

CHAPTER – 3

RESPONSES

- 3.1 As per direction of the Commission the Petitioners namely ASEB, APGCL, AEGCL, LAEDCL, CAEDCL and UAEDCL issued public notice giving salient features of the ARR and Tariff Proposal in various newspapers on 17th, 19th, 20th, 21st and 22nd May, 2007 inviting responses /objections, if any, from the consumers on the ARR and Multi Year Tariff Petitions filed by them. Corrigendum of notice in respect of the DISCOMs was published in the newspapers on 23rd May, 2007. The last date of submission of objections, if any, was given as 26th June, 2007. However, on request by a number of consumer /consumer groups, the last date of submission of objections was extended to 10th July, 2007, which was published in the newspapers on 23rd, 24th, 25th and 26th June, 2007.
- 3.2 The Commission received a total of 15 Responses by 10th July, 2007. All these objection petitions filed before the Commission by the Respondents were accepted as the objective of the Commission was to elicit public opinion, particularly consumer participation in the tariff determination process. The list of responses received is given in the table below :

Sl. No.	Name & Address of Respondents	Sl. No.	Name & Address of Respondents
1	Shri Babul Choudhury, Secretary, Grahak Suraksha Sanstha, R.G. Baruah Road, Bora Bazar, Guwahati – 781 005	2	Shri Deven Dutta, Public Activist, Sundarpur, R.G. Baruah Road, Guwahati – 781 006
3	Shri Debeswar Bora, Secretary, Assam Tea Planters' Association, Tarajan, Jorhat – 785 001	4	Shri Dhiraj Kakati, Secretary, Assam Branch Indian Tea Association, Zoo Narengi Road, Guwahati – 781024

Sl. No.	Name & Address of Respondents	Sl. No.	Name & Address of Respondents
5	Shri Diganta Kumar Mishra, President and Shri Paresh Paban Sarmah, General Secretary, District Consumer's Protection Parisad, Rajagaon (Morigaon)	6	Shri D. K. Goswami, Shri Amal (Bhaimon) Hazarika and Shri R. N. Dutta, Guwahati
7	General Secretary, Sibsagar Citizens' Association, Hotel Piccolo, Aroonoday Path, P.O. & Dist. – Sivasagar	8	Shri Gopal Mittal, General Secretary, All India Manufacturers Organisation (Assam State Board), Lions Seva Kendra Complex, Makum Road, Tinsukia – 786 125
9	Shri Jagannath Chakraborty, U. N. Bezbarua Road, Silpukhuri, Guwahati – 781 003	10	Shri Jitendra Nath Baruah, General Secretary, All Assam SSI Association, Industrial Estate, Bamunimaidam, Guwahati – 781021
11	Shri Manoj Sethia, Authorised Signatory, Greater Guwahati Hotel Association, T.R. Phookan Road, Guwahati – 781 001	12	Shri Phanindra Chandra Sarma, Secretary, North Eastern Electricity and other Energy Consumers Service Society, Byelane No. 11, Rajgarh Road, 49-Pub sarania, Guwahati – 781003
13	Shri Sailen Baruah, State President, and Shri Kumud Medhi, State General Secretary, North Eastern Small Scale Industries Association, Sagarika Complex, Ground Floor, R. No. 4 (Near doordarshan) R.G. Baruah Road, Guwahati – 781024	14	Shri Sumir Bagrodia, Vice Chairman, Bharatiya Cha Parishad, Jalannagar, Dibrugarh – 786005

Sl. No.	Name & Address of Respondents	Sl. No.	Name & Address of Respondents
15	Shri Suren Ram Phookan, Chief Adviser, Save Guwahati Build Guwahati, Guwahati		

Along with the above, two additional responses were submitted by the following Respondents on the date of hearing :

Sl. No.	Name & Address of Respondents	Sl. No.	Name & Address of Respondents
1	Shri Sailen Baruah, State President, and Shri Kumud Medhi, State General Secretary, North Eastern Small Scale Industries Association, Sagarika Complex, Ground Floor, R. No. 4 (Near doordarshan) R.G. Baruah Road, Guwahati – 781024	2	Shri Debeswar Bora, Secretary, Assam Tea Planters' Association, Tarajan, Jorhat – 785 001

3.3 The Commission held hearing on 20.07.2007 at the Assam Administrative Staff College, Khanapara, Guwahati - 22. All together 12 Respondents appeared personally and made submissions except the Respondents at Sl. 7, 9 and 14. Two Respondents submitted additional written submissions. All these oral and written representations made before the Commission in the hearing have been carefully considered while issuing this Tariff Order. The responses filed and replies of the Petitioners are incorporated in Volume 2 of this Order. The major issues raised by different consumers and consumer groups are discussed below along with the responses of the Petitioners namely ASEB, APGCL, AEGCL, LAEDCL, CAEDCL and UAEDCL and the views of the Commission.

Issue 1 : HIGH TARIFF

Responses:

- ❖ A good number of Respondents have put forward that the ASEB and its Five Successor entities are demanding tariff hike of 29% in the current FY 2007-08. They are very much worried that in Assam existing tariffs are already very high compared to other states and prayed before the Commission not to allow tariff hike as proposed by the Petitioners.
- ❖ Some Respondents pointed out that due to wrong planning, delay in commissioning of power projects, poor management etc. the ASEB and the Companies incur losses and the burden of such losses are transferred to the poor consumers by way of tariff hike.
- ❖ Another Respondent stated that unless power supply position is improved, there should not be any tariff hike.
- ❖ Some Respondents even stated that they do not mind if there is tariff hike but there should be uninterrupted quality power supply to the consumers.

Reply of DISCOMs:

- ❖ The contention of tariff hike @ 29% is not true. ASEB & its successor companies have appealed to the Honourable AERC for 18% tariff hike and not 29% as stated by the objection Petitioner.

Views of the Commission:

- ❖ The Commission takes a realistic view that the utilities should improve power supply position with better efficiency and consumers are not to be burdened with abnormal hike in tariff.

Issue 2 : POWER TRADING

Responses:

- ❖ One Respondent stated that ASEB has failed to procure power at competitive rate

from the market to fetch benefit i.e. cheaper electricity to its consumers. T&D losses of PGCIL's network in percentage have rather increased from 3.93% to 4.64% in the span between two consecutive years. ASEB has failed to take up the matter with the CERC.

- ❖ There was shortfall of power availability against requirement during 2005-06 and 2006-07. Yet the ASEB resorted to sale of power to outside consumers for a better margin at the cost of load shedding. ASEB trader is behaving like a monopoly rather than creating competition and supplying power to its consumers as an essential service.
- ❖ ASEB's proposal for procurement of maximum power from hydel sources is not realistic and leads to power crisis in the state when there is no rain. They requested AERC to review the present plan of ASEB and approve a pragmatic power procurement schedule for the future.
- ❖ One Respondent stated that ASEB trader, who is responsible for supplying power to the DISCOMs, has miserably failed to discharge its responsibilities because of which power crisis and dark nights have become synonymous with the industrial, domestic and civic life of the state. Yet electricity tariff has been rising.
- ❖ One of the Respondents pointed out that ASEB has failed not only to deliver power to the consumers but it has failed to procure cheaper electricity for its consumers in the fiscal of 2005-06. Out of 3,778 MU of energy transacted by the trading company only 768.476 MU are procured from the existing plants of erstwhile ASEB with transmission losses of 118.297 MU in PGCIL's network (3.93%) and another 278.929 MU being sold to non ASEB consumers. Thus AEGCL received 3,484.421 MU for ASEB's own consumption.

Reply of ASEB:

- ❖ The endeavor of ASEB is to procure power to meet the power demand of the state matching with the resource available with it.
- ❖ ASEB trader has procured and supplied power to the AEGCL in the FY 2005-06 to the tune of 3484.21 MU against the approved quantum of Tariff Order for FY 2005-

06 of 3385 MU which is 3% more than the approved quantum of AERC. ASEB has supplied the quantum it was expected. Cost of 93% of power in that year is controlled by CERC or AERC. Balance power is procured through competitive bidding.

As can be seen ASEB do not have control over the power procurement cost.

Views of the Commission:

- ❖ The Commission is concerned about the impact of purchase of power by ASEB on the tariff. Sale, demand estimation and power purchase are given in Chapter 6 and 7 of this Tariff Order.

