

FOIR

Annual Report 2005-2006



FORUM OF INDIAN REGULATORS

Secretariat : CERC, 6th & 7th Floors, Core-3, SCOPE Complex,
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FORUM OF INDIAN REGULATORS

FORUM OF INDIAN REGULATORS (FOIR)

Annual Report 2005 - 06



**Secretariat :C/o. CENTRAL ELECTRICITY REGULATORY COMMISSION
6th & 7th Floors, Core-3, SCOPE Complex, 7, Institutional Area, Lodhi Road,
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THE FORUM IN BRIEF

The Forum of Indian Regulators was formally registered as a Society under the Societies Registration Act, with the Registrar of Societies in the National Capital Territory of Delhi on February 4, 2000. **Schedule-I** provides the Memorandum of Association, while **Schedule-II** provides the Rules and Regulations.

A need was felt by the regulators for a common platform to discuss emerging issues in regulatory procedures and practices, to evolve common strategies to meet the challenges before regulators in India and to share information and experiences. A meeting was convened of the CERC, OERC and HERC in February, 1999 at New Delhi to discuss the modalities for constituting a suitable forum. The idea quickly found acceptance and as more Regulatory Commissions were constituted, either under State specific Acts, or the Electricity Regulatory Commissions Act, 1998, they started participating in the activities of the Forum of Indian Regulators. The constitution of the Forum does not restrict it only to the electricity sector. However, the membership is so far exclusively of Regulatory Commissions from this sector.

Finances

The Forum relies on Membership fees and grants to finance its expenditure. Annual subscription fee of Rs.1 lakh is being contributed by each State Electricity Regulatory Commission (SERC) towards FOIR Fund. Annual subscription fee of Rs.10,000/- each is also being contributed by Administrative Staff College of India (ASCI), Hyderabad and The Energy & Resources Institute (TERI), New Delhi as Membership (Academic/Research Institutions) fee.

Administrative Structure

Governing Body

The Forum has a Governing Body. Any Fellow Member of the Forum is eligible for appointment to the Governing Body. All members work in an honorary capacity. During the year it comprised the following nominated members:

Hony.Chairman: Shri Ashok Basu, Chairperson, CERC

Hony. Senior Vice Chairman: Shri D.C. Sahoo, Chairman, OERC

Hony. Vice Chairman: Shri P.K. Mehrotra, Chairman, MPERC

Member: Shri Divakar Dev, Chairman UERC

Member: Shri S.N. Ghosh, Chairman WBERC

Member: Shri S.K.F. Kujur, Chairman, JSERC

Hony. Secretary: Shri K.N. Sinha, Member, CERC

Hony. Treasurer: Shri Bhanu Bhushan, Member, CERC.

Secretariat

The Secretariat for the Governing Body is provided by the Central Electricity Regulatory Commission. The Secretary, CERC functions as the Executive Secretary of the Forum, while the Assistant Secretary, CERC functions as Executive Treasurer of the Forum. There is also a provision for three Joint Secretaries representing each of the Eastern, Southern and Western Regions. The secretariat works in an honorary capacity. During the year the Secretariat was staffed by:

Hony. Executive Secretary: Shri A.K. Sachan, Secretary, CERC

Hony. Executive Treasurer: Shri S.K. Chatterjee, Assistant Secretary, CERC

Mission Statement

Promote the growth of independent regulatory mechanisms.

Promote transparency in the working of the regulatory bodies.

Protect consumer interest and develop consumer advocacy organisations.

Develop human and institutional capacities in regulatory bodies, utilities and other stakeholders.

Research the efficiency and effectiveness of independent regulation and matters incidental thereto.

Provide an information base on regulatory law and practice and regulatory economics.

Collaborate with academic and research institutions, professional bodies and NGOs in India and internationally in areas of interest to the Society.

Do all such other lawful things as are conducive or incidental to the attainment of the above aims and objects.

MEMBERS OF FOIR DURING 2005 - 2006

S. No.	Name	Designation
(A) Electricity Regulatory Commissions		
1.	Shri A. K. Basu	Chairperson, CERC
2.	Shri K. Swaminathan	Chairperson, APERC
3.	Shri Bhaskar Barua	Chairperson, AERC
4.	Justice (Retd.) B. N. P. Singh	Chairperson, BERC
5.	Shri S. K. Misra	Chairperson, CSERC
6.	Shri G. Subba Rao	Chairperson, GERC
7.	Col. (Retd.) Raghbir Singh	Chairperson, HERC
8.	Shri S. S. Gupta	Chairperson, HPERC
9.	Shri K. B. Pillai	Chairperson, J&KSERC
10.	Shri S. K. F. Kujur	Chairperson, JSERC
11.	Shri K. P. Pandey	Chairperson, KERC
12.	Shri M. K. G. Pillai	Chairperson, KSERC
13.	Dr. Pramod Deo	Chairperson, MERC
14.	Shri P. K. Mehrotra	Chairperson, MPERC
15.	Shri D. C. Sahoo	Chairperson, OERC
16.	Shri Shanti Prasad	Chairperson, RERC
17.	Shri A. Balraj	Chairperson, TNERC
18.	Shri S. S. Chakraborty	Chairperson, TERC
19.	Shri Divakar Dev	Chairperson, UERC
20.	Shri S. N. Ghosh	Chairperson, WBERC
21.	Shri Rakesh Nath	Chairman, CEA
22.	Shri K. N. Sinha	Member, CERC
23.	Shri Bhanu Bhushan	Member, CERC
24.	Shri A. H. Jung	Member, CERC
25.	Shri K. Sreerama Murthy	Member, APERC
26.	Shri Surinder Pal	Member, APERC
27.	Shri B. K. Halder	Member, BERC
28.	Shri S. K. Jayaswal	Member, BERC
29.	Shri Sarat Chandra	Member, CSERC
30.	Shri R. Krishnamoorthy	Member, DERC

S. No.	Name	Designation
31.	Shri K. Venugopal	Member, DERC
32.	Shri Manmohan	Member, GERC
33.	Shri K. P. Gupta	Member, GERC
34.	Shri Tej S. Tewatia	Member, HERC
35.	Shri T. R. Dhaka	Member, HERC
36.	Shri P. C. Verma	Member, JSERC
37.	Smt. Shakuntala Sinha	Member, JSERC
38.	Shri S. D. Ukkali	Member, KERC
39.	Shri C. Balakrishnan	Member, KSERC
40.	Shri C. Abdullah	Member, KSERC
41.	Shri A. Velayutham	Member, MERC
42.	Dr. S. B. Kulkarni	Member, MERC
43.	Shri R. Natarajan	Member, MPERC
44.	Shri D. Roy Bardhan	Member, MPERC
45.	Shri S. K. Jena	Member, OERC
46.	Shri B. C. Jena	Member, OERC
47.	Smt. Baljit Bains	Member, PSERC
48.	Shri H. C. Sood	Member, PSERC
49.	Shri S. M. Dharendra	Member, RERC
50.	Shri K. L. Vyas	Member, RERC
51.	Shri B. Jeyraman	Member, TNERC
52.	Shri S. Thangarathnam	Member, TNERC
53.	Shri P. N. Pathak	Member, UPERC
54.	Shri R. D. Gupta	Member, UPERC
(B) Hony. Members		
55.	Prof. S. L. Rao	Ex-Chairperson, CERC
56.	Shri D. V. Khera	Ex-Chairperson, CEA
57.	Shri G. P. Rao	Ex-Chairperson, APERC
58.	Shri V. K. Sood	Ex-Chairperson, DERC
59.	Justice (Retd.) D.G. Karia	Ex-Chairperson, GERC
60.	Shri V. S. Ailawadi	Ex-Chairperson, HERC
61.	Shri K. S. Chaube	Ex-Chairperson, HERC
62.	Shri Philipose Mathai	Ex-Chairperson, KERC

