

Minutes of the 14th Meeting of the State Advisory Committee held on 19.2.2014 at 11.30 AM

1. The 14th Meeting of the State Advisory Committee (SAC) was held in the Conference Room of the Commission on 19.2.2014. The meeting was chaired by Hon'ble Chairman, UPERC. Welcoming the members, Hon'ble Chairman informed that he welcomed this opportunity for apprising the SAC members and seek their suggestions to improve the standards of performance of Discoms and to make the sector vibrant as per laid down regulations of the Commission.

2. The minutes of the 13th SAC meeting were approved by the SAC as no objections were raised.

3. Action Taken Report of 13th SAC meeting:

As regards mitigating the equipment failures, especially the frequent burnouts/failures of transformers , the Secretary informed that the Commission took cognizance of the reports of Standing Committee on quality control and called for reports as well as implementation of Equipment Quality Control Committee report by the DISCOMs. The information regarding total number of transformers procured in the last two period, total that failed during this period, and total no's that failed during their guarantee period, was received from all the DISCOMs showing due adherence in the submitted data. Regarding the burn outs due to high voltage, the Chief Engineer, LESA in his report had suggested that B & L Form issuing authority must ensure that proper capacity of MCBs be provided to trip the circuit, as well as proper earthing at the consumer end as per Electrical Safety Department, and its healthiness be regularly checked. MD.UPPCL agreed to look into the issues of appointment of nodal officers, high voltage and standard of performance compensations within three months, subsequent to the safety related reports..

Ms Namrata Kalra, Sr.Project Officer, UPNEDA submitted that as informed by UPERC that it is in process of determining Solar power Tariff generated from Solar PV plants in State of U.P while determining tariff it may be taken into consideration that in accordance with UPERC (Grant of Connectivity to Intra-State Transmission System) Regulations 2010 the responsibility of Grid connectivity of Solar power Plant with the transmission system owned by the Discom/STU lies with the Project Developer". The cost of the transmission line up to the "feed in substation" viz the point of interconnection where the metering is done is to be borne by the Solar Project Developer and is not met by the STU/Discom as per CNCE Regulations 2009.

The Secretary, UPERC informed that UPERC draft regulations on Non Conventional Energy Generation Tariff and connectivity with the distribution systems are being prepared by UPERC and these issues will be duly addressed therein. It was also informed that solar tariff is under consideration of the Commission. Suggestions from UPNEDA on this issue, or a petition would enable the Commission to determine the same on more realistic level.

4. Giving his views to encourage open access, Hon'ble Chairman replied to the query of Prof Anoop Singh, IIT-Kanpur and said that the SLDCs need to be made independent, as the success for open access depends on it. MD, UPPCL informed that SLDC and four *area load despatch centres* are already in existence, and action is being initiated to make the SLDC independent from UPPTCL, and that he shall submit the minutes of meeting to the Commission.

On comments of Principal Secretary Food, Hon'ble Chairman asked the Secretary to upload the minutes on the UPERC website, so that it is readily available to all stakeholders. He then asked the Secretary to initiate discussions on the action taken report of the Discoms on the minutes of SAC meeting dated 9.8.2012.

5. The Hon'ble Chairman wanted that Chief Engineer LESA, be made a permanent invitee for SAC meetings, and the minutes of meeting be invariably placed on UPERC website. Hon'ble Chairman then sought the views of other members of SAC, which are listed below:

Shri Avadhesh Kumar Verma, President, UPRVUP

Shri Verma raised several issues with prominent ones being as here under:

1. The State Govt,s and UPERC principal approval to FRP is subject to condition that Tariff for FY 2014-15 shall be determined as per Act and regulations of UPERC, and as such the proposed ARR needs to be scrapped since non conforming to the same.
2. On similar lines to Haryana, Mumbai and Delhi, the UPRVUP submitted its proposal for tariff reductions to UPERC and State Planning Commission, and UPERC has supposedly taken cognizance also, and should manifest it in the form of reduction in tariff of consumers in the state.
3. As already raised before 13th SAC meeting, the arrears of Discoms are hovering around Rs 30 thousand crores, of which Rs 11000 crores is of Government dues. If outstanding are realized, the Discoms would be in profit.

The Principal Secretary, Food, wanted that arrears shall reflect only the non-fictitious content. MD, UPPCL informed that constant steps are being taken, despite genuine difficulties of the officers taking responsibility of writing off the fictitious content. He also apprised of the meeting being called on 26 th February to take stock of division wise Govt. Dues, and work out the action plan for realization. Hon'ble Chairman offered UPERC's assistance in this regard for the expeditious recovery of Govt. Dues.