Issue 3 : TRANSMISSION AND DISTRIBUTION LOSSES

Responses:

- ❖ One Respondent stated that the main cause of deficit in ARR is due to T&D loss, citing example in a tabular format as below in respect of the states of Pondichery, Jharkhand and Tamilnadu, attributing their low tariff rates due to the fact that in these states T&D loss is less than 20%.

Percentage of T&D Losses		Rate of Domestic I 100 Kwh/month
1) Pondichery	18%	55.00
2) Jharkhand	18%	163.00, 74.00 R.
3) Tamilnadu	19%	120.00

Likewise where T&D loss is high their Tariff is also high.

1) Assam	51% (highest)	277.45
2) Delhi	45%	277.20
3) Rajasthan	45%	417.10
4) M. P.	41%	335.59

- ❖ One of the Respondents pointed out that AEGCL received 3,791.96 MU of energy and a T&D loss of 6.50% in its network made only 3,545.49 MU of energy available to its Distribution Companies for distribution. Percentage of T&D losses of PGCIL's

network have increased from 3.93% to 4.64% in the span between two consecutive years.

- ❖ One Respondent stated that although T&D losses have been claimed to be reduced on paper by the companies, in ground reality Transmission and Distribution system have repeatedly failed in spite of the claiming of the companies regarding strengthening and up-gradation of system. The Distribution Companies, instead of tightening their loopholes, are engaging informers including their own employees for reporting alleged power thefts, pilferage etc.
- ❖ Some Respondents stated that the DISCOMs have shown good investment for improvement of power supply but T&D loss has not come down and the poor consumers are to bear such burden by way of high tariff.
- ❖ Some Respondents have pointed out that investment of public fund by AEGCL to reduce T&D losses has not resultant effect, which is much higher than PGCIL. AEGCL's wheeling charge needs to be brought down to PGCIL's level.

Reply of ASEB and DISCOMs:

- ❖ Andhra Pradesh, Orrisa, Haryana, UP, New Delhi and Rajasthan had been termed as the first generation reform states where huge amount of money has been pumped by the World Bank for improvement of Transmission network and Distribution network to reduce Transmission and Distribution losses. After that ADB has stepped in and invested in different states for taking up reforms.

In Assam the APDRP scheme works started in the year 2004, and are yet to be completed. After 1½ years of completion of APDRP works, the result of reduction of AT&C loss have to be achieved. However, in spite of this Assam falls in the 2nd range but not the highest AT&C loss state as contented by the objection Petitioner.

As per analysis of Power Finance Corporation of India and published in their annual journal, the AT&C loss of the Unbundled Electricity Boards of the Country are as follows:

Range of AT&C Losses	Name of States
Less than 20%	AP
20%-30%	---
30%-40%	Gujarat, Karnataka, Delhi, MP, Assam , Maharashtra, Orisa, Uttaranchal
40% and above	Uttar Pradesh, Rajasthan, Haryana

After sowing the seeds it needs a definite time for bearing the fruits. After completion of APDRP works the AT&C loss shall definitely come down.

- ❖ The statement on T&D losses of PGCIL network is correct. The matter was taken up by ASEB at appropriate Forum.
- ❖ The Companies have taken measures including its own vigilance department to stop the menace of power theft and have also successful in setting up of Special Courts to deal with the cases of theft of power. It has moved the Government of Assam to set up some additional Police Stations. The appeal to the citizens is only a part of the process to curb theft.

Views of the Commission:

- ❖ T&D losses are on higher side although the DISCOMs have made investment for lowering T&D loss. Efforts are to be taken to reduce T&D /commercial losses.

Issue 4 : EMPLOYEES COST & EMPLOYEES LIABILITY

Responses:

- ❖ One Respondent stated that the Petitioners have not indicated the number of employees utility wise in their ARR. But the Petitioners have shown employee's cost inclusive of terminal benefit and PF interest component also. Present monthly salary of the ASEB employees is shown as Rs. 17,867.67 p.m.
- ❖ One of the Respondents stated that liabilities in the head of Provident Fund (PF) as assessed as on October, 2004, a sum of Rs. 329.66 crore should have been with the ASEB against PF account. As per the Electricity Act, 2003, State Government is to

bear such liability creating a separate fund. No separate fund has been kept by the State Government and the PF dues of the retired employees have been settled from the consolidated fund of ASEB. Terminal benefits for such retired employees were also given from this consolidated fund. An additional levy of 10 paise per unit of power has been imposed. All these liabilities are clubbed up with the salary account of the employees. The Respondents requested the Commission not to load such liabilities on the consumers.

- ❖ One Respondent stated that when there is surplus of employees, there is no logic to payment of overtime wages, employment of contract labour and temporary workers.

Reply of ASEB and DISCOMs:

- ❖ Government of Assam vide notification No. PEL.190/2004/69 dated 4th February, 2005 notified the plan for creating a special fund for Terminal Benefit of employees of erstwhile ASEB. Hon'ble AERC allowed ASEB (Trader) in FY 2005-06 to manage this fund for the Terminal Benefit of all the employees of erstwhile combined ASEB. Hon'ble AERC have given this same responsibility to AEGCL in the FY 2006-07 and no provision is kept for this in the FY 2007-08 onwards.

In the FY 2005-06 Hon'ble AERC has allowed the following expenses on the trading related works of ASEB in addition to the power purchase cost.

i) Employee cost	=	Rs. 1.25 Crs
ii) Adm. & General Exp	=	Rs. 0.75 Crs
iii) Interest on WC	=	Rs. 7.49 Crs
iv) Carry forward loss	=	Rs. 2.09 Crs
Total	=	Rs. 11.58 Crs

The calculation put forward by the Respondent is not understandable, therefore not commented.

However, it may be mentioned that margin for power trading allowed as per CERC regulation is 4 paise per unit of energy handled. Total energy handled in FY 2005-06 by ASEB (Trader) is 3778.166 MU.

Trading margin if allowed = Rs. 3778.166 × 10⁶ × 0.04 = Rs. 15.1 Crs.

Expenses allowed as per AERC order for FY 2005-06 is less than the trading margin as calculated above.

- ❖ No provision for O.T. payment is kept in the ARR. Regarding the employment of contract labour and temporary labour, the Petitioner has not furnished any details and hence cannot be commented.
- ❖ The present strength of employees and officers of DISCOMs is below need based requirement in the field level compared to the expansion of electrical network and Sub-Stations throughout the state.

Views of the Commission:

- ❖ The Commission is concerned about high employee cost of ASEB and successor companies. It is supportive of efforts of the companies to rationalize their workforce to make it more productive.
- ❖ In regard to terminal benefits, Commission is of the view that the employees' liabilities should be protected. The Commission has considered the issue of funding the terminal liabilities payable to the employees for the year 2006-07 in the light of Government of Assam notification no. PEL.190/2004/69 dated 4th February, 2005.

Issue 5 : REPAIR & MAINTENANCE COST ETC.**Responses:**

- ❖ The proposals submitted for the year 2007-08, 2008-09 and 2009-10 the employee cost, repair and maintenance cost, administration and general expenses cost for BTPS and CTPS stations has been projected. As per the Regulation, these costs are not admissible for recovery from the consumers as the assets of the stations are not in use for delivery of power to the consumers. As the stations are decommissioned these costs can be kept separately and included in the revival package if such package is ever implemented. The consumer of electricity cannot be burdened by the infructuous cost which are not providing any service.

Reply of APGCL:

- ❖ BTPS and CTPS have been de-merged from ASEB to APGCL and share of liabilities have been allocated to this company. There are offices, Power Houses, schools, hospitals in both the stations. As a result employees cost, R&M cost and GA cost have to be borne by APGCL.

Finally tripartite agreement has been signed among NTPC, Govt. of Assam and APGCL regarding transfer of infrastructure of BTPS to NTPC.

APGCL has invited Expression of Interest from interested bidders to explore the possibilities of revival of CTPS on coal through Lease, Rehabilitate, operate and transfer and the process is going on.

APGCL has submitted Un-audited Annual Accounts of 2005-06 to AERC. Annual Accounts of 2005-06 is now being audited by Statutory Auditor. After completion of audit, the audit certificate will be submitted to the AERC.