S. No.	Name	Designation
63.	Justice (Retd.) Shacheendra Dwivedi	Ex-Chairperson, MPERC
64.	Shri P. Subrahmanyam	Ex-Chairperson, MERC
65.	Shri S. C. Mahalik	Ex-Chairperson, OERC
66.	Shri D. K. Roy	Ex-Chairperson, OERC
67.	Shri Arun Kumar	Ex-Chairperson, RERC
68.	Shri J.L. Bajaj	Ex-Chairperson, UPERC
69.	Justice (Retd.) N. N. Bhattacharjee	Ex-Chairperson, WBERC
70.	Shri S.K. Phaujdar	Ex-Chairperson, WBERC
71.	Shri G. S. Rajamani	Ex-Member, CERC
72.	Shri R. N. Srivastava	Ex-Member, CERC
73.	Shri D.P. Sinha	Ex-Member, CERC
74.	Shri A. R. Ramanathan	Ex-Member, CERC
75.	Shri A.V. Subbarao	Ex-Member, APERC
76.	Shri B.M. Oza	Ex-Member, GERC
77.	Shri R.K. Sharma	Ex-Member, GERC
78.	Shri H. R. Gopal	Ex-Member, KERC
79.	Smt. Nalini M. K. Menon	Ex-Member, KERC
80.	Shri Venkat Chary	Ex-Member, MERC
81.	Shri Jayant Deo	Ex-Member, MERC
82.	Shri A. R. Mohanty	Ex-Member, OERC
83.	Shri H. S. Sahu	Ex-Member, OERC
84.	Shri L.S. Deol	Ex-Member, PSERC
85.	Shri S.K. Sharma	Ex-Member, PSERC
86.	Shri D.S. Hanumantha Rao	Ex-Member, TNERC
87.	Shri Arun Sarkar	Ex-Member, UPERC
88.	Shri S.C. Dhingra	Ex-Member, UPERC
89.	Shri R.R. Ganguly	Ex-Member, WBERC
90.	Shri N.C. Roy	Ex-Member, WBERC
91.	Shri A. K. Jain	Ex-Member, WBERC
(C) Academic/Research Institutions		
92.	Administrative Staff College of India (ASCI), Hyderabad	
93.	The Energy & Resources Institute (TERI), New Delhi	

THE YEAR IN RETROSPECT

ACTIVITIES DURING THE YEAR 2005 - 2006

Meetings :

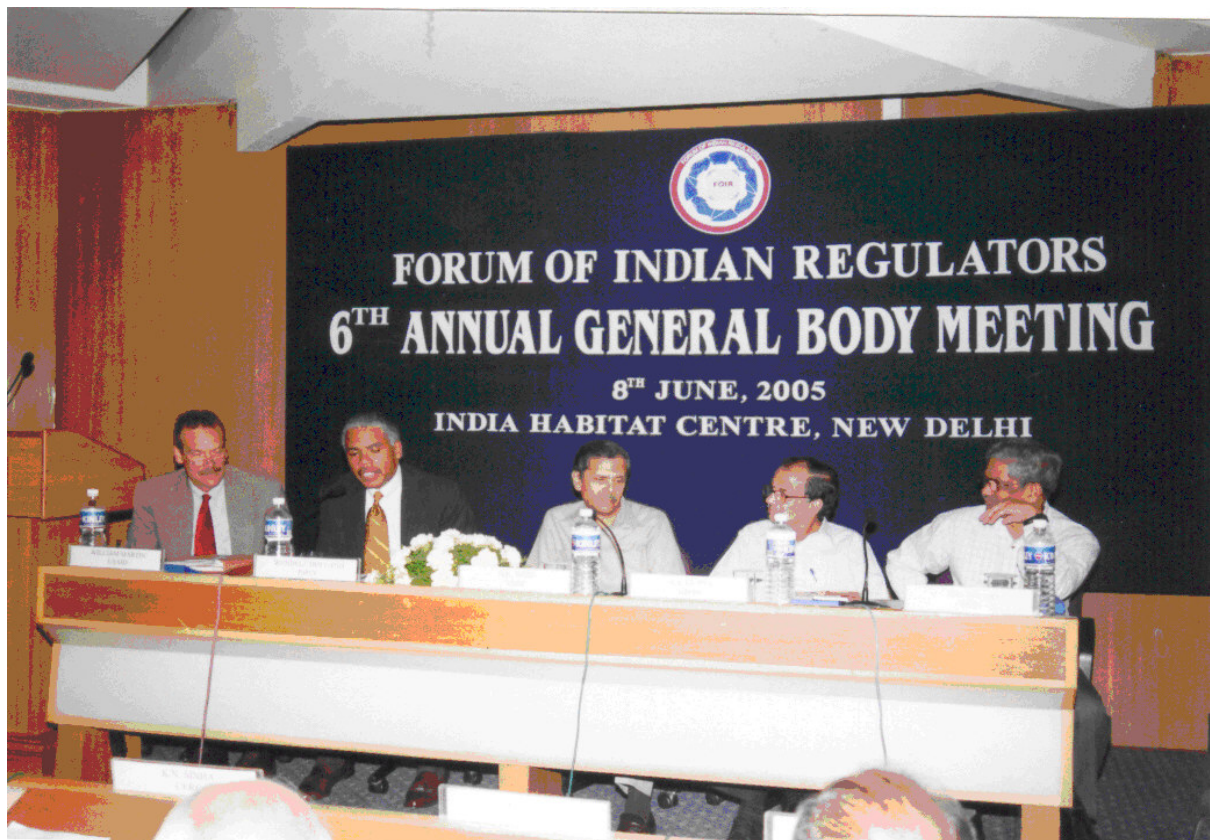
The 6th Annual General Body Meeting of FOIR was held on 08th June, 2005 at India Habitat Centre, New Delhi. The list of participants is at Annexure-I.



1. The FOIR meeting was inaugurated by Shri A. K. Basu, Chairperson, Central Electricity Regulatory Commission (CERC) and Chairman, FOIR. He welcomed the Members present and also introduced the delegation from United States Energy Association (USEA), Pennsylvania Public Utility Commission (PaPUC) and U.S. Agency for International Development (USAID)/India.

2. The FOIR meeting was for the full day, the first half of which was earmarked for interaction with the delegates from USEA and the Chairman PaPUC Mr. Wendell Holland and Mr. John Gdowik, an expert from Pennsylvania New Jersey and Maryland (PJM), Independent System Operator (ISO). Shri A. K. Basu,

Chairperson, CERC & FOIR, in his inaugural address, apprised the Regulators of the Partnership Programme between the CERC and Federal Energy Regulatory Commission (FERC) of USA as also between some State Commissions of India and the Regulatory Commissions of the U.S. The Partnership Programme is facilitated by USEA and funded by USAID. He informed that this Partnership Programme had been of immense help for both sides in terms of sharing of and earning from each other's experiences. Shri Basu thereafter requested Shri Sridhar Samudrala, Deputy Programme Manager of USEA to address the gathering. Shri Samudrala explained the role of USEA in facilitating the exchange programme. Shri Samudrala's address was followed by the address by Mr. William Martin, Deputy Mission Director, USAID. Mr. Martin apprised the Regulators of the activities of USAID.



