

Gujarat Electricity Regulatory Commission

THE SIXTH ANNUAL REPORT FOR THE YEAR 2004-05



GUJARAT ELECTRICITY REGULATORY COMMISSION

1st Floor, Neptune Tower, Ashram Road,
Ahmedabad - 380 009.

THE COMMISSION PRESENTS THE SIXTH ANNUAL REPORT
FOR THE YEAR 2004-05, AS REQUIRED UNDER SECTION
105 (2) OF THE ELECTRICITY ACT, 2003. A SUMMARY OF
THE ACTIVITIES DURING THE YEAR 2004-05 BY THE GUJARAT
ELECTRICITY REGULATORY COMMISSION

The Sixth Annual Report For the Year 2004 - 2005

P. S. SHAH
Secretary

On Behalf of

The Gujarat Electricity
Regulatory Commission

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GUJARAT ELECTRICITY REGULATORY COMMISSION

FOREWORD

This Annual Report gives an outline of the main activities of the Gujarat Electricity Regulatory Commission (GERC) during the year 2004-05.

The Commission has taken several steps to comply with the provisions of the Electricity Act, 2003. In this regard, the Commission has already notified almost all the regulations. Before finalizing the Regulations, the Commission invited comments and suggestions from the general public, various consumer groups and other stakeholders. It is hoped that the information provided in the Annual Report will be found useful. Interested members of public can obtain further information from the Commission's website www.gercin.org.

Place: Ahmedabad

G. Subba Rao
Chairman
G.E.R.C.

1 INTRODUCTION

The institution of Electricity Regulatory Commissions in India owes its genesis to the Electricity Regulatory Commissions (ERC) Act, 1998, which provided for such Commissions at the Center and in the States. Under the provisions of this Act, the Government of Gujarat constituted the Gujarat Electricity Regulatory Commission (GERC) in November, 1998. The ERC Act, 1998 has since been repealed by the Electricity Act, 2003. The GERC created under the provisions of the ERC Act, 1998 is deemed to be established under sub-section (i) section 3 of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 and in terms of Section 82 of the Electricity Act, 2003.

The Commission is a quasi-judicial body. It consists of a Chairman and two Members. In recognition of the need for a multi-disciplinary approach while addressing issues related to independent regulation, the Act prescribes that the Chairman and Members shall be persons having adequate knowledge and experience in engineering, law, economics, commerce, finance or management. It also prescribes a broad mix of disciplines to be represented in the Commission. The Act also provides for the appointment of a Secretary of the Commission.

The Electricity Act, 2003 has significantly enlarged the spectrum of responsibility of GERC. The new law of 2003 has entrusted the GERC with various responsibilities / functions, besides tariff fixation for creating an environment to promote growth, efficiency and economy in power sector and to safeguard consumer interests.

2 ORGANIZATIONAL CHART OF THE COMMISSION

a) Composition of the Commission:

The Composition of the Commission during the year 2004-05 was as under:

Shri G. Subba Rao is the Chairman of the Commission. Shri K. P. Gupta (Finance) and Shri Man Mohan (Technical) are the Members. Shri Man Mohan joined the Commission on 11th May 2004 as Member (Technical) on the retirement of Shri R. K. Sharma on 30th March 2004. The post of Member (Technical) remained vacant upto 10th May 2004.

b) Secretariat of the Commission:

Shri G. D. Vyas, IAS held the charge of the Secretary upto 31st August 2004.

Shri P. S. Shah, IAS is holding the charge of the Secretary from 15th September 2004 onwards.

