

Minutes of the Sixteenth Meeting of the State Advisory Committee (SAC) held on Friday, 31st December, 2010.

The Sixteenth Meeting of the State Advisory Committee of the MERC was held on Friday, 31st December, 2010. Shri V.P. Raja, Chairman, presided over the meeting. Shri V.L. Sonavane, Member, MERC was present in the Meeting. The meeting commenced with a warm welcome by the Commission to all attending Members, Special Invitees and other officials.

Leave of absence was granted to those who could not attend the meeting.

The Commission initiated discussion on the agenda items already circulated earlier.

Agenda Item No.1 **Preliminary remarks of Chairman**

The Chairman observed that, as decided earlier, the Commission held the meetings of the SAC on the last Friday of every quarter of the year, during which many important issues relating to power sector have been deliberated at great length. The Commission expressed happiness for the whole-hearted co-operation from the Members and Special Invitees.

The Chairman further drew attention of all Members/Special Invitees to the fact that there is a huge demand-supply gap in the State of Maharashtra, which needs to be bridged. Various new generating stations are being set up at the adjoining States like Gujarat, Madhya Pradesh, Chattisgarh. Maharashtra could also consider entering into PPA with such generating stations or purchase power through traders / power exchanges. Bringing in this power would, however, require augmentation of the present transmission system network, which may need substantial capital investment. Recently, the Government of India / and CERC have also announced certain policy decisions in this regard. The Commission has taken conscious decision to put on fast track all capex related applications of all Utilities / Licensees. In recent past, there was disturbing news of grid disturbances, particularly in Mumbai. An initial study has indicated the urgency of drastic improvement in transmission network in the State to cope up with the increase in demand of power supply.

The Chairman further informed that formation of the MYT Regulations is in the final stage and would be implemented from next year i.e. from 1st April, 2011 onwards and requested for cooperation from all. The Chairman also informed that the current method of ROE would be retained, instead of ROCE which was proposed in Draft MYT Regulations. The Chairman requested all Utilities to start

working on their Business Plans which is a mandatory requirement under the proposed MYT Regulations so that further delay can be avoided.

Agenda Item No. 2 **Confirmation of the Minutes of the 15th SAC meeting held on 23rd September, 2010**

Shri Ajoy Mehta, Managing Director, MSEDCL, opined that only a passing remark has been mentioned in the Minutes of the 15th SAC. It does not indicate the views expressed by him, and needs to be elaborated. The Commission noted the point.

Agenda Item No.3 **Action Taken Report of the earlier meeting.**

The Action Taken Report as circulated was noted by the Members.

Agenda Item No. 4 **Discussion of Open Access Regulations.**

Shri Viajy Sonavane, Member, MERC, initiated the discussion on this subject by making a presentation in the matter. He informed that as decided in the earlier SAC Meeting held on 25th June, 2010, a Committee was formed to firm up the draft regulations. The Committee during its various meetings deliberated the issues raised during the last SAC Meetings, and written comments of all the stakeholders. Keeping in mind the Model Terms and Conditions of Intra-State Open Access Regulations, 2010, issued by Forum of Regulators (FOR), and based on the discussions with the Committee Members, the final drafts of MERC (Distribution Open Access) Regulations and MERC (Transmission Open Access) Regulations have been prepared. These two Drafts will be put up on the website of the Commission for comments from stakeholders before finalisation and subsequent notification.

Agenda Item No. 5 **Discussion on Cross Subsidy**

A brief presentation followed by discussion was held on the subject of Cross Subsidy.

MD, MSEDCL emphasized the need for preliminary consultation with all Licensees and other stakeholders as there are larger issues to be addressed. He further suggested that since the entire issue is also based on the grant of Government Subsidy, the matter needs to be discussed with State Government in Planning and Finance Department. While finalizing the draft, the issue of restricted supply of electricity is also required to be kept in mind. Regarding Feeder separation, out of total 41,000 villages,

30,000 villages are agricultural dominated. Out of the 30,000, work on 21,000 villages is completed. The Commission requested him to provide details of this information, which he has agreed to.

Dr Ashok Pendse of TBIA suggested whether additional levy of electricity duty can be considered to reduce the gap in total provision of subsidy under Section 65 of the EA, 2003.

