

PROCEEDINGS OF THE 12TH MEETING OF COMMISSION ADVISORY COMMITTEE HELD
ON 24TH MAY 2005

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

The Chairman welcomed the Members to the meeting.

12.1 Minutes of the 11th Advisory Committee Meeting were confirmed.

12.2 **Presentation by Member-2:** Sri S.D. Ukkali, Member KERC made a presentation on the subject of " Sustainable Electricity Supply and optimum utilization of energy in Rural Areas". The presentation was in continuation to the presentation made by him in the previous Advisory Committee meeting on 18th January 2005. He highlighted the main tasks defined in the National Electricity Policy issued by the GoI, which mandates providing electricity to all households and providing supply without any discrimination between urban and rural areas. In such a situation providing power supply to the rural areas will continue to pose problems and therefore energy conservation and optimum use of energy through efficiency improvements may provide some solutions. In this context he cited the following studies made:

1. Water conservation Study made by Agricultural University, Dharwad - extensive studies have been made regarding requirement of water for various crops, conservation of water using drip irrigation methods etc.
2. Energy Conservation studies in Gubbi Taluk by 3EC Consultants - Consultants had conducted studies on efficiency improvement in Rural Distribution on one feeder in Gubbi Taluk. The study had shown that through HVDS system and usage of energy efficient appliances, input to the feeder could be reduced by about 30%.
3. Energy conservation and Solar energy initiatives in Israel - Israel had made extensive use of solar energy (21% of domestic sector consumption and

6% of national consumption accounts for solar energy) by making suitable laws and regulations which has helped in a large measure towards contribution to energy conservation.

The Member highlighted the importance of distributed generation by establishing NCE and co-generation projects and generation of power from alternative fuels like jatropa and neem. He also pointed out the savings in the fuel cost by using jatropa.

The Member was of the opinion that the results of the above studies could be made use of by ESCOMs in order to conserve and to make optimum use of energy. He requested BESCO to pursue with the study made by 3 EC .

Shri Kaushik, Member pointed out that although the basic cost of petroleum products like diesel and naphtha are quite low, the ultimate cost to the consumer is substantially high because of duties and taxes. Therefore, even in the case of alternate fuels, if taxes are levied substantially as in the case of conventional fuels, the ultimate cost may not be competitive, which aspect has to be kept in mind.

Sri L.V. Nagarajan, Member suggested that DSM cells should be formed in all the ESCOMs to study the above aspects including energy conservation.

The Chairman informed that according to Section 55 of the Electricity Act 2003, no installation shall be supplied power without a meter after 10.6.2005. He further pointed out that as decided in the previous Advisory Committee meeting, there is unanimity in metering all the categories of installations including IP sets and BJ installations and that there is need to convince the farmers to accept metering. He sought suggestions and co-operation from the members in implementation of the universal metering programme especially for IP sets in view of resistance from certain quarters.

Shri Ravi Ganapathy Member stated that in spite of repeated requests for providing meters to 30 IP installations, MESCOM has not responded. MD MESCOM assured that it will be provided immediately and a report will be presented in the next Advisory Committee meeting. Shri. Venkatagiri Rao Member brought to the notice of the Committee that meters are not being provided to the IP installations in spite of specific request from the consumers

and also that there is inordinate delay in responding. Shri S. Govindappa Member suggested that billing on IP sets could be considered on the basis of quantity of water pumped instead of on the energy consumed in view of the varying ground water levels in different areas. The Chairman expressed that the ESCOMs should be concerned with electricity consumption and not water consumption and therefore the suggestion is not practicable.

The Chairman requested the ESCOMs and also the Advisory Committee members representing farmers to enlighten the farmers on the advisability and the need to have meters to their IP sets for the purposes of assessment of consumption and energy audit. ESCOMs should also come out with appropriate proposals for prioritizing the metering of IP and BJ categories.

12.3 Discussion on plan of action regarding para 5.13.4 of the National

Electricity Policy: The Electricity Policy requires the Central Govt. State Govt, and the State Commission to facilitate capacity building of Consumer Groups and their effective representation before the Regulatory Commission. The Committee noted that KERC is the first Commission in the country to have a consumer advocate exclusively to deal with consumer affairs. In this regard the Consultant (Consumer Advocacy) informed the initiatives taken by him on capacity building of consumer groups in the state and expressed that greater participation of consumers/consumer groups is desirable specially in the matters of providing comments/views on various discussion papers, draft regulations, standards of performance etc issued by the Commission. He also invited suggestions from the members to further improve the consumer participation. Sri Prabhakar/ FKCCI informed that one member from each of the district units of FKCCI will be requested to coordinate with the CA to provide inputs.

12.4 Monitoring the flow of Reports on the standards of Performance and

working of Consumer grievance Redressal Forum: The Consumer Advocate informed that the data on the standards of performance is being collected and compiled and would be published in the next issue of 'Consumer Power'.

As regards the Consumer Grievance Redressal Forum, it was informed that all the ESCOMs have established the Forums. Sri A.S.Kulkarni Member pointed out that the regulations framed by the Commission are not being implemented properly by ESCOMs and that some penalty should be levied on the ESCOMs for not implementing the regulations. Sri M.G. Prabhakar, Member brought to the notice of the Committee again that the orders of the Commission on rectification of specific brand of Tri-vector meters showing error in PF has not been carried out by the ESCOMs even after several years and requested the Commission to see that the orders/ directions of the Commission are implemented by the ESCOMs. The Chairman stated that the matter should be pursued with the ESCOMs to implement the regulations fully and imposition of penalty is not the only solution. He suggested that specific cases of non-implementation should be brought to the notice of the Commission and followed up for taking remedial action.

