumar Srivastava, JD(Law)
9. Sh. Amit Sharma, JD (E)
10. Sh. CK. Roy, JS
11. Sh. Sanjay Kumar Sharma, JD (PSE)
12. Sh. Abhishek Moza, DS

The Chairman welcomed the Members of the State Advisory Committee and the meeting started with the introduction of all the members and officers of the Commission present in the meeting. The Chairman stated that the Committee may consider and discuss the issues placed before it as per the agenda circulated and provide the Commission with their valuable suggestions.

During the course of discussions, the issues taken up, suggestions received as well as preliminary observations of the Members of the Committee are given below.

Item No. 1

Approval of Minutes of 13th SAC Meeting held on 16.06.2014.

The Committee considered and approved the minutes of the State Advisory Committee Meeting held on 16.6.2014 at 11.30 Hrs.

Item No. 2

Review of "Action Taken Report (ATR)" on issues discussed in the previous meetings.

The Committee considered and noted the "Action Taken Report (ATR)" placed along with the agenda items.

Item No. 3

(i) Petitions for approval of True Up of expenses for FY 2012-13 to FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and ARR/Tariff for FY 2015-16 filed by the Generation Companies, viz., Indraprastha Power Generation Company Limited (IPGCL) and Pragati Power Corporation Limited (PPCL) and Transmission Company, viz., Delhi Transco Limited (DTL).

(ii) Petitions for approval of True Up of expenses for FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and ARR/ Tariff for FY 2015-16 filed by New Delhi Municipal Council (NDMC).

(iii) Petitions for True Up of expenses for FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Aggregate Revenue Requirement (ARR) and Tariff for FY 2015-16 filed by the Distribution Licensees, viz., BSES Rajdhani Power Ltd. (BRPL), BSES Yamuna Power Ltd. (BYPL) and Tata Power Delhi Distribution Ltd. (TPDDL) (collectively referred to as the petitioners or DISCOMS).

A presentation on Tariff Petitions for FY 2015-16 filed by DISCOMs, TRANSCO and GENCOs was made by Executive Director (Tariff). The Committee was explained about the process of Tariff Determination carried out by State Electricity Regulatory Commissions under the provisions of the Electricity Act 2003, chronology of events, status and milestones in respect of Tariff and ARR Petition for FY 2015-16 filed by Generation, Transmission and Distribution Companies in the Commission. During the presentation, the Committee was informed about the parameters of True up for FY 2013-14 as submitted by Discoms along with projected figures like AT&C losses approved in the Tariff Order dated July 2013, total impact claimed on account of implementation of APTEL Judgment, ARR submitted for FY 2015-16 and Revenue Gap/Surplus up to FY 2015-16.

The representative from IIT Delhi and other Committee Members asked about fixation and concept of AT&C target. It was informed that the AT&C loss includes the technical and commercial/theft losses. The Commission has fixed the targets of AT&C losses in accordance with DERC Multi Year Tariff Regulations FY 2012-FY 2015 at the beginning of the 2nd MYT Control Period and these are based on past performance, the trajectory given in the 1st MYT Control Period as well as other relevant factors for each year of the second control period and is laid down in MYT Order dated July 13, 2012. The DISCOMs are given an incentive if the loss is reduced below the target. The benefits of over achievement of AT&C loss targets by any particular DISCOM during a financial year are shared equally between the DISCOM's and consumers through reduction in ARR since more revenue is recovered than estimated and this results in reduction of the tariff to that extent. If the DISCOM does not achieve the target, strict penalties

have been prescribed and the entire revenue loss on account of under achievement has to be borne by the concerned DISCOM without any financial burden to the consumer. The incentive/disincentive for over and under achievement of AT&C loss target as given in the MYT Regulations is being considered at the time of true-up for the relevant financial year. It was also clarified that over-achievement of AT&C loss during one year of the control period does not result in revision of subsequent targets since these are frozen for the entire control period and cannot be changed.

Multi Year Tariff (MYT) Regulations and Orders are framed and approved after public hearing session(s) held by the Commission and considering the comments / suggestions received from the public / stakeholders, thereby giving ample opportunity to the stakeholders to express their opinions. Regulations/ Orders approved by the Commission are uploaded on the website of the Commission. The orders passed by the Commission, under various provisions of the Act, are appealable before the Appellate Tribunal for Electricity (APTEL) and all the stakeholders including consumers are free to question/ challenge the fixation of tariffs by filing appeals before the APTEL.

It was explained to the Members that the figures presented in staff paper/ executive summary and in presentation is only a brief of the issues and claims of Discoms as submitted in the Tariff Petitions and the Commission will firm up its view only after detailed analysis is carried out by the Consultant and Staff of the Commission and holding Public hearing and following the due process which will be outlined/ indicated in the Tariff Order for FY 2015-16.

The representative from CEA explained that there are still practical problems and lot needs to be done to reduce the commercial losses. Dr. G. C. Datta Roy informed that 30 years back, a study was conducted on area wise losses, and it came to light that middle class colonies have minimum losses whereas lower class and higher class colonies have the highest losses. It is difficult to detect theft in the areas where there are problems/restrictions to access by the Discoms without security/administrative support. The Committee suggested that Government may extend support to Discoms to control the theft in areas where it is required.

