

MEETING OF THE ADJOURNED 5TH MEETING OF THE COMMISSION
ADVISORY COMMITTEE HELD ON 8.2.02 AT 11 AM.

List of members present is at Annex.

1. At the outset, Chairman/KERC welcomed the Members. He mentioned that the Distribution Margin (DM) concept is at the present stage only a recommendation of the Government's Consultants and has not been finally accepted by Government.
2. The following members of the Commission Advisory Committee presented their written views on the DM concept and also explained these views to the Committee:
 1. Shri K C Naikwadi
 2. Shri S Chandrasekhar
 3. Shri K N Jayalingappa
 4. Shri M S Shankarikoppa and Shri S Mune Gowda;
 5. Maj. Gen. (Retd) S G Vombatkere
3. It was suggested that comments may be forwarded to Government of Karnataka with a request to advise its Consultants to respond to the several points raised by the Members of the Advisory Committee.
4. Shri H R Gopal, Member/KERC said that the DM method appeared to be very similar to a Management Contract for all practical purposes. In this connection he said that the sale of 51% of the Equity Capital in the Distribution Company to the Private parties did not appear to be absolutely essential to the implementation of the DM concept. He mentioned that there appear to be definite disadvantage in the sale of the shares since this would render the process irreversible and this could lead to problems where DM operator was not suitable. He also felt that it would perhaps be useful to have KPTCL and a Private Operator operating on a DM basis in two separate Zones so that comparison of efficiencies achieved would be made.
5. The Committee also felt that wide public consultation on the concept would be useful in refining the same and ensuring that it was implemented successfully.
6. A copy of the notes prepared by Committee Members is attached to these minutes.

Sd/-
(Philipose Matthai)
Chairman

To all the Members of the Committee
with a covering letter.