12.5 National Electricity Policy: The Director (Tariff) briefed the Committee on the steps taken by the Commission on implementation of the policy. He informed that a meeting of the GoK, KPTCL, KPCL and ESCOMs was held by the Commission on 6th April 2005 on the action to be taken for implementation of the various provisions of the Policy. He highlighted the status of the implementation of important provisions of the Policy as follows:

1. **Open Access:** The Commission has already issued the Open Access Regulations during December 2004. For determining the Transmission charges, Wheeling charges and Cross subsidy surcharge, the Commission has issued a discussion paper, inviting comments from the stakeholders and experts. A public hearing is also arranged on 25th May 2005.
2. **Reduction of Cross Subsidies:** The Commission has already rationalized the tariff in such a way that other than IP and BJ categories all other categories are paying tariff equal to or more than the average cost of supply. Further, reduction of cross subsidies would depend upon the tariff rationalization for IP and BJ installations, which in turn is dependent upon the subsidy policy of the GoK. Hence the Commission has addressed

the GoK to inform its long terms subsidy policy towards the subsidized category of consumers and a reply is awaited.

3. **100% Metering of Consumer installations:** This matter has already been discussed earlier under agenda item 12.2. This aspect was also discussed by the Commission with the ESCOMs in the meeting held in April 05 and the Commission has desired that the ESCOMs shall take action to implement this provision.
4. **TOD Tariff:** It was informed that right from the first tariff order issued in the year 2000, the Commission has been insisting on introduction of TOD Tariff, for which there has been no response from the KPTCL/ESCOMs. The Commission is in the process of issuing one more letter inviting proposals from the ESCOMs as well from FKCCI and CII etc., on the TOD tariff to be implemented.
5. **Intra-state Trading:** It was informed that necessary regulations have been issued by the Commission during December 2004 and that so far the Commission has not received any application for trading licence.
6. **Technical Up-gradation of SLDC:** It was informed that the Commission has directed KPTCL to come out with suitable proposals for technical up-gradation of the SLDC for implementation of the provisions of the Electricity Policy.
7. **Promotion of Co-Generation:** The Commission has already issued regulations prescribing a minimum of 5% and a maximum of 10% of energy to be procured from NCE sources by all distribution companies. The Commission has also determined the tariff of all the NCE sources.
8. **Consumer Redressal Forum:** All the ESCOMs have established the Forums and the Commission is also in the process of appointing the Ombudsman.
9. **Up dating of Grid Code:** Commission has issued a Grid Code under the Reforms Act. To suit the requirement of the Electricity Act 2003, the revision of Grid Code is underway.

Sri Chandrashekar, Member pointed out that the T&D loss reduction targets should be fixed by the Commission as required under the Policy and

requested the Commission to initiate action in the matter. The Chairman informed that this aspect is being taken care of by the Commission while approving the ERC/Tariff proposals. KPTCL/ESCOMs should come out with strategies for reduction of losses and in that direction metering of IP sets and BJ installation would be important.

12.6 **ERC and Tariff Filing:** The Committee was informed that the ERC filing of ESCOMs for FY05 has been rejected, as the same was incomplete since the ESCOMs had not proposed any measures to fill the revenue gap as required under the tariff regulations. It was further informed that the ERC of FY06, which was due in Nov 04, is yet to be filed by ESCOMs. However, KPTCL has filed its ERC/Tariff filing for FY05 and FY06 proposing revision of bulk supply tariff and transmission tariff charged to ESCOMs and the application has been cleared by the Commission for publication of the summary in the newspapers calling for objections. KPTCL has published the notification on 30th April and 1st May 2005 inviting objections from interested persons within 30 days from the date of publication. The last date for receipt of objections is 10th June 2005.

12.7 **Annual Accounts and Audit Report of Financial Year 2003-04:** The Annual Accounts and Audit Report of the Commission for the financial year 2003-04 was circulated among the Members vide KERC letter dated 31.12.2004 and the same was accepted.

12.8 **Any other subject:**

12.8.1 Translation of Regulations in Kannada: Shri Venkatagiri Rao Member requested the Commission to issue Kannada version of all the regulations issued so far early.

12.8.2 Sri M.G. Prabhakar, Member stated that ESCOMs have capitalized the consumer security deposit, which is not appropriate and requested the Commission to examine the matter.

12.8.3. Sri Chandrashekar, Member suggested that ESCOMs should take action for implementation of energy conservation measures. Chairman pointed out that there would be conflict of interest between promoting metered sales and energy conservation by ESCOMs. However there is need to promote DSM including energy conservation as discussed earlier.

Chairman thanked all the participants 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	Managing Director, K.P.C.L.	Committee Member
5	Mr. Ravi Ganapathi	Committee Member
6	President, KEB Engineers Association,	Committee Member
7	Mr. M.G.Prabhakar	Committee Member
8	Mr. K.N.Venktagiri Rao	Committee Member
9	Managing Director, Bhoruka Power Corpn. Ltd.,	Committee Member
10	Shri Prakash Kashinath Rao Patil,	Committee Member
11	Shri Raghavendra Raju,	Committee Member
12	Secretary, Department of Food & Civil Supplies & Consumer Affairs,	Committee Member
13	Managing Director, BESCO, M,	Committee Member
14	Shri M.S. Shankarikoppa,	Committee Member
15	Shri A.S. Kulkarni	Committee Member
16	Shri Govindappa,	Committee Member

1	Shri I.R. Perumal	Secretary, KERC.
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Members Absent (Without Notice)

1	Director, Confederation of Indian Industry.	
2	Shri Amarnath Patil.	
3	Managing Director, GESCOM.	
4	President, KPTCL Employees Union.	

Members Absent (With Notice/Leave of Absence)

1	Managing Director, KPTCL.	
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