3. After the inaugural session, Mr. Wendell Holland, Chairman, PaPUC was requested to share his experience with the Regulators of India. Mr. Holland offered to interact with the Regulators on issues he had dealt with. He made a brief presentation on Consumer Choice and Open Access in Distribution in his State of Pennsylvania. He also described the functions of PaPUC and stated

that unlike in India where the Electricity Regulatory Commissions dealt with only electricity sector, his Commission dealt with several other sectors like telephone, transport, water service, natural gas etc. He also informed the gathering that his Commission was working on issues of consumer choice and offered the Regulators to visit the website of his Commission for updates. Consumer choice in the case of his State implied the choice to the consumer to select the supplier. There is single distribution Network Company whose wires are used by different suppliers to supply electricity to consumers. This Distribution Wire Company becomes the Provider of Last Resort (POLR) in the event of any supplier failing to supply electricity to consumer. The detailed rules in this regard are, however, under formulation by the PaPUC.

4. The presentation of Mr. Holland was followed by a presentation by Mr. John Gdowik of PJM, ISO who explained, in brief, the concept of Independent System Operator (ISO) and Regional Transmission Organization (RTO). He also explained the rationale behind the concept of RTO floated by the FERC. He also informed interalia that PJM, ISO is in fact operating as RTO as this ISO involves more than one State. His presentation was followed by a discussion on the issues relating to Transmission Planning, market monitoring etc.



5. The second half of the meeting was earmarked for the general issues like consideration and approval of the Audited Accounts, Budget Estimates, Appointment of Auditors, and election of Members against two vacancies in the Governing Body etc.

The following decisions were taken :-

- The Minutes of the last FOIR meeting held in March, 2005 at Lucknow (U.P.), came up for discussion and it was pointed out by Rajasthan and Tamil Nadu that the relevant paragraph of the minutes dealing with Cross Subsidy Surcharge should be amended to indicate clearly that Rajasthan and Tamil Nadu have been following methods of computation of Cross Subsidy Surcharge which are different from the recommended Avoided Cost Method of FOIR Sub-Committee. With this, the minutes were approved.
- The audited accounts and balance sheet for the year 2004-05 were considered and approved.



- The Balance Sheet reflects an accumulation of fund to the tune of Rs.50,00,000/- (approx.) in the Savings Bank Account. It was decided that a portion of the fund be diverted to Term Deposit suitably.
- The Auditors (M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants) had requested for hike in audit fee from Rs.10,800/- (inclusive of service tax) to Rs.15,000/- plus applicable service tax. This was considered and approved with the condition that a new firm could be engaged as auditor next year.
- The proposal of diversion of Rs.50,000/- out of the annual subscription fee of Rs.1.50 lakhs, to the newly constituted Forum of Regulators (FOR) was considered and approved. It was decided that Rs.10 lakhs from the existing balance of FOIR would be transferred to the FOR account to start with and to this effect this amount of Rs.10 lakhs should be shown in the expenditure side in the Budget Estimates of FOIR for the year 2005-06. The Regulatory Commission will from now onwards send two separate demand drafts – one of Rs.1 lakh for FOIR and the other of Rs.50,000/- for FOR respectively.
- As per the tradition being followed so far for election to the Governing Body, the senior most Chairpersons, namely Shri R.S. Mann of Punjab State Electricity Regulatory Commission and Shri A. Balraj of Tamil Nadu Electricity Regulatory Commission were elected as Members against two vacancies in the Governing Body.
- Shri A. K. Basu, Chairperson, CERC informed that in the first meeting of the Forum of Regulators (FOR) which was held on 28th April, 2005 at New Delhi, Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission who was invited as a Chief Guest, had said that the Planning Commission could examine the proposal of funding for evolving the base line data. The issue was discussed in detail and it was decided to constitute a Group consisting of Shri K. N. Sinha, Member, Central Electricity Regulatory Commission (CERC) and Chairpersons [Member(s) in the absence of Chairperson] of the Electricity Regulatory Commissions of Delhi, Jharkhand, Orissa, Punjab and Uttar Pradesh to devise format for collecting the base line data and to assess the need for requirement of funds for

commissioning study, if any, in this regard. It was also decided that this Group would meet in CERC in Delhi on 17.06.2005 at 1000 hours.

- Shri Gajendra Haldea, Adviser to Deputy Chairman, Planning Commission, who was invited for a 'one hour' session in the second half on the issue of Cost of Traded Power made a case before the Regulators urging them to exercise their powers under the Act effectively to stem the rising cost of traded power. The issue was discussed in detail and different Regulatory Commissions presented their view points on this issue. It was decided that the Group consisting of the Chairperson of CERC and Chairpersons of the Electricity Regulatory Commissions of Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal which has been constituted in the first meeting of FOR to take a view on the issue of Cost of Traded Power would meet on 17.06.2005 at CERC office in Delhi at 1500 hours to develop a case for seeking legal opinion on the interpretation of the provision contained in the Proviso to section 62 (a) of the Electricity Act, 2003. It was also decided that Shri Gajendra Haldea would be invited as a Special Invitee to assist the Group in this regard.
- Some State Commissions shared their experiences highlighting the important developments since the last FOIR meeting.
- It was decided that the next meeting of the FOIR would be held in Bhubaneswar in the month of November/December, 2005.

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

**LIST OF PARTICIPANTS ATTENDED THE 6TH ANNUAL GENERAL BODY MEETING
OF FORUM OF INDIAN REGULATORS (FOIR)
HELD ON 08TH JUNE, 2005 AT INDIA HABITAT CENTRE, NEW DELHI**

S. No.	Name	Designation
1.	Shri A. K. Basu	Chairman, CERC
2.	Shri S. K. Misra	Chairman, CSERC
3.	Col. Raghbir Singh	Chairman, HERC
4.	Shri S. S. Gupta	Chairman, HPERC
5.	Shri K. B. Pillai	Chairman, J&KSERC
6.	Shri S. K. F. Kujur	Chairman, JSERC
7.	Shri K. P. Pandey	Chairman, KERC
8.	Shri M. K.G. Pillai	Chairman, KSERC
9.	Dr. Pramod Deo	Chairman, MERC
10.	Shri P. K. Mehrotra	Chairman, MPERC
11.	Shri D. C. Sahoo	Chairman, OERC
12.	Shri Shanti Prasad	Chairman, RERC
13.	Shri S. S. Chakraborty	Chairman, TERC
14.	Shri S. N. Ghosh	Chairman, WBERC
15.	Shri V. K. Sood	Ex-Chairman, DERC
16.	Shri V. S. Ailawadi	Ex-Chairman, HERC
17.	Shri K. S. Chaube	Ex-Chairman, HERC
18.	Shri D. P. Sinha	Ex-Member, CERC
19.	Shri Jayant Deo	Ex-Member, MERC
20.	Shri S. C. Dhingra	Ex-Member, UPERC
21.	Shri K. N. Sinha	Member, CERC
22.	Shri A. H. Jung	Member, CERC
23.	Shri K. Sreerama Murthy	Member, APERC
24.	Shri S. Pal	Member, APERC
25.	Shri Sarat Chandra	Member, CSERC
26.	Shri R. Krishnamoorthy	Member, DERC
27.	Shri K. Venugopal	Member, DERC