Views of the Commission:

- ❖ The Commission has noted the views of APGCL.

Issue 6 : BAD DEBTS

Responses:

- ❖ The burden of bad debts, interest and depreciation emanated from the inefficiency of the utilities should be made public and it would be unfair to push those burdens to the consumers in the shape of increased tariff.

Reply of ASEB and DISCOMs:

- ❖ Provision for bad debt is normal accounting procedure. Only 1% provision for bad debt is kept in the ARR as per the directive of the Hon'ble Commission. Hon'ble Commission is to decide.
- ❖ All details are incorporated in the Tariff Petition. Provision for bad debt is kept in the

ARR. Honourable Commission shall decide.

Views of the Commission:

- ❖ Reserve for bad debt has been made as per relevant provision of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. The Commission has allowed a provision of 1% of total revenue as bad debt for the DISCOMs for FY 2007-08.

Issue 7 : DEPRECIATION**Responses:**

- ❖ One Respondent has stated that the Petitioners' debt account as shown by ASEB and its successor companies is not transparent. The Petitioners have not submitted details of fund received from the Government with break up under the head grant and loan account. He put observation that there is no reason to club up depreciation and debt servicing account and prayed before the Commission not to allow debt servicing without obtaining detail break up of fund received by the Petitioners under the head grant /loan account separately.
- ❖ One Respondent objected that in the Tariff Petitions depreciation amount is very high rising from Rs. 93.72 crore in the year 2006 to Rs. 260.19 crore in the year 2010. The Respondents have apprehension that ASEB is charging for idle /unused assets or inflated assets. Therefore the Commission should not allow such means while fixing the tariff.
- ❖ One Respondent vehemently objected bad debt shown in the head depreciation from 2007 to 2012.
- ❖ One Respondent objected that depreciation costs have shown increasing trend but reasons are not shown clearly.
- ❖ One consumer put objection to the prayer of the Petitioners for allowing advance against depreciation and also for approving separate cash charge if such advance is

not sufficient to meet their debt servicing.

Reply of ASEB and DISCOMs:

- ❖ Depreciation is a part of ARR. Amount under the head depreciation is generally utilized in recovery of loan. Ceiling approved by the AERC under depreciation is less than the amount the utilities are to spend in recovery of loan.
- ❖ The Hon'ble AERC, in its Tariff Order for FY 2006-07, had allowed to include 1% ARR for bad /doubtful debt and it is included in Multi Year Tariff as per the directive. The bad debt included by the DISCOMs is below 1%.

Views of the Commission:

- ❖ The question of loading depreciation on non performing assets on tariff has been noted. Depreciation on the assets of BTPS and CTPS has not been allowed in the Tariff Order
- ❖ The rates of depreciation charged on various assets are as per the rates notified in the AERC (Terms and Conditions for Determination of Tariff Regulations) 2006.

Issue 8 : HIGH COST OF GENERATION

Responses:

- ❖ One Respondent stated that for the FY 2006-07, cost of power generated by APGCL is Rs. 2.43 which is higher compared to AGBPP, AGTPP & NEEPCO Hydro. Reasons for such high cost is shown by the ASEB are low calorific value of fuel, inadequate gas supply and high R&M cost. The Respondents' plea is that ASEB should have taken up with the gas supplying agency for inadequate supply and low calorific value of gas by way of realizing adequate compensation as per new law to give relief to the consumers. The Respondents feel that inflated and manipulated employees cost has contributed to the high cost of power and appeal before the Commission to review the cost by an objective analysis and not to load the cost to the consumers.

Reply of APGCL:

- ❖ The high cost of power of APGCL in terms of fuel cost is mainly attributed to the reason of the increased gas price supplied by GAIL and OIL. Gas price has further increased due to supply of non-APM (Administered Price Mechanism) gas to LTPS by OIL as per market price. The cost of power of APGCL units can not be compared with that of NEEPCO thermal units which are relatively new and fuel efficient. The units of both NTPS and LTPS have higher design heat rates because they are very old and hence high cost of fuel. Gas consumption increases further for generation of the same power due to wide fluctuation of gas supplied by GAIL /OIL leading to partial loading of the machines, hence higher heat rate which is beyond the control of APGCL. The provision for suitable compensation for short supply of committed gas supplied by supplier has been incorporated in the new gas supply Agreement.

Regarding chronic short supply of gas to LTPS /NTPS by OIL /GAIL, the matter has been constantly taken up with the suppliers and concerned state and central Govt. agencies at the appropriate level. AERC is also being apprised of the gas supply situation from time to time. APGCL signed an agreement with OIL for supply of additional 0.5 mmscmd gas to LTPS by March, 2007. However, the supply of the said gas is yet to be commenced resulted in loss in generation from the Power Station. Recently the Hon'ble Chief Minister of Assam also raised his concern on the issue in the CM's meet at New Delhi and requested the concerned authority to take necessary steps for improvement of gas supply position to LTPS /NTPS.

Of late, at our initiative, Public Undertaking Committee (PUC), Govt. of Assam also took initiative to resolve the gas supply issue. A meeting was recently held by the PUC with OIL's top authority in presence of APGCL wherein OIL has committed to supply the additional 0.5 mmscmd gas to LTPS within six months. So, generation from LTPS is expected to improve on receipt of the additional gas from OIL.

Depreciation has been calculated using the schedule as prescribed by AERC. Analysis of the trial balance under each function has been carried out and the weighted average rate has been calculated. As KLHEP has been commissioned, depreciation against the assets will be charged. Similarly, on completion of R&M works of NTPS, LTPS and

other capital works, depreciation will be charged against the new assets. Further, the fixed assets are financed out of a mix of equity and loans. The interest on these loan funds and the principal repayment of the loan are to be financed respectively out of income and depreciation charges. The AERC has recognised this principle and has proposed for Advance Against Depreciation (AAD) to cover any cash shortfall, should the depreciation charge is inadequate.

In addition, for taking new loans from different financial institutions for various R&M works, interests are to be paid.

In case of employee expenses, it is expected that by the year FY 2008-09 there would be a pay revision and hence an expected 30% increase has been considered. Estimation also includes Terminal Benefit Liabilities.

Views of the Commission:

- ❖ APGCL is to take appropriate action to make available of sufficient gas so that level of generation with improved efficiency at reasonable cost could be achieved.

Issue 9 : INTEREST ON LOAN**Responses:**

- ❖ Some Respondents stated that whatever investment came to the state was 90% grant and 10% loan. They desired that an account on the amount received on various heads and how it has been apportioned against the companies along with the grant and loan component should be given. Pending submission of such account interest on loan proposed in the ARR is untenable. They have apprehended that even the grant component of the investment has been taken as loan from the state government for which 10.5% interest has been proposed to be extracted from the consumers. They requested the Commission to look into this matter of consumer's interest.

Reply of ASEB and DISCOMs:

- ❖ 90% grant and 10% loan is only for the investment on Centrally Sponsored Schemes. All State Plan funds are provided on 100% loan basis. Moreover, ASEB has to borrow

money from the Financial institutions like PFC at market rate on interest for various projects.

Reply of AEGCL:

- ❖ 90% grant and 10% loan is only for the investment on centrally sponsored schemes. All state plan funds are provided on 100% loan basis. Moreover, ASEB has to borrow fund from the Financial institutions like PFC at market rate on interest for various projects.

Views of the Commission:

- ❖ While calculating Gross Capital Cost, the contribution by way of grant, subsidy etc. are not to be considered.

Issue 10 : INTEREST ON SECURITY DEPOSIT**Responses:**

- ❖ Most of the Respondents raised the point that consumers have to deposit three months' average electricity bills (for their installation) to the DISCOMs as security deposit. When ASEB was unbundled, the total security deposit fund should have been divided to the successor companies proportionately and they demanded that a dividend to the stakeholders is also due as in any business practice.

In the ARR, the ASEB and its successor companies have charged an interest on normative working capital as per directive of AERC. The consumers are demanding interest on the security deposit they paid in advance from the utilities. Now the ASEB is adopting a method to realise such interest from the consumers to pay their legitimate dividends against their security which could be counted as their share in the Power Industry. The Respondents appeal before the Commission that ASEB be asked to submit detailed security deposit of the consumers along with the interest they propose to pay to the consumers. ASEB and its successor entities' demand on charging interest on normative working capital is not justified, the Respondents said and requested AERC to intervene in the matter.