MD, UPPCL informed of the difficulties faced by consumers due to non-standard formats upto a certain high voltage levels by Directorate of Safety, and was advised by SAC to refer the matter to the Govt.

4. Line losses are 27% and should be brought to acceptable norms of 15% through investment of funds. Currently 7% reduction to 20% should be passed on to consumers, and it has already been accepted that FY 2013-14 had 2.30% reduced line losses.
5. UPERC had asked for report on privatization, and moves for franchization on public interest petition of UPRVP, which has not been responded as yet by UPPCL, especially when findings by CAG in respect of Torrent Power company experiment is before UPPCL.
6. PFC Consulting was hired by UPPCL to work out turnaround strategy of recovery of out standings, at a sum of Rs 60 lacs within 2 months. They may be asked to submit report before UPERC.
7. Despite Hon'ble High Court orders for equitable supply to all consumers as per provisions of sec 23 of Electricity Act 2003, the implementation of supply hours and tariff equitably becomes the duty of the Commission.
8. The auditors of Discoms have brought forth findings on irregularities in equipment purchase and billings, which has direct implications on consumers.
9. U.P. Energy Department had been intervening in Commission's functions under the pretext of advise under sec 108 of EA 2003, or otherwise, which is in contravention to the public interest issues as per the intent of the said section. Suitable steps for maintaining sacrosanct independentness of Commission in future be ensured by the Commission.
10. Despite reports received on electrical accidents of high voltages in Indiranagar and Vikasnagar areas of Lucknow, the compensations have not been provided to consumers by LESA. Also, nodal officers to keep a check on accidents have not been appointed in Discoms despite the SAC directions in minutes of meeting.
11. The bill distribution should be ensured 15 days prior to bill payment date, and incentivization for timely payments should be encouraged. Regulatory Surcharge should be withdrawn after 31.3.2014.

12. 6400 families are awaiting electricity connections in poor Kanshiram Yojna colonies like Para, Sadrauna, Gehru, Lauli, where 70% work has been expedited in some parts under LESA.

13. On one hand poor rural unmetered domestic are being booked energy at 108 units per KW per month, and on other, the life line slab is being reduced from 150 units to 50 units per month, despite increasing requirements of consumption pattern.

14. Despite black listing of companies supplying low quality transformers, the standards are being lowered to suit their requirements, while the purchases continue from such manufacturers.

15. Despite CAG's continued reports since inception of Commission, the ARRs continue to be filed flaying their recommendations.

16. The state generating plants languish at low PLF, due to lack of repayment and poor O&M, while private players like Bajaj and Reliance get approvals for higher fixed and variable costs, flaying the merit order despatch norms, which requires serious interventions from the Commission.

SAC was informed that the issue has been taken up in the ARR filed by Discoms.

Shri S. B. Agrawal, Secretary General- Assocham, UP

1. Commission should fix Benchmarks for various performance / physical parameters, while issuing Tariff Orders. These would ensure better Accountability of Utilities concerned.

2. UPPCL has regularly been showing heavy cumulative losses and very high outstanding Receivables/Outstanding Bills' Realisations - from the consumers. At this stage, UPPCL and its Subsidiaries need to be provided a clean slate. After providing for irrecoverable outstanding bills and irretrievable losses, Govt. of UP should enable their write-off, if need be, through its budgetary support. If proper attention is not paid at this stage, it may result in continuously accumulating Regulatory Assets - ultimately creating tariff shocks. We should actually enable the operation of UPPCL and its subsidiaries to function as companies under Companies Act.

3. The rate of Electricity Duty is presently ad valorem at the rate of 7.5 % of Rate Charge (as against earlier specific rate of 9 paise per unit). Electricity Duty is being calculated on gross amount of energy charges + demand / fixed charges. It should be calculated on energy Charges + demand / fixed charges -load factor / rebate.

4. In Tariff Orders 2013 -14, regulatory surcharge was levied at the rate of 3.71 % upto 31st March, 2014 to recover 50% of gap as a result of true up of accounts upto 2007-08. Though working given in Tariff Orders clearly shows that regulatory surcharge at 3.71 % is to be calculated on net amount of bill for energy i.e. Energy Charges + Demand / Fixed Charges - Load Factor Rebate, it is not being done so. It is being recovered at Energy Charges + Demand / Fixed Charges without deducting load factor rebate. Some clarification was issued by UPERC in letter dated 25th June 2013 - this however needs further clarification to make it explicitly clear that regulatory surcharge is to be calculated on energy charges + demand charges –load factor rebate.

5. Security Deposit –

(i) Security Deposit is being calculated on Electricity Duty also. As electricity duty is being recovered by DISCOMs on behalf of Govt. of U.P., no Security Deposit should be asked for this.