S. No.	Name	Designation
28.	Shri Manmohan	Member, GERC
29.	Shri K. P. Gupta	Member, GERC
30.	Shri Tej S. Tewatia	Member, HERC
31.	Shri T. R. Dhaka	Member, HERC
32.	Smt. Shakuntala Sinha	Member, JSERC
33.	Shri S. D. Ukkali	Member, KERC
34.	Shri C. Balakrishnan	Member, KSERC
35.	Shri A. Velayutham	Member, MERC
36.	Shri R. Natarajan	Member, MPERC
37.	Shri D. Roy Bardhan	Member, MPERC
38.	Shri S. K. Jena	Member, OERC
39.	Shri H. C. Sood	Member, PSERC
40.	Smt. Baljit Bains	Member, PSERC
41.	Shri S. M. Dharendra	Member, RERC
42.	Shri K. L. Vyas	Member, RERC
43.	Shri B. Jeyaraman	Member, TNERC
44.	Shri S. Thangarathnam	Member, TNERC
45.	Shri P. N. Pathak	Member, UPERC
46.	Shri Somit Dasgupta	Secretary, DERC
47.	Shri A. K. Mehta	Secretary, JSERC
48.	Smt. Sangeeta Verma	Secretary, UPERC
49.	Shri S. K. Chatterjee	Asstt. Secretary, CERC
50.	Ms. Anjali Garg	TERI
51.	Shri S. M. Lal	Director, CEA

	FOREIGN DELEGATES	
52.	Mr. Wendell Holland	Chairman, PaPUC
53.	Mr. Raj Barua	Energy Adviser, PaPUC
54.	Mr. John Gdowik	PJM, ISO
55.	Mr. William Martin	Dy. Mission Director, USAID
56.	Mr. Sridhar Samudrala	Dy. Prog. Mgr., USEA
57.	Ms. Tricia C. Williams	Coordinator, USEA

The 18th General Body Meeting of FOIR was held in Bhubaneswar (Orissa) during 01st – 02nd December, 2005. The list of participants is at Annexure-I.

1.12.2005

The 18th General Body Meeting of the Forum of Indian Regulators was inaugurated by Shri Navin Patnaik, Chief Minister, Orissa, in presence of Minister of Energy, Tourism and I.T., Government of Orissa. Shri D. C. Sahoo, Chairperson, Orissa Electricity Regulatory Commission extended a warm welcome to all the Members of the Forum of Indian Regulators. He thanked the Chief Minister of Orissa and Minister of Energy, Tourism and I.T., Orissa for sparing their valuable time to attend the inaugural ceremony despite their busy schedules. Shri A. K. Basu, Chairperson, CERC extended a warm welcome to Hon'ble Chief Minister, Orissa and all delegates. He stated that the role of Central as well as State Regulators in the electricity sector had been expanded considerably after enactment of the Electricity Act, 2003. He mentioned that the CERC, on its part, had issued a number of important regulations including Terms and Conditions of Tariff for the year 2004-09, Terms and Conditions of Trading Licence, regulations on Open Access in Transmission etc. He further informed that through the Forum of Indian Regulators efforts were being made to harmonize the regulation of electricity in various States, and FOIR has made important contribution in this area so far.

2. Addressing the Forum of Indian Regulators, Minister of Energy, Tourism and I.T., Orissa explained the pioneering role played by the State of Orissa in Power Sector reforms. Orissa was the first State where SEB was unbundled and distribution privatised. He mentioned that in the matter of distribution privatization the private monopolies were worse than the Government monopolies and, therefore, advocated retention of public monopoly in the wire business, while a number of licences could come in the supply business thereby bringing in much needed competition in the Power Sector. He also stated that Orissa was committed to provide electricity to all villages under Rajiv Gandhi Grameen Vidyutikaran Yojana. He further stated that the reduction of T & D losses should be the focus of all the Regulatory Commissions as this was the key to the Power Sector reforms. He also cautioned that the tariff increase as a soft option should not be resorted to by Regulatory Commissions.

3. Inaugurating the meeting, Chief Minister, Orissa underscored the importance of the Power Sector in developing the Indian economy. He stated that the Electricity Act, 2003 was a comprehensive legislation which would promote orderly reform of the Power Sector in the country. He also stated that Orissa was the first state to constitute Regulatory Commissions in Asia. It was also first to privatise distribution in the country after initiation of economic reforms. He lauded the role of regulators in Orissa as they had been able to maintain the tariff without any hike since the year 2001. The State Government was not required to give any subsidy to the Power Sector which was now able to generate its own resources. This has enabled the scarce resources of the Government of Orissa to be used for the purpose of strengthening social sector like education, health and water supply. He also stated that Orissa was placed strategically as it was connected to Eastern, North-eastern, Southern and Western regions with EHV network. Open Access in transmission had now mandated efficient choice in locating the generating stations and promoting trading. Reduction of T & D losses continued to be a big challenge in the power sector and regulators had the key-role in this important area. The regulators also had an important responsibility in enforcing the standards of supply to the consumers. Concluding the remarks, Chief Minister hoped that meeting of the General Body of the Forum of Indian Regulators would discuss these important matters and find solutions.

Shri B. C. Jena, Member, OERC extended the vote of thanks to all the dignitaries.

2.12.2005

1. The General Body Meeting condoled the death of Shri H. C. Sood, Member, Punjab State Electricity Regulatory Commission by observing one minute silence. It was resolved to send a condolence message from FOIR to the family Members of Shri Sood.

2. Shri A. H. Jung, Member, CERC was unanimously elected as Hony. Secretary of Forum of Indian Regulators in place of Shri K. N. Sinha, Member, CERC who would be retiring on 11.5.2006. Shri Jung, Member, CERC would assume charge on 11.5.2006.

3. Shri Divakar Dev, Chairperson, Uttranchal Electricity Regulatory Commission was unanimously elected as Member of Governing Body of FOIR in place of Shri R. S. Mann, Chairperson, Punjab State Electricity Regulatory Commission who would be retiring on 31.1.2006. Shri Divakar Dev, Chairperson, Uttranchal Electricity Regulatory Commission would assume charge as Member of the Governing Body of Forum of Indian Regulators on 31.1.2006.

4. The General Body discussed the Action Taken Reports on the decisions of the last General Body Meeting of the Forum of Indian Regulators held on 17th & 18th March, 2005 at Lucknow as also on the decisions of the last Annual General Body Meeting held on 8.6.2005 at New Delhi. These are placed at **Annex II and III.**

5. Shri B.C. Jena, Member, OERC made a presentation on the reform measures undertaken by Orissa and their present status.

6. The General Body also discussed the letter of Chairperson, CERC to all the Chairpersons of SERCs on measures towards consumer education. Many SERCs including those of Assam, Himachal Pradesh, Uttranchal, Chattisgarh, Delhi, Kerala, West Bengal, Orissa etc. explained the measures that had been initiated by them for consumer education. After discussion it was decided to launch a sustained campaign by all SERCs to educate the consumers about their rights under various Electricity related Acts, Rules, regulation.

The following important methods could be adopted in this particular effort:

- i) Involvement of NGO's in the campaign.
- ii) Advertisement and publicity through newspapers.
- iii) Printing of important details on the back of the electricity bills.
- iv) Distribution of pamphlets.
- v) Talk shows in television.
- vi) Radio talks

- vii) Seminars/Workshops
- viii) Banners and hoardings.
- ix) Call Centres
- x) Websites
- xi) Involvement of professionals from advertising agencies, Institute of Mass- Communication etc.

