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**Minutes of the 3rd State Advisory Committee meeting held at  
1030 hours on Monday, the 30<sup>th</sup> June, 2008**

Chairman, DERC, welcomed the Members of the State Advisory Committee (SAC). Since this was the first meeting after the re-constitution of the SAC, the Members introduced themselves.

2. The list of participants is attached at the end of the minutes.
3. The Secretary, DERC stated that the Agenda for the meeting has been chosen very carefully such that all the relevant items where the Commission would want to benefit from the views/suggestions of the Members have been included in the Agenda. Since Agenda consisted of four items, it was decided to assign half an hour to each of the Agenda items.
4. The Committee was then informed that from the previous meeting two issues had been carried forward which were as follows:
  - (i) Technical reasons due to which the electricity meters have a positive bias to the error, though, within permissible limits of tolerance.
  - (ii) Seeking the methodology in the context of the existing laws for auditing revenues of the Discoms since the stakes are enormously high and the fact that Comptroller and Auditor General (CAG) do not audit the accounts of private utilities.

SAC was also informed that on these issues, the Bureau of Indian Standards (BIS) and the Institute of Chartered Accountants of India (ICAI) had been specially requested by the Commission to give their expert

opinion. However, the representative of ICAI did not attend the meeting. It was then decided to take-up the Agenda items for discussion.

5. **Item No. 1- Staff Paper on determination of Open Access charges:**

- (i) Some of the Members were of the view that the Open Access should be available to the lowest end consumer as early as possible and that wheeling charges, other surcharges etc. that may be levied in the process should not take the tariff beyond the present level otherwise the very purpose of giving Open Access would be defeated..
- (ii) One of the Members also suggested that tariff per MW needs to be worked out so that the consumer, while evaluating the proposition of availing Open Access, is in a better position to take a decision.
- (iii) The DMRC representative stated that in the Agenda item it has been shown that some subsidy is being allowed to DMRC, which is not correct. He also added that the purpose of allowing Open Access was to increase competition while providing reliable and quality services.
- (iv) Members sought to know as to whether trading of power would be possible keeping cost lower than or equal to the present level. It was felt that the element of cross-subsidy in tariff should be lowered and necessary steps taken for fostering competition among Discoms. The case of Maharashtra Electricity Regulatory Commission was also cited where, in spite of removal of cross-subsidy surcharge, there were still no takers of their Open Access scheme. One of the Members wondered as to what will be financial impact on Discoms if the cross-subsidy surcharge was reduced to zero level. The Commission clarified that through Open Access consumers would be able to procure power from cheaper

- sources. It was also mentioned that in the event Cross Subsidy Surcharge was made zero or negligible there would be an impact on other consumers which will have to be addressed to have a non-discrimintary Open Access regime.
- (v) One of the Members wanted to know as to whether an Open Access customer can seek additional power over and above his present sanction. It was explained that in such a case the applicable charges for reliable additional or back-up supply, over and above the sanctioned load, from the existing Discom may also require consideration depending upon the merits of each case.
  - (vi) Secretary, Bureau of Energy Efficiency (BEE) mentioned that bringing Open Access was a step in the right direction. He observed that for supply above 66 KV, there was no surcharge whereas at LT level surcharge was quite high which may prove to be a deterrent.
  - (vii) Some members sought to know as to whether the surcharge could be kept dynamic i.e. as to whether with passage of time it could be gradually reduced. It was explained that the surcharge is likely to be reviewed every year in the tariff order.
  - (viii) One of the Members mentioned that while allowing Open Access, the State and the Regulator shall have to consider the technical, financial and administrative feasibility of such a move. It was observed that there should be an ability in the system to transfer load. The likely beneficiaries of Open Access should be worked out alongwith the technical issues involved in the process of allowing Open Access. The financial impact on the system in terms of magnitude, the road map and the financial circumstances that the Open

Access regime shall create, without any support from GNCTD, need to be known.

