



## **ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

### MINUTES OF THE 12<sup>th</sup> MEETING OF THE STATE ADVISORY COMMITTEE HELD ON 19-01-2009 IN THE COMMISSION'S OFFICE

#### **Present:**

1. Sri A. Raghothama Rao, Chairman, APERC (Chairman)
2. Sri R. Radha Kishen, Member
3. Sri C.R.Sekhar Reddy, Member
4. Sri Y.Harish Chandra Prasad, Member
5. Sri T.Yogaiah Naidu, Member
6. Sri PMK Gandhi, Member
6. Sri S.S.Soin, Member
7. Sri M.Balarama Reddy, Member
8. Sri N.Janardhan, Member
9. Sri N.Sree Kumar, Member
10. Dr. M.V.S Birinchi, Member
11. Capt. J. Rama Rao, Member
12. Dr. M. Thimma Reddy, Member
13. Sr. K. Sathyanarayana Rao, Member
14. Sri P.V. Subbaiah Chowdary, Member
15. Sri K. Raja Gopala Reddy, Secretary, APERC/SAC
16. Sri. S. Ramanuja Rao, Director (Engineering), APERC

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Sri A. Raghothama Rao, Chairman, welcomed the members and asked the Commission Secretary to briefly narrate the important events that took place in the power sector since last meeting. During his narration, Secretary gave the details on the important events that took place in the power sector, as follows-

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- In the month of January'2008, the Chairman of the Commission retired and in the month of June'2008, the Member/Finance of the Commission retired. The new Chairman of the Commission Sri A. Raghothama Rao assumed charge on 16.07.2008 and the new Member/Finance of the Commission assumed charge on 14.08.2008.
- Commission Issued Retail Supply Tariff Order for FY 2008-09, after conducting the Public Hearings at Anantapur, Vijayawada, Adilabad and Vizianagaram
- Commission Reviewed the performance of the DISCOMs w.r.t. the compliance with the directives issued by the Commission. During the review meetings conducted, it was emphasized that campaigning programs should be conducted by the DISCOMs about the availability of the various Redressal mechanisms available to the consumers.
- A separate review meeting was conducted with APTRANSCO on 17<sup>th</sup> of December'2008, regarding investment proposal for erection of 220 KV & 132 KV Gas Insulated substations in twin cities to meet the requirements of the growing demands.
- A review meeting was conducted on 20<sup>th</sup> of October'2008, with all the Consumer Grievances Redressal Forums of the state.
- In exercise of powers conferred under Sections 61, 62, 86(1) (b) read with Section 181 of the Electricity Act, 2003 APERC issued Regulation No: 1 of 2008, called, " Terms and conditions for determination of tariff for supply of electricity by a generating company to a distribution licensee and purchase of electricity by distribution licensees ". Subsequently, the Commission allowed the petitions filed by APGENCO.

2. During this SAC Meeting discussions took place on various issues. A summary of the issues and the discussions took place on them, is given below-

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- (i)** With reference to Retail Supply Tariff Order 2008-09, Sri Thimma Reddy suggested that the Chapter pertaining to the Tariff Design and the details of the Power Purchases available in the state may be included in the tariff Order. Representative from Railways suggested that incentives for better Power Factor and for early payments may be arranged.
- (ii)** The newly joined Member Sri PMK Gandhi praised APERC stating that (a) APERC got the record of issuing Tariff Orders on time for the last 10 years (b) With the guidance of the Commission; there is a lot of improvement in the performance of the Licensees (c) APERC is the first Commission to issue Multi-Year Tariff Order. He suggested that for HT Consumers, Voltage-wise tariffs may be fixed and encouragement may be given to the high consumption Consumers to stop them to go for Captive Power.
- (iii)** Sri Harish Chandra Prasad opined that the exact losses cannot be known unless the Metering for the Agricultural Services is provided. Responding to this, Sri PMK Gandhi informed that for the measurement of the Agricultural Consumption, metering is provided at DTRs.
- (iv)** Sri Yogaiah Naidu opined that if there is penalty for inferior Power Factor, why there is no incentive for a superior Power Factor.
- (v)** Chairman of the Committee informed that regarding the recording of the Agricultural Consumption, the Commission discussed with the DISCOMs and felt that APEPDCL introduced good metering system. Further, he opined that accurate Agricultural Meter recording is essential from the subsidy point of view.
- (vi)** At this point, Capt. J. Rama Rao said that this issue has been under discussion since long time and there is no progress. He added that Motors with ISI mark can not be installed in the present system since the Pump sets are designed with particular parameters. He suggested that High Voltage Distribution System (HVDS) may be reviewed with the DISCOMs so that the Agricultural Sector can switch over to high efficient motors.

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- (vii)** Sri Subbaiah Chowdary said that the T&D losses are being included in the Farmers' account. He asked about the status of the report prepared by the Indian Statistical Institute (ISI). To this, Director/Tariff/APERC clarified that the report was sent to Government of Andhra Pradesh (GoAP). Since ISI could not come to specific conclusions, GoAP constituted a committee to study the report and the study report is yet to be received by the Commission.
- (viii)** Sri Subbaiah Chowdary further said that (a) the Farmers are not being intimated of the Load Shedding in advance by the DISCOMs (b) Citizen Charter says that complaints can be got registered at Substation level, but, there are no such facilities available at the Substations (c) the Capacitors installed are functioning against the interests of the Farmers. Due to the Capacitors, Starters are not putting off during the fluctuation in voltages. (d) Many of the Farmers installed ISI-marked Motors only, since they purchased Motors through Bank Loans. Then, how the Officers of DISCOMs insist that the Motors be changed with ISI-marked Motors? (e) DISCOMs are not taking up any maintenance works on the existing lines (f) APERC may form a Sub-Committee to address the grievances of the Farmers at DISCOM level.
- (ix)** Sri Balarama Reddy said that-(a) many of the accidents are being reported in Telangana districts as most of the farming in this region is Pump-based. Many of the accidents reported are due to Stay Wire (b) Many of the Distribution transformers are over loaded and there is no sufficient staff available in the field (c) Farmers may be permitted one bulb with free power supply at the Pump sets to avoid accidents (d) All the details like name, surname, survey number etc., shall be available in the Power Bills (e) Spare Distribution transformers must be kept at the Substations (f) Instead of the people with knowledge, Political persons are being appointed in the Substation Committees

