

## 28<sup>th</sup> MEETING OF STATE ADVISORY COMMITTEE

### MINUTES

22 January, 2018 at 11.00 hours

The 28<sup>th</sup> meeting of the State Advisory Committee was held on 22 January, 2018 at Centrum Hall, 1<sup>st</sup> Floor, Centre 1, World Trade Centre, Cuffe Parade, Mumbai.

The list of participants is annexed.

#### **Item No.1: Confirmation of Minutes of 27th meeting held on 13 January, 2016**

It was noted that the Minutes of the last SAC meeting circulated earlier had received no comments. The Minutes were confirmed.

#### **Item No. 2: Revision in Deviation Settlement Mechanism**

Shri. Satish Chavan, Director (Commercial), Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) stated that the Deviation Settlement Mechanism (DSM) applicable in Maharashtra is different from the frequency-linked mechanism applicable at the Central level. On a Petition filed by Maharashtra State Load Despatch Centre (MSLDC), the Commission in its Order of 2014 had directed MSLDC to submit Approach Paper suggesting changes to be made in the State DSM. Accordingly, MSLDC had submitted its report in 2015, but changes in the DSM have yet to be made out. There is a financial impact on MSEDCL on account of non-settlement of its energy scheduled to other Distribution Licensees in the State. Further, fixed cost reconciliation, which is to be done on an annual basis, is never carried out under the State DSM. Moreover, Generators are not appropriately incorporated in the present Final Balancing and Settlement Mechanism (FBSM). MSEDCL requested that suitable changes be made at the earliest.

Shri. Rajesh Mediratta, Indian Energy Exchange (IEX) also opined that the State DSM should be aligned with the system at the Central level, and that Generators should be made part of the DSM.

Shri. Deepak Lad, Member of the Commission apprised the Committee about the study conducted by MERC on review of the existing DSM in Maharashtra. It was understood that the Central Electricity Regulatory Commission was in the process of moving away from its frequency-based DSM, and further developments were awaited which have yet to materialize. Hence, the Commission would be pursuing this issue, and expert inputs have been received on the alternatives for revising the State DSM.

**Item No. 3: Simplification / rationalisation of Open Access / Group Captive Open Access modalities and related issues.**

Shri. Sanjeev Kumar, Managing Director, MSEDCL stated that provisions relating to Group Captive Open Access are being misused by some Generators, resulting in financial loss to MSEDCL and its consumers in terms of Cross-Subsidy Surcharge, etc. that would otherwise be payable. Generators are taking undue advantage of ambiguities and loop-holes in the parameters and process for determining Group Captive status. Frequent changes in equity ownership/share-holding during the year, use of preferential shares, etc. are some examples. MSEDCL has taken up these issues with the Government of India for appropriate changes in the Electricity Rules, 2005. In some cases, there is no Unit-wise metering.

Shri. Bhaskar Sarkar of Tata Power Co. (TPC) stated that TPC is also facing these issues.

Dr. Ashok Pendse of Thane-Belapur Industries Association (TBIA) stated that the contentions of misuse of Group Captive provisions are limited to a few Generators. Shri. Sanjeev Kumar stated that other Generators may also start to misuse the provisions.

Shri. Satish Chavan, MSEDCL, stated that, since the Demand Charges determined by the Commission do not meet the entire fixed costs and are, hence, relatively low, Partial Open Access consumers prefer to pay these charges and maintain full Contract Demand so that they can switch back to MSEDCL when Open Access power becomes costly. Short-term Open Access is taken because of lower rates even though the sourcing of power is for a longer period, and MSEDCL has filed a Petition on this. These issues are posing difficulties in power planning of MSEDCL. Consumers simultaneously availing RE Net Metering facility and partial Open Access to meet their demand add to these difficulties. TPC reiterated the points made by MSEDCL.

Shri. Bhaskar Sarkar of TPC stated that, in order to reduce the adverse impact of partial Open Access consumers on Distribution Licensees, the provision for automatic reduction of Contract Demand to the extent of the Open Access sought should be restored. He also suggested that day-ahead Open Access should be allowed for a minimum of 24 hours during which no revisions should be permitted.

Smt. Ashwini Chitnis of Prayas (Energy Group) stated that short-term migration of consumers through Open Access should be discouraged as it has an adverse impact on power planning of Distribution Licensees.

Shri. Deepak Mukhi of Federation of Indian Chambers of Commerce and Industries (FICCI) referred to the Tariff Policy, and stated that the Commission is yet to notify the road-map for reduction in cross-subsidy. Further, levy of Additional Surcharge is discouraging Open Access. The Commission may consider FICCI's detailed note on this and other issues which is already circulated.