The representative from Power department, Government of Delhi raised few issues which were considered by the Committee and discussed below:-

a. Provisional True up of Capital Expenditure of assets for past years and its status.

It was explained to the Committee Members that the physical verification of assets is going on and will be completed soon. The Commission in its Tariff Order dated Feb 2008 has already firmed up the capitalization up to FY 2005-06. The Commission has engaged a consultant for review of capex and capitalization undertaken by DISCOM from FY 2006-07 to FY 2010-11 who will submit his recommendation/report soon. Once the report is completed, the final outcome of any pending issues shall be given appropriate treatment in the upcoming Tariff Orders. The exercise involves the verification of documents related to procurement of items, and also physical verification of assets to ascertain that the equipment capitalized under a particular scheme actually exists on ground or not. This exercise is under progress. The exercise for appointing consultant for verification of capitalization from FY 2011-12 to 2013-14 is also under progress and will be captured in the future Tariff Orders.

b. Maintaining Annual Regulatory Accounts by Discoms.

It was explained to the Committee Members that the Regulatory Accounts are different from normal company accounts prescribed under Companies Act, therefore recently the Commission has brought out draft Regulatory Accounting Regulations which specifies the required parameters in terms of regulatory information for purpose of regulatory accounts. Pending finalization of draft regulations, the Commission has already asked Discoms to give information in the formats required under draft Regulatory Accounts Regulations for this year Tariff Petitions.

c. The billing software of Discoms needs to be checked from an expert.

It was informed to the Committee Members that the Commission has been informed that there are empanelled experts with TRAI which do this and the Commission has already decided to call bids from them.

d. The issue regarding nonpayment towards funding of Pension Trust by BRPL and BYPL.

The representative of GoNCTD stated that Pension Trust is facing acute financial crunch, although TPDDL is making the payment as per the provision contained in the last Tariff Order but other two Reliance Companies i.e BRPL and BYPL are not making the payment which is one of the concerns of the Government .It was decided that Delhi Government may inform the Commission about the total balance amount due against Pension Trust and the Commission may consider that amount while tariff determination exercise and may not allow that amount in the present ARR of Discoms and adjust the same amount directly in the ARR of DTL.

e. Regarding ease of doing business

The representative from Delhi Government stated that the government of India has decided that threshold limit for HT connection may be increased from the existing 100 kW/kVA to 150 kW /KVA. It was explained to the Committee that presently the Commission has kept an option to the Consumers to opt for LT connection or HT connection between 100 kW to 200 kW which is in the interest of the consumers only as depending upon his requirement, feasibility and cost benefit, the Consumers may choose between the two options.

The representative from IIT Delhi asked that how the companies are paying a continuous penalty and is it that Discoms are showing lower losses. It was explained that the Companies have challenged the penalty in the higher courts and the penalty imposed is not continuous, it is only applicable when they under achieve their targets.

The representative of IIT Delhi submitted that the Commission may take an initiative to install smart meters in Delhi. In this regard, a representative of CEA proposed that DERC may come with regulations for installation of smart meters in a specified time period. The Committee deliberated upon the issue and felt that CEA needs to frame and define technical specifications for smart meters first.

The Committee also discussed the issue of power procurement and sale of surplus power and it was proposed that Discoms may undertake better ways of forecasting and optimization strategies for the same. It was agreed that the Commission may look into the matter. The representative from IEX explained the intricacies of short term power markets and said that IEX has already submitted a proposal to the Government offering help in reducing power purchase cost. It was also informed that the Commission has been requesting the government of Delhi from time to time that the policy matters like power purchase; smart meters, proposals which Discoms

submit under IPDS may be taken up in the Board of Directors meeting because DERC cannot get into micro management. DERC fixes ARR, AT&C losses, does prudence check etc. but other operational parameters like day to day working of the Companies has to be reviewed by the Board only. Discoms submit their balance sheet and many consumers have alleged that the balance sheet is manipulated. It is the responsibility of the Board to verify and check all the details for better management of the affairs of the Discoms. The Commission believes that since the Government of Delhi is 49% shareholder in all Discoms, therefore balance sheet must have been checked by the Board Members and Audit Committee which includes senior government directors on the Board. The Board may also verify the petition before it is filed in the Commission to ensure authenticity of data which will build confidence and protect larger public interest.

A representative from BEE proposed that some annual targets for demand side management may be fixed. The Committee was informed that the Commission has taken recent initiatives to promote Renewable Energy and Energy Efficiency, and has issued DERC (Net metering for Renewable Energy) Regulations and Demand Side Management Regulations. The Commission has also approved scheme for replacement of inefficient bulbs with LED bulbs under Ministry of Power, Government of India for all Delhi Discoms and is also considering approval to launch an "Energy Efficient Air Conditioner Program" for TPDDL consumers in its area of supply by Replacement of inefficient Air conditioner with BEE 5 Star rated air conditioner, thereby accelerating the adoption of BEE 5 Star Rated Air Conditioners (AC) through consumer rebate scheme which in turn would significantly reduce power consumption of consumers as well as their electricity bill.

The Government of Delhi representatives appreciated the Commission for issuing Net Metering for Renewable Energy Regulations and for other initiatives taken and submitted that the Commission may increase the tariff of Renewable Energy under Net Metering Regulations.

The Meeting ended with vote of thanks.