Reply of ASEB and DISCOMs:

- ❖ Load Security amount has been handed over to the DISCOMs as reflected in the Balance Sheet of the DISCOMs. The Load Security amount has been locked with the amount receivable from the consumers.
- ❖ Matter is under process.

Views of the Commission:

- ❖ Interest on Security Deposit is to be paid to the consumers.

Issue 11 : THEFT OF ELECTRICITY

Responses:

- ❖ Most of the Respondents have pointed out that theft of electricity is a factor for high T&D loss which ultimately affects the consumers to pay high tariff and requests stern action against such persons indulged in theft of electricity.
- ❖ Many domestic consumers have extended their domestic connection to their adjacent business establishment and thereby leading to loss to the ASEB and the DISCOMs. The general consumers have to bear such loss by way of tariff hike. AERC to take appropriate action against corrupt act of such domestic consumers.

Reply of ASEB and DISCOMs:

- ❖ Compensation against theft of electricity are being recovered from the persons who were involved in theft of electricity. Also such compensation has been recovered from the industries situated at Amingaon and other industrial areas who were found to be involved in such theft of electricity. The Home Department, Govt. of Assam, has been requested through the Power Department, Govt. of Assam to open special police stations to catch such act of theft.
- ❖ It is true that there are cases of illegal connections for business used from domestic lines. But these have stopped now and separate meters have been connected for each division.

Views of the Commission:

- ❖ The Commission has given direction to the DISCOMs to eliminate such malpractice.

Issue 12 : FREE ELECTRICITY

Responses:

- ❖ Some Respondents have pointed out that free electricity is provided to some section of the society, such as VIPs etc., and the burden is shifted to the consumers.
- ❖ Some Respondents also objected that VIPs and employees accommodated at Dispur and the Government complexes have the privilege of adequate power and also that proper metering is not done in such official premises. Government makes lump sum payment to ASEB for it. They requested the AERC to have a clarification from the utilities in the matter.

Reply of ASEB and DISCOMs:

- ❖ The contention of the objection of the Petitioner is totally untrue and baseless. The consumption of electricity is measured at single point i.e. at the transformer end and all line losses etc. are being borne by the State Government unlike the other common consumers. On the contrary, the State Government pays at a higher rate i.e. in “Bulk Category” for Dispur Complex. Load Shedding is resorted in Dispur Complex also like other areas whenever there is shortage of power. The State Government pays ASEB as per energy bill served on the basis of actual Meter Reading and reviews it from time to time.

Reply of DISCOMs:

- ❖ Nowhere the electricity is provided free of cost. In which ever state certain category of consumers is provided with free electricity on the basis of the decision of the concerned State Government but it provides the subsidy to compensate the cost of free electricity.

Views of the Commission:

- ❖ The point is noted by the Commission.

Issue 13 : FIXED CHARGE / FIXED DEMAND CHARGE**Responses:**

- ❖ One of the Respondents stated that as to their understanding the principle of two part tariff applies while making power purchase agreement by ASEB with its supplier of electricity. The stipulation laid down in the AERC (Electricity Supply Code and Related Matters) Regulations, 2004 (1st Amendment) 2007, that fixed charges is to be based on availability of power to all metered connections can be met by ASEB if it charges the consumer a single price for unit of electricity by converting the overall fixed charge it pays to the suppliers to unit basis and adding the same to direct cost it works out for units of energy. The Respondent further said that as the demand of electricity far exceeds supply, the above system will ensure that there will not be a shortfall of realization of fixed charge amount ASEB pays to its suppliers. The two part tariff is, therefore, not reasonable.
- ❖ One of the Respondents of Small Scale Industries stated that they are the worst sufferers due to prolonged load shedding, frequent power interruptions and poor quality of power. Unless the DISCOMs can provide uninterrupted power to all consumers of all locations fixed charges should not be increased.
- ❖ There should be a mandatory provision for giving compensation in terms of money be given to the consumers for interruption of power supply.
- ❖ One Respondent stated that,
 - (a) The fixed demand charge as calculated by ASEB against each consumer is highly controversial and not based on realistic fact. Calculation made by ASEB for load demand of a consumer, on which fixed demand charge is imposed, is based on the illusion that the consumer will use all the lights, fans and electrical appliances and

also use the spare plugs to its full rated capacity simultaneously at the same time. This assumption to any same person will appear ridiculous. The best way to avoid this situation and with the prevalent shortage of electricity and the people being advised to use electricity judiciously, is to allow the consumers to enter into contract with ASEB with a minimum fixed demand so that each can restrict his needs within the contracted demand. With the advanced technology in the form of miniature circuit breakers available at a very reasonable cost and very much in use for the last two decades by the consumers for protection of their in-house electrical installations which, if inserted in the outgoing connection to the consumer from the electricity supply mains, apart from making sure that the consumer at no point of time can draw more power than his contracted demand, will give better protection to the supply lines and the equipments than hitherto being obtained by ASEB through the outdated use of re-wireable fuse wires. The introduction of this will not pose any financial problem to ASEB as the cost of the circuit breakers will be borne by the consumers. Further this will enable ASEB to work out the peak load demand of the consumers of a locality more accurately than present being done through the load demand of consumers based on ridiculous assumptions.

- (b) With the introduction of load contract with the consumers, ASEB can re-introduce the levy of minimum charge – scrapped in 1996 – if the energy bill of the consumer for the period falls below a certain minimum fixed corresponding to its contracted load. As the availability of energy with ASEB falls far below the demand for it, this realization of minimum charge will be financially advantageous to ASEB.

Reply of ASEB:

- ❖ Regarding fixed charges payable by consumers, ASEB don't agree to the statement made in the objection petition. Fixed charge is charged from the consumers for upkeep of the infrastructure through which power is fed to the consumer even when the consumer doesn't draw any power. ASEB also maintains a very good account in a transparent manner the payment made against power supply. It is a fact that the fixed

charges of the total power purchase cost is normally more than 50%. But the fixed charges of the successor companies are not so high as compared to purchase of power of generating stations and APGCL.

Reply of DISCOMs:

- ❖ The two part tariff is now an accepted principle; it is not prevalent only in ASEB but in other power utilities of the country also. It may be mentioned that the present total fixed charges collected by ASEB is much less than the fixed charges borne by the ASEB while purchasing power.
- ❖ Fixed charges are calculated with the related components and taking due care of quality and reliability of power supply.
- ❖ Fixed charge is determined considering the elements which relate to the fixed cost. As the costs of such elements are increased the fixed charges are increased. Even if the power from the allotted share is not available, the same is deemed to be dropped and fixed charge is to be paid on monthly basis. In comparison to this fixed charge realised by the utility from the consumer is very meager.
- ❖ (a) The demand charge is calculated as per the accepted guidelines of Regulatory Commission. The fixed charges of general consumers are fixed on the basis of connected load but fixed charge (demand charge) for consumers under category “Industry”, “Tea Coffee Rubber” etc. are to be declared by consumers and make agreement with the utility within the range of 70% to 105% of their connected load (65% to 105% in case of Tea Coffee and Rubber category). The suggestion of the Petitioner may be examined.
(b) Honourable AERC to decide.

Views of the Commission:

- ❖ The two part tariff is now an accepted principle. The Commission has looked into entire gamut of issues regarding charging of two part tariff. It is observed that ASEB, trader, purchases power from Central Generating Stations on the basis of two part tariff. These are outside the jurisdiction of the Commission. It is also

observed that out of the total cost incurred by the ASEB and successor companies about 70% is fixed and only 30% is variable but the revenue collected in the existing tariff by way of fixed charge is only 20%. As such, the realization from fixed charge is already on the lower side. The Commission is moving towards charging the fixed charge based on the availability of power for all metered consumers as stipulated in the AERC (Electricity Supply Code and Related Matters) Regulations, 2004 (1st Amendment) 2007.

Issue 14 : CONSUMER RELATED ISSUES

Responses:

- ❖ One Respondent gave stress to set up Bijulee Adalat to settle the grievances of the power consumers.
- ❖ One Respondent stated that the AERC should not increase the tariff as proposed by the Petitioners considering the poor economic condition of the majority of the people as well as growing unemployment situation in the state.

