



दिल्ली विद्युत विनियामक आयोग
Delhi Electricity Regulatory Commission
Viniyamak Bhawan, C-Block, Shivalik
Malviya Nagar, New Delhi-110 017
Phone : 011-26673617 Fax : 011-26673608
e-mail : secyderc@nic.in Website : www.derc.gov.in



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11.09.2012

To

Principal Secretary (Power)
Govt. of NCT of Delhi
Department of Power
Delhi Secretariat
New Delhi – 110 002

Sub: Statutory Advice under Section 86 (2) of the Electricity Act, 2003.

Sir,

Various issues have been raised during public hearing for MYT Petition FY 2012-15 in the Commission. The Commission considered these issues and decided to issue Statutory Advice to Govt. of NCT of Delhi on some of these issues.

2. The Statutory Advice as approved by the Commission is enclosed for necessary action.

Yours faithfully,


(Jayshree Raghuraman)
Secretary

Encl.: As above

Subject:- Statutory Advice under Section 86 (2) of Electricity Act, 2003

1. DVB Employees - Terminal Benefit Fund 2002 (Pension Trust)

During the public hearing, the distribution licensees submitted that the accounts of the Pension Trust have not been audited. Also in their view the funding of the Trust by GoNCTD is not based on an actuarial valuation. As a result of the under-funding, the Trust is unable to meet its liability towards pension and other payments to retired employees. The matter is also before the Hon'ble High Court of Delhi.

The DVB employees have made a representation vide letter no. F.PT/01/F.7/10-11/Secretary(PT) dated 16.05.2012 regarding shortfall in the amount for disbursement of regular monthly pension and other benefits to retired DVB employees. Under the provisions of DERA, 2000, Transfer Scheme Rules, 2001 and the Tripartite Agreement, it is obligatory on the part of GoNCTD (which is one of the signatories of the Pension Trust Agreement) to put in place an appropriate system of governance of the DVB Pension Trust and to ensure that an equitable system of funding the liabilities of the Trust is put in place. Accordingly, the Commission considers it appropriate to render the following statutory advice to Govt. of NCT of Delhi in terms of the provisions of Clause no. 86 (2) (iii) of the Electricity Act, 2003.

- (i) The Board of Trustees may be directed to expedite the audit of accounts on priority and submit compliance status every quarter to the Govt. of NCT of Delhi and the Commission.
- (ii) DTL may be directed to maintain a separate account for funds received from various power utilities on account of actual contribution paid by them according to the provisions / directions issued by the Commission in Tariff Orders of the Annual Revenue Requirement of various Power Utilities.
- (iii) An Oversight Committee may be constituted with senior representatives of various stakeholders i.e. Govt. of NCT of Delhi, DTL, IPGCL, BRPL, BYPL, NDPL & Pension Trust. The Committee may be headed by a senior functionary of DTL and secretariat assistance be provided by DTL. This Committee should monitor monthly receipt and payment of the funds in Pension Trust and review the management process periodically to ensure proper functioning of the Trust and submit quarterly reports regarding the same to Govt. of NCT of Delhi and the Commission.

- (iv) The Committee may frame guidelines/procedures to bring transparency into working of the Pension Trust, including these for scrutiny of medical bills (claim on OPD basis and cashless facilities being availed in hospitals), LTC, Gratuity, Pension etc., by retired employees of erstwhile DVB before release of actual payment.

In order to avoid undue hardship to the retired employees (Pensioners) the Commission has, as an exception, made provision of Rs. 150 crore and Rs. 160 crore in the DTL Tariff Order of FY 2011-12 and FY 2012-13 respectively for passing on to the Pension Trust. The Commission is of the view that ad-hoc provisions of this nature cannot continue in future and the parties to the dispute before the Hon'ble High Court of Delhi should expedite the proceedings before the Court or explore other avenues for settlement of the dispute.

2. Establishment of Consumer Advocacy Centre

Delhi Govt. may set up a Consumer Advocacy Centre in Delhi to give legal help to consumers, RWAs etc., approaching various Forums (i.e. CGRF, Ombudsman, DERC) for relief of their grievances. Besides dealing with various petitions, the Centre can also help consumers in filing appeals before DERC/APTEL in respect of the tariff setting process and for filing the reply on behalf of consumers & RWAs in issues related to Tariff Orders.