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- (xi)** Sri PMK Gandhi clarified that defects like loose spans start at construction level. APERC may design a Proforma for village wise loose spans; AB switches fixations etc, and direct the DISCOMs to submit the details.
- (xii)** Sri K. Sathyanarayana Rao informed that-(a) There is no sufficient staff in the field to attend to the complaints (b) All Line Men in the field are engaged in Disconnections & Revenue collections (c) Works like FOCs (Fuse Off Calls) are handed over to the Contractors and Customer Call Centers are handed over to Private Agencies (d) Like in Karnataka & Tamilanadu states, departmental staff shall be appointed on top priority.
- (xiii)** Captain J. Rama Rao opined that the role of State Advisory Committee (SAC) can be increased so that it can form sub-committees to look into various matters.
- (xiv)** At this point, the Chairman asked the Committee whether the CMDs of the respective DISCOMs can be involved in the SAC meetings as Special Invitees. Member/Technical opined that there is no such provision to involve DISCOMs in SAC meetings. For DISCOMs, there is State Coordination Committee on Power Sector.
- (xv)** Sri Sreekumar informed that-(a) the Prayas group experimented with putting of capacitors in 3 phases and found that there is 10%-20% energy saving (b) Although the Utilities claim that DSM measures are implemented in respect of 80% of the cases, fact remains that it is 10%-20% only. A lot of Capacitors arranged to the farmers are idle (c) there are a lot of technical & management problems involved in the problems of farmers. Unless DISCOMs are also involved, these problems cannot be solved
- (xvi)** Responding to Sri Sreekumar, Sri Subbaiah Chowdary said that experimentation should not be done at Farmer's level
- (xvii)** At this point, Chairman requested to clarify the link between Capacitors & Motors.

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- (xvi)** Sri Sreekumar clarified that-*‘the problem depends on where the Capacitor is connected. Most of the farmers keep auto-starters. Capacitors should be kept before the Motors, not before the Starters. If it is connected otherwise, motors would burn in 2-phase situation’.*
- (xvii)** Chairman said that the aim of the Commission is to see that the Motors of the farmers should not burn and an awareness programme is required for farmers so that they know how the motors can be protected. He opined that a method be evolved involving all the players of the State Power Sector. Responding to this, Sri Yogaiah Naidu has given assurance that if APERC arranged the required material, FAPCCI would arrange copies for distribution among the consumers.
- (xviii)** Chairman further said that-(a) before advocating any solution either from DISCOM side or from Consumers side, a consensus should be arrived at. (b) A Sub-Committee involving people like PMK Gandhi, Sreekumar and Subbaiah Chowdary with Director/Engineering be formed to study the problems involved in Agriculture Sector like erection of capacitors, failure of motors so that this Sub-Committee would submit a report to the State Advisory Committee (c) For the next meeting, the DISCOMs also would be invited
- (xix)** Member/Finance opined that-(a) even the Agriculturists also contribute to the problems. Hence they must be educated on the issues involved (b) DISCOMs meeting shall take place regularly even at Mandal level (c) quality of capacitors should be ensured (d) All the Pump sets shown by DISCOMs are not in service actually as many of the wells dried up
- (xx)** Speaking on Power Purchases, Sri PMK Gandhi said that (a) as per the guidelines, any body can put a Merchant Power Plant (b) In some of the states; these plants are selling 30% of the power generated to their respective states. However, the Act is not clear on this (c) GoAP may come up with a policy for these plants

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- (xxi)** Speaking on power purchases from NCE sources, Sri PMK Gandhi said that-(a) Gujarat Commission has already come up with a policy on Solar Power (b) It is observed in the Tariff filings that there are no projections for NCE additions. Further, Sri PMK Gandhi said that if Cross Subsidy Surcharge is reduced further as per the Act, it would be pro-Open Access. In Maharashtra state, Cross Subsidy Surcharge is totally deleted. Hence APERC may also review this issue.
- (xxii)** On release of services to Bulk Consumers, Sri PMK Gandhi suggested that Networks shall be developed to the extent of releasing Bulk Loads without delays, above 1000 KVA releases only should be reviewed by the Commission and 'the Time of Day tariff Model' of Maharashtra Commission be taken up to strike a balance between HT consumption & Agricultural consumption
- (xxiii)** Sri Harish Chandra Prasad said that-(a) In NCE, Bio-Mass is not a clean one (b) Country like India is not ready to spend heavy investments in Solar today (b) unless cross-subsidy component is removed, Merchant Plants cannot be viable
- (xxiv)** To the remarks of Sri Harish Chandra Prasad, Capt. J. Rama Rao responded that unless a beginning is made in Solar Energy, we cannot survive.
- (xxv)** On Energy Conservation, Member/Finance opined that awareness programs should be developed. Adding to this, Chairman said that APERC wants to play a Catalyst role for Energy Conservation and for this the Commission needs the cooperation of all the players in the Power Sector
- 3.** Finally, the Chairman thanked all the Members for their active participation in the meeting and for their valuable suggestions.

**SECRETARY**