7. The issue of regulation of Power Purchase between the generating companies and the trading licensee also came up for discussion. The opinion of the Attorney General of India received on the subject was also discussed. The SERCs of Orissa and West Bengal were of the view that the opinion of the Attorney General was not in conformity with the provision of Electricity Act, 2003. After detailed discussions, it was decided that all the Regulatory Commissions would independently submit their own viewpoints before the Appellate Tribunal for Electricity where the case filed by Shri Gajendra Haldea and the issue was pending.

8. The matter of regulation of trading licensees who have been granted licence for inter-state trading by CERC came up in the context of the notification issued by Ministry of Power, Government of India stating that companies having inter-state trading licence would not be required to obtain a separate licence for intra-state trading. The Chairperson stated that a note had been circulated by the Secretariat of FOIR for discussion. The Members of the State Electricity Regulatory Commissions were of the opinion that the provisions of law as contained in Section 79 and 86 of the Electricity Act, 2003 clearly laid down that the licence from SERC would be required for intra-state trading of electricity. After discussion, it was decided to bring the inconsistency to the notice of Ministry of Power, Government of India for their necessary action.

9. Power Trading Corporation made a presentation on the issues relating to trading of electricity in the country.

10. Prof. S. A. Khaparde, Indian Institute of Technology, Mumbai made a presentation on "Tracing the real power" which was appreciated by Members

of the General Body. It was decided that the presentation on “Tracing the real power” be circulated to all the Members.

11. A presentation was made on behalf of AES/OPGC relating to their activities in the electricity sector in Orissa and other parts of the world.

12. A presentation was made by National Thermal Power Corporation explaining the policy and programmes of NTPC and their future concerns.

13. The progress made on formulating Open Access Regulations was discussed. The Chairperson, FOIR requested for intimation regarding pending applications for open access and also the cases where open access had been granted. It was clarified by the SERCs that the following cases of open access have cleared recently. All these relate to wheeling of captive generation from Generating facility to load centre:

i) **Rajasthan**

- a) Aditya Cement, Chittorgarh
- b) D.C. M. Sriram
- c) Hindustan Zinc

ii) **West Bengal**

- a) Bhushan Ltd.
- b) Indal
- c) Electrosteel Castings Ltd.

iii) **Himachal Pradesh**

- a) Gujarat Ambuja (To start from 2006)

14. It was decided that the next meeting of the FOIR would be held at New Delhi in the month of June, 2006.

15. The meeting ended with thanks to the Chairperson, OERC and his officers and staff for the excellent arrangements made in connection with the meeting.

**LIST OF PARTICIPANTS ATTENDED THE 18TH GENERAL BODY MEETING
OF FORUM OF INDIAN REGULATORS (FOIR)
HELD AT HOTEL SWOSTI PLAZA, BHUBANSWAR (ORISSA)**

S. No.	Name	Designation
1.	Shri A. K. Basu	Chairperson, CERC
2.	Shri K. Swaminathan	Chairperson, APERC
3.	Shri Bhaskar Barua	Chairperson, AERC
4.	Justice B. N. P. Singh	Chairperson, BERC
5.	Shri S. K. Misra	Chairperson, CSERC
6.	Shri G. Subba Rao	Chairperson, GERC
7.	Col. Raghubir Singh	Chairperson, HERC
8.	Shri S. S. Gupta	Chairperson, HPERC
9.	Shri K. B. Pillai	Chairperson, J&KSERC
10.	Shri S. K. F. Kujur	Chairperson, JSERC
11.	Shri C. Balakrishnan	Chairperson, KSERC
12.	Dr. Pramod Deo	Chairperson, MERC
13.	Shri P. K. Mehrotra	Chairperson, MPERC
14.	Shri D. C. Sahoo	Chairperson, OERC
15.	Shri A. Balraj	Chairperson, TNERC
16.	Shri S. S. Chakraborty	Chairperson, TERC
17.	Shri Divakar Dev	Chairperson, UERC
18.	Shri S. N. Ghosh	Chairperson, WBERC
19.	Shri D. K. Roy	Ex-Chairman, OERC
20.	Shri K. N. Sinha	Member, CERC
21.	Shri Bhanu Bhushan	Member, CERC
22.	Shri A. H. Jung	Member, CERC
23.	Shri K. Sreerama Murthy	Member, APERC
24.	Shri Surinder Pal	Member, APERC

S. No.	Name	Designation
25.	Shri B. K. Halder	Member, BERC
26.	Shri S. K. Jayaswal	Member, BERC
27.	Shri Sarat Chandra	Member, CSERC
28.	Shri R. Krishnamoorthy	Member, DERC
29.	Shri K. Venugopal	Member, DERC
30.	Shri Manmohan	Member, GERC
31.	Shri K. P. Gupta	Member, GERC
32.	Shri Tej S. Tewatia	Member, HERC
33.	Shri T. R. Dhaka	Member, HERC
34.	Shri P. C. Verma	Member, JSERC
35.	Smt. Shakuntala Sinha	Member, JSERC
36.	Shri C. Abdullah	Member, KSERC
37.	Shri A. Velayutham	Member, MERC
38.	Dr. S. B. Kulkarni	Member, MERC
39.	Shri R. Natarajan	Member, MPERC
40.	Shri D. Roy Bardhan	Member, MPERC
41.	Shri S. K. Jena	Member, OERC
42.	Shri B. C. Jena	Member, OERC
43.	Smt. Baljit Bains	Member, PSERC
44.	Shri S. M. Dharendra	Member, RERC
45.	Shri K. L. Vyas	Member, RERC
46.	Shri B. Jeyraman	Member, TNERC
47.	Shri P. N. Pathak	Member, UPERC
48.	Shri R. D. Gupta	Member, UPERC
49.	Shri A. R. Mohanty	Ex-Member, OERC
50.	Shri H. S. Sahu	Ex-Member, OERC
51.	Shri A. K. Sachan	Secretary, CERC
52.	Shri S. K. Chatterjee	Asstt. Secretary, CERC

ACTION / FOLLOW UP ACTION ON THE
17TH FOIR GENERAL BODY MEETING
HELD AT LUCKNOW DURING 17TH – 18TH MARCH, 2005

01. Release of the second and final instalment of Rs.3 lakhs to TERI for the report on compilation of tariff orders.
(Para 4 of Minutes)

(Status : Released.)

02. Sub-Group be constituted to suggest various models of rural electrification consisting of Shri R. D. Gupta, Member, Uttar Pradesh, Shri Pramod Deo, Chairman, Maharashtra, Shri P. C. Verma, Member, Jharkhand, Shri P. K. Mehrotra, Madhya Pradesh and Shri P. Ray, Member, West Bengal. The group could meet in Delhi on 10th and 11th April 2005.
(Para 8 of Minutes)

(Status : The Group recommended M/s. Ernst & Young for the study for a consultancy fee of Rs.9.78 lakhs.)

03. Report of the Sub-Group on sponsoring of Research and Training by FOIR. Minutes of the meeting of the Sub-Group held in January 2005 had already been circulated. The Sub-Group had recommended four topics for research work. The members discussed each of the four topics and decided to sponsor research on the following two topics:

- (i) Estimation of loss in distribution system;
- (ii) Estimation of agriculture consumption

It was decided that the same Sub-Group will recommend the terms of reference for commissioning studies on the two aforesaid subjects. It was also decided that Ms. Baljit Bains, Member, Punjab State Electricity Regulatory Commission (PSERC) be also co-opted as a Member in this Sub-Group.

(Para 9 of Minutes)

(Status : Quotations invited.)

04. A letter may be written from Central Commission to all State Commissions seeking information/details regarding introduction of Time of Day (TOD) Tariff.

(Para 10 of Minutes)

(Status : Information being collected.)