They also urged that special emphasis be given by the Commission to protect the interest of all sections of people by providing electricity at reasonable rate.
- ❖ One of the Respondents objected that a brief thunder shower or storm in any part of the state, the power distribution system falls apart and it takes hours and sometime days together to be repaired.
- ❖ The Petitioners have submitted the figures in the ARR without making any objective analysis, transferring the burden of deficit to the consumers.
- ❖ Inefficiency, corruption, mismanagement of the utilities led to the imposition of burden to the electricity consumers. The Respondents have requested the AERC to constitute a committee to probe into such affairs and to make an objective assessment of losses on such accounts.
- ❖ Some Petitioners were apprehensive on utilisation of fund in various projects like APDRP, ADB and REC and requested the Commission to institute public enquiry

specifically on the following points:

- A. Ensuring of proper utilisation of fund.
 - B. Physical verification on the new assets created indicating the volume and quality.
 - C. Its effect on reduction of T&D losses along with a break even analysis of the investments.
 - D. A field survey whether energy auditing with holistic approach has been done by ASEB.
- ❖ One Respondent raised that the Government should subsidize the utilities and thereby relieve the consumers by dispensing present practice to advance money as assistance to tide over the crisis faced by the industry.
 - ❖ Some Respondents raised the point that on many occasions, mishaps take place while vehicles including tourist buses and trucks carrying goods beyond their permissible limits come in contact with the livewires /overhead cables causing damage to lives and properties of citizens. The owners of the vehicles should be made liable to pay for such damage so that the burden does not go to the poor consumers by way of tariff hike if the ASEB /DISCOMs bear the cost of such damages.
 - ❖ Some Respondents pointed out that many cases are pending relating to new power connection, increase of consumption loads, correction of bills, issuance of bills immediately after taking the meter readings, replacement of defective meters etc. and concerned authorities to address such complaints within stipulated time.
 - ❖ One Respondent urged that all old and damaged electric poles and cables on public and private roads should be replaced by quality products for safety of the citizens.
 - ❖ Some Respondents urged upon the Commission to reconstitute the Board of Directors of all DISCOMs for better performance.
 - ❖ Buildings and complexes constructed in clear violation of building bye-laws and other existing Rules and Regulations should not be given power supply by the DISCOMs.
 - ❖ One Respondent stated that the ASEB and successor entities are interested to increase fixed charge to ensure unearned income without in any way ensuring regular power

supply which unduly burdens the consumers to pay fixed charges without receiving power. **Industrial Units** have to run their own captive gen sets at higher cost which enhances their production cost and makes the industry in the State uncompetitive and

Reply of DISCOMs:

- ❖ For redressal of consumer grievances, Sub-Divisional level Co-ordination Committee is set up in Sub-Division level. In Circle level Consumer Grievance Cell and in Head Quarter level Grievance Cell are also set up.
- ❖ As the electrical distribution lines are connected through very sensitive protective devices to thwart possible dangers, the lines get tripped when foreign element fall on the line. Moreover, in Assam power supply suffered due to co-existence of social forestry and overhead Distribution Lines.
- ❖ The DISCOMs are maintaining the proper standard as per IE Rule in maintaining clearance from the road up to the lowest point of the overhead lines and amended from time to time. This is the duty of the law enforcing authority to stop illegal movement of such vehicles.
- ❖ Nowadays computerized bills are served to the consumers in monthly basis. All consumers complaints are addressed systematically and all households are provided power only through correct energy meters.
- ❖ As per Terms and Conditions, power supply is provided to those prospective consumers who had valid permissions from Guwahati Municipality Corporation /Guwahati Metropolitan Development Authority.

Reply of AEGCL:

- ❖ After formation of the re-organized companies, the companies will function with its own resources without any budgetary help from Central and State Government. Companies will also require adequate resources to extend its network to all nook and corners of the state to provide better service. To attract adequate investment in power sector for carrying out these tasks, appropriate return on investment is very essential. As such, in order to ensure financial viability and attract investment, appropriate tariff is essential.

- ❖ Cross subsidy is already in place for economically weaker section of the consumers.

Views of the Commission:

- ❖ Commission noted that DISCOMs had taken some initiatives in improving efficiency in the system and satisfaction of consumers. Commission desires more efficiency in supply of quality power to the consumers.

Issue 15 : INDUSTRIAL RATE TO HOTELS

Responses:

- ❖ One Respondent citing the North East Industrial and Investment Promotion Policy (NEIIPP), 2007 declared by the Government of India, Ministry of Commerce and Industry vide clause (xi) requested the Commission to charge industrial rate of tariff for all Hotels in place of commercial rate of tariff.

Reply of DISCOMs:

- ❖ The Honourable AERC categorized the Hotel Industry as “Commercial Category” for their commercial activities though the Govt. categorize it as “Industry”. The Honourable High Court reaffirmed hotel as “Commercial” in the consumer case vide Judgment dated 04.10.1993.
- ❖ We fervently pray to the Honourable Commission not to treat Hotel as an industry as the DISCOMs will incur heavy loss in the event of Hotel declared as the industry. Moreover, big hotel and restaurants earn large profit by selling their products at exorbitant price.

Views of the Commission:

- ❖ The Commission is of the view that this issue is to be considered in its totality and not sector wise alone. If in the State Industrial Policy and the North East Industrial and Investment Promotion Policy (NEIIPP) the Government have categorized Hotels as Industry it will be relevant to see if any power tariff relief has been given to such category. If that be the case, it will be normally expected that the DISCOMs are

subsidised to that extent by the Government so that for any shortfall in revenue on their account the burden does not get shifted to other consumers.

Issue 16 : NOTICE PUBLISHED IN THE NEWSPAPERS

Responses:

- ❖ A good number of Respondents have pointed out that the notices published in the newspapers by the ASEB and five successor entities are confusing, lack transparency and do not provide important salient features of the petition for public information.
- ❖ One Respondent stated that ARR for the three Distribution Companies for three years are shown separately, while a common tariff is proposed for all the three Companies for the year 2007-08. It is further stated that though Revenue from tariff is normally expected to meet the ARR, in case of the three DISCOMs there are large differences between ARRs and Revenue from tariff. There is no explanation for such difference.
- ❖ Tariff proposals are for Multi Year Tariff, but nowhere in the notice was it mentioned.
- ❖ One Respondent stated that the Revenue from Tariff for the year 2007-08 as furnished in the Tariff petition of the three DISCOMs are as below:

Company	Revenue from Tariff & Miscell. Charges (Rs. in crores)	Annual Revenue Requirements (Rs. in crores)	Surplus (+) / Deficit (-) (Rs. in crores)
1. UAEDCL	447.90	496.10	- 48.20
2. LAEDCL	649.00	627.66	+ 21.34
3. CAEDCL	364.74	379.80	- 15.06
Overall			- 41.92

From above it would appear that as per proposed common Tariff in the year 2007-08, UAEDCL will have a deficit of Rs. 48.20 crores and CAEDCL a deficit of Rs. 15.06 crores, while LAEDCL will have a surplus of Rs. 21.34 crores. No justification of such divergence is given. It is also not clear as how the overall deficit of Rs. 41.92 crores is proposed to be met, stipulating that a part of the losses of UAEDCL and

CAEDCL will be met from surplus of LAEDCL, which itself will be against the provisions of the Electricity Act, 2003.

However, in each Tariff petition after 'profit & loss account' statement, the following paragraph has been added –

“Considering the approach taken by AERC in past Tariff Order, the impact of equalization the profitability across the three Distribution Companies is considered for the tariff period FY 2007-08 to FY 2009-10. The approach can be revisited, once the companies start making profits.”

Reply of DISCOMs:

- ❖ The detail features of the Tariff petition for FY 2007-08 to 2009-10 is made available to the interested public in the Tariff Proposal for FY 2007-08 in details and kept for public inspection. The same was also available in the website of AERC.
- ❖ The three Distribution Companies have been formed considering Geographical location, consumers served, manpower and infrastructure. All details of each Company is prepared and submitted in the Tariff petition Company wise.
- ❖ It is already notified that the ARR is for financial year 2007-08 to 2009-10 but the Tariff proposal is for 2007-08.