3. Islanding Scheme for Delhi

The Northern Grid experienced major grid disturbances on two successive days, on 30th and 31st July, 2012. The second grid disturbance on 31st July, 2012 also included the Eastern and North-Eastern regions.

These disturbances have brought out the fragility of the inter-connected grid and its vulnerability to such major grid disturbances. An Expert Committee has already gone into the causes of these 2 grid disturbances and suggested remedial measures to avoid such occurrences in future.

Delhi utilities are responsible for meeting the requirements of the National Capital which includes high priority loads like Delhi Metro, Delhi International Airport, AllMS, Railways as well as Rashtrapati Bhawan, PMO, national security agencies and other establishments of national importance.

Considering the strategic importance of Delhi power supply in the regional and national context, it would be necessary that a special islanding scheme involving power stations within and around Delhi, be formulated and implemented at the earliest, to ensure that power supply to priority loads including installations of national importance, be ensured in case of such grid disturbances and other emergency situations. The power stations which could be included in the islanding could be Badarpur and National Capital Thermal Power Station (Dadri) of NTPC as well as Pragati CCGT, Bawana CCGT and other CCGT stations in the NCR could also be included, provided sufficient quantity of APM gas is allocated to these power stations to justify their operation on base load. The higher cost of the additional gas based generation for reasons of national security, may need to be offset through a higher allocation of power to Delhi from the lower cost hydro and pit-head stations in the central sector.

Govt. of NCT of Delhi may take up with the Ministry of Power, Govt. of India, to have such an Islanding Scheme prepared through the Central Electricity Authority and other agencies responsible for power system planning and operation, so that priority loads and high security installations in the National Capital are not affected in case of grid disturbances of the kind which took place on 30th and 31st July, 2012.

4. Sale of Surplus Power to Bulk Consumers in Neighbouring States

Distribution utilities in Delhi have long-term power purchase agreements from stations which have been commissioned in the recent past and also some stations which are expected to be commissioned over the next 3 to 5 years. While these long-term power purchase arrangements would help the utilities in meeting the projected load growths in the NCT of Delhi, some of this power is at substantially higher cost, eg; Aravali TPP of NTPC and Bawana CCGT of PPCL, which may for some time to come not get scheduled fully on merit order considerations. Also the distribution utilities have substantial surplus at times other than the peak hours.

When this power is offered for sale there are very few takers for the high cost round-the-clock power as well as the relatively lower cost off-peak surplus which results in distress sale under UI mechanism at considerable loss with respect to the purchase price of this power.

At the same time, there are significant shortages in adjoining areas of Haryana and UP viz. Gurgaon, Faridabad, NOIDA, Ghaziabad etc. resulting in extended periods of load shedding. This situation arises because distribution utilities in the neighbouring States are unable to pay for additional power which is available and is surplus to the requirements of NCT of Delhi.

The Govt. of NCT of Delhi may convene a joint meeting involving the State Governments, State Regulators, SLDCs and distribution utilities of the 3 States involved to explore the possibility of utilising this surplus power, which may include the possibility of direct sale to bulk consumers in the adjoining areas where load is otherwise being shed by the distribution utilities. The sale of this surplus would be a win-win situation for all concerned because on one hand distribution utilities in Delhi are compelled to sell surplus power at less than Rs.3/Kwh, on the other hand bulk consumers in the neighbouring States are compelled to generate from very high cost captive sources at about Rs.10-12 /Kwh.

Such sale of surplus power may require certain relaxations to be allowed by the state regulators and facilitated by the SLDCs to ensure that electricity consumers in the NCR are benefitted through this win-win opportunity.

5. Promoting Renewable Generation

(a) Roof-Top Solar

As a metropolitan city with a high population density, Delhi has limited options in terms of establishment of renewable generation. Roof-top solar PV is one of the options which need to be explored and pursued. Some of the issues inhibiting the development of grid connected roof-top solar capacity on a large scale are:

- i) The present high capital cost of solar PV panels and consequently the high tariff for such power.
- ii) Issues related to metering and verification in respect of power generated and supplied to the grid.