(ii) Two months equivalent amount is being asked for Security Deposit. The Meter Readings are being recorded and Bills are being issued just on the first day of the succeeding month. Consumers are required to pay bills within seven days. Then why security deposit is made equivalent to two months? It should be equivalent to one month or maximum 45 days.

(iii) There is provision in Electricity Act 2003 that consumers opting for prepaid meters will be required to pay security deposit in the form of bank guarantee. The DISCOMs are not providing prepaid meters

even on request. It will be not only in the interest of the consumers but also of DISCOMs, if prepaid meters are installed in the premises of all those consumers who opt for it.

6. Definition of the Rate Charge – in view of the points mentioned above, regarding computing electricity duty and regulatory surcharge, term Rate Charge should be clearly defined consisting of energy charges + fixed / demand charges – load factor rebate.

7. Installation of meters in respect of all un-metered supplies – this issue has been raised earlier also. Efforts should be made to install meters at the maximum possible points which are presently unmetered.

Past and present employees of UPPCL and its subsidiaries are eligible for subsidised power tariff. Supply of power to all of them should be metered to ascertain correctly the quantum of subsidy to them. The difference between actual cost of the power supplied to them and amounts realised at subsidised rates should be shown at establishment expenses - presently this remains unaccounted for. This will also control misuse of subsidised power.

8. To encourage timely payments of power bills and to give incentive to honest and fast paying consumers, some rebate should be allowed for early / timely payment as in case of telephone bills.

9. Effective date of Tariff Orders -2012 – 13. Tariff Orders 2012 -13 were made effective retrospectively from 1st October, 2012 instead of 1st November 2012 – it was in contravention of provision of Electricity Supply Code 2005 and UPERC (Conduct of Business) Regulations and also Interim Order of APTEL. As APTEL did not cover this point in its final judgment, UPPCL, under its order dated 31st January, 2014, has withdrawn the relief provided under APTEL's interim order. Since this issue is basically related to tariff orders of UPERC, contravening its own rules and regulations, it can be resolved by UPERC by simply issuing an amendment in tariff orders 2012-13 specifying the effective date as 1st November 2012 instead of 1st October, 2013.

Dr. Anoop Singh, Associate Professor, IIT, Kanpur

1. Need for greater transparency in governance of the companies. List of bill defaulters be placed on the website of each distribution utility with amount pending. Similarly, monthly distribution loss for all feeders be published on the each Discom's website in the descending order of loss with location and name of the respective engineers in charge.

2. Age analysis of pending bill be prepared since the last 4-5 years onwards and be updated quarterly.

3. Issue of expensive power being purchased by utilities from IPPs under the recent PPAs be addressed as this would ultimately burden the consumers. It seems like realised PLF of such expensive plants would be lower due to very high variable cost leading to higher average cost of power procurement from such plants.

4. Falling PLF of state owned plants is of significant concern as this would be replaced by expensive power from private generators. The lopsided merit order in power procurement (which seems to give some precedence to expensive power before cheaper one) be corrected.

5. Recovery of payables from Government Department should be directly deducted from the Plan Funding of each dept in a planned manner. For this, State's Planning Commission and the Dept. of Finance be approached to do the needful.

6. Payment of pending bills be linked to the consumers seeking various government benefits including registration for taxes etc.

7. No electricity supply including those to lifeline consumers and employees should be given without appropriate metering and recording of such meter reading.

8. All commercial buildings should be mandated to use solar PV/ BIPV. Given higher tariff for commercial consumers and falling PV cost, this should be more economical as well.

9. Constitution of the SAC, its scope, meeting agenda and minutes (including those in the past) should be placed on the UPERC website.

Shri Rajiv Goel, G.M, NPCL

(a) Environment Protection: It was submitted that all consumers who have already registered with the company for e-mail and SMS services to obtain monthly electricity bills should not be provided with Hard copy of bill as it will save papers as well as expenses for better environment and consumer services. The members submitted that this should be optional to consumers for registering with email and not mandatory.

(b) In the interest of Consumers and Discoms, it was suggested by Mr. Rajiv Goyal that there should be standard drawings for HT installations of consumers for each voltage and also of Discom's installations like overhead & underground lines of each voltage and 33/11kV substation, 11/0.4 kV substation. The standardisation will eliminate need of approvals multiple times by Directorate of Electrical Safety, Govt of U.P. so as lots of consumer / discom efforts can be saved. Mr. A.P. Mishra, MD, UPPCL also supported the same to save harassment of consumers / discom in this regard. It was appreciated by all members and Hon'ble Commission suggested to obtain details to implement the proposal to standardised drawings.

