

**Minutes of the Twelfth Meeting of the State Advisory Committee held on 30<sup>th</sup> December, 2009 at 11.00 hrs.**

The Twelfth State Advisory Committee (SAC) meeting held on 30<sup>th</sup> December, 2009 commenced with a warm welcome by the Commission to all the attending Members and other officials. Shri V.P. Raja, Chairman, presided over the meeting, along with Shri S.B. Kulkarni, Member, and Shri V.L. Sonavane, Member.

The Commission informed all Members that it is decided to hold four Meetings of the SAC in a year as prescribed in the Regulations. In case, the Chairman of the Commission is unable to preside over the SAC Meeting, then the next senior most Member of the Commission will preside over the Meeting. The Commission announced the next dates of Meetings at 11.00 hours on last Friday of each quarter of the year, i.e, (a) 26<sup>th</sup> March, 2010, (b) 25<sup>th</sup> June, 2010, (c) 24<sup>th</sup> September, 2010 and (d) 31<sup>st</sup> December, 2010.

The Commission then released two books – (i) Marathi Version of “KNOW YOUR POWER” of Prayas Group, and (ii) “Reference Material on Electricity Regulation in Maharashtra” by Shri S.D. Mathur, Director, Rachna Management Consultants & Studies (Pvt) Ltd. The Commission requested all SAC Members to make use of these books and also provide copies to all CGRFs, Regulatory Cells, etc to facilitate building up a strong regulatory set up in the State. All the Licensees/Utilities were informed about the Certificate Course being conducted by the World Trade Centre, Mumbai on Regulatory matters to enable their staff to get trained.

The Commission initiated discussion on the agenda items.

Agenda Item No.1 **Confirmation of Minutes of the last meeting held on 31.8, 2009.**

Minutes of the 11<sup>th</sup> State Advisory Committee Meeting held on 31<sup>st</sup> August, 2009, which were circulated earlier, were approved unanimously.

Agenda Item No.2 **Action Taken Report on items of all the meetings held herebefore.**

- i) The tabulated “Action Taken Report of the last Meetings” enclosed in the agenda sets were gone through in the meetings.
- ii) With regard to the item “increasing the list of authorised consumer representatives” of the previous meeting, Prayas, and TBIA, stated that they have already given their comments in writing. The Commission requested other Members / Licensees to also send their comments, if any, early.
- iii) With regard to “Standard of Performance” for Transmission utilities, MD, MSETCL was requested to send a draft SoP for consideration of all the stakeholders and approval of the Commission shortly.

Agenda Item No.3 **Review of Capacity Addition Process.**

MD, MSEDCL opined that this is not the forum for review of such a matter as it is feared that the information gathered from such discussion might be used for embarrassing the Government of the day. The Commission clarified that certainly this is not a review of the action taken by the Licensees / Utilities on such issues. It is only a forum for discussion to facilitate speedy action as Maharashtra is facing acute shortage of power. Thereafter, discussion took place on the Capacity Addition Programme.

Agenda Item No. 4 **Process for Monitoring Supply and Service Quality**

Shri Santanu Dixit of Prayas Energy Group made a brief presentation. He stated that the basic issues of providing electricity supply to the villages still need to be addressed. Willingness and capacity to pay should also be linked to quality of supply. He further emphasized the need for detailed reports on SoP compliance and strengthening supply and service quality monitoring.

Agenda Item No. 5 **Process of Monitoring of Capex Schemes:**

Shri Prafulla Varhade, Director, MERC made small presentation detailing the process of approval of Capex proposals adopted in the MERC. After approval of the Capex Scheme, the Licensees are expected to submit their half-yearly progress report to the Commission. BEST, TPC and RInfra are regularly submitting half-yearly reports. Members / Licensees expressed their concern in the delay of the Commission's approval and opined that timely approval of such proposals would help them to plan their investment in infrastructure.

Prayas expressed that a list of such proposals approved by the Commission, utility-wise, be put up on the MERC's website as well as respective licensees website, along with the DPR of that particular project proposal. There is a need for comprehensive capex database accessible to all for social audit. Prioritisation of capex proposal for approval would also help in a long-way, and the Commission needs to initiate process for post-facto evaluation of major capex schemes.

He drew attention that the MERC Tariff Regulations, 2005 prescribe that utilities need to prepare 3-5 year investment plans, capex approval on rolling basis as per plan, etc.

