

Minutes of the 23rd General Body Meeting
of
Forum of Indian Regulators (FOIR)

Held in Khajuraho (Madhya Pradesh) on 25th September, 2008

Venue : Hotel Chandela, Dist. Chhatarpur, Khajuraho (Madhya Pradesh)

List of Participants : At Annexure-I (enclosed)

Inaugural Session :

The 23rd General Body Meeting of the Forum of Indian Regulators (FOIR) was held on 25th September, 2008 at Khajuraho, M.P. In his welcome address and introductory remarks, Hony. Chairman, FOIR and Chairperson, UPERC welcomed all the members of the FOIR. He made special mention of the new Chairpersons/Members of the Electricity Regulatory Commissions who joined after the last meeting of the FOIR held in June, 2008 and welcomed them as members of the FOIR. Shri Vijoy Kumar recounted his experience of the sector and felt that despite initiatives on reforms in the electricity sector, there were a large number of issues which remained unaddressed because of socio-economic and political factors and compulsions. For instance, transmission and distribution losses, especially losses due to theft of electricity still remained a major issue of concern. The efficiency improvements of the utilities remained far from the levels of expectation. Machinery for redressal of grievances of consumers also demanded all the more strengthening. He urged that it was time that the regulatory community put together its efforts in addressing these issues in carrying forward the vision that had gone into crafting the reform strategy in the power sector.

2. The welcome address by Hony. Chairman, FOIR was followed by the keynote address by Dr. Pramod Deo, Chairperson, CERC/FOR. Dr. Deo appreciated the concerns expressed by the Hony. Chairman, FOIR and felt that it was more than 10 years since the institution of regulatory commission had been in operation and it was time for retrospection. He reminded that the Electricity Regulatory Commission was conceived as a tariff commission in 1998 through the enactment of the Electricity Regulatory Commissions Act, 1998. However, subsequent to the Electricity Act, 2003 the canvas of responsibilities for the Electricity Regulatory Commissions has been enlarged. Dr. Deo highlighted some of the achievements of the Regulatory Commissions since their institutionalization but also reminded that there remained a number of unfinished agenda for the regulators. He underscored the need for regulatory intervention for encouraging capacity addition so that the problem of shortage could be overcome. He felt that regulating the state-owned utilities was a big challenge especially due to their reluctance to the idea of competition. This in his opinion was also borne out by the state of affairs on reorganization/unbundling of the State Electricity Boards. He opined that reorganization had not yet taken place in its true spirit in states. Grid connectivity to new generation, Chairperson, CERC/FOR underscored, was also an issue which needed resolution. The issue of transmission pricing, especially a transmission tariff framework based on distance, direction and quantum of flow, as envisaged in the National Electricity Policy and Tariff Policy was to be put in place and informed that CERC had initiated action in this regard. The state of affairs in so far as open access at intra-state was concerned was also not very satisfactory, Dr. Deo reminded. Inherent resistance from the local licensees and non-impartial approach of SLDCs in some cases were found to be blocking open access. Implementation of intra-state ABT, MYT, promotion of renewable sources of energy also remained as challenges for the future. Last but not least, effective consumer grievance redressal machinery was an important responsibility for the Regulatory Commissions. Dr. Deo also emphasized on the need for more formalized form of interaction with the regulators of the other infrastructure sectors so that the regulators could benefit from each other's experiences.

3. The keynote address by Chairperson, CERC/FOR was followed by a presentation made by Shri Pankaj Agrawal, CMD, MP East Zone Discom. Shri Agrawal presented an overview of power sector reforms in Madhya Pradesh and highlighted the specific achievements especially on distribution reforms in the State. Major reforms initiatives included introduction of HVDS, feeder separation works, rollout of distribution franchisees, remote metering, and incentive to employees for targeted loss reduction. There had been significant improvements in customer services in terms of facility of bill payment through post-office, 24 hours computerized call centre facility in big cities, spot billing etc. As regards the reduction of AT&C losses, Shri Agrawal pointed out that although AT&C loss level had been reduced, by about 15% since commencement of reforms in 2000, the AT&C losses still remained above 40%. The Discoms in the state had been taking initiatives, both technical and governance related measures for improvements on this front as well.

4. With the presentation by Shri Agrawal, the inaugural session ended. Dr. J.L. Bose, Chairperson, MPERC extended the vote of thanks to the participants including the CMD, MP East Zone Discom for choosing Madhya Pradesh. He expressed his gratitude for choosing the State of Madhya Pradesh and Khajuraho the venue of the meeting of the Forum of Indian Regulators. He also conveyed his deep appreciation to the staff of FOIR Secretariat for their assistance in hosting the meeting.

Business Session :

Confirmation of the Minutes of the 9th Annual General Body Meeting held on 12th June, 2008 at New Delhi.

5. Shri S.K. Chatterjee, Dy. Chief (RA), CERC briefed the House about the important decisions taken in the 9th Annual General Body Meeting held on 12th June, 2008 in New Delhi. He also explained the action taken report on the decisions taken in the meeting. The House considered and conformed the minutes of the 9th AGM.

Composition of FOIR Governing Body.

6. Shri S.K. Chatterjee briefed the House about the provision in the Memorandum of Association and rules and regulations for FOIR which provided, inter-alia, that any regulatory commission or authority could become an institutional member of the FOIR. He also pointed out that initially FOIR had a regulator from the transport sector (Tariff Authority for Major Ports) as member of FOIR. However, over a period of time because of predominance of the electricity sector, TAMP withdrew its membership as the issues discussed in FOIR primarily related to electricity sector matters. The proposal posed for decision of the House was to reinstate the original structure of FOIR and encourage other infrastructure sector regulators to become member of FOIR. It was pointed out that this would enlarge the canvas and depth of discussions in the FOIR meetings as it would provide an opportunity for sharing of information and experiences in other critical infrastructure sectors. The proposal was discussed and it was agreed that other infrastructure regulators also be invited to become members of FOIR. After they have become members of FOIR they could also be suitably incorporated in the Governing Body. Periodic meetings of Governing Body be convened to decide important issues. FOIR Secretariat was asked to take necessary steps to implement the decision.

It was decided that the next meeting of FOIR would be held in Chennai in January, 2009.

The meeting ended with the vote of thanks to the Chair.