Shri A.G. Patil, Asst General Manager, BEST suggested that the issue of a larger residential complex of single user (like that of Shri Ambani of RIL) needs also be addressed through the Regulations.

The Commission requested all SAC Members and Special Invitees to help the Commission to bring out appropriate Regulations on Cross Subsidy.

Agenda Item No. 6 **MERC's Annual Report for the year 2009-10**

The Commission circulated a copy of latest Annual Report for 2009-10 (both English and Marathi versions) for perusal of the Members and Special Invitees. The Annual Report 2009-10 has also been laid before the State Legislature during last Winter Session held at Nagpur. The matter was noted.

Agenda Item No. 7 **Transparency in Selection / Appointment of Consultants / Consumer Representatives.**

The Commission informed that it has published, on its website, a Discussion Paper "Enlistment / Empanelling of Consumer Representatives by MERC: Authorisation to Persons (Organisations and Individuals) to represent the interest of the Consumers in the proceedings before the Commission". All Licensees and Consumer Representatives, and SAC Members have been informed about the same by e-mail. The Commission requested all the stakeholders to provide their comments on or before 27th January, 2011 to facilitate finalisation of the same.

Agenda Item No. 8 **Additional Items for Discussion.**

- (a) Discussion on improvement of the performance of CGRF & mechanism of Grievance Redressal Forum and mechanism of internal grievance Redressal Cell.

A copy of the detailed note from Shri R.B. Goenka of the Vidarbha Industries Association was earlier circulated to the Members / Special Invitees.

The matter was discussed. It was generally felt by the Members that the present system of IGR Cells and CGRFs is working well, but some improvements are required.

MD, MSEDCL suggested that the misuse of the Redressal mechanism by larger interested group or business houses should be checked scrupulously. He assured that the lacunae will be looked into so as to further streamline and improve the present system. He further suggested the following:

- i) Introduction of Code of Conduct for the CRs
- ii) There are two type of hearings – (i) normal procedural hearings and (ii) public hearings. During the Public Hearings, certain individuals / organizations / associations are pretending to be representatives of the entire consumers of group and make their suggestions before the Commission. This cannot be considered as a representative view of that category of consumers. While finalizing the Orders of that subject matter, the Commission should consider the larger issues apart from the views expressed during the Public Hearings. (for example – the issue of withdrawal of Load shedding at Divisional Headquarters where Nashik has been exempted)
- iii) Funding of CRs – the Department of Social Welfare, GoM may consider appointing certain Government Organizations to represent the matters of substantive nature, and (ii) expenditure of the CRs for representing on other matters should be met by the individual Petitioner / Applicant himself.

Shri A.G. Patil, AGM, BEST stated that orientation programmes for the IGR Cells and CGR Forum Members are regularly conducted by the BEST.

(b) MD. MSEDCL, suggested that the decision making on certain important issues should be put on fast-track.

(c) The State Co-Ordination Forum meetings.

It was suggested that the Secretary (Energy) may consider holding the State Co-Ordination Forum Meetings along with the State Advisory Committee of the MERC since majority of the

issues / agenda items are the same that of the SAC. Therefore, there is no need to have a separate meeting to discuss the same issues.

Chairman agreed to the suggestions put up by the Members and requested the Secretary (Energy) to club the State Co-Ordination Forum and SAC.

The Chairman suggested that as was done during the year 2010, the meetings of the State Advisory Committee during the year 2011 would be held on the last **Friday of each quarter** i.e. **Fridays, 25th March, 24th June, 30th September, and 30th December, 2011.**

The meeting ended with a vote of thanks to the Chair.

List of Members / Special Invitees who attended the 16th SAC Meeting held on 31st December, 2011.

Members:

1. The General Manager (Electrical), Central Railway
2. Secretary (Energy), Government of Maharashtra
3. General secretary, Thane Belapur Industries Association
4. President, Vidarbha Industries Association

Special Invitees

5. Managing Director, MSEDCL
6. Managing Director, MSPGCL
7. Managing Director, MSETC
8. Shri Ashok Sethi, Tata Power Co Ltd
9. Shri A.G. Patil, Asst General Manager, BEST Undertaking
10. Shri Pankaj Pandya of Reliance Infrastructure Ltd