MD, MSEDCL suggested that a time bound, (say 15 days, 30 days, 45 days according to the priority of the proposal), approval of capex proposal is necessary, and if no communication is received within that time limit, automatic in-principle approval should be granted.

TPC made a brief presentation on their capex proposal of Dehrand Project and requested the Commission to issue the approval on the same as early as possible. They also suggested that there should be an end date by which the commission should communicate the capex approval for the next Year to the utilities. This would, however, put constraint on the utilities sending proposals throughout the year.

The Commission opined that keeping in mind the present requirement of capex for generation, transmission and distribution network, all the capex proposals would be put up on priority basis. It urged the Licensees to provide all data-gaps expeditiously to avoid any further delay, which was agreed to.

Agenda Item No. 6 **Review of status of Electrification of Unelectrified Households and Rajiv Gandhi Gramin Vidutikaran Yojana (RGGVAY)**

Prayas stated that even though the Act mandates the SERCs to ensure 100% household electrification, still about 30% of the State's Rural Population does not have electricity access. He suggested that periodic public review of RGGVY implementation , explore innovative solutions such as 100% electrification of all premises within 100 mtrs of existing LT Line, zero load shedding in few most-backward districts, etc are required.

Agenda Items 7 and 8 – **Multi-Year Tariff Policy and Comprehensive Review of Renewable Policy.**

The Commission informed that it had prepared a detailed approach / discussion paper on the Renewable Energy. These approach papers were deliberated in the expert Committee meetings and based on their suggestions, revised proposals are being worked out.

During the expert Committee Meeting on Multi Year Tariff, the Licensees have expressed their anxiety about their preparedness to switch over to a 5 year tariff regime from 1<sup>st</sup> April, 2010. Keeping their difficulties in mind, the Commission has decided to postpone the switchover to 2011 – 2016, and for the financial year 2010-11, the utilities have to file normal ARR for one year. Simultaneously, they will have to work on the submission of 5 year Business Plan for 2011-16.

Similar to MYT exercise, the approach paper on Renewable Energy Policy was also deliberated in detail in an Expert Committee meeting earlier. The Commission observed that generation based incentives are available from the Central Government. Secretary (Energy) and MEDA may take initiative to avail of such incentives which will boost such generation capabilities in the State.

Dr Rajvanshi of NARI opined that there is tremendous potential in Maharashtra for Bagasse and biomass based power generation. However, the co-generators are unable to lift the same due to high labour cost.

The Commission informed that there is no comprehensive data on sugar factory in Maharashtra. The Sugar Commissioner was requested to prepare a detailed report and submit the same, which will be useful for indexing these data. The Commission also requested the utilities to review CERC Guidelines on renewable energy and provide a feedback on the same.

With regard to the small hydro and solar energy projects, specific project proposals may be referred to the MERC.

Agenda Item No. 9 **Progressive Reduction of Cross Subsidies.**

The Commission informed that M/s Mercados has been appointed as consultant to study and prepare a detailed roadmap to reduce Cross Subsidy. M/s Mercados made a detailed presentation in the meeting.

After a detailed deliberation, the consultant was directed to make appropriate modifications to the draft report and submit it to the Commission for further discussions.

Agenda Item No. 10 **Issues of Parallel Licences**

The Commission informed that M/s CRISIL Advisory Services Ltd has been appointed as consultant to study and prepare a discussion paper on the issue. As soon as the Discussion Paper is ready, it will be placed on the MERC's website for inviting comments / suggestions from the Public before its finalization.

Agenda Item No.11 **Redressal of Consumer Grievances – overview by Ombudsman.**

The Commission opined that redressal of consumer grievance is of vital importance. There is a need to inform the SAC Members / Licensees about the current status of the work handled by the CGR Forums and the Ombudsman. Shri Gorde, Ombudsman, made a presentation detailing the number of petitions received by various Forums, Compliance made by the respective Distribution Licensees on the Orders of the Forums, Appeals preferred before the Ombudsman, and compliance made on the Ombudsman's Orders, analysis of the type of complaints/grievances, details of writ petitions preferred before the higher Court, etc was also presented.