- (ix) It was also observed that the biggest hurdle in implementation of Open Access Regulation is administrative, i.e. as to how the Regulator is equipped to address the issue in a professional manner in a shortage situation. It was mentioned that Open Access at Transmission level is in order but the time line for implementing the same at distribution level may have to be kept flexible in view of high level of inherent cross-subsidy in the tariff structure and the shortages in supply. It was also mentioned that average cost of supply would be quite high without any subsidy support.
- (x) The GNCTD representative placed on record the letter addressed to the Commission by the Department of Power, GNCTD whereby the GNCTD views on the Staff Paper floated by DERC, for determination of Open Access charges have been stated. A copy of the GNCTD letter was provided to each of the Members of the SAC during the meeting. In the letter, the GNCTD has expressed its commitment to introducing competition in the retail supply segment of Delhi Power Sector. The letter also cites the GNCTD commitment to the spirit of the Electricity Act, 2003, the National Tariff Policy and the National Electricity Policy vide which the Government of India has given a road map to the State Governments to introduce competition in retail supply sector. The GNCTD have also given certain suggestions as regards fixation of cross subsidy surcharge and additional surcharge while determining Open Access charges, in their response.
- (xi) Some Members wanted the details of subsidy and cross-subsidy inherent in the tariffs applicable to each category of

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consumers. The Chairman, DERC stated that in the process of implementing Open Access, it needs to be seen that if a consumer, who is cross-subsidizing other consumer categories goes out of the system, what could be the tariff implications on the consumer categories, who were benefiting from cross-subsidy.

**6. Item No.2 - Good practices adopted and followed by DERC on Consumer Welfare Matters:**

While all the Members were generally appreciative of the various efforts made by the Commission for enhancing consumer welfare, some concerns, however, lingered. The concerns expressed and suggestions made by the Members for improving consumer welfare were as follows:

- i) The Members expressed their concern about the Discoms not having paid voluntarily any compensation on account of failure on their part to meet the Standards of Performance (SoP).
- ii) It was suggested by some of the Members that technical solution should be considered for monitoring SoP and payments on account of compensation arising out of the failure on the part of utilities to observe SoP. It was also suggested that such a computerized system be evolved that failure to observe SoP should automatically get generated through software and the necessary compensation too could get automatically credited to the bill of the affected consumers for the following month(s). The Member, DERC stated that the penalties in the DERC Regulations were kept low so that compensation could be credited to the billing account of the consumer, without his having to claim the same from the Discom. However, the Discoms are

contending that opportunity needs to be given to them before compensation claim could be decided in favour of consumer.

- iii) Some of the Members suggested that though the Consumer Grievances Redressal Forums (CGRFs), are statutory institutions but are seen to be an extension of the Discom. It was suggested that possibility of shifting the CGRFs to some neutral location may be considered for locating the CGRFs as these are presently located in the Discom premises. It was also stated that the Chairmen and Members of CGRFs may be paid by the GNCTD and not by the Discom in order to lend greater credibility to these institutions. The Member, DERC informed the Committee that the present arrangement was in accordance with the provision relating to set up of CGRFs as contained in Electricity Act, 2003 and the DERC (Guidelines for Establishment of Forum for redressal of grievance of the consumers and Ombudsman) Regulations - 2003 whereas the subsequent Rules requires only one nominee of the Commission to be on CGRF whereas the others shall be the officers of Discom. The Commission has been expressing its reservations about this change by writing to the GNCTD and the Government of India, Ministry of Power. However, the Act shall have to be amended for bringing about the changes of the type being suggested by the Members of SAC.
- iv) Another Member suggested that the CGRFs do not have powers to grant stay in respect of disputed payments whereas the Consumer Disputes Redressal Forum (CDRF), set up under the Consumer Protection Act, 1986, allowed such stay due to which consumers preferred to approach CDRF

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instead of approaching CGRF. It was decided to discuss the issue in the next review meeting that may be held by the Commission with CGRFs.