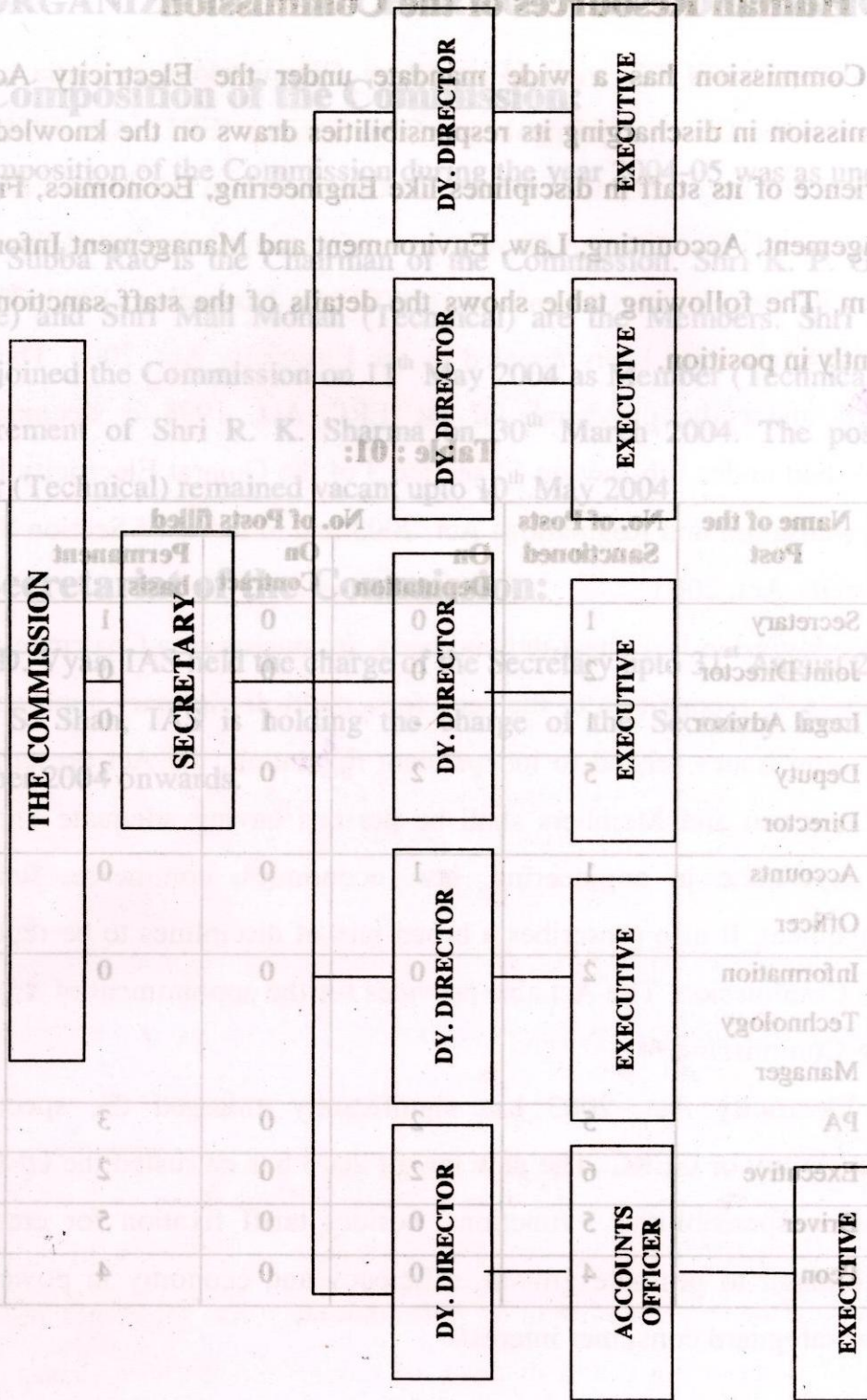
c) Human Resources of the Commission

The Commission has a wide mandate under the Electricity Act. The Commission in discharging its responsibilities draws on the knowledge and experience of its staff in disciplines like Engineering, Economics, Financial Management, Accounting, Law, Environment and Management Information System. The following table shows the details of the staff sanctioned and currently in position.

Table : 01:

Sr. No.	Name of the Post	No. of Posts Sanctioned	No. of Posts filled			Vacant Post
			On Deputation	On Contract	Permanent basis	
1.	Secretary	1	0	0	1	0
2.	Joint Director	2	0	0	0	2
3.	Legal Advisor	1	-	1	0	0
4.	Deputy Director	5	2	0	3	0
5.	Accounts Officer	1	1	0	0	0
6.	Information Technology Manager	2	0	0	0	2
7.	PA	5	2	0	3	0
8.	Executive	6	2	0	2	2
9.	Driver	5	0	0	5	0
10.	Peon	4	0	0	4	0

d) Organizational Chart of the Commission



e) Incumbency Chart of the Commission

Sr. No.	Name of the employee	Designation
1	Shri P.S. Shah, I.A.S.	Secretary
2	Shri M.B. Bhargama	Dy. Director (Admn & Accts)
3	Shri B.S.Jaiswal	Consultant (Legal)
4	Shri B.P. Kundaliya	Dy. Director (Finance)
5	Shri D. R. Parmar	Dy. Director (Technical-II)
6	Shri R. H. Shah	Dy. Director (Technical-I)
7	Shri S. R. Pandey	Dy. Director (Legal)
8	Shri M.T.Rana	Accounts Officer
9	Shri D.R Parmar	Executive
10	Shri D.T.Shah	Executive
11	Shri N.B.Patel	Executive
12	Ms.D.S. Mehta	Executive
13	Shri R.G.Pillai	Personal Assistant
14	Shri P.R.Sasi	Personal Assistant
15	Shri Baby Varghese	Personal Assistant
16	Smt. P.A.Christian	Personal Assistant
17	Shri R.P.Nair	Personal Assistant
18	Shri K.L.Kaistha	Executive

f) Infrastructure and Facilities

Office Building: The office of the Commission is in a hired building on the bank of the river Sabarmati on Ashram road. It has a special Court Room for conducting hearing and disposal of cases. The Building has a Library Room with books on various issues and subjects. The building also has a Conference Room.

Local Area Network: All the computers of the Commission have been connected through Local Area Network with an internal website for accessing any reference papers and reports.

Website Developed Inhouse: Website www.gercin.org has been developed and is maintained inhouse by Commission's secretariat. The website contains information covering: the functions of the Commission, profile of the Commission and staff, various regulations, Tariff Orders and other important orders, reports of the consultants and Annual Reports, hearing schedules and links. The website is regularly updated with necessary information and developments.

Library: A separate library room contains various books and journals and helps the staff in referring to regulatory issues and themes. The software of SCC online has been installed to enrich the law wing of the library of the Commission. All the orders passed by the Supreme Court of India are available in the software. The Commission has also obtained the Single User Licence, which provides facility to the Commission to update the software quarterly.