Views of the Commission:

- ❖ The Commission will pass Tariff Order for one year i.e. FY 2007-08 instead of Multi Year Tariff due to non-availability of Audited Financial Statement for the year 2005-06 and 2006-07. However, the process of MYT has been started.

**Issue 17 : SHORTFALL OF POWER SUPPLY AGAINST DEMAND/
ERRATIC POWER SUPPLY****Responses:**

- ❖ One Respondent citing official sources stated that present total demand in the State is 800 MW during peak hours and 650 MW during off peak hours per day. On the other

hand, generation is only 100-150 MW against installed capacity of 550 MW resulting in high shortfall compared to demand.

- ❖ Another Respondent stated that Demand and Supply of Electricity in 2007-08, 2008-09, 2009-10 are not properly estimated, so there is every scope of total failure in the lean period (lesser rainfall season). They have practically faced acute shortage of electricity from November to March when the hydro electric power is not sufficiently produced due to lesser rainfall. As per Annexure-III of ASEB petition has shown how unprofessional of their attitude to handle the situation of acute power shortage. There should be a concrete plan for supply of electricity in the lean period (i.e. in the winter).
- ❖ Although ASEB is charging a heavy commercial rate of Tariff, the power supply remains very erratic, services are most unsatisfactory, load shedding, low voltage are order of the day and hence there is no justification for further increase of tariff.

Reply of ASEB and DISCOMs:

- ❖ ASEB carried out a detailed study in 2006 on power requirement up to 2012-13. The achievable target has been shown in the Business Plan FY 2007 to FY 2012 of ASEB. In the coming winter, we expect to get an allocation from Kahelgaon Thermal Power Station of NTPC for which we have entered into power purchase agreement. In addition, APGCL generating capacity has also increased by 2 x 50 MW with the commissioning of Karbi Langpi Hydro Electric Project in March /April, 2007. In addition, a Power Banking arrangement has been made with a trader on experimental basis who will make power available during the winter season. GOI is expected to convert the unallocated power from the Eastern Region to regular firm allocation for Assam in lieu of allowing power from the Subansiri and Kameng Project outside the region.
- ❖ Accepting the fact that ASEB in the old form will not be able to achieve the aspiration of the people, it was reorganized during the last part of the decade to serve people better. Though it is early years of the reorganization the effects are gradually showing.
- ❖ As per the load survey projection completed by ASEB as the unrestricted peak demand is 864 MW and off peak demand is 672 MW (This is applicable in Monsoon season of 2006-07 only). The demand varies from season to season.
- ❖ Due to gap of demand and supply, the Company sometimes resorts to load shedding

to maintain Grid Discipline and save the entire system from collapse when there is no alternate way out and it is notified when the shortage of power is known beforehand. At present, quality of power supply is better.

Views of the Commission:

- ❖ The matter is noted by the Commission. The Commission desires that DISCOMs improve their performance to provide uninterrupted quality supply of electricity to the consumers.

Issue 18 : WHEN FUEL SUPPLIER IS AT FAULT**Responses:**

- ❖ Some Respondents have raised the issue that ASEB has been paying CPSU for deemed power generation even when the CPSU has failed to supply power because of scanty rainfall etc. and such cost has been proposed to be passed to the consumers. Likewise, when a gas supplier failed to supply adequate fuel for power generation as per contract agreement, final financial burden is passed on to the consumers. The Respondents pray that ASEB /utility should claim compensation from the supplier giving respite to the consumers.

Reply of DISCOMs:

- ❖ Regarding payment to CPSU on supply of power there is a well laid down procedure by CERC which is based on availability of the generator.

Views of the Commission:

- ❖ The matter is noted by the Commission.

Issue 19 : CORRUPTION OF ASEB**Responses:**

- ❖ Some Respondents have stated about corruption and dismal work culture of ASEB

citing the report of P. C. Barooah Enquiry Commission on ASEB in 1972 and requested the Commission not to allow tariff hike as prayed for.

Reply of ASEB and DISCOMs:

- ❖ The overall power scenario of Assam has been changed drastically since 1972. The allegation of corruption is without any evidence for the claim. ASEB is putting relentless efforts for all round infrastructural development of power in Assam, improvement of services to its valued consumers for ensuring the desired satisfaction. The results of its effort can be seen from the report of Ministry of Power, wherein it is acknowledged that Assam has notched 6 places up in the performance indices of the states from 17th place in 2004-05 to 11th place in 2005-06.
- ❖ In the reported period of 1972 and the recommendation of the P. C. Baruah Enquiry Commission and the Assam Legislative Assembly Committee's views was taken care of for improvement of the performance of ASEB and as on date the performance of ASEB has improved remarkably to the satisfaction of the consumers. The DISCOMs have adopted more judicious and scientific methods of operation for supply of quality power to the consumers. For appropriate action, specific case of corruption may be brought in with documentary evidence.

As per analysis of Power Finance Corporation of India and published in their annual journal, the AT&C loss of the Unbundled Electricity Boards for the financial year 2005-06 of the Country are as follows:

Range of AT&C Losses	Name of States
Less than 20%	AP
20%-30%	---
30%-40%	Gujarat, Karnataka, Delhi, MP, <u>Assam</u> , Maharastra, Orisa, Uttaranchal
40% and above	Uttar Pradesh, Rajasthan, Haryana

Views of the Commission:

- ❖ The matter is noted by the Commission.

Issue 20 : ENERGY AUDIT

Responses:

- ❖ Some Respondents have pointed out that the ASEB does not have any Energy Audit system in use. They even said that Energy Audit Scheme introduced by ASEB with central grant was sabotaged due to corruption and requested the Commission not to pass the burden of increased tariff due to corruption of ASEB to the consumers.

Reply of DISCOMs:

- ❖ ASEB's performance can be judged from the report of the MOP as enclosed herewith.
- ❖ Remunerative Tariff is of primary requirement for the growth of power sector. 97% of the ARR and tariff proposal of ASEB consist of Power Purchase Cost over which ASEB don't have any control. Considering all the factors into account AERC perhaps will allow the ARR and Tariff Proposal and prayed to pass it on.
- ❖ All past and present purchases are made judiciously after scrutiny of the quality and cost thereto through Technical Evaluation Committee and Tender and Purchase Committee constituted with qualified Technical and Finance Personnel.
- ❖ The DISCOMs have taken suitable actions to reduce the T&D losses and achieved satisfactory results.

Views of the Commission:

- ❖ All the points raised by the Respondents have been taken into consideration while finalising the Retail Tariff.

Issue 21 : KARBI LANGPI PROJECT

Responses:

- ❖ One Respondent stated that demand of power for the National Games held at Guwahati was met from the first unit of 2 x 50 MW Karbi Langpi Project. The Respondent demanded to know whether that power from Karbi Langpi Project was

free power or metered power, because it has an effect on ARR of APGCL.

Reply of APGCL:

- ❖ Neither ASEB nor APGCL is trying to escape from their basic moral responsibility of power generation in the state as claimed by the Petitioner. APGCL rather exerted all efforts to maintain the age old plants to serve the state.

Currently APGCL is generating around 220 MW of power from its three running Power Stations namely Namrup TPS, Lakwa TPS and Karbi Langpi HEP (NTPS: 65 MW, LTPS: 55 MW & KLHEP: 100 MW). Better generation could have been achieved from the gas plants (NTPS & LTPS) but for acute short supply of gas by OIL/GAIL.

However, APGCL is implementing the following short term plans to achieve its immediate benefit during 2007-08.

1. An agreement with OIL was signed for supply of additional 0.5 MMSCMD to overcome gas supply constraint at Lakwa TPS. OIL has committed to supply the said gas by December, 2007. On receipt of the same, the overall generation of the station is expected to increase to full capacity with supply of gas from both GAIL/OIL.
2. The restoration of GT unit (23 MW) financed by PFCL is almost completed with a target of re-commissioning by August, 2007.

The power generation is expected to improve further by restoring to the above measures.

Karbi Langpi HEP (2x50 MW):

The Project on the river Borpani in the Karbi Anglong district of Assam was envisaged as a run of river scheme with installation of two units of 50 MW each. The project was sanctioned by the Planning Commission in 1979 at a cost of Rs. 36.36 crores with a target of commissioning the project by December, 1986, but because of various reasons, the project could not be commissioned in time.

