

## **27<sup>th</sup> MEETING OF STATE ADVISORY COMMITTEE**

### **MINUTES**

**13 January, 2016 at 11.30 hours**

The 27<sup>th</sup> meeting of the State Advisory Committee (SAC) was held on 13 January, 2016 at Centrum Hall, 1<sup>st</sup> Floor, Centre 1, World Trade Centre, Cuffe Parade, Mumbai.

Shri. Deepak Lad, Member of the Commission, stated that, the Chairperson of the Commission having demitted office, it was proposed that the meeting be chaired by the senior Member of the Commission, Shri Azeez M. Khan.

The list of Members at the meeting is annexed, along with the presentations made.

Item No.1: Confirmation of Minutes of the 26 SAC meeting held on 28th June, 2013, and Action Taken Report

It was noted that the Minutes of the last SAC meeting circulated earlier had received no comments. There were no actionable points, and hence no Action Taken Report. The Minutes of the last SAC Meeting were confirmed.

Item No. 2: Draft Distribution/Transmission Open Access Regulations, 2015

Shri. Khan apprised the SAC that the draft Open Access Regulations, 2015 had undergone the process of public consultation through 'previous publication' as required by law, and detailed comments have been received from Distribution Licensees (Discoms) and others. However, discussion on the draft is being taken up in the SAC meeting as well considering the suggestion of the Energy Department, Government of Maharashtra (GoM).

Representatives of M/s Deloitte (the Commission's consultants) were requested to make a brief presentation on the draft Regulations. The presentation covered the following aspects:

- Need/reasons for revisions in the existing Open Access Regulations.
- Comparison between existing and proposed Regulations, and the rationale for the changes proposed.
- Summary of suggestions/objections received during the public consultation process (including from Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)).

Shri Mukesh Khullar, Principal Secretary (Energy), GoM stated that the objects and reasons for proposing new Regulations only a year after the existing Regulations of 2014 were notified need to be spelt out. Moreover, several issues relating to the existing Regulations are still sub-judice in the Bombay High Court and other forums. Shri Khullar asked whether payment of Additional Surcharge to the Discoms had been provided for. He suggested that the Open Access Regulations notified by other State Commissions may also be considered,

particularly with regard to Banking which was restricted in some other States. He referred to the experience of Tamil Nadu and Karnataka. The facility of Banking should be restricted till a deviation settlement mechanism for Renewable Energy (particularly wind power) is introduced along with a framework for Ancillary Services. If at all, Banking may be allowed only to Captive Power Plants (CPPs) for self-use. Shri Khullar noted from the presentation that MSEDCL had given a fairly exhaustive response. Perhaps it could be given the opportunity to interact with the Commission on these issues, at least informally.

Shri. Rajesh Mediratta of Indian Energy Exchange stated that Maharashtra now has adequate power and limited load shedding. In this scenario, procedural issues, good quality services, and power procurement plans should now be emphasised, and competition and choice should not be stifled. In this background, there should not be unnecessary entry barriers for Open Access consumers. Hence, the provisions in the draft Regulations allowing Day Ahead Market (DAM) (Maharashtra was the only State not providing for it) and making Contract Demand reduction optional are very reasonable. In Gujarat, Rajasthan, UP and other States, the DAM has posed no problem. Discoms in Maharashtra can also make use of the DAM to their advantage, as in some other States. Other issues, such as those arising from Renewable Energy volatility (particularly wind power), are more problematic than DAM and may have to be addressed separately.