05. Status in respect of finalisation of various regulations under Electricity Act, 2003 would be sent by various SERCs to CERC.

(Para 11 of Minutes)

(Status : Information being collected.)

06. A sub-committee may be constituted with the following members, to coordinate with CEA before the regulations on metering are finalized :

- (a) Shri Bhanu Bhushan, Member, CERC,
- (b) Shri K.Venugopal, Member, DERC,
- (c) Shri R. D. Gupta, Member, UPERC.

The Committee could meet at the earliest and workout future course of action and also coordinate with CEA on the draft regulations prepared by the Authority.

(Para 13 of Minutes)

(Status : Recommendations finalized.)

07. A Sub-Committee with the following Members will go into details about introduction of ABT at the State level:

- (i) Shri Bhanu Bhushan, Member, CERC
- (ii) Shri S. D. Ukkali, Member, KERC
- (iii) Shri P. C. Verma, Member, JSERC
- (iv) Shri R. D. Gupta, Member, UPERC
- (v) Shri K.Venugopal, Member, DERC
- (vi) Shri Manmohan, Member, GERC
- (vii) Shri Pramod Deo, Chairperson, MERC

It was decided that this Sub-Committee will make recommendations on implementation of Availability Based Tariff.

(Para 14 of Minutes)

(Status : Recommendations finalized.)

08. Development of Regulatory Information Management System (RIMS) with the assistance from World Bank/Public Private Infrastructure Advisory Facility (PPIAF) to the tune of US\$75,000. After deliberations on the need for development of RIMS, it was decided to go ahead with the PPIAF support for development of RIMS, which would help address the problems of incomplete information and asymmetry of information. (Para 15 of Minutes)

(Status : Ministry of Power wanted that the study be funded from Government sources.)

09. Holding a meeting of FOIR exclusively for discussion on introduction of intra-State ABT. ADB is agreeable to sponsor the said meeting of FOIR. Some international speakers on the issue will also be arranged by ADB. It was unanimously agreed that such an exclusive meeting to discuss the issue of introduction of ABT is welcome and that Shri Sachan should coordinate with ADB/Ministry of Finance to finalise suitable date, time and venue for the meeting.

(Para 17 of Minutes)

(Status : ADB has been approached. It is yet to respond.)

ACTION / FOLLOW UP ACTION ON THE
6TH ANNUAL GENERAL BODY MEETING OF FOIR
HELD AT NEW DELHI ON 8TH JUNE, 2005

1. It was decided that a portion of the fund available in SB Account of FOIR be diverted to Term Deposit.

(Para 5 of the minutes of the meeting)

(Status: Rs.30 lakhs diverted to Term Deposit.)

2. It was decided that Rs.10 lakhs from the existing balance of FOIR account would be transferred to FOR account.

(Para 5 of the minutes of the meeting)

(Status: Rs.10 lakhs transferred from FOIR account to FOR .)

3. It was decided to constitute a Group consisting of Shri K. N. Sinha, Member, CERC and Chairpersons (Members in the absence of Chairperson) of the ERCs of Delhi, Jharkhand, Orissa, Punjab and UP to devise format for collecting the base line data and to assess the need for requirement of funds for commissioning study, if any, in this regard.

(Para 5 of the minutes of the meeting)

(Status: Proposal sent to Ministry of Power.)

4. It was decided that the FOR Group consisting of the Chairperson of CERC and Chairpersons of the ERCs of Orissa, Rajasthan, Tamil Nadu, UP and West Bengal already constituted on 'Cost of Traded Power' would seek legal opinion on the interpretation of the provision contained in the Proviso to section 62(a) of Electricity Act, 2003.

(Para 5 of the minutes of the meeting)

(Status: Legal opinion sought from Attorney General of India.)

RECOMMENDATIONS REGARDING IMPLEMENTATION OF AVAILABILITY BASED TARIFF (ABT) IN INTRA-STATE SYSTEMS

As per the decision taken in the 17th General Body Meeting of FOIR at Lucknow (U.P.) during 17th – 18th March, 2005, a Committee was formed consisting of S/Shri Bhanu Bhushan, Member, CERC, P. C. Verma, Member, JSERC, S. D. Ukkali, Member, KERC, R. D. Gupta, Member, UPERC, K. Venugopal, Member, DERC, Man Mohan, Member, GERC and A. Velayutham, Member, MERC to coordinate with CEA on the Draft Regulations on the Metering prepared by the Authority and also make recommendations on intra-State ABT. A series of meetings were held under the Chairmanship of Shri Bhanu Bhushan, Member, CERC for recommendations regarding implementation of Availability Based Tariff (ABT) in intra-State System. The recommendations of the Committee are as under :-

1. Availability Based Tariff (ABT), with a unique Unscheduled Interchange (UI) component, was recommended for Central Sector generation and private generation by M/s ECC, USA after a nation-wide, World Bank/ ADB-sponsored study in 1993-94. Govt. of India then agreed to its early implementation, as a covenant of World Bank/ADB loans to Power Grid Corporation of India. After constitution of the Central Electricity Regulatory Commission (CERC) in 1998, the matter came under the purview of CERC, which after due process in 1999 has issued its orders and regulations on this subject starting from January 2000. ABT has since been implemented at inter-State level (i.e. for Central generating stations), region-by-region during 2002 and 2003.
2. Following improvements have been brought about in operation of regional grids by ABT:
 - (i) Grid frequency has dramatically improved from 48-52 Hz range to 49.0-50.5Hz range for most of the time.
 - (ii) A higher consumer demand is being met, due to built-in incentives to maximise generation in peak-load hours.

- (iii) Generating stations are being operated according to real merit-order, on region-wide basis, through decentralized scheduling.
 - (iv) Hydro-electric generation is being harnessed more optimally than done previously.
 - (v) States' share in Central generating stations have acquired a new meaning and grid discipline is encouraged.
 - (vi) Open access, wheeling of captive generation and power trading have been enabled by placing in position the mechanism (UI) for handling deviations/mismatches.
 - (vii) States meet their occasional excess demand by over-drawing from the regional grid and paying applicable UI charges to the under-drawing States.
3. The intra-State generating stations are not yet on ABT, due to which opportunities for further optimisation are being lost. For example, the intra-State stations (other than those owned by the still-bundled SEB) have no incentive presently to maximise their generation in peak-load hours and to back down during off-peak hours. They are also not induced to respond to grid contingencies. Scheduling disputes between generating stations and State LDCs could arise, particularly in case of IPPs. With the present focus on commercial aspects, it is very desirable that ABT is applied to all intra-State stations (except those embedded in vertically bundled licensees' systems) as well, whether SEB-owned or otherwise, for optimised utilisation of intra-State resources.
4. Optimum utilisation of pumped storage capacity is another area of concern. The 4x100 MW Kadamparai scheme belonging to TNEB has been fully utilised since introduction of ABT in Southern Region. Water is pumped up in off-peak hours when UI rate is low, and power is generated during peak-load hours when UI rate is high. On the other hand, in the absence of intra-State ABT/UI in Maharashtra, a similar commercial signal is not available to Tata Power, and their 150 MW Bhira pumped storage scheme is still not being utilised optimally. Srisailem pumped storage scheme in Andhra Pradesh too has not received due priority, as APGenco has no UI.

5. The foregoing has been duly appreciated by the Central Government and the following has been stipulated in the National Electricity Policy notified on 12.2.2005:

“5.7.1(b) The ABT regime introduced by CERC at the national level has had a positive impact. It has also enabled a credible settlement mechanism for intra-day power transfers from licensees with surpluses to licensees experiencing deficits. SERCs are advised to introduce the ABT regime at the State level within one year.”