3 FUNCTIONS OF THE COMMISSION

The Mandate

The Electricity Act, 2003 aims at consolidating the laws relating to generation, transmission, distribution, trading and use of electricity; generally taking measures conducive to development of electricity industry; promoting competition therein; protecting interest of consumers; supply of electricity to all areas; rationalization of electricity tariff; ensuring transparent policies regarding subsidies; promotion of efficient and environmentally benign policies; constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal. It seeks to create an enabling framework conducive to development of the Power Sector in an open, non-discriminatory, competitive, market driven environment, keeping in view the interest of the consumers as well as of the suppliers of power.

Functions of the Commission

According to the Electricity Act, 2003 the Commission has to discharge the following functions:

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

- (b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) facilitate intra-state transmission and wheeling of electricity;
- (d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;
- (f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;
- (g) levy fee for the purposes of this Act;
- (h) specify State Grid Code consistent with the Grid Code specified under clause (h) of sub-section (1) of section 79;
- (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) fix the trading margin in the intra-State trading of electricity, if considered, necessary; and
- (k) discharge such other functions as may be assigned to it under this Act.

4 ADVISORY COMMITTEE AND ITS FUNCTIONS

a) The State Advisory Committee

The Commission has constituted State Advisory Committee (SAC) under section 87 of the Electricity Act, 2003 consisting of eleven (11) members to represent the interests of Commerce, Industry, Transport, Agriculture, Labour, Domestic Consumers, Non-Governmental Organizations and Academic & Research bodies in the energy sector. The Advisory Committee is to advise the Commission on-

- (1) major questions of policy
- (2) matters relating to quality, continuity and extent of service provided by the Licensees
- (3) compliance by licensee with the conditions and requirements of their licence
- (4) protection of consumer interest; and
- (5) electricity supply and overall standards of performance by utilities.

The State Advisory Committee Meetings

The meetings of the State Advisory Committee were held regularly. During the year 2004-05, two meetings were held on 28th July, 2004 and on 1st February, 2005.

The members of the State Advisory Committee actively participated in the meetings. The members gave valuable suggestions to the Commission at the time of framing important regulations.

5 ACTIVITIES DURING THE YEAR

a) Determination of Tariff

Stable Tariff for 5 years

Soon after the constitution of the Commission in April, 1999 Gujarat Electricity Board (GEB) filed a Tariff Petition with the Commission. After inviting inputs from the general public and after a public hearing, the Commission determined the tariff of the GEB by its order dated 10.10.2000. The Tariff order issued by the Commission was duly implemented.

After following a similar process, the Commission decided the Tariff of the two private distribution utilities functioning in the State - for The Surat Electricity Company Limited in December, 2001 and for The Ahmedabad Electricity Company Limited in September, 2002.

The Commission issued another tariff order dated 25th June, 2004 for GEB. Before issuing the order, the Commission followed the procedure prescribed in the Electricity Act, 2003. No major changes were introduced in the tariff except for an increase of 5% in demand charges and a reduction in tariff for rural households. The Commission also issued an order on Fuel Cost Adjustment Formula for GEB on 25.06.2004. In the meanwhile, through strenuous efforts, State Owned GEB has reduced its cash loss significantly. In addition, the private utilities have been successful in substantially reducing the Transmission and Distribution losses. As a result, in spite of steep increase in the fuel and transportation charges, the Electricity Tariff in the State has remained stable for the last 5 years.

b) Awards declared and Orders made

➔ Petitions During the year

During the year 2004-05, the Commission dealt with 105 petitions – 63 petitions carried forward from the previous year and 42 petitions filed during 2004-05. Out of the 105 petitions, 39 petitions were disposed of during 2004-05 while the others were in process of being heard. As on 31st October, 2005 Commission dealt with 115 petitions. Out of these total 115 petitions, 58 petitions were disposed off. Details of petitions are documented in Tables 02 & 03.

Only one (First) Appeal was filed in the High Court of Gujarat against the order of the Commission during the year 2004-05.

Table :02 : Status of Petitions Filed Before GERC as on 31st October, 2005

Carried Forward from Last Year (2003-04)	No. of Petitions received (Apr'04 – Oct'05)	Total	Disposed of (Apr'04 – Oct'05)	Pending as on 31/10/2005
63	52	115	58	57

5 ACTIVITIES DURING THE YEAR

a) Determination of Tariff

Table : 03 : Details of Petitions disposed off as on 31st October, 05:

Sr. No.	Petition No.	Filed by	Subject
1	38 / 01	CERS	To declare PPAs of GEB & IPPs as void and open for general public
2	42 / 01	CERS	To declare PPAs of GEB & IPPs as void and open for general public
3	89 / 02	CERS	Recognition of CERS under the ERC Act. 1998
4	100 / 03	S. D. Oxygen, Bhavnagar	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
5	101 / 03	Paras Ship Breakers Ltd. (Rolling Mill)	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
6	102 / 03	Shri N B Oxygen, Bhavnagar	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
7	103 / 03	Shri Khodiyar Rolling Mill, Bhavnagar	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
8	104 / 03	Hiren Industrial Gas Suppliers Pvt. Ltd., Bhavnagar	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
9	106 / 03	Paras Ship Breakers Ltd. (Induction Furnace)	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
10	107 / 03	Padmavati Oxygen, Bharuch	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
11	108 / 03	Panoli Oxygen, Bharuch	Applicability of HTP IV tariff when maximum demand exceeds 5% of Contract Demand
12	121 / 03	AEC	For approval of power procurement
13	126 / 03	CERS	Fatal accident due to electrocution of workers of BSNL while carrying out horizontal drilling
14	134 / 03	Gujarat Electricity Board (GEB)	Tariff order dt. 10.10.2000 passed by GERC in 19/1999 determining the retail tariff rates for different categories of consumers of electricity supplied by GEB and issuing directions to GEB for efficiency improvement
15	135 / 03	Gujarat Electricity Board	Review and Ratification of the Cost and Revenue data of the GEB for the financial year 2001-2002 & 2002-2003. GEB withdrew the petition no. 135 vide their letters dated 18.8.2004
16	138 / 03	ERDA	determination of tariff for HT connection engaged in research
17	250 / 03	Jay Research foundation	determination of tariff for HT connection engaged in research

18	252 / 03	Gujarat Electricity Board	Fuel Price and Power Purchase Adjustment Order
19	253 / 03	Gujarat Electricity Board	Spl. Incentive scheme for HT Industry & Commercial Connection billed under HTP-I & II tariff
20	256 / 03	Gujarat Electricity Board	Levy of Parallel Operations charges for the Captive Power Plants running in Parallel of GEB Grid
21	292 / 03	Gujarat Electricity Board	GEB's Revenue Requirements and Tariff Rationalization Proposal
22	802 / 04	Diamond & Gem Dev. Corpn	Sanction for distribution of GEB power within SSEZ & applicability of GEB tariff rate EL-1 (A)
23	808 / 04	Radhe Developers	Supply not given for unduly long period by AECL and for interim relief pending
24	815 / 04	Gujarat Electricity Board	Applicability of Night Tariff HTP IV and levy of minimum charges as per HTP I tariff instead of HTP IV tariff
25	817 / 04	All India Induction Furnaces Association, Ahmedabad	Determination of reasonable tariff when maximum demand exceeds 5 % of contract demand under HTP IV tariff
26	818 / 04	Shree Electromelts Limited	Determination of reasonable tariff when maximum demand exceeds 5 % of contract demand under HTP IV tariff
27	819 / 04	N. M. Pathan	Returned Back as not applicable
28	820 / 04	I.R. Bhatt	For change of Tariff category
39	823 / 04	SEC, GEB, GoG (EPD)	Approval of FCA formula for consumers of SEC Ltd.
30	825 / 04	Government of Gujarat	Tariff for Agricultural Consumers
31	826 / 04	Naroda Inds. Assn.	Demand to replace CTPT at consumer's cost as reduction of load is demanded even after agreement period is over
32	827 / 04	Government of Gujarat	Tariff for Agricultural Consumers
33	828 / 04	NDDDB	Change of tariff category from HTP-I to HTP-II(A)
34	831 / 04	Miroli Piyat Sah. Mandli	Review Application in Petition No. 292/2003
35	832 / 04	Gujarat Electricity Board	Agreement between GEB & AEC for PPA
36	834 / 04	SEC, GEB, GoG (EPD)	Approval of FCA formula for consumers of SEC Ltd.
37	835 / 04	N.M. Shukla	Action against the licensee for disobeying the direction of law
38	837 / 04	Garden Silk Mills Ltd.	Utilisation of surplus power by group companies
39	844 / 05	Indian Rayon & Industries Ltd.	Issuance of unwarranted bills as per tariff HTP-II(A) instead of HTP-I.
40	54 / 01	Bhavnagar District Small Industries Association	GEB to amend conditions and Miscellaneous charges for Supply of Electricity

41	84 / 02	Bhartiya kisan sangh	To frame out policy for Ag connections to declare the timetable well in advance at least before a month.
42	85 / 02	Bhartiya Kisan Sangh	To frame out the policy for Ag normal ND Scheme
43	86 / 02	Bhartiya Kisan Sangh	To frame out the policy for disposal of so long waiting AG Normal ND Scheme
44	87 / 02	Bhartiya Kisan Sangh	To frame out the policy for Agricultural consumers to stipulate the maximum time limit paying estimates given by GEB for various purposes.
45	94 / 02	Bhartiya Kisan Sangh	To frame out the power cut policy
46	98 / 03	A. M. Ispat Limited,	Applicability of HTP-IV Tariff when maximum Demand exceeds 5% of Contract Demand
47	99 / 03	Keyur Ispat Ltd.,	Applicability of HTP-IV Tariff when maximum Demand exceeds 5% of Contract Demand
48	120 / 03	AIA Engineering Pvt. Ltd.	Admitting / Effecting refund HTP-IV tariff for the period Dec-1998 to Mar – 1999 to group units
49	139 / 03	Bhartiya Kisan Sangh	To stop and abolish "Break Even Charges" and refund there of.
50	257 / 03	Garrison Engineer (Independent) Air Force	Levying of excess demand charges
51	258 / 03	Terapanth Foods Ltd.	Refund of Excess recovery of ToU charges with interest at cost
52	799 / 04	Gujarat Electricity Board	Granting of Trading License
53	829 / 04	Gujarat Gas Company Ltd.	For directing the GEB to apply HTP-I rate instead of HTP-II A rate
54	830 / 04	Mayaben Ramdas Tiwari	Single phase connection not released even though the estimate amount paid
55	842 / 05	Surat Municipal Corporation	Directing GEB to stay the recovery of electricity bill raised
56	843 / 05	Indian Rayon and Industries Limited	Wheeling of power from group of companies.... for status of open access customer
57	851 / 05	Steelcast Limited	Marginal increase in contract demand on existing 11KV supply.
58	854 / 05	Energy and Petrochemicals Dept. Government of Gujarat	Tariff for the agricultural consumers of TPAEC

