

**Minutes of the Second State Advisory Committee meeting
held at 1100 hours on Monday, the 21st January, 2008.**

The Chairman, DERC, welcomed the members of the State Advisory Committee (SAC) to the second meeting. Secretary, DERC gave a brief introduction that the intent and purpose of holding the second meeting was to discuss certain critical issues which had tariff implications. It was, therefore, decided to invite views of the SAC. The Committee was also informed that in terms of Section 28(8) of the Delhi Electricity Reform Act, 2000 (DERA) it was mandatory to hold a meeting of SAC before notifying the Tariff Orders. The comments / opinion of SAC members would be considered during the course of drafting DERC Tariff Orders on the ARR Petitions filed by the Utilities for the control period 2007-11.

2. The SAC considered each of the items covered in the Agenda Note and the following discussion ensued:

(i) Progressive reduction in cross subsidy:

The SAC Members suggested working out the actual amount of cross subsidy within a consumer category as well as among various consumer categories inter-se. The number of consumers in each consumer category, (Viz. Domestic, Non-Domestic, Industrial) or the number of consumers in each slab (if there are more than one tariff slab, like in Domestic category) with the break up of their consumption level in terms of units of energy consumed needs to be clearly worked out. The SAC Members felt this should be done on the basis of some reliable data so that the element of cross subsidisation actually brings relief only to the intended target segment of society. It was also suggested that the cross subsidy should be effected on the basis of ability to pay of the different section of consumers. A view was expressed that

if a certain section of society has to be provided cross subsidy, it should be done by the other members of the same category. For example, the domestic sector should itself provide for cross subsidy to the weaker sections of the domestic sector. It was also suggested that the Discoms should be incentivised to make power purchase at rates as low as possible and for every reduction in rates of power procurement vis-à-vis the present rates, there could be some incentive assured to the Discoms. Since power purchase cost constitutes about 75% of the cost of energy supplied, this would have a more significant effect in bringing down the cost of power supplied. The SAC members also suggested that since the consumption of power for agricultural purposes is negligible in Delhi, the Discoms could consider selling off-peak power to other states when they require for agricultural purposes. It was also felt that educating public on cost of supply and subsidy elements was necessary to ensure larger acceptability of tariff orders issued by DERC.

(ii) Time of Day (ToD) Metering:

Prof. Sriram Khanna of National Consumer Helpline suggested that in order to meet the peak hour demand of power, it would be a good idea for the DERC to take up the matter with the Petroleum and Natural Gas Regulatory Board on the issue of supplying gas to domestic households for water heating purposes also. This would help in lowering the Peak demand. The concept of District cooling and District heating through a central source was also mooted by some of the members. It was also suggested that this arrangement is functioning quite successfully in Dubai, New York and in Washington DC. The SAC unanimously felt that the concept of ToD metering should be initiated on voluntary basis among all consumers irrespective of consumer category. Against certain issues raised by the members as

regards the capability of the installed electronic meters to carry out the ToD metering, it was clarified that the electronic meters installed for domestic consumers by the BSES Discoms were capable of ToD metering whereas in case of NDPL, with some technical intervention ToD metering could become possible.

(iii) Power from renewables:

The Committee was of the unanimous view that the Discoms may be directed to purchase a small part of their power from renewables. Determination of the exact percentage was left to the Commission. The Committee also appreciated that the high real estate value in Delhi made setting up facilities for generation of power based on non-conventional energy sources practically unviable. However, the SAC was appreciative of the private sector participation in generation of power through Municipal Solid Waste. The SAC members felt that these initiatives should be encouraged.

(iv) Consumer Advocacy:

The SAC was glad to note the DERC initiatives that led to constitution of the Electricity Consumers Advocate Committee (ECAC) by the GNCTD. The SAC, however, expressed the view that a large number of organisations were functioning in Delhi for consumers welfare and that some amount of clarity was required to minimise any confusion in the minds of consumers. The SAC members desired that a full discussion can be held on the matter after the GoNCTD makes the ECAC fully functional.

(v) Third Party testing of meters:

The SAC was informed about the fact that at present there was no independent NABL accredited meter testing laboratory which had the facility of testing the electricity meters on-site. The

facility of off-site testing was available at the ERTL (North) Laboratory at Okhla which has NABL accreditation but due to the reason that they do not have on-site testing facility, it could offer only limited support. The Member, PGC informed that CPRI had almost set-up a laboratory having on-site testing facility and that any day now they are likely to get the NABL accreditation. Once constituted, the laboratory will cater to the requirement of third party testing of meters. Whether the test facility would be of perennial nature or for a limited period would depend upon the number of requests that are received for third party meter testing. In case the requests dry out, the facility would be maintained for a limited period only.

3. On the following two specific issues the SAC Members requested the Commission to take up the matter with the authorities concerned:

(i) Sharing entire data generated through various meter testing drives, which tends to suggest that the electricity meters generally have a positive error bias as almost a negligible number of meters showed a negative bias, of course, within the permissible limit. It was felt that the DERC should seek the expert advice of the BIS in this matter and also their suggestions on as to whether any technical intervention into the matter could be possible for preventing the consumers from paying up to 2.5% more than their actual consumption on account of the positive bias of electronic meters. The Committee was, however, convinced that such excessive payments constitute a part of ARR and therefore, extra funds in flow remain in the sector and do not become a source of profit for the Utilities.

(ii) The SAC wanted the DERC to take up the matter with the Institute of Chartered Accountant of India, seeking from them

the methodology in the context of the existing Laws for auditing the revenues of the Discoms since the stakes are enormous and also the fact that Comptroller & Auditor General (C&AG) do not audit the accounts of private utilities.

4. Sh. Satish Kumar representing DMRC on SAC requested that progress report on item nos. 5.1, 5.2 and 5.8 of the minutes of the first meeting of SAC may be made available. It was also suggested that the periodicity of SAC meetings may be decided. It was felt that SAC meetings may be held atleast thrice a year and in case a need is felt for having more meetings, the Commission can always convene the same by giving prior notice about the specific agenda to be taken-up.
