

**FORUM OF REGULATORS FOR EASTERN AND NORTH-
EASTERN STATES (FORENS)**

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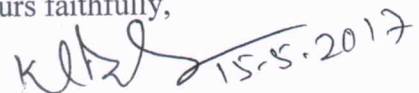
Sub: Minutes of the 7th meeting of the Regional Forum of Regulators for Electricity for the Eastern & North-Eastern States (FORENS) held from 27th-30th April, 2017 at Gangtok (Sikkim).

Sir,

Enclosed, please find herewith the minutes of the 7th meeting of the Regional Forum of Regulators for Electricity for the Eastern & North-Eastern States held from 27th - 30th April, 2017 at Gangtok (Sikkim) for favour of your information and necessary action.

Encl: As above.

Yours faithfully,


SECRETARY, FORENS

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**Minutes of the 7th meeting of the Forum of Regulators for
Eastern and North-Eastern States (FORENS) held at Terrace Valley Clark's Inn,
Ranipool, Gangtok, Sikkim from 27th – 30th April, 2017 hosted by
Sikkim State Electricity Regulatory Commission**

The 7th meeting of the Forum of Regulators of Eastern & North Eastern States was held on 27th - 30th April, 2017 at Gangtok, Sikkim.

Members Present:

1. Sri U N Behera, Chairperson, FORENS and OERC
2. Sri N.R. Bhattarai, Chairperson, SSERC
3. Hon'ble Justice N.N. Tiwari, Chairperson, JSERC
4. Sri N. K. Das, Chairperson, AERC
5. Sri S.K. Negi, Chairperson, BERC
6. Sri R N Sen, Chairperson, WBERC
7. Er. Imlikumzuk Ao, Chairperson, NERC
8. Sri N Chakarborty, Chairperson, TERC
9. Sri R.P. Singh, Chairperson, APSERC
10. Sri A.K. Das, Member, OERC
11. Sri S. K. Parhi, Member, OERC
12. Sri Amitav Biswas, Member, WBERC
13. Sri S.C. Das, Member, AERC
14. Sri R.K.Choudhary, Member, BERC
15. Sri R.K. Kishore Singh, Former Chairperson, Joint ERC (Manipur & Mizoram)

Official Present:

1. Sri K.L. Panda (Secretary, OERC), Secretary FORENS
 2. Sri Ajoy Sahu, Joint Director, OERC
 3. Sri S.D. Dhakal, Secretary, SSERC
 4. Sri P.D. Chaktha, Director, SSERC
 5. Sri Jigme D. Denjongpa, Director (Legal), SSERC
- Attendance Sheet enclosed.

Meeting on 28.04.2017

In the Chair – Sri U. N. Behera, Chairperson, FORENS and OERC

At the outset, Sri K.L. Panda, Secretary FORENS welcomed the members of the FORENS to the meeting and outlined the contribution of the Chairperson and Members of Sikkim ERC for excellent arrangement for the meeting. He appreciated and thanked the Secretary, Director and the staff of SSERC and the Power Deptt., Govt. of Sikkim for making excellent arrangement to make the meeting successful.

Sri N.R. Bhattarai, Chairperson, SSERC welcomed all the members of the Forum to the beautiful State of Sikkim and hoped that the Forum would deliberate on the important issues as in

the agenda and to bring about meaningful resolutions. He said that the State is endowed with great natural resources being on the foothills of mighty Himalayas. The State is fully organic and all types of chemical fertilizers, polythene and polluting vehicles are prohibited. The people of the State are friendly and known for their hospitality. The power scenario in the State is also good with 100% electrification of all villages. After his opening address he invited Sri U.N. Behera, Chairperson, FORENS to take over the proceedings.

Sri Behera, Chairperson, FORENS thanked SSERC for the arrangements and started the proceeding as per the agenda note as below:

Agenda-1: Confirmation of the minutes of the 6th meeting of FORENS held at Imphal on 8th – 10th September, 2016

The minutes of the above meeting had been circulated vide FORENS Secretariat letter No.1352 dt.07.10.2016. No further suggestion/views were received from the FORENS members on the same.

The members confirmed the said minutes of the 6th meeting of FORENS.

Agenda-2: Action Taken Report (ATR) on the 6th FORENS meeting.

Secretary, FORENS read out the ATR of the minutes of the 6th meeting.