Shr. Shantanu Dixit of Prayas (Energy Group) stated that Discoms would face difficulties in managing variable demand and planning power procurement due to expansion in Open Access, which would increase with DAM. The consequent impact on Discom finances should not rebound on the cost and quality of service and supply to smaller LT consumers. If an aggressive expansion in Open Access is proposed, the planning of long-term power purchase would require review. Rationalisation of tariff, for example by reducing the tariff skew and having a single tariff across low end consumers might become necessary. Shri Dixit agreed that there should be no restrictions on Open Access for CPPs. However, other consumers should be required to make a commitment of sourcing power through Open Access for a minimum period of, say, 6 months, on Round the Clock basis, so as to restrict opportunistic switching which impacts the Discoms and their other consumers. As regards reduction in Contract Demand, the Appellate Tribunal for Electricity had held that it should be left to the consumer. Shri Dixit also suggested that, as envisaged in GoM's 2015 Policy, separate Open Access Regulations may be considered for Renewable Energy, with which Shri Khullar also agreed.

Shri Mediratta felt that Prayas' suggestion may stifle competition and choice. If at all, a shorter Open Access commitment period of, say, a month might be considered. Banking concerns could also be addressed by limiting the period instead of doing away with the facility.

Shri Pratap Hogade of Maharashtra Veej Grahak Sanghatana pointed out that the Billing Demand definition in the draft Open Access Regulations differed from that of the Supply Code, and may be corrected.

The Deloitte representatives mentioned that the Discoms were protected financially through the requirement of Cross Subsidy Surcharge; that short-term power procurement is a small proportion of the total; and that Open Access may be seen in the context of a very large and diverse power system such as that of Maharashtra.

The Commission Members noted the points made. Many of these had been raised earlier also and were being considered while finalising the draft Regulations. It was clarified that Additional Surcharge was separately determined as provided for in the Electricity Act, 2003. The Commission was available to MSEDCL for informal discussions, but had not been approached (though MSEDCL had been interacting with it on other issues from time to time). The Commission is examining the Forum of Regulator's Model (Forecasting, Scheduling, Deviation Settlement and Related Matters of Solar and Wind Generation Sources) Regulations, 2015, and has had discussions with the SLDC. Shri Lad is also on a CERC Committee which is reviewing these issues. The Commission would be pursuing this framework.

Item No. 3: Harmonization of Policies of Water Resources Department and Energy Departments of GoM for Small Hydro Projects (SHP).

A brief presentation was made by Shri Prafulla Varhade, Director (EE) of the Commission. There are certain differences between the Policies for SHPs framed by the Water Resources Department and the Energy Department of GoM, and between the latter and the Commission's Orders and Regulations, particularly with regard to power evacuation arrangements. The Commission had also noted these in its Order dated 27 October, 2014. Energy Department was requested to review the position.

Item No. 4: Next SAC Meeting

It was decided to hold the next meeting of the SAC on 27th April, 2016.

Shri Khan mentioned that Shri Pratap Hogade had suggested certain Agenda items when the SAC was reconstituted, including issues relating to agricultural consumption and assessment of losses, which were not taken up at this meeting. Shri Hogade agreed to make a presentation at the next meeting, taking into account subsequent developments such as the Tariff Orders issued in June, 2015, studies being undertaken by MSEDCL, etc. Shri Hogade said that he would like to include consumer awareness and compliance issues also.

It was also decided to invite all Distribution Licensees to the SAC meetings since their inputs would be particularly useful.

## **ANNEXURE**

### **Members present at the 27<sup>th</sup> SAC Meeting**

- i) Shri Azeez M. Khan, Commission Member
- ii) Shri. Deepak Lad, Commission Member
- iii) Shri Mukesh Khullar, Principal Secretary (Energy), GoM
- iv) Shri. Rajnish Kumar Goel, Dy. Chief Electrical Engineer, Central Railway.
- v) Shri. D. B. Londhe, Zonal Manager (WZ), Rural Electrification Corporation
- vi) Shri. Shantanu Dixit, Prayas (Energy Group)
- vii) Smt. Ashwini Chitnis, Prayas (Energy Group)
- viii) Shri. Pratap Hogade, Maharashtra Rajya Veej Grahak Sanghatana
- ix) Shri. Rajesh Mediratta, Indian Energy Exchange Ltd.