Ms. Deepa Jainani , Financial Express suggested that for consumers registering for email services, nominal charges could be made leviable for obtaining hard copies of bill.

Ms Namrata Kalra, Sr. Project Development Officer, UPNEDA

At the end of the meeting on Hon'ble Chairman specific queries, UPNEDA apprised about the various activities being undertaken by it for promotion of renewable energy in the State, both in Grid connected and Off Grid Solar Power generation. UPNEDA informed that till date 17 MW of Grid connected Solar Power Plants have been installed under Jawaharlal Nehru Mission of Govt of India .To promote solar Grid Power Generation in the State Solar Power Policy -2013 was promulgated by the Govt in Jan 2013 .Policy targets 500 MW of Grid connect solar Power installations till 2017.

UPNEDA who is the nodal agency for implementation of the policy had carried out tariff based bidding .130 MW capacity of projects with tariff between 8.01/unit to 9.33/unit have been approved .PPA's for 110 MW have been signed whereas PPA'S for remaining 20 MW will also be signed very soon. Tariff discovered and approved for these projects were high as the PPA'S are being signed by UPPCL for 12 yrs. and for further 13 yrs. PPA's will be extended on APPC price as compared to in other State where PPA's are being signed for 25 yrs. Tariff received were very low.

UPNEDA informed that it is in the process of formulating rooftop solar power generation policy and will be approaching UPERC very soon with the draft regulations on NET Metering. In the OFF grid solar Power generation solar Home lights under micro financing scheme were being made available in rural areas through financing from rural banks. In this scheme available 40 % subsidy on the systems is passed directly thru banks. Also Solar Pumps for irrigation under RGGVY were being installed .Solar Power Plants of various capacities were being installed in educational institutes, Health facilities, Residential houses and offices for captive use.

The Hon'ble Chairman advised that emphasis be placed on off grid renewable energy development with emphasis on sustainable solutions, with focus on non-subsidy self supported systems.

The Hon'ble Chairman concluded that suggestions on linking the tariff with standards of performance, etc as well as those given on various topics by members, shall be given due cognizance in this year's tariff order and through suo moto cognizance on audit of companies, merit order, due diligence on capital expenditure, low PLF, recovery of outstanding dues, adequate implementation of safety issues, impetus on sustainable off grid, and IT interventions.

Govt., and Discoms shall ensure action at their end within two weeks, and submit action taken report subsequently to the Commission.

The meeting ended with vote of thanks to and from the Chair to all the participants.

(Arun Kumar Srivastava)
Secretary

LIST OF ATTENDEES

UPERC

1. Shri Desh Deepak Verma, Hon'ble Chairman UPERC.
2. Smt. Meenakshi Singh, Hon'ble Member, UPERC
3. Shri I.B.Pandey, Hon'ble Member, UPERC
4. Shri Arun Kumar Srivastava, Secretary, UPERC.

SAC

5. Shri Deepak Trivedi, Principal Secretary, Food & Civil Supplies, GoUP
6. Shri A.P.Misra, MD, UPPCL, and MD, MVVNL
7. Shri N.H. Rizvi, Joint Secretary, Energy, GoUP.
8. Shri Gyaneshwar Tripathi, Secretary (NEDA)
9. Ms Namrata Kalra, Sr. Project Development Officer, UPNEDA
10. Dr. Anoop Singh, Associate Professor, IIT-Kanpur
11. Shri Pradeep Tandon, Director(Technical), (Nominee of MVVNL), Lucknow
12. Shri S.K. Gupta, Director (Utility), HQ Chief Engineer, MES, Lucknow Zone, Lucknow
13. Shri Rajiv Goyal, GM (Operation), NPCL, Greater Noida.
14. Shri Sanath Ganguly, Sr. Manager, NPCL
15. Shri S.B. Agarwal, Secretary General, Associated chamber of commerce, Lucknow
16. Shri Avadhesh Kumar Verma, President, U.P. Rajya Vidyut Upbhokta Parishad, Lucknow
17. Shri B. K. Parashar, Special Correspondent, Hindustan Times, Lucknow
18. Smt. Deepa Jainani, Principal Correspondent, Financial Express, Lucknow

LIST OF ABSENTEES

1. Commissioner, Rural Development, Govt. of U.P. Lucknow.
2. State Vice-Chairman, CII, UP, Lucknow
2. Director, Electrical Safety, Govt. of U.P., Lucknow.
3. Divisional Superintending Engineer (Coordination), Northern Railway, Lucknow
4. Director, IIM, Lucknow
5. Shri Raghavendra Singh, Advocate, Lucknow
6. Shri Sandeep Pandey, Social Activist. Lucknow