- (a) The ATR of the above meeting was circulated vide FORENS Secretariat letter No.160 dt.28.01.2017. It had been decided that FORENS Secretariat may write a letter to MNRE, Govt. of India concerning the problems faced by Eastern & North-Eastern States in meeting the RPO and to suitably modify the percentage of Solar obligation unilaterally fixed by the Centre. Accordingly a letter was sent to the MNRE, GoI and the copy of the same was circulated among the members of the FORENS.
- (b) In the said meeting, it had also been decided that the accounts of the FORENS be audited by a certified chartered accountant. The same has been carried out for the FY 2013-14, 2014-15 and 2015-16. The copies of the audited accounts had been sent to the FORENS members and the same were circulated as agenda note for the 7th meeting.

The above ATRs were adopted in the meeting.

Agenda-3: Power Scenario in the State of Sikkim.

Sikkim, with its picturesque landscape, amazing terrain and some of the swiftest rivulet system, has a huge hydro power potential. With the implementation of proactive power policy Sikkim is poised to gain in a big way. On opening of this sector for private developers, Sikkim can look forward to developing and exploiting

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its huge hydro power potential, which has been assessed to be 8000 MW peak with a firm base of 3000 MW.

A power point presentation on this was made by Principal Chief Engineer of the Energy & Power Deptt., Govt. of Sikkim.

He highlighted that estimated hydro electric potential of Sikkim is about 8000 MW and Sikkim has the distinction of 100% rural electrification. There is also 24X7 electricity supply to both rural and urban areas. All Generating stations in Sikkim are Hydro Electric Projects. He stated that classifying large hydro electric projects above 25 MW into renewable is a major issue. The Hydro Electric Projects at the hilly areas are "run of the river" type.

He also presented that the Sikkim power department is trying to adopt best practices in the distribution segment. The best practice measures include drawing of 66 KV lines where load is 5 MVA or more, replacement of 11 KV Wiesel conductor by Dog conductor, drawing of 11KV line to all hamlets, erection of Aerial Bunched Cable across forest and thick vegetation, introduction of star rated transformers, installation of Automated Meter Reading system for all consumers who have load 100 KVA and above and installation of capacitor bank at all industrial consumers.

Other best practice measures include setting up of State Load Dispatch Centre with SCADA system for acquisition of real time data and monitoring up to 66/11 KV Sub-stations, introduction of GIS/GPS mapping, service connections being provided within one week of receipt of application and Customer Care Centres for public grievances.

Agenda-4: Renewable Purchase Obligation (RPO) target setting and weak compliance.

The compliance of the RPO as prescribed by MNRE and as fixed by the respective State Govts. is not being carried out due to various barriers. A power point presentation on this topic prepared by BERC was made by Sri R. K. Choudhary, Member BERC. Sri Choudhary highlighted that MNRE has given stiff target to the States towards Renewable Purchase Obligation (RPO) to be achieved by 2021-22. Out of the total RPO of 17%, solar obligation is 8% and Non Solar 9% to be achieved by the year 2022. Accordingly, in order to comply such target the State of Bihar would be required to make addition of 2493 MW solar capacity , Jharkhand 1995 MW, Odisha 2377 MW and West Bengal 5336 MW by the year 2022. This solar target looks very ambitious and stiff to achieve considering various constraints such as high cost of land, non-availability of contiguous barren land, low irradiation; lower CUF of the plants, less number of obligated entities due to captive power and open access and not much in terms of subsidy given by the respective Governments. As regards non-solar obligation, there is limited scope in Biomass and availability of Non-Solar Power is only on seasonal basis.

Sri Choudhary therefore suggested the way forward like exploration possibility of making cost of generation of RE comparable by adopting some financial framework and capacity augmentation of RE more than the trajectory proposed so that RE is available at affordable price.

Chairperson of WBERC Sri R.N. Sen informed the house that some discussion on such aspect was made with the MNRE officials. The low price of the solar power in the recent times is being discovered by the Solar Energy Corporation of India (SECI) mostly through reverse bidding process. The price of solar power thus discovered, is considered for a group of states. Therefore for addition of the solar capacity reverse bidding is to be taken into account.

Chairperson of Assam Sri N. K. Das informed that their State is also facing problem of RPO compliance because of limited RE source capacity addition. In the State many IPP have applied for setting up of solar plants but the State Government is not showing much interest in signing the Power purchase agreement. In view of the discovery of lower price through reverse bidding auction, State Government is interested in capacity addition through such route. This has caused a stalemate and things are not moving much regarding RE capacity addition. In his opinion therefore SERCs may take up the issue with their respective State Government as their intervention and active participation is a must for the RE capacity addition.

Chairperson of Jharkhand Justice N.N. Tiwari endorsed such view and held that involvement of State Government is a must in this regard.