The Govt. of NCT of Delhi may frame a policy which facilitates for installation of at least 50 MW solar roof-top capacity in the city over the next 5 years and may take the following actions to facilitate establishment of the same:

- i) Direct IPGCL/State Nodal Agency to float a global enquiry for supply and installation of 50 MW solar panels. This global enquiry if repeated for five annual tranches of 10 MW each, will ensure the availability of solar PV panels at the most competitive rates available in the global market. This capacity may be installed in modules ranging from 1 KW to 10 KW each depending on the size of roof-top available.
- ii) IPGCL may be entrusted with the task of installing, operating and maintaining the roof-top solar capacity on behalf of the roof top owners.
- iii) IPGCL may tie-up for 50% capital subsidy from MNRE for all such roof-top installations, for which Govt. of NCT of Delhi may provide necessary support in getting this proposal cleared with MNRE and other Ministries / Departments of the Govt. of India.
- iv) Govt. of NCT of Delhi may also consider providing additional subsidy so as to bring the normative cost of power from these installations to Rs. 1/- Kwh below the tariff of the distribution utilities applicable for the relevant category of consumers from time to time. This will ensure that there is incentive for roof-top owners to offer their roof-tops for installation of solar PV panels. Also, as the utility tariffs increase, the level of subsidy by the Govt. of NCT of Delhi would go down.
- v) Direct IPGCL and the State Nodal Agency to arrange financial tie-up for establishment of this capacity through agencies like IREDA, REC, PFC etc. so that there is no requirement of up-front funding by the roof-top owners and the cost of installation can be recovered through EMIs which would be funded based on the normative power generation from these installations considering the tariff charged by the distribution utilities to the relevant category of consumers.

(b) MSW Projects

There is a need to improve and further streamline the system for MSW management in the NCT of Delhi. The establishment of MSW-based electricity generation facilities is a welcome step in this direction.

MSW generation facility of 16 MW through the Timarpur – Okhla Waste Management Company (Private) Limited (TOWMCL). This generating

facility at Okhla was established through a tariff based competitive bidding process and is already producing power.

The Commission has already approved the bidding documents for another tariff based competitive bidding process for a 10 MW facility to be established at Ghazipur. The Govt. of NCT of Delhi may facilitate expeditious implementation of this project.

MSW facility is proposed to be established by M/s Delhi MSW Solutions Ltd. at Bawana. Since no competitive bidding for power generation and sale was undertaken for this project, the Commission has recently issued directions to the developer and the local distribution utility in this area (Tata Power Delhi Distribution Ltd.) to enable generation and sale of electricity from this facility.

Considering the likely growth in availability of MSW in the city, the Govt. of NCT of Delhi may evolve a policy for integrated waste management and power generation from MSW in the city to serve the multiple purposes of waste disposal, minimizing use of precious urban land for land fills and augmenting power generation.

6. State Govt. Subsidy for Electrification of Unauthorized Colonies, JJ Clusters etc.

During the scrutiny of Capital Expenditure Schemes of DISCOMs, it has been observed that various colonies, extended unauthorized colonies, JJ Clusters etc. are coming up in the NCT of Delhi. Electrification of such extended unauthorized colonies put an extra burden on tariff. Delhi Govt. may consider framing a policy for funding of un-electrified extended unauthorized colonies to minimize the burden of tariff on average consumers.

7. Coordination with Civic Agencies

(i) Road Restoration Charges:-

It has come to the notice of the Commission that various Road Owning Agencies / Civic Agencies i.e. PWD, DDA, MCD etc. are charging varying and high Road Restoration charges from DISCOMs, which have a direct impact on capital cost of schemes implemented by DISCOMs resulting in high tariff for consumers of Delhi. Delhi Govt. may facilitate framing uniform rates for digging of roads and Road Restoration charges by all agencies so that the pressure on tariff reduces.

(ii) **Management of Street Lights**

Govt. of NCT of Delhi may prevail upon the civic agencies to facilitate metering of all street lights within a period of 3 months, to ensure that there is not waste of electricity and to prevent its misuse. The Commission proposes to direct the DISCOMs to give wide publicity to the wastage of electricity and its misuse in the absence of metering. The Commission would also advise the DISCOMs to take appropriate action for recovery of dues based on such metering, including disconnection of supply, if required after giving public notice of such action.