➔ **Appeals against Electrical Inspector's Order heard by the Commission during the year**

During the year 2004-05, the Commission dealt with 31 appeals – 13 appeals carried forward from the previous year and 18 appeals filed during 2004-05. Of these, 7 appeals were disposed of during 2004-05.

The Commission dealt with 39 appeals in all till 31st October, 05. Out of these 39 appeals, 10 appeals were disposed off. Details of appeals are documented in Tables 04 & 05.

Table : 04 : Status of Appeals Filed Before GERC as on 31st October, 2005

Carried Forward from Last Year (2003-04)	No. of appeals received (Apr'04 – Oct'05)	Total	Disposed of (Apr'04 – Oct'05)	Pending as on 31/10/2005
13	26	39	10	29

Table : 05 : Details of Appeals against Electrical Inspector's Order disposed

Sr. No.	Appeal No.	Filed by	Subject
1	04 / 03	GEB, Dholka	Appeal u/s. 67 of Electricity Act, 2003
2	09 / 03	Geb, Junagadh	Appeal against the order of Electrical Inspector
3	11 / 03	GEB, Anjar	Supplementary bill for difference unit of slow meter
4	13 / 04	Raj Minerals	Appeal against the order of Electrical Inspector
5	14 / 04	PM Patel	Appeal against the order of Electrical Inspector
6	15 / 04	GEB, Junagadh	Appeal against the order of Electrical Inspector
7	17 / 04	Otammal H.	Appeal against the order of Electrical Inspector
8	05 / 03	Ashwin Steel Industries	Appeal against the order of Electrical Inspector
9	16 / 04	GEB, Valsad	Appeal against the order of Electrical Inspector
10	30 / 05	Aarti Organics	Wrong assessment billed by AEC and High Court Order dated 30/12/2004

c) Grant of Licenses

Under section (14) of the Electricity Act, 2003 any person engaged in the business of transmission or supply of electricity under the provisions of the repealed laws or any Act specified shall be deemed to be a licensee. No fresh license was issued during 2004-05 and the existing licensees and deemed licensees continued to operate.

d) Setting of Standards and Regulations

Regulations, Codes and Standards

(i) Draft Regulations, Codes and Standards

The GERC prepared drafts of various regulations. These draft regulations were circulated to various stakeholders and uploaded on the website for inviting comments and suggestions. The Commission gave public notice in various leading newspapers inviting comments and suggestions on the draft regulations from general public.

(ii) Notification of Regulations

After taking into consideration, the suggestions received from various stakeholders, the Commission notified 17 regulations in the year 2004-05. The regulations notified during 2004-05 and their brief outlines are given below.

10	30/05	Wrong assessment billed by AEC and High Court
9	16/04	Appeal against the order of Electrical Inspector
8	02/03	Industries
7	13/04	Raj Minerals
6	13/04	Raj Minerals
5	09/03	Appeal against the order of Electrical Inspector
4	04/03	Appeal against the order of Electrical Inspector
3	11/03	Appeal against the order of Electrical Inspector
2	09/03	Appeal against the order of Electrical Inspector
1	04/03	Appeal against the order of Electrical Inspector
52	799/04	Appeal against the order of Electrical Inspector
51	40/928	Appeal against the order of Electrical Inspector
50	50/752	Appeal against the order of Electrical Inspector
49	139/03	Appeal against the order of Electrical Inspector
48	31/10/2002	Appeal against the order of Electrical Inspector
47	(Apr'04 - Oct'02)	Appeal against the order of Electrical Inspector
46	98/03	Appeal against the order of Electrical Inspector
45	94/02	Appeal against the order of Electrical Inspector

1. Regulation No. 02 of 2004: Conduct of Business Regulations
Notification Date: 25th August, 2004

The Commission framed the Conduct of Business regulations containing the procedures in regard to the transaction of business.

2. Regulation No. 03 of 2004: Establishment of Ombudsman for Redressal of Grievances of Consumers
Notification date: 25th August, 2004

This regulation provides for appointment and functioning of an Ombudsman in the State of Gujarat for Redressal of Grievances of Consumers as an Appellate Authority against the orders of Forum.

3. Regulation No. 04 of 2004: Establishment of Forum for Redressal of Grievances of Consumers
Notification date: 25th August, 2004

This regulation specifies guidelines for establishment of a Forum for Redressal of Grievances of Consumers by each of the Distribution Licensees.