Chairperson of Odisha Sri U.N. Behera opined that SERC role in this regard is limited and Commissions can only put pressure on the obligated entities to buy Renewable Energy Certificates (REC) for compliance of RPO if the obligation is not met.

Chairperson of West Bengal stated that FORENS may write to MNRE, Govt. of India to provide a Viability Gap Funding (VGF) for renewable energy projects. The proposal was agreed to by all the members.

It was therefore resolved that WBERC would draft a letter on those lines addressed to MNRE, GoI and send it to the FORENS Chairperson for vetting. After vetting such letter would be sent to MNRE, GoI by the FORENS secretariat.

Agenda-5: Challenges in achieving Perform Achieve and Trade (PAT) target.

Govt. of India, under the National Action Plan on Climate Change outlined eight Missions one of them being National Mission on Enhanced Energy Efficiency (NMEEE). Perform Achieve and Trade (PAT) is one of the initiatives under NMEEE notified on 30.03.2012. PAT is a market based mechanism to enhance cost effectiveness of improvements in energy efficiency in large industries and facilities

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through certification of energy savings (i.e. ESCerts) that could be traded. DISCOMs were included in the PAT mechanism during 2016.

The challenges in achieving such targets with least financial burden on the DISCOMs were discussed on the presentation made by Sri Ajoy Sahu, Jt. Director, OERC. The PAT framework has prescribed targets to DISCOMs for three year period from 2014-15 to 2018-19. On the analysis of the PAT mechanism on four DISCOMs of Odisha, it is revealed that the combined impact for not achieving the PAT targets would be about Rs. 100 crores which in turn would lead to increase in the consumer tariff. The challenge therefore is to achieve those targets by the DISCOMs which require an enabling framework with the support of all the stakeholders.

Chairperson of West Bengal stated that the impact of PAT mechanism would be felt only after 2018-19 and the whole frame work is still evolving and is yet to mature. Most of the members endorsed such view.

The members resolved that at present no action is required to be taken on the PAT mechanism.

Agenda-6: Exemption from payment of Income Tax by ERCs.

It has been found that many of the State ERCs have not been allowed exemption by the Income Tax Deptt. on the income. This exemption has been allowed to some of the State ERCs on their individual approach. CERC has also been granted such kind of exemption by the IT Deptt. It may be seen that tax exemption has not been granted uniformly to all SERCs in spite of statutory provisions for such exemption in the IT Act.

A presentation was made by Sri K.L. Panda, Secretary, FORENS.

It was unanimously agreed that individual SERCs may apply to local Income tax authorities for such exemption.

Agenda-7: Inclusion of Secretaries of FORENS ERCs in the FORENS meeting.

There was a proposal in the 6th FORENS meeting at Imphal on 8th -10th September, 2016 that the Secretaries of the member Commissions be allowed to attend the Forum meetings in order to address many technical issues discussed in the meeting.

A presentation was made by Sri K.L. Panda, Secretary, FORENS.

It was unanimously agreed that due to financial constraints of the FORENS fund this proposal may be dropped.

Agenda-8: Inter-state Comparison of Retail Supply Tariff.

It was deliberated in the 2nd FORENS meeting held at Kaziranga, Assam dt.7th – 8th February, 2014 that certain component of the Tariff order issued by different State

Commissions vary from one another. It was felt that it would be very useful for the State Commissions if these points of differences can be analysed meticulously. Once these differences are identified and analysed, some State Commissions even may accept some relevant points according to suitability. In view of the shortage of staff in ERCs, it was decided that the FORENS Secretariat may take up the exercise of analyzing the recent Tariff orders of its member States in respect of important elements of the ARR and salient features of the Tariff.

Further, during the 3rd meeting of FORENS at Rajgiri on 13th – 14th November, 2014, it was pointed out that exploratory work on analysis of the Tariff matter of the member States to find the common points of tariff practices was entrusted to M/s WISE, Pune. Subsequently, in the 6th meeting held at Imphal on 8th – 10th September, 2016, it was pointed out that the financial involvement for this exercise shall not be viable looking into the present financial strength of FORENS. Hence, no further progress has been made in this regard.

Chairperson of OERC Sri U.N. Behera informed the house that an attempt has been made by OERC through in-house effort to collect data on retail tariff relating to the Eastern & North-Eastern States and compile it. A presentation on such aspect was placed before the members. Sri Behera further stated that the analysis of the principles behind different tariff items adopted in different SERCs as decided in the earlier meetings could not be done for want of details. The OERC shall send a questionnaire in this regard to all the member SERCs. On receipt of the information, a structured attempt shall be made to make a comparative analysis on the same.