Agenda Item No. 12 **Review of Activities related to Human Resource Development.**

Shri Bose Nair, Director, WTC informed that 59 candidates have been enrolled for the first batch of "Post Graduate Diploma in Electricity Regulation". The Commission requested all SAC Members and Licensees to avail this to train their staff from the Regulatory Cells in order to strengthen them.

Agenda Item No. 13 **Approval of final draft of "Works of Licensees Rules"**

The Secretary (Energy) circulated a copy of the final draft of "Works of Licensees Rules" and requested the SAC Members/Licensees to send their comments / suggestions, if any, in writing to him at the earliest.

Agenda Item No. 14 **Financial Crisis in Maha Genco.**

The representative of Maha Genco made a presentation on the performance parameters in comparison with the CPRI recommendations, tariff levels, issues of new projects, pending true-up, present financial status, cost – efficiency. He requested the Commission to give immediate effect on the APTEL Order as per the CPRI recommendations, during this FY itself, and appropriate orders may be issued on the pending true-up.

The Commission directed Mahagenco to submit all the data gaps in their pending cases, and Secretary to put up their pending Case No. 16 of 2008 for hearing which could be held on 13<sup>th</sup> January, 2010.

The Mahagenco has agreed to provide all required data within two-three days.

Agenda Item No. 15 **Financial issues in Maha Vitaran**

Shri Abhijit Deshpande, Ex Director (Commercial), MSEDCL made a presentation before the SAC Members about the financial issues presently faced by the MSEDCL.

With regard to the non-recovery of dues from the Public Water Works, Street Light, Local Authorities, the Commission suggested MSEDCL to prepare a detailed document / proposal for recovery of dues and present it through Secretary (Energy) – to the cabinet for approval.

Agenda Item No. 16 **Any other items**

Adv. Shri Shirish Deshpande of Mumbai Grahak Panchayat suggested that there is a need to strengthen the capacity building of the regulatory cells of the authorised consumer representatives and requested the Commission to extend certain financial assistance. The Commission suggested him to submit specific proposal.

Shri Anil Kelkar of Institution of Engineers suggested that there is a need for strong R & D activity, for which he has been requested to submit a proposal.

The Commission suggested MSEDCL / MSETCL / MSPGCL to explore the possibility of introducing certain R & D activities within their Training Institutes. For this purposes the experts from NTPC , Power Grid Corporation may be associated for predictive maintenance, implant inspection, in-house training of the R&M staff.

The meeting ended with vote of thanks to all participants.

List of Participants is annexed.

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The following persons attended the 12<sup>th</sup> SAC Meeting held on 30<sup>th</sup> December, 2009.

S.No.	Name of the Person	Institution
	<b>SAC MEMBERS</b>	
1.	Shri Anil K. Rajvanshi	Director, Nimbkar Agricultural Research Institute.
2.	Shri S.A. Khaperde	Director, IIT
3.	Dr Ashok Pendse	Thane-Belapur Inds. Association
4	Dr. S.L. Patil	Gen. Secretary, Thane-Belapur Inds. Association
5.	Shri Shantanu Dixit	Prayas Energy Group
6.	Ms Ashwini Chitnis	Prayas Energy Group
7.	Shri Anil Kelkar	Institution of Engineers
8.	Shri Subrat Ratho	Secretary (Energy)
9.	Adv. Shri Shirish Deshpande	Mumbai Grahak Panchayat
10	Shri Surendra B	CE DE, Central Railway
11	Shri Jayant Deo	Chairman, Mahratta Chamber of Commerce, Industries and Agriculture, une
	<b>SPECIAL INVITEES</b>	
12	Shri V.K. Pandit	MD, Mula Pravara Electric Co-op. Society
13	Shri Ajoy Mehta	MD, Maharashtra State Electricity Distribution Co. Ltd.
14	Shri Arvind Sing	MD, Maharashtra State Electricity Transmission Co. Ltd.
15	Shri A. Sethi	Tata Power Co. Ltd.
16	Shri P.S. Pandya	Reliance Infrastructure Ltd.
17	Shri A.A. Mule	BEST Undertaking
18	Shri W.G. Gorde	Electricity Ombudsman
19	Shri A.V. Shenoy	Energy Study Group
20	Dr. Prof. Barhate G.H.	Consumer Representative for MPECS
21	Shri Boss Nair	Director, World Trade Centre
22	Shri S.D. Mathur	Director, Rachna Management Consultants & Studies (P) Ltd.