6. As and when an SEB is unbundled and the State's distribution system is divided into zones, it would be essential that each zone has a schedule for power that it is to receive through the State grid. The intra-State system would then look very much like the present regional system: a number of generating stations supplying power through a transmission grid to a number of beneficiaries, with scheduling, metering and energy accounting carried out by a load dispatch centre. It would only be logical to replicate the regional system (of shares/allocations, scheduling, metering, UI, etc), which is already tried and proven.
7. The UI liability of a State, after unbundling, would depend on judicious scheduling for the intra-State entities and their dynamic response. This can all be centralised at the State LDC adopting a disciplinarian approach, but it has the risk of being resisted and flouted. Highly reliable communication, SCADA, AGC etc would also be required, with associated cost and complications. A more pragmatic approach, therefore, would be to delegate the responsibilities to the intra-State entities for decentralised action, with UI mechanism providing the required frame work for keeping all entities on track. In other words, it would be desirable to apply UI on all intra-State entities which are supposed to have a schedule.
8. While for a total compatibility with the system presently operating at the inter-State (regional) level, it would be desirable to adopt the same system in-toto for intra-State entities, it is recognized that there could be valid

reasons, State-specific, to deviate from the regional mechanism. It is recommended that the concerned SERCs examine the following issues in detail, in association with the respective SEB/STU and pragmatically decide their approach.

9. Structure and components of ABT

The present ABT for Central generating stations comprises of three (3) components : capacity charge, energy charge and UI. This structure is rational and appropriate for the conditions prevailing in India, and should straight-away be adopted for all intra-State generating stations. However, incentive may be linked to plant availability, instead of linking to PLF (as is presently done for Central Stations). Linking of incentive to PLF effectively converts the incentive into a supplementary energy charge, and distorts the merit order. Most Central stations being pit-head (and, therefore, not being required to back down during off-peak hours), do not face a major problem on this account. On the other hand, many intra-State generating stations would be at load-centres and/or will be liquid fuel-based. They would have a high variable cost, would often be scheduled to back down during off-peak hours, and would, therefore, have a lower PLF. Linking of incentive to PLF in their case would be counter-productive and it would only be logical to link the incentive to plant availability. Para 144 and 145 of CERC order dated 29.3.2004 in petition no. 67/2003 may also be seen in this connection (copy enclosed as **Appendix 'A'**).

Certain issues have come up recently in ABT for Hydro stations, particularly in NER. It is suggested that SERCs may exercise caution while extending ABT to intra-State Hydro stations, or wait for resolution of these issues by CERC (for Central stations).

10 Norms and parameters for tariff:

Various norms and parameters in the present ABT for Central generating stations have been fixed by CERC primarily considering the past performance of NTPC and NHPC plants. It is possible that the performance

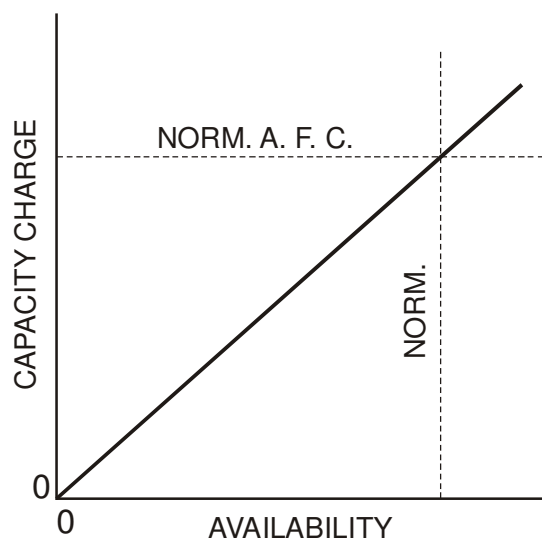
level of the intra-State power plants, due to a variety of factors, may not match those of NTPC and NHPC. In such cases, it would be appropriate to adopt different norms and parameters, at least for a transition period. CEA have also prescribed certain norms recently, and these too may be considered by SERCs.

11. Treatment of secondary oil consumption

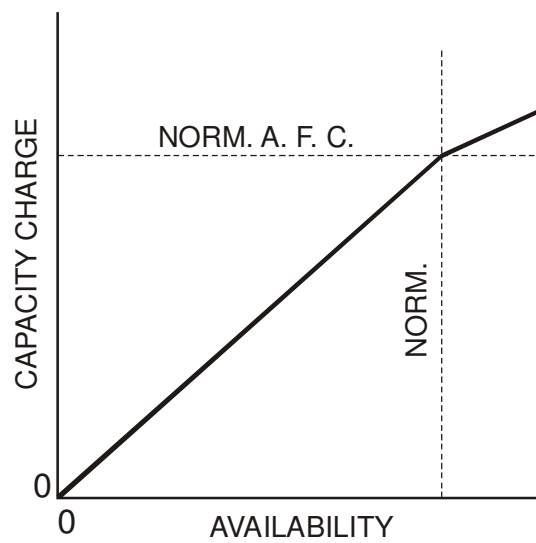
It has been a practice so far in India to treat secondary oil consumption as a component of energy charge. However, secondary oil is consumed only when a coal/lignite-fired unit has to back down below about 60% or has to be started up/shut down. During normal operation, secondary oil should not have to be fired at all. In other words, during normal operation (above 70% load), the variable cost of a generating unit would comprise of only the coal cost. In order to get the energy charge to reflect the unit's correct variable cost (and thereby to give the unit a better merit-order position), it would be desirable to treat secondary oil consumption as a component of plant's fixed cost, and recover it through capacity charge instead of energy charge. This is particularly important for load-centre stations which would be required to back-down during off-peak hours due to their comparatively higher variable cost, and may be considered by SERCs at an appropriate stage.

12. Relationship between capacity charge and plant availability

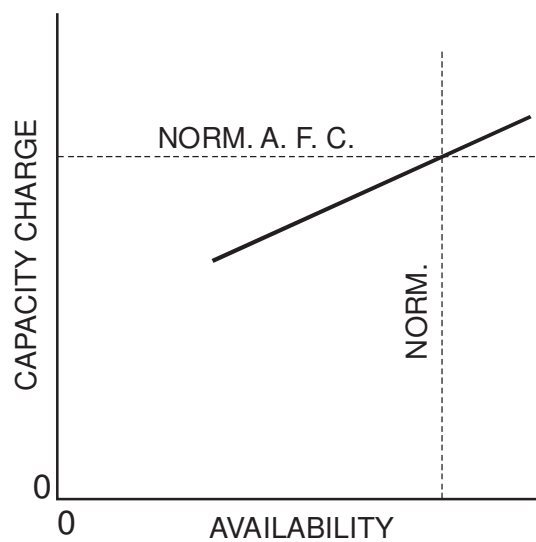
It has been suggested in para 9 above that the incentive may be linked to plant availability. Once this is done, incentive can as well be merged with capacity charge. The relationship between capacity charge payment for the year and average plant availability can then have three possible shapes, as shown in **figure-I**. It is our majority view that shape (c) is more equitable than the others.



(a)



(b)



(c)

FIGURE - 1

13. Time block for UI

In the inter-State ABT, UI is determined for each 15-minute time block. This inherently requires 15-minute wise energy metering on all interchange points of each regional constituent. Similar special energy meters shall be required for all intra-State constituents if the same 15-minute time block is to be applied intra-State. As some States already have meters for 30-minute time-block, a question has been raised as to whether the intra-State time block can be of 30 minutes.