- v) One of the Members mentioned about theft cases being wrongly booked against consumers by Discoms. It was suggested that whenever such cases come to light, stern action against the concerned Discom officials should be taken and suitable penalties be imposed in order to deter such irregularities.
- vi) Members also stressed the need for directing the Discoms to install meters at such location where the locking of meter could be possible. This would obviate the possibilities of interference with the meter by unscrupulous elements.
- vii) The Members lauded the efforts of DERC leading to setting up of PGC by the GNCTD, which, it was felt, was a very good step although the provisions of Electricity Act, 2003 do not envisage such an arrangement. The Members stated that the PGC set up should, however, be formalized by bringing in the necessary amendments in the said legislation. The GNCTD representative noted the suggestion.
- viii) On a query by one of the Members, it was clarified by the GNCTD representative that all the six Special Courts, two each per Discom, have already been set up and are fully functional. It was also informed that these are full time Courts dedicated only to theft of electricity related matters.
- ix) The Members also mentioned that high order of complaints at the consumer grievances redressal institutions such as the Discom Call Centers, PGC, CGRFs etc. should not be a worrying proposition and that there should be no attempt to curb the number artificially lest it prove counter productive to

consumer interest. The Members generally felt that the Discoms Call Centers needed further strengthening to bring greater relief to consumers.

- x) Some of the Members felt that the meters being installed by Discoms at Consumer premises should invariably be tested for accuracy before installation and a certificate as regards the accuracy of such meter be handed over to the consumer.
- xi) In response to a query, the NABL representative clarified that CPRI has recently been accredited for carrying out on-site testing of meters. It was also mentioned that the BSES Discoms have also applied for NABL accreditation for their own testing laboratories while NDPL meter testing laboratory was already NABL accredited.
- xii) The PHDCCI representative suggested that to have continuous feel of the consumer pulse, it may be a good idea to have an electronic survey running constantly on the Commission website where the consumers desirous of expressing their views should have the facility to express themselves either against the questionnaire placed on the website or otherwise at space which may be specially provided for the purpose on the website. The information about such an initiative should be suitably publicized.
- xiii) The BIS representative took up the matter arising out of the proceedings of the previous SAC meeting and informed that there was a meeting conducted by BIS on 29<sup>th</sup> May, 2008 to discuss the issues relating to the Electricity Meters having a positive bias to the error within permissible limits and for further narrowing the tolerance limit of  $\pm 2.5\%$ . It was mentioned that in the meeting held by BIS on 29-5-2008, which was attended by the Member, PGC and an officer from DERC, these issues



were considered. The minutes of the meeting would be sent to DERC, once finalized. The BIS representative informed that in the meeting it was decided to retain tolerance limit at  $\pm 2.5\%$  for on-site testing of energy meters.

- xiv) Another Member stated that since more than 60% of the sampled consumers complained about load shedding in the consumer survey carried out by DERC, there was a need for continuous monitoring so that the possibility of unnecessary load shedding is ruled out. It was also mentioned that there should be discussions held with focused Consumer Groups, RWAs and NGOs for improving the performance of Discoms continuously.

### 7. Item No.3- Power Purchase from Renewables

The Member, DERC introduced the issue by citing the ongoing surge in the global oil prices and underlined the need for developing alternative strategy where power generation from renewables will occupy a significant place. The discussion ensued and following points were made by the Members:

- i) Some of the Members expressed their apprehensions about generation through renewables in Delhi citing the previous MCD experience with the plant set up by them at Timarpur. Member, DERC clarified that the Municipal Solid Waste (MSW) projects now proposed in Delhi involved private enterprise, hence, there were fewer chances of failure. The Chairman, DERC mentioned that the GNCTD proposes to set up 5 such plants in Delhi with aggregate capacity of 75 MW. Out of these, proposals relating to two have been received in this Commission. In fact, tariff determination exercise has been completed in respect of one of the two project proposals received by DERC.