Meanwhile, at the initiative of GOA, the balance work on the project was resumed in 2004

beginning with the concreting of dam with PFCL assistance of Rs. 125.0 crores. The 1st Unit (50 MW) and 2nd Unit (50 MW) were, finally commissioned on 31.01.2007 and 20.03.2007 respectively. The units were put into commercial operation from April, 2007 and currently it is generating full load.

- ❖ The up to dated Expenditure (including IDC) of KLHEP is Rs. 446.0 crores. Considering normative cost/MW for a new Hydel Project @ Rs. 6.0 crores per MW, APGCL is not at loss by commissioning KLHEP even after 25 years due to reasons beyond the control of APGCL/ASEB.
- ❖ The generation made during the period before commercial operation known as ‘Infirm Power’ at KLHEP was 15.44 MU and the corresponding generation cost of Rs. 0.625 cr. is adjusted with the Capital Cost.

Views of the Commission:

- ❖ The matter is noted by the Commission.

Issue 22 : STATUS OF BTPS & CTPS**Responses:**

- ❖ Most of the Respondents have raised voice on why the entire properties BTPS has handed over to NTPC at a nominal price of Rs. 1.00 only. The whole process of decision making related to BTPS, the value of the assets of BTPS along with the loan components are to be made public.

Reply of APGCL:**❖ Bongaigaon Thermal Power Plant (4x60 MW):**

The 240 MW Bongaigaon TPS of APGCL remained inoperative since March, 2002 because of the various problems mainly due to irregular supply of coal. This resulted in low plant load factor (PLF) and consequent uneconomical operation. All efforts were made to revive BTPS since its closing but to no avail. Finally at the initiative of Hon’ble Chief Minister of Assam and on intervention of Hon’ble Prime Minister, NTPC Ltd. agreed to revive the plant. But on examination of the existing condition of

the plant and machineries, they were of the opinion that the revival of BTPS is economically not viable though technically feasible.

However, NTPC Ltd. in turn came forward to set up a new 500 MW coal based power plant by replacing BTPS with **advanced Flue Gas De-Sulphurization (FGD) technology which will be suitable for using Assam coal** from Upper Assam coal fields of Coal India Ltd. (CIL). The plant capacity has subsequently been increased to 750 MW (3x250 MW) to avail mega project benefit. This would be a Regional Power Station. There will be an overriding priority for Assam in allocation of power. Assam will get 400 MW of power from this mega project. The project is scheduled to be commissioned first two units in 2010-11 and 3rd units in 2011-12.

Regarding use of high sulphur coal of Upper Assam in BTPS, it may be noted that the BTPS plant was equipped with conventional fired boiler which cannot handle high sulphur coal. However, NTPC is going to set up the new plant with most modern and improvised technology as mentioned above to deal with high sulphur of Assam coal.

A tripartite Agreement amongst GOA, APGCL and NTPC was signed on 30.05.2007 at New Delhi for transfer of BTPS infrastructure (Land & Building only) to NTPC. Further contact has been made with M/s MSTC Ltd. regarding disposal of main Plant and Building, Balance of Plant, spares etc. at a mutually accepted value.

It is a fact that the land measuring 2300 bigha (approx.) except 132/220 KV switchyard and 33/11 KV S/s is to be handed over to NTPC at a nominal value of Rs. 1.00. This will result in lower cost of generation and hence lesser burden to customer due to exclusion of land value from the total project cost.

Chandrapur TPS Units (2x30 MW):

CTPS was running economically till September, 1997 with LSHS and LSFO supplied by M/s IOC as per the agreement which remained in force till March, 1998.

However, after application of import parity price mechanism (Administered price mechanism), APM the oil price increased many folds and resulted in closing down of the plant in June, 1999.

It is not true as claimed by the Petitioner that similar oil plant at Gujarat is running

with subsidised oil price. The import parity price mechanism was made applicable for both CTPS and Gujarat Plant w.e.f. September, 1997 as communicated by Ministry of Petroleum and Natural Gas (MOP & NG) GOI. The Gujarat plant was subsequently closed in February, 2002.

Revival Effort:

1. IOC and other Government Authorities were contacted for reduction in fuel oil price.
2. ASEB also continued its endeavour to find out an alternative solution for running CTPS units with various fuels like Liquid Natural Gas (LNG), Compressed Natural Gas (CNG), Natural Gas (NG), Naphtha, Raw Petroleum Coke (RPC) and Coal. Correspondences were made with M/s. Mitsubishi Corporation, M/s. BHEL, Central Electricity Authority, M/s. Thermax Babcox Wilcox Ltd., M/s. Development Consultants Ltd., M/s. C&L Engineering etc., requesting them to apprise ASEB regarding availability of any alternative cheaper fuel and modification of Boiler thereof, but to no use.
3. ASEB also explored the possibility of maintaining CTPS as a captive plant for IOC & HPC, Jagirod. Both the organisations were contacted for the same. However, no fruitful result came out of that.
4. The using of RPC and Coal was also ruled out as MHI; Japan confirmed that the use of solid fuel for CTPS is not feasible due to required change in structural design and insufficient space at site for providing coal storage and handling facility and other associated aux. system.
5. The feasibility for shifting the plant to the existing gas plant at Namrup (NTPS) for use as a gas fired unit after necessary modification was also explored but the proposal was found not feasible.
6. GOA invited TATA Power to explore possibilities to revive CTPS by using coal as fuel. TATA Power personnel visited CTPS twice. They are studying to ascertain feasibility of conversion of existing boilers to PFBC boilers using coal from N.E. Region. Their report is awaited.

Meanwhile, APGCL invited Expression of Interest (EOI) in April, 2007 from

interested bidders to explore the possibility of revival of Chandrapur TPS on coal based on new technology of FBC (Fluidised Bed Combustion) through LROT (Lease, Rehabilitate, Operate and Transfer) /JV using new FBC technology to overcome restriction as stated in Sl. 4. Offers are under evaluation.

Views of the Commission:

- ❖ The Commission is satisfied with the action taken by APGCL of handing over the BTPS to NTPC and initiative taken for revival of CTPS on economic and feasibility ground.

Issue 23 : SHORTAGE OF POWER GENERATION**Responses:**

- ❖ There is huge shortfall of power during the peak hours and off peak hours. When the State's generation of power is decreased, DISCOMs will resort to power purchase which in turn will increase tariff.

Reply of APGCL:

- ❖ Currently there is no /little shortfall of power in the state during peak hours and off peak hours.

Currently APGCL is generating around 220 MW of power against the peak hours demand of 800 MW. Against our share of 620 MW (in peak hours) from central sector we get only 420 MW during lean hydro season. As a result there is a shortfall of 150 MW of power during peak hours. However, in the hydro season, when getting full quota of share from hydel power stations of CSGS, shortfall of power in peak hours is very less. Sometimes shortfall is nil for low demand due to evacuation line faults.

Further, current off peak demand in the state is 500 MW and shortfall is nil in hydro season and the shortfall is around 50 MW only in lean hydro season (Dry season).

However, to meet the energy demand in future to the extent feasible, APGCL initiated actions for augmentation of power generation through short term and long term plan as under:

- 1) Short Term: Immediate benefit of additional 50 MW with enhancement of additional gas supply to LTPS and restoration of long shutdown units at NTPS.
- 2) Long Term: Additional 300 MW capacity is envisaged by end of 11th plan through development and setting up of new thermal and hydro projects including 100 MW Namrup Replacement Project (Ph.-I) and 150 MW Lower Kopili Hydro Electric Project.

With successful completion of the above plans it is expected to meet up the future power demand in the state to a large extent from its own generation.

Views of the Commission:

- ❖ The Commission is satisfied with the performance of Karbi Langpi Power Project. APGCL to make more initiative to increase their own Generation capacity.