4. Regulation no. 5 of 2004 : Grid Code
Notification date: 25th August, 2004

The Commission has formulated the Gujarat Electricity Grid Code. This Grid Code is applicable to the State Power Grid only and for Inter State Transmission, Indian Electricity Grid Code is applicable. The Grid Code is designed to facilitate the development, operation and maintenance of an efficient, coordinated and economical Gujarat power grid, by specifying

to STU/Transmission Licensees and all the Users connected to that system, their technical and procedural obligations. It seeks to be non-discriminatory and to ensure that interfaces are free from any weakness in the supply chain.

5. Regulation No. 6 of 2004 : Distribution Code

Notification date: 25th August, 2004

The Distribution Code deals with technical aspects of the supply of electricity, which have impact on the quality, continuity and reliability of service by licensees and the use of the Licensee's Distribution System for the distribution of electricity. It specifies the rights and obligations of the Distribution Licensees and the Users in system planning and operation.

6. Regulation No. 1 of 2005: Procedure for Filing Appeal Before the Appellate Authority Regulations

Notification Date: 7th January, 2005

This regulation specifies procedure for filing appeal under section 127 of the Electricity Act, 2003 before the Appellate Authority (Electrical Inspector).

7. Regulation No. 2 of 2005: Licensing of Transmission

Notification Date: 30th March, 2005

This regulation provides for qualifying requirements, the procedure for filing application for License and conditions for obtaining Transmission Licence.

8. Regulation No. 3 of 2005: Licensing of Electricity Trading
Notification Date: 30th March, 2005

This regulation provides for qualifying requirements, procedure for grant of License for Intra-State Trading and conditions for obtaining Trading Licence.

9. Regulation No. 4 of 2005: Licensing of Distribution of Electricity
Notification Date: 30th March, 2005

This regulation provides for qualifying requirements, procedure for grant of Distribution License and conditions for obtaining Distribution Licence.

10. Regulation No. 5 of 2005: Levy and Collection of Fees and Charges by SLDC Regulations
Notification Date: 30th March, 2005

This regulation specifies the guidelines for levy and collection of fees and charges to be paid to SLDC.

11. Regulation No. 6 of 2005: Fees, Fines and Charges Regulations
Notification Date: 30th March, 2005

This regulation provides procedure for collection of fees and imposition of Fines and charges for non-compliance or violations of the provisions or requirements of the Acts, Rules, Regulations or Codes framed under the Act or directions or orders of the Commission.

12. Regulation No. 7 of 2005: Power System Management Standards
Notification Date: 30th March, 2005

These Standards provide guidelines for the operation and

management of power system including power generation, power transmission and power distribution and are supplemental to Grid Code.

13. Regulation No. 8 of 2005: Security Deposit Regulations
Notification Date: 31st March, 2005

This regulation provides procedure for collecting Security Deposit for the Electricity supplied / to be supplied by Licensee.

14. Regulation No. 9 of 2005: Licensee's Power to Recover Expenditure incurred in Providing Supply and other Miscellaneous Charges.
Notification Date: 31st March, 2005

This regulation specifies procedure and manner of recovery of Expenditure for providing Supply and other miscellaneous charges by the Licensee.

15. Regulation No. 10 of 2005: Standard of Performance of Distribution Licensee.
Notification Date: 31st March, 2005

This regulation specifies standards for providing quality and reliable power supply, quality of service and safety and compensations for non-compliance to performance standards.

16. Regulation No. 11 of 2005: Electricity Supply Code and Related Matters
Notification Date: 31st March, 2005

This regulation provides procedure for grant of supply, classification of consumer, and system of supply, metering and power supply charges, apparatus within Consumer's premises, restrictions and general provisions.

17. Regulation No. 12 of 2005: Terms and Conditions of Tariff
Notification Date: 31st March, 2005

This regulation provides, in detail, the terms and conditions for tariff determination for Generation, Transmission and Retail supply (Distribution).

➔ **Regulations Under Draft Stage**

★ **Open Access Regulations (Notified on 29th September, 2005 in the year 2005-06)**

These regulations shall apply to open access in the use of intra – state transmission system and / or the distribution systems of licensees in the state, including when such system is used in conjunction with inter-state transmission system.

★ **Power Procurement from Co-generation and Renewable sources by distribution Licensee (Notified on 29th October, 2005 in the year 2005-06)**

This regulation specifies provisions for promoting the sale of power from renewable sources to any person and power procurement from renewable sources by distribution licensees within the State of Gujarat.

★ **Appointment of Consultant regulation (Notified on 29th October, 2005 in the year 2005-06)**

Consultants may be appointed by the Commission, from time-to-time, for executing such specialized tasks for which skills are either not available within the staff of the Commission or where

the nature of jobs is specific and time bound or which require professional expertise or where the Commission considers it to be conducive to its working or otherwise required for enabling the Commission to perform its functions.