Chairperson of West Bengal Sri R.N. Sen enquired if subsidy granted by the State Government to any category of the consumers has been taken into account. It was clarified that no subsidy has been taken into account and the data has been collected from the Retail supply tariff orders of the member states.

All the members unanimously commended the good work done by the OERC staff in analyzing such comparative retail tariff.

It was resolved that questionnaire may be devised and sent to the member commissions by the OERC including other elements such as cost of purchase, distribution loss and other expenses for making a comprehensive comparison.

Agenda-9: Registration of FORENS under Society Registration Act, 1860.

In the 1st meeting of FORENS held at Puri dt.26th – 27th October, 2013 (minutes communicated vide letter No.1395 dt.05.12.2013), the Constitution of FORENS was adopted. In the said constitution, it was decided that FORENS would be registered as a Society under the Society Registration Act. FORENS has not yet been registered as a society. The Chairpersons and Members were requested to submit their Passport

size photographs and copies of Aaddhar Card or any identity proof that will be required for registration of the Society.

It was resolved that such details may be collected from the office of the Chairperson and Members and enquiries be made by the FORENS secretariat towards modalities of Inter-state Society Registration and proceed accordingly.

Agenda-10: Audit Report of FORENS Account.

In the 6th meeting of FORENS held at Imphal on 8th – 10th September, 2016, it was decided that the account of FORENS be audited by a certified chartered accountant. This has already been done and the copies of audited account for the years 2013-14-, 2014-15 and 2015-16 were sent to member Commissions vide FORENS Secretariat letter No.160 dt.28.01.2017. The copies of the said audited accounts were placed before the members.

The members wanted more time to study the audit reports and get back on the same. It will be discussed and taken up for adoption in the next meeting.

Agenda-11: Financial Position of FORENS Account.

The copy of the latest Bank Pass Book statement showing the balance in the FORENS account was placed before the members. It was unanimously felt that the present subscription of Rs.1 lakh by multi member Commissions and Rs.50,000/- by single member Commissions is hardly adequate to contribute for the meetings. The total contribution therefore from member States is only Rs. 7.5 lakh in a year. FORENS conducts two meetings in a year with contribution of Rs.5 lakh maximum for each meeting. Rest is borne by the host Commission. The host Commission SSERC informed that the cost of conducting meetings has increased considerably and contribution from FORENS should therefore also be increased to compensate for the cost.

It was therefore resolved that the contribution to the FORENS fund be increased to Rs. 2 lakh for the multi member Commissions and Rs.1 lakh for the single member Commissions. This increased subscription shall be effective from the FY 2017-18 starting from 01.04.2017. All FORENS member Commissions are requested to pay their above subscriptions early. Accordingly, it was resolved that the contribution for the next meeting onwards shall be 50% of the expenditure subject to maximum of Rs.7 lakh. It was also resolved that due to higher expenditure on transport incurred by SSERC, it may be paid Rs.7.50 lakh as contribution from the FORENS fund, as a special case, since the total expenditure of hosting the 7th FORENS meeting is likely to exceed Rs.18 lakhs.

Agenda-12: Venue for the next meeting of the FORENS with tentative date.

The earlier meetings were conducted in the following manner.

Sl. No.	Meetings	Dates	Venue	Host Commission
1	1 st meeting	26 th – 27 th October, 2013	Puri	Odisha ERC
2	2 nd meeting	7 th – 8 th February, 2014	Kaziranga	Assam ERC
3	3 rd meeting	13 th – 14 th November, 2014	Rajgiri	Bihar ERC
4	4 th meeting	18 th – 21 st November, 2015	Sundarbans	West Bengal ERC
5	5 th meeting	5 th – 6 th May, 2016	Ranchi	Jharkhand ERC
6	6 th meeting	8 th – 10 th September, 2016	Imphal	Jt. ERC (Manipur & Mizoram)
7	7 th meeting (the current one)	27 th – 30 th April, 2017	Gangtok	Sikkim SERC

The Chairperson of FORENS Sri U.N. Behera invited Nagaland ERC, Tripura ERC and Arunachal Pradesh ERC to volunteer and conduct the next meeting of FORENS in their States during September-October, 2017 to complete the first cycle of hosting. The Chairpersons of Nagaland, Tripura and Arunachal Pradesh stated that they will discuss the matter back home in their states and get back to Chairperson, FORENS within a fortnight so that a decision can be taken thereafter and circulated to all concerned.

Agenda-13: Invitation to Ex-Chairpersons and Members to attend the FORENS meetings. The members opined that this shall depend on the financial position of the FORENS fund and host state's ability to meet the expenditure beyond allowable limit of FORENS.

Further deliberations can be held on this in the next meeting.