Issue 24 : ISSUE RELATING TO TEA GARDENS**Responses:**

- ❖ Some Respondents stated that hardly 50% of the power could be made available to the Tea Industry from the Distribution Licensees. Hon'ble AERC in its Tariff Order contemplated 70% availability while determining the tariff applicable to the consuming tea gardens. It is evident that regulatory framework could not bring about any improvement in spite of its best attempts and the service to the Tea Industry by the utility was in the poorest level of supply of reliable power to this vital industry. This poor quantum and the poor quality of power supply has eroded the financial viability of the tea gardens. Further, higher projections made by the Hon'ble AERC in its successive tariff determination has resulted in seemingly attractive average cost of supply to the tea industry even though the element of Cross Subsidy was very much on higher side. Further, when these tariff schedules prepared on the basis of higher consumption were applied to the lower availability the tariff hike was abnormally high and more than what was stipulated in the Tariff Order.
- ❖ One Respondent applied to obtain supply at 33 KV dedicated line at the central point and, thereafter, allow the tea gardens to evacuate the power received at 33 KV sub-

station to the various tea gardens through dedicated 11 KV line to be maintained by the group of tea gardens who would like to take their required power at 33 KV in a central point of distribution. In spite of persistent effort and persuasion this has not been made possible by the utility for more than two years. Consequently, the tea gardens are made to suffer the frequent and prolonged interruptions of supply adversely affecting the production of tea.

- ❖ One Respondent pointed out that the consumer tea gardens are illegally being charged with fixed charge without pro-rata adjustment although the Availability Based Fixed Charge was applied in the Tariff Order for FY 2006-07 and regulated by Regulation 7.5 of AERC Regulation 2004/13. The tea gardens at their own cost have installed compatible electronic meters in the tea gardens but in the absence of required hardware, MRI readings are not obtained and bills are not preferred by the DISCOMs on MRI readings. They requested the AERC to look into the matter so that additional amounts are not charged without pro-rata adjustment.
- ❖ A good number of Respondents objected that the Petitioners have failed to submit appropriate and reliable data as mentioned below and therefore prayed AERC not to consider Multi Year Tariff and consider only tariff determination for FY 2007-08.
 - (a) Actual audited data of the last financial year (e.g. 2004-05 if year one of the control period is 2006-07) and if the same is not audited the audited data of the latest financial year accompanied by un-audited data of the subsequent years.
 - (b) Current year's estimates.
 - (c) Projections for the control period years e.g. 2006-07 and 2007-08, 2008-09.
- ❖ Some Respondents have stated that although the DISCOMs have shown considerable amount of investment with regard to improvement of power supply, actually no improvement was effected to improve the condition of the power supply to the tea gardens; and they prayed that no tariff hike need to be allowed against tea category till the DISCOMs provide quality supply to Tea Industry.
- ❖ One Respondent objected to the claim made by ASEB that the increased cost payable to NEEPCO of Rs. 52 crores and additional cost for buying power from NTPC and additional cost towards purchase of power under bilateral purchase of Rs. 43 crores i.e. a total of Rs. 186 crores which has been alleged to be beyond the control of

ASEB. In this context it is relevant to refer that the corresponding MU with respect to purchase has purportedly not been indicated in the actual drawal. The Respondent stated that there is no merit for consideration of the claims of ASEB as such claims do not fall under the purview of controlled period.

- ❖ One Respondent stated that a number of tea estates are now producing both Orthodox and CTC varieties of teas and the Connected Load of the installation comprising of the CTC and Orthodox which do not operate simultaneously shall make the total connected load more than the connected load for the CTC alone. Consequently the Contract Demand based on 65% of the Connected Load in season shall go up even though the simultaneous requirement as reflected in the power system of the supplying agency shall remain unchanged. The Contract Demand as required by the consumer tea gardens in reality shall not change but the consumer tea garden will have to pay higher demand charge due to such provision of Contract Demand of 65% of Connected Load as determined in the Tariff Order for the year 2006-07. The Respondent requested the Commission to allow declaration of the Contract Demand actually required instead of the stipulated 65% of the Connected Load as minimum Contract Demand. This will rationalize the determination of tariff for the consumers which is one of the main objectives of the formation of Regulatory Body.

Reply of DISCOMs:

- ❖ The statement that only 50% power is available is not true. In the statement submitted by one of the Respondents on different months shows that more than 70% power is available to the tea gardens, of course in exceptional cases due to reasons beyond the control of the utility, interruption of power is a bit more. The element of cross-subsidy shall be decided by the Honourable AERC.

In most of the cases the statement submitted by the Tea Estates do not coincide with the interruption report collected from the 33/11 KV Sub-Stations and figures are often found to be exaggerated. Moreover, the authenticity of the statements submitted by the Respondent can only be ensured after getting the true picture of electricity duty paid to the State Government for quantum of energy they have generated through their captive power plant to bridge the shortfall.

- ❖ There were series of discussion on the particular issue regarding providing dedicated power supply to the Tea Estates both in presence of Honourable AERC and also between DISCOMs and management of ABITA, M/s McLeod Russel, Assam Tea Corporation, Tata Tea Ltd. etc. separately when they initially wanted to invest and adjust the same from their subsequent revenue bills after one and half year. The DISCOMs have refused to adjust the investment in their revenue bills as more and more such demands will come and the DISCOMs will stand nowhere financially.

After more discussions, the Tea Estates managements agreed to install dedicated Distribution Sub-Stations and Dedicated lines at their own cost and requested UAEDCL in particular to submit estimates for providing dedicated power to Tea Estates namely, Bishakupi, Raidang, Itakhuli, Keyhang, Margherita etc. But all the proposals submitted by UAEDCL had died its natural death and ABITA has kept complete silence after receipt of the estimates.

Now under APDRP the power supply has immensely improved in all the areas where works have been completed. Moreover, the geographical locations of the Tea Estates are such that they are miles away from existing Sub-Stations and the lines are passing through marshy terrain. Added to the woes is the frequent theft of Conductors which has caused interruption of power to these Tea Estates. DISCOMs cannot construct a Sub-Station for one Tea Estate at its cost which is economically not viable.

- ❖ Presently the installation of ABT meters amongst the different utilities are in progress. The matter of providing GSM is under process and can be made available as soon as the service providers make available the communication network. For the dialing up of ABT meters for individual consumer no directive has been received from Honourable CERC or AERC.
- ❖ Statement
 - (a) Actual audited data for the year 2004-05 is submitted by ASEB.
 - (b) Submitted.
 - (c) Submitted.

All data pertaining to the year 2006-07 has been submitted.

- ❖ Improvement in power supply has been made by augmentation of major Sub-Stations and lines throughout the State and Tea Estates are also benefited by such improvement of power supply.
- ❖ The energy accounting and cost in the Tariff Petition of ASEB for the FY 2006-07 was arrived at by considering data for 9 months on actual and projected data for 3 months. Actual procurement data for the FY 2006-07 is now available based on latest REA by NERPC and bills raised by utilities etc. Table annexed herewith shows Actual Power Procurement and cost for the FY 2006-07 in comparison to Tariff Order and Tariff Petition.

Actual power procured for the FY 2006-07 is 3675.58 MU against 4106.29 MU as per Tariff Order. The difference is 430.71 MU. The impact of this lower procurement of power should have been reflected in lower procurement cost. But procurement cost has increased from Rs. 650.91 Crs to Rs. 764.74 Crs because of the following:

- (a) 75% of the power is procured from CSGS. The fixed and variable charges bills of these stations have increased. The calculations of these bills are as per CERC order. ASEB have no control over them.
- (b) Payments made against arrear dues to NEEPCO and NHPC, which is due to CERC order. ASEB have no control over them.
- (c) Per unit cost of APGCL units have increased from Rs. 1.70 as per Tariff Order of FY 2006-07 to Rs. 2.50 due to increase in Gas prices and increase in fixed charges due to addition of Depreciation and Financial charges which were not available in Tariff Order of FY 2006-07 of APGCL.

ASEB expects the extra expenditures over and above the Tariff Order of 2005-06 and 2006-07 incurred by ASEB trader will be passed on in the tariff because ASEB have no control over them.

Views of the Commission:

- ❖ The Commission advises the DISCOMs for further improvement of power supply to the tea gardens.

- ❖ The Commission agrees with the idea of payment of electricity duty to the State Government for the electricity generated by tea companies which will give clear picture of the situation.
- ❖ Dedicated line will improve power supply to tea gardens. Cost of the same to be decided upon by the consumers and concerned DISCOMs.

The Commission noted other matters.