★ **Draft Service Regulations for Secretary, Officers & Staff of Commission**

★ **Draft Standard of performance for Transmission Licensee**

★ **Draft Power Purchase and Procurement Process for distribution licensee**

e) Regulations for Purchase & Procurement Process

Promotion of competition in the electricity industry is one of the key objectives of the Electricity Act, 2003. Power purchase costs constitute the largest cost element for distribution licensees. Competitive procurement of electricity by the distribution licensees is expected to reduce the overall cost of procurement of power and facilitate development of power market. A draft regulation has been placed on the Commission's website for inviting comments / suggestions from various stakeholders.

f) Advice to the State Government

Recommendations to Government in Tariff Order, 292/2003 dated 25/06/2004

- (i) The Government of Gujarat should make adequate and timely cash payment on a monthly basis or on quarterly basis to reimburse the amount determined towards subsidy to GEB (including its successor entities) in advance.

(ii) Almost all the consumers have represented that Gujarat State has almost the highest tariff in the country. This is partly attributable to the ad-valorem duty of electricity. In Commission's previous order dated 10th October, 2000 the Commission had suggested that the Government may review the structure of the electricity duty and rationalize it so that the rate of duty becomes reasonable, stable and predictable. Subsequent to this order, the Government abolished tax on sale of electricity and has taken steps for some reduction in electricity duty. The Commission would like to suggest to the Government to carry forward this process further.

g) Adjudication of disputes and differences

Consumer Grievance Redressal Forum – Ombudsman

Recognizing the need for proper redressal of the consumer's grievances, the Electricity Act, 2003 under section 42 (5) requires the Distribution Licensees to establish a Forum for Redressal of the Consumer Grievances. In addition, it also provides for establishment of the office of the Ombudsman for appeal against the decisions of the Forum. These are additional avenues, besides any others which the Distribution licensees may create, for redressal of the consumer's grievances.

As required, the GERC has already notified regulations in this behalf and pursuant to the Regulations, all the six distribution licensees operating in the state have established the forum for redressal of

consumer grievances. The Commission is monitoring the working of such forum by way of reviewing their quarterly reports. The Commission has already established the office of the Ombudsman.

Appeals against the orders of the Commission / Adjudicating Officer

The Electricity Act provides for an Appellate Tribunal, for hearing appeals against the orders of the Commission. Any order of the Appellate Tribunal can be challenged only in the Supreme Court.

h) Other Functions performed by the Commission

➔ Seminars/Conferences

The details of Seminars and Conferences attended by the Chairman, Members, Secretary and Staff of the Commission are provided in Table 06.

Table : 06: Seminars / Conferences attended

Seminar detail	Date	Attended by
Electricity Act, 2003 – The Year After : by CII	30 th June, 2004	Shri G. Subba Rao, Chairman
Regulators and Policymakers Retreat: Power Storm III 2004	16 th to 18 th July, 2004	Shri G. Subba Rao, Chairman
Economics of Gas: Impact of Power Projects, New Delhi	2 nd September, 2004	Shri G. Subba Rao, Chairman
Electricity Market in India and Learning from Developed Markets, New Delhi	1 st to 2 nd March 2005	Shri B. P. Kundalia, (Dy. Dir)
Karmyogi Seminar, at SPIPA, A'bad	August 2004	(1) Secretary (2) Dy. Director (Adm & Accts)

➔ Training/Exchange Programmes

The details of Training and Exchange Programmes attended by the Chairman, Members, Secretary and Staff of the Commission are provided in Table 07:

Table : 07: Training attended

Training details	Date	Attended by
Training Programme for Power Distribution Professionals at TERI, Bangalore	18 th to 20 th August, 04	Shri R. H. Shah (Dy.Dir)
IT in Power, Powerline, New Delhi	22 nd to 23 rd September, 04	Shri Raju Parmar (Exec)
Synergy for Energy-Energy Conservation, Saket, Ahmedabad	15 th to 16 th October, 04	Shri D. R. Parmar (Dy. Dir) and Shri. R. H. Shah (Dy.Dir)
Open Access in Transmission and Distribution – Issues & Challenges, ESCI, Hyderabad	15 th to 17 th March, 05	Shri D. R. Parmar (Dy. Dir)

➔ Foreign Visit of the Commission

The Commission, through the exchange programme, visited the Public Utility Commission of Ohio (PUCO), OHIO during 7th to 15th February 2005. The Commission attended the Seminar at Ohio State University organized by National Regulatory Research Institute (NRRI), USA. It also exchanged views about current developments in regulatory areas with other two Commissions during the visit.

➔ FOIR Meetings ~ Visit of the Commission

Forum of Indian Regulators (FOIR) is the Forum of State / Central Electricity Regulators for discussing various issues on regulatory aspects. The Gujarat Electricity Regulatory Commission is an active participant in the FOIR meetings and has highlighted various regulatory issues.

During the year 2004-05, two meetings were held by FOIR, the details of which are given in Table: 08 below:

Table : 08 : FOIR Meetings (01/04/04 to 31/03/05)

FOIR Meeting	Date	Attended by
5 th FOIR Meeting, at New Delhi	28/06/2004	Shri G. Subba Rao, Chairman, Shri K. P. Gupta, Member (F), Shri Man Mohan, Member (T)
16 th AGM at Ranchi, Jharkhand	Between 02/12/04 to 03/12/04	Shri K. P. Gupta, Member (F), Shri Man Mohan, Member (T)
17 th General Body Meeting at Avadh, Luckhnow	Between 17/03/05 to 18/03/05	Shri K. P. Gupta, Member (F), Shri Man Mohan, Member (T), Shri P. S. Shah, Secretary

In the 17th General Body Meeting it was decided that a sub-committee with members from different Regulatory Commissions would go into details about the introduction of Availability Based tariff (ABT) at the state level. It was decided that this Sub-Committee would make recommendations on implementation of ABT. Shri Man Mohan, Member (technical) is one of the members of the Sub-Committee for introduction of ABT at the State level.

