

**PROCEEDINGS OF THE 11TH MEETING OF COMMISSION ADVISORY COMMITTEE HELD
ON 18TH JANUARY 2005**

Member Present:

List of Members present, Members absent (with Notice/leave of absence) and Members absent (without notice) are as given in the Annex

Sri Raghavendra Raju extended welcome to the new Chairman, KERC and to the Members and Secretary of KERC. The Chairman, KERC welcomed the Members to the meeting. Since this is the first meeting after the Advisory Committee is re-constituted, the Members were requested to introduce themselves.

The minutes of the previous meeting of the Advisory Committee was confirmed.

11.1. The Chairman informed that the Sri S.D. Ukkali, Member of the Commission would make a presentation on the subject of "Sustainable Electricity Supply to Rural Areas". The Member made the presentation. The main points of the presentation are as follows:

1. Due to extensive electrification programme of villages and energisation of IP sets as well as due to rapid industrialisation around the year 1975, there was shortage of electricity. In order to mitigate the problem of shortage, a number of steps were taken by the Gol and the GoK such as inviting IPPS to set up generating plants, taking up energy conservation measures, reduction of losses etc.
2. Due to the skewed tariffs, non-recovery of dues from rural areas etc, the financial position of the Electricity Boards deteriorated, causing deterioration in the quality of supply of electricity supplied by the Boards
3. Steps that are needed for a sustainable supply of electricity to the rural areas are a judicious use of grid power as well as stand alone system for remote areas and make efficient use of the pump sets by using high efficiency pump sets and delivery system, using improved farming techniques such as using drip irrigation, electricity conservation and efficient water resource management.
4. Further depending on the category of taluks or watershed areas, schemes are to be prepared such that in over exploited areas, water intensive crops should not be allowed to be irrigated. Only in the safe areas water intensive crops should be allowed to be irrigated. Co-generation plants are to be encouraged particularly in cane growing areas.
5. The presentation was concluded by giving the following important suggestions:
 - a. The entire state has to be divided into taluks or units based on the ground water availability

- b. In the dark areas irrigation using only rain water is to be allowed. stand alone schemes and RLMS schemes are to be encouraged in such areas
- c. In white areas use of distributed generation involving the generator is to be encouraged. Co-generation plants are also to be encouraged to take distribution in cane growing areas. Farmers who use the grid power are to be charged higher tariff
- d. Committees involving all stake holders and Effective Management Units(EMU) to be formed.
- e. Study of ground water availability should be conducted more frequently.
- f. All the departments such as irrigation, Horticulture, Mines and Geology and Energy Department should together with Department of RDPR frame policies regarding cropping pattern to be followed, water requirement, availability, requirement of electricity - requirement through grid and requirement through stand alone systems and distributed generation, energy conservation measures to be adopted have to be worked out in detail as a Master Plan for time bound implementation.

11.2 In the course of the presentation the following issues were raised.

- 11.3 Secretary, Dept. of Food and Civil Supplies stated that only 30% of the rural consumers are unable to pay the electricity charges, another 30% are just able to pay the charges and the balance 40% can easily afford to pay the normal tariffs. Hence he felt that suitable distinction should be made in this regard while fixing the tariffs. He also stated that tariff should be linked to the quality and continuity of supply and those who pay full charges should also get better facilities and in addition some kind of incentives. He further suggested that the amount collected in each village should be reserved for that area to carry out improvements in that particular area, which would act as an incentive and consumers would readily come forward to pay the electricity charges.
- 11.2. Shri Ravi Ganapathy felt that losses due to the inefficiencies of the ESCOMs are being passed on under the guise of assessed IP set consumption. He felt that the assessment of IP set consumption is not being done scientifically and the figures now being furnished appeared to be very exaggerated figures as he has been involved in the studies conducted in this regard and he had reliable figures. He further added that the MESCOM officers have failed to assess the distribution loss figures even at 11 KV feeder levels.
- 11.3. Shri Chandrashekar, stated that instead of energising IP sets indiscriminately, Lift Irrigation schemes should be encouraged. Lift irrigation Schemes are more efficient since pumping of surface water is cheaper than pumping the ground water. Adding large number of IP sets will also deplete ground water sources. He requested the Commission to take up review the status of implementation of pending LI schemes. He further added that in order to promote local distribution, policy guidelines should be evolved, which will go a long way.