- ii) The DMRC representative mentioned that 1% power purchase from renewables, as suggested by DERC in its tariff order, being very reasonable and an achievable target, efforts should be made to ensure that the Discoms achieved this target and that there is no let-up in this. He also suggested that with the technological developments, solar power may be available at Rs. 4-5 per unit over the next 3-4 years.
- iii) The NABL representative suggested that solar energy based geyser and such other equipments may be made compulsory for certain bulk consumers like big hospitals, hotels etc.
- iv) It was suggested by the Secretary, BEE that till such time other possibilities for generation of power from renewables within Delhi are considered, renewable energy certificates may be an alternative.

8. **Item No.4 - Energy efficiency and Demand Side Management:**

The Secretary, Bureau of Energy Efficiency (BEE) representative made a visual presentation before the Committee citing the strategy and action plan for achieving energy efficiency and Demand Side Management (DSM).

- i) It was mentioned that energy conservation potential, as assessed by BEE, is 20,000 MW whereas only 877 MW has been harnessed during the X<sup>th</sup> Plan while the target for the XI<sup>th</sup> Plan stands at 10,000 MW.
- ii) It was suggested that the Regulatory Commissions should encourage implementation of energy conservation initiatives through the regulatory intervention.
- iii) The 'Bachat Lamp Yojana', a CDM based CFL scheme which seeks to replace 4000 million incandescent bulbs by CFL to save 6000 MW by 2012 MW was also discussed. It was

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mentioned that 18 CFL manufactures/suppliers have agreed to participate and 14 States have initiated this scheme.

- iv) The other efforts made by BEE for promoting energy conservation were also discussed, more significant of these being the Energy Conservation Building Code (ECBC) which lays down the methodology for designing Energy Efficient Building, Agricultural and Municipal Demand Side Management, National Energy Conservation Awards, painting competition among school children and National Painting Competition for school children involving about 25,000 schools and over 5 lac students over 4-5<sup>th</sup> standard.

9. After discussions concluded on the Agenda items, the Member, DERC summed-up the proceedings. It was stated that Delhi being a city State, the network is concentrated and results of developmental activities are easy to demonstrate. The Member, DERC thanked all the Members of SAC on behalf of the Commission and solicited cooperation from each Member and their respective Organizations in the process of achieving the objectives for which the Commission has been instituted.

The meeting ended with a Vote of Thanks to the Chair.

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## LIST OF PARTICIPANTS

### **Members of the State Advisory Committee:**

(i)	Shri Berjinder Singh, Chairman, DERC
(ii)	Shri K. Venugopal, Member
(iii)	Shri Satish Kumar, Director, DMRC
(iv)	Shri Vijay K. Kapoor, Member, PGC
(v)	Sh. R.K. Sharma, Chief Engineer(Elect), MCD
(vi)	Dr. G.C. Datta Roy, Senior Member, PHD Chamber of Commerce & Industry
(vii)	Sh. Saurabh Kumar, Secretary, Bureau of Energy Efficiency
(viii)	Sh. Anil Relia, Quality Manager, National Accreditation Board for Testing & Calibration Laboratories (NABL).
(ix)	Sh. Chandrasekhar, Deputy Director General (Tech.), Bureau of Indian Standards (BIS)
	Sh. P.K. Mukherjee, Head Electro-Technical Department, Bureau of Indian Standards (BIS)
(x)	Sh. K. Ramanathan, Distinguished Fellow, The Energy and Resources Institute (TERI)
(xi)	Sh. Anil Sood, President, NGO, Chetna

### **GNCTD Representative:**

(i)	Shri Harish K. Ahuja, Dy. Secretary Department of Power
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### **DERC Officers:**

(i)	Shri. Amarendra K. Tewary, Secretary
(ii)	Shri. Hari Gopal Garg, Director (Law)
(iii)	Shri. B. K. Sahoo, Director (Engg.)
(iv)	Shri. K.M. Verma, Joint Director (Law)
(v)	Shri. Hemant Jain, Joint Director (Engg)
(vi)	Shri B.K. Jain, Joint Director (Tariff-Engg.)
(vii)	Smt. Rinku Gautam, Joint Director
(viii)	Shri. S.K. Sharma, Assistant Secretary
(ix)	Ms. Archana Ahlawat, Deputy Director (IT)