➔ **Forum of Regulators (FOR)**

Forum of Regulators (FOR) was constituted under section 166(2) of the Electricity Act through the notification of Ministry of Power dated 16th February, 2005. The Forum of Regulators consists of Chairperson of the Central Commission and Chairpersons of the State Commissions. The FOR discharges the following functions:

- ⌘ analysis of tariff orders and other orders of CERC and SERCs highlighting efficiency improvements of the utilities
- ⌘ harmonization of regulation in power sector
- ⌘ laying standards of performance of licensees
- ⌘ sharing of information among members on various issues of common interest and approach
- ⌘ undertaking research work in-house or through outsourcing on issues relevant to power sector regulation
- ⌘ evolving measures for protection of interest of consumers and promotion of efficiency, economy and competition in power sector.
- ⌘ such other functions as the Central Government may assign to it, from time to time.

➔ **Financial provisions for the Commission**

Since its inception, the Commission was adequately funded from the budgetary provisions of the State Government. According to the provisions of the Electricity Act, 2003, the Electricity Regulatory Commission fund has been established by the State Government. The Commission has notified Regulations prescribing fees, fines and

charges. These will be a part of above mentioned funds. These regulations provide for payment of annual license fee by the licensees. In addition, these regulations provide for payment of fee in respect of petitions filed with the Commission. In view of the above, now the Commission is largely self-sufficient in meeting its expenditure.

➔ **National Electricity Policy and Draft Tariff Policy:**

The Commission is to be guided by the National Electricity Policy and Tariff Policy. The National Electricity Policy is the broad outline prescribed by the Central Government, defining the long term objectives in the Electricity Sector. The Ministry of Power has notified this Policy and its main features include:

- 1) Power to all by 2012,
- 2) Supply of Reliable and Quality Power at reasonable rates,
- 3) Protection of consumer's interest.

The Ministry of Power is in the process of finalization of the Tariff Policy. As a first milestone, it has circulated the Draft Tariff Policy among the Stake Holders. The GERC has submitted its comments to the Ministry of Power.

➔ **Financial provisions for the Commission**

Since its inception the Commission was adequately funded from the state level. It was decided that this Sub-Committee would make recommendations to the State Government. According to the provisions of the Electricity Act, 2003, the Electricity Regulatory Commission fund has been established by the State Government. The Commission has notified Regulations prescribing fees, fines and

GUJARAT ELECTRICITY REGULATORY COMMISSION

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ANNUAL STATEMENT OF ACCOUNTS

BALANCE SHEET AS ON 31ST MARCH, 2005

CORPUS / CAPITAL FUND AND LIABILITIES	Amount - Rs	
	2004-05	2003-04
Corpus /GERC Capital Fund	15006330.52	18285155.02
Reserves and Surplus	0.00	0.00
Earmarked Endowment Funds	0.00	0.00
Secured Loans and Borrowings	0.00	0.00
Unsecured Loans and Borrowings	0.00	0.00
Deferred Credit Liabilities	0.00	0.00
Current Liabilities and Provisions	175934.00	142922.00
TOTAL	15182264.52	18431077.02
ASSETS		
Fixed Assets	5696536.21	8246484.21
Investments -From Earmarked /	0.00	0.00
Endowment Funds	0.00	0.00
Investments - Others	0.00	0.00
Current Assets, Loans, Advances	9485728.31	10184592.81
Miscellaneous Expenditure	0.00	0.00
TOTAL	15182264.52	18431077.02

GUJARAT ELECTRICITY REGULATORY COMMISSION

INCOME AND EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 ST MARCH 2005		
	Amount – Rs	
	2004-05	2003-04
INCOME		
Income from sales / service	0.00	0.00
Grants /Subsidies	12500000.00	13125000.00
Fees and charges	45530.00	8472552.00
Income from Investments (Income on Invest , from earmarked/ endow Funds transferred to Funds)	0.00	0.00
Income from Royalty, Publications etc.	0.00	0.00
Interest Earned	233556.00	87745.00
Other Income	85320.00	0.00
Increase/Decrease in stock of finished goods & work in progress	0.00	0.00
TOTAL (A)	12864406.00	21685297.00
EXPENDITURE		
Establishment Expenditure	5386221.50	5915730.00
Other Administrative Expenses etc.	7849025.00	6247046.00
Expenditure on Grants, subsidies etc	0.00	0.00
Interest	0.00	0.00
Depreciation (Net Total at the year end - corresponding to schedule -8)	2910984.00	0.00
TOTAL (B)	16146230.50	12162776.00
Balance being excess of Income over Expenditure (A-B)	-3281824.50	9522521.00
Transfer to Special Reserve (Specify each)	0.00	0.00
Transfer to / from General Reserve	0.00	0.00
Balance being surplus transferred to Balance Sheet	-3281824.50	9522521.00



GUJARAT ELECTRICITY REGULATORY COMMISSION

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