- 11.4. Sri Venkatagiri Rao stated that assessment of IP consumption is not scientific and T&D losses are being included in the IP consumption to cover up the inefficiencies of the system. He pointed out that arrears of IP sets upto 31.3.03 have been waived off by the Govt which discourages the paying consumers and may affect future recoveries also. He also suggested that subsidy should be given to needy farmers.
- 11.5. Shri Shankarikoppa stated that farmers are not opposed to making payment towards electricity charges, but will do so only on the condition of assured quality and assured hours of supply. He therefore requested not to treat IP set consumers as second-class consumers, but should be treated on par as the utilities are compensated in the form of subsidies by the government. He also contended that the tariff for IP sets should depend upon cost based remunerative price for the agriculture produce offered to the farmers and these issues are closely interlinked and cannot be looked in isolation. He also referred to the Seminar of Farmers conducted by KERC earlier and the forwardal of the recommendations to the Govt in this regard.
- 11.6. Chairman KERC stated that unless all the IP sets are metered and consumption is accounted for, there is no way of correctly assessing the IP consumption and distribution loss figures. The assessed figures are bound to be debated endlessly. He further added that he failed to appreciate as to why the farmers are opposing the metering of the IP sets when separate tariffs have been determined by the Commission for the metered and non-metered category of IP sets. In the case of metered category, the bill on actual consumption basis could be less when compared to flat rate tariff, if the actual consumption is less as contended by the farmers. He also brought to the notice of the members that GoK has also clarified that in the case of metered category of IP sets, the charges will be based on units consumed or on HP basis, whichever is less. He felt that the farmers have not been enlightened in this regard.
- 11.7. MD KPTCL stated that enough publicity has been given in this regard in press, media etc. In spite of this the farmers have an apprehension that once the IP sets are metered the rates will be enhanced and they will be charged based on the actual consumption. He also stated that involvement of local leaders in rural areas is a must for successful implementation of metering programme.
- 11.8. Chairman/KERC stated that there is a general consensus amongst all the members of the Advisory Committee that all IP sets should be metered for accurate measurement of IP consumption and the losses and further that the issue of payment of bills need not be linked with the issue of fixation of meters to IP sets for the present. He requested KPTCL/ESCOMs to give wide publicity once again and educate the farmers in the matter to encourage metering of IP sets.
- 11.9. The next subject on the Agenda viz., Regulations formulated and issued by the Commission under the Electricity Act 2003 was taken up for discussion
- 11.10. Chairman KERC stated that the Commission has so far formulated and notified 15 regulations. The Members desired to know the status of

implementation of these regulations by KPTCL and the ESCOMs. Several Members felt that except for BESCO none of the other ESCOMs have taken any action to give wide publicity to these regulations or to take necessary action in implementing the same. Sri Venkatagiri Rao also pointed out that implementation of directives issued by the Commission in various Tariff Orders are equally important and much progress has not been achieved in this regard. He stated that from the consumers point of view, Standards of performance, Grievance Redressal and Complaints Handling Procedure Regulations are very important and except BESCO other ESCOMs are yet to take action for implementation of these Regulations and that MESCOM has not responded to his letters also. A few Members felt that the penalties to be paid to the consumers for failure to meet the Standards of Performance should be collected from the concerned officers who have failed to perform as per the prescribed standards instead of from the concerned ESCOMs. If the penalties are charged to the ESCOMs it is bound to be included in their expenditure account and subsequently be passed on to the consumers. It was clarified that expenditures such as payment of penalties etc are kept under separate accounts and are not allowed to be passed on to the consumers.