Shri. Rajesh Mediratta of IEX stated that it has circulated a proposed methodology for calculation of Additional Surcharge, which the Commission may consider. He also suggested that the permission for availing Open Access should not be construed as granting capacity



rights. Charges for Open Access should only be levied if Open Access is actually availed and not otherwise.

Shri. Anand B. Kulkarni, Chairperson of the Commission mentioned that some Cases involving issues relating to Group Captive Open Access are sub judice before the Commission and, hence, it would not be appropriate for the Commission to express any opinion on the merits of these issues.

Shri. Azeez M. Khan, Member of the Commission mentioned that the Commission in its recent Order (dated 17 January, 2018 in Case No. 23 of 2017) has stipulated modalities and procedures to streamline the determination of Group Captive status. Govt. of India has yet to finalise the Electricity Rules amendments which may address some of the issues. However, Distribution Licensees are also expected to abide by the provisions of the Act and Regulations regarding Open Access. Even without a formal road map for reduction in the cross-subsidy level, over recent Tariff Orders the Commission has been gradually reducing it. The computation of the Additional Surcharge is provided in the last Tariff Order of MSEDCL. It is based on the provisions of the Act and Regulations, and not on whether it encourages or discourages Open Access. In any case, appeals are pending before the Appellate Tribunal for Electricity.

#### **Item No. 4: Consumer awareness and related issues**

Shri. Pratap Hogade of Maharashtra Veej Grahak Sanghatana stated that, as per the study conducted by the Commission, the level of consumer awareness regarding grievance redressal systems, etc. in the State is just 1 to 2%. Consumers awareness camps may be organised regularly at different levels and associate CGRF Members, Licensee officials and Consumer Representatives. Consumer bills can also be used for consumer information: every month, a short note on a selected point can be printed on the bills. Tata Power stated that it is already doing so.

Shri. Hogade also that Consumer Service Centres and Call Centres are not available at each Division Office of MSEDCL. Copies of Consumer Rights Statement, Tariff Schedule, Supply Code, Standard of Performance Regulations, etc. are not available at sub-division level. Unique registration number is not being communicated to the complainants. List of pending applications for new connections is also not being displayed at sub-division offices.

Smt. Ashwini Chitnis of Prayas suggested that the Commission undertake public consultation, separately or during the Tariff proceedings, on the compliance filings on the SoP Regulations by Distribution Licensees under Section 59 of the Electricity Act, 2003 (the statistical data of which is published on the Commission's website). More disaggregated formats would be useful. She also suggested third-party analysis/audit of the data, as is being done by the Orissa Commission.

Dr. Ashok Pendse of TBIA mentioned that, in the past, Prayas, TBIA and others had organised consumer awareness campaigns in various Districts. They were ready to assist MSEDCL.

Shri. Khan, Member, MERC stated that the Regulations do not require Call Centres at each Division. There may be a single Call Centre accessible to consumers from any location. He mentioned that, at a meeting with Consumer Representatives and groups, it had been decided that Prayas would coordinate with the others and suggest consumer awareness and related measures. Its report is awaited.

**Item No. 5: Any Other items with permission of the Chair**

Shri. Sunil Joglekar of TPC stated that developers of high-rise buildings are asking for floor-wise metering, which requires large expenditure by the Distribution Licensee. In the normal course, all such expenses have to be incurred by the builder. However, floor-wise metering cost has to be borne by the Licensee and is passed on to other consumers through tariff. The Commission suggested that TPC provide a detailed note.

Shri. Joglekar and Shri Sarkar of TPC also suggested that, as in the case of Delhi, the Commission may limit cash payment of electricity bills and require e-payment. Shri Anand B. Kulkarni, Chairperson and Shri Khan, Member did not favour this considering the ground realities, and felt that the choice should be left to consumers.

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**Members/Special Invitees present at the 28<sup>th</sup> SAC Meeting**

- i) Shri. Anand B. Kulkarni, Chairperson, MERC
- ii) Shri Azeez M. Khan, Member, MERC
- iii) Shri. Deepak Lad, Member, MERC
- iv) Shri. Deepak Mukhi, Federation of Indian Chambers of Commerce and Industry
- v) Smt. Ashwini Chitnis, Prayas (Energy Group)
- vi) Dr. Ashok Pendse, Thane Belapur Industries Association
- vii) Shri. Pratap Hogade, Maharashtra Veej Grahak Sanghatana
- viii) Shri. Rajesh Mediratta, Indian Energy Exchange
- ix) Shri Sanjeev Kumar, Managing Director, MSEDCL
- x) Shri. Surendra Kumar Bagade, General Manager, BEST Undertaking
- xi) Shri. Satish Chavan, Director (Commercial), MSEDCL
- xii) Shri. Sunil Joglekar, Tata Power
- xiii) Shri. Bhaskar Sarkar, Tata Power