- 11.11. Sri M.G.Prabhakar, FKCCI brought to the notice of the Committee that the Commission's order on rectification of a specific brand of trivector meters regarding error in PF has not been carried out by ESCOMs so far even after several years. He also pointed out that maintenance works are taken up by ESCOMs without sufficient advance notice affecting the functioning of the industry. He expressed that implementation of the Orders of the Commission as well as Codes and Regulations are very important in order to improve the quality of service provided by the ESCOMs.
- 11.12. The Commission urged the ESCOMs to take necessary action to implement all the provisions of the regulations in a time bound manner. The Commission further stated that the regulations shall be implemented and during the course of implementing the regulations, if there are any genuine difficulties felt, the ESCOMs may represent the matter to the Commission with full details and the Commission would further examine the matter.
- 11.13. The next item on the Agenda viz., review of electrical accidents was taken up for the discussion. The Chairman expressed concern that the number of accidents are showing an increasing tendency. He felt that the ESCOMs are not doing enough in taking up preventive measures. Sri Chandrashekar pointed out that the number of non-departmental persons involved in the accident is very high and there is an urgent need to take preventive action and also to educate the consumers in this regard. Sri Govindappa stated that safety equipments are not only required to be provided to the departmental staff but it should be ensured that they are used and safety norms and procedures are always followed.
- 11.14. MD GESCOM stated that because of the non-availability of adequate funds they are not in a position to take any major action plan in this regard. He further narrated the action plan prepared for GESCOM for FY 05 as well as FY

06 for prevention of accidents and stated that the same would be implemented.

11.15. MD BESCOM stated that 600 feeders have been identified for carrying out improvement works for prevention of accidents as part of extension and improvement works.

11.16. The Chairman, KERC welcomed suggestions from the members and the following suggestions were received:

a) Sri Venkatagiri Rao appreciated the functioning of the Consumer Advocacy Unit of KERC and requested to strengthen the same. He also requested to release the Kannada version of the Regulations issued by the Commission early.

b) A few members requested the Commission to visit the ESCOMs which was readily agreed.

c) Sri A.S. Kulkarni requested Member-2 to repeat his presentation at HESCOM, which was agreed to by the Commission.

d) Sri M.G.Prabhakar suggested to rationalise the tariff being paid by the manufacturing sector in order to promote the industrial sector stating that the same is very high at present. He also stated that the tariff for commercial category is very high and there is need to bring down the cross subsidies in a time frame as mandated in the Act.

11.17. The Chairman thanked all the participants for their active participation and concluded the meeting.

Members present

1.	Mr.K.P.Pandey	Chairman,
2.	Mr.H.S.Subramanya,	Member-I
3.	Mr.S.D.Ukkali,	Member (Technical)
4.	MD, K.P.T.C.L.	Committee Member
5.	Managing Director, K.P.C.L.	Committee Member
6.	Mr. Ravi Ganapathi	Committee Member
7.	President, KEB Engineers Association,	Committee Member
8.	Mr. M.G.Prabhakar	Committee Member
9.	Mr. K.N.Venktagiri Rao	Committee Member
10.	Managing Director, Boruka Power Corpn. Ltd.,	Committee Member
11.	Shri Prakash Kashinath Rao Patil,	Committee Member
12.	Shri Raghavendra Raju,	Committee Member
13.	Secretary, Department of Food & Civil Supplies & Consumer Affairs,	Committee Member
14.	Managing Director, BESCO,	Committee Member
15.	Managing Director, GESCOM	Committee Member
16.	Shri M.N.Shankarikoppa,	Committee Member
17.	President, KPTCL Employees Union	Committee Member
18.	Shri A.S.Kulkarni	Committee Member
19.	Shri Govindappa,	Committee Member

Members Absent (Without Notice)

1	Director, Confederation of Indian Industry,	Committee Member
2	Shri Amarnath Patil	Committee Member

1	Shri I.R.Perumal	Ex-Officio Secretary
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