The primary idea of UI is to price the deviations from schedules according to prevailing (i.e., real time) system conditions. The time block should, therefore, be as small as practicable, and a 5-minute time block would be still better, theoretically. 15-minute has been a satisfactory compromise, as regional grid operation over the last 2-3 years has shown. As such, we recommend that all States adopt a time block of 15 minutes only, which would also enable direct back-to-back accounting with regional UI. However, implementation of intra-State UI should not get delayed on this account alone. It is, therefore, suggested that following procedure may be adopted as an interim arrangement for determination of UI charges for those intra-State entities who are having 30 - minute meters on their periphery.

Energy actually drawn in a 30 - minute block	=	A
Scheduled energy for that block	=	B
UI energy for the 30 - minute block	=	(A-B)
Average frequency (regional) for first 15 minutes	=	C
Average frequency (regional) for second 15 minutes	=	D
UI rate corresponding to C	=	E
UI rate corresponding to D	=	F

UI charge for the intra-State entity, for the 30 - minutes block = $(A-B) \times (E+F)/2$.

14. Maximum and minimum UI rates

The minimum UI rate at regional level is zero, corresponding to the variable

cost of overflowing hydro-electric stations. The same should be adopted for intra-State system as well, whether a State has intra-State hydro stations or not. (A detailed explanation of interplay between UI rate and system marginal cost is given in “ABC of ABT - a Primer on Availability Tariff” written by Shri Bhanu Bhushan).

Similarly, the maximum intra-State UI rate should basically be same as the ceiling regional UI rate, to enable back-to-back operation of regional and State UI pool accounts. For example, suppose a DISCOM overdraws by 10 MW from State grid, due to which the State overdraws 10 MW from the regional grid, while frequency is 49.0 Hz. The State shall have to pay to regional UI pool account for the overdrawal at the ceiling rate, which is Rs. 5.70 per kWh presently. This amount should in turn be paid by the defaulting DISCOM into the State UI pool account. UI rate for the DISCOM should also, therefore, be Rs. 5.70 per kWh.

The present regional ceiling UI rate was specified by CERC when diesel price was about Rs. 22 per litre. Now that the diesel price is around Rs. 32 per litre, it may be necessary to increase the ceiling UI rate. This matter is, however, in CERC's jurisdiction, and it is being mentioned here only to apprise SERCs about the possibility of such an increase so that necessary provision is kept in the concerned intra-State regulations.

15. Threshold frequencies for UI rate

In the present relationship between frequency and regional UI rate specified by CERC, the minimum UI rate (zero) is reached at 50.5Hz and the maximum (ceiling) UI rate is reached at 49.0Hz. The experience with such frequency thresholds has generally been satisfactory. In any case, the intra-State UI has to necessarily have the same frequency threshold as regional UI, for back-to-back operation of regional and State UI pool accounts.

16. Adjustment for intra-State transmission losses

In para 14 above, it is assumed that transmission losses in intra-State grid

are not affected by the deviations from schedules (UI) of the intra-State entities. While this simplifying assumption could be adopted to begin with, the impact of intra-State UI on transmission losses would have to be taken into account when one starts getting into the details. For example, 10 MW overdrawal by a DISCOM may cause (depending on topology and power flow scenario) an increase in intra-State transmission loss by 0.3 MW. Consequently, the resulting overdrawal of the State from regional grid would be 10.3 MW, and the full coverage of State's UI liability would require that the UI rate applied to the DISCOM be 3% higher than the regional UI rate.

The incremental transmission loss would, however, change with power flow pattern, requiring detailed studies/computations and may still be very subjective. It is, therefore, recommended that this particular aspect be deferred for some time, and for the present, intra-State UI rate relationship with frequency be kept same as that at the regional level.

17. Entities to be covered in ABT

In the first instance, intra-State ABT should be implemented for

- i) all SEB/STU-owned generating stations above 10 MW
- ii) all State Government-owned/State generating company- owned generating stations above 10 MW
- iii) all IPPs, i.e. private/JV-owned and any other power stations above 10 MW, which are contracted to supply power to SEB/STU/State Govt/DISCOMs
- iv) all DISCOMs, as and when SEBs are unbundled, and entities like NDMC, BEST.
- v) distribution licensees who are supplied power from identified generating stations as per an allocation.

18. UI (not the full ABT) could be implemented for

- i) all entities availing "Open Access"
- ii) all parties availing wheeling of captive generation
- iii) all generating stations below 10 MW, (as a general guideline), which are connected to the State/DISCOM grid, including non-

conventional

- iv) Merchant power plants, pumped-storage plants,
- v) all entities/consumers with captive/co-generation, particularly those with a possibility of feeding power back into the grid
- vi) licensees with own generation, e.g. TPC, BSES, AEC, CESC.

It is not desirable to implement ABT separately for the power plants of licensees, as long as the concerned licensee (such as TPC and BSES in Mumbai) continues as a vertically integrated utility. Covering the licensee under the UI mechanism (operating on its periphery) would suffice for inducing merit-order operation of embedded generation.

19. For implementation of ABT and UI mechanism within a State, the activity on the critical path would be installation of special energy meters on the periphery of all entities which are to be covered by ABT and UI. It is recommended that the meters already field-proven, and fully conforming to the specification used in case of Gujarat be ordered by the respective SEB/STU on priority. Other preparatory action can follow.
20. In conformity with section 166(4) of the Electricity Act, 2003, the SERCs may request the respective State Governments to constitute a Coordination Forum at the State level, which may also oversee the implementation of intra-State A.B.T., if so decided.
21. Implications of not implementing A.B.T. for Intra-State Stations

As mentioned earlier, the A.B.T. as implemented for Central generating stations comprises of three components : (a) Capacity charge, (b) Energy charge, and (c) UI. Payment of capacity charge for reimbursement of the annual fixed cost is linked to average plant availability achieved over the year, which induces the plant owner to maximise its availability, without encouraging over-generation during off-peak hours. A power plant not on A.B.T. would either have a single-part tariff (i.e. a constant paise/kWh rate), or a two-part tariff (e.g. K. P. Rao formula). In case of single-part tariff, with a composite paise/kWh rate combining fixed and variable costs, the plant owner would have a perpetual incentive to maximise the generation, even during off-peak hours when his plant should in fact be backing down depending on its position in variable cost-based merit

order. He would resist if the SLDC gives him a schedule with backing down in off-peak hours, and three possibilities would arise, as follows:

- (a) SLDC issues a schedule with backing down by this station during off-peak hours, and the station generates energy according to the given schedule: The Station owner would suffer a revenue loss on account of energy not generated.
- (b) SLDC issues a schedule with backing down by this station during off-peak hours, but the station does not back down: The station will earn extra profit, while the State would under-draw from the regional grid, and in the process suffer a loss (paying a higher rate to the station for the extra energy, and getting paid a lower rate for the same energy quantum from regional UI account).
- (c) SLDC is forced by the station owner to give full schedule for the station (ignoring merit-order), and consequently requisitions only a part of State's entitlement in Central stations during off-peak hours; The State would again suffer a loss, and SLDC could be blamed for scheduling costlier energy while forgoing cheaper energy from Central stations.

The result of the above would be a perpetual tussle between the SLDC and the generating station, and the ultimate result would be a loss for the State as a whole, one way or the other. The situation would somewhat improve in case the station is on K.P. Rao tariff (in which full fixed charges are paid even in case of backing down). However, the experience between 1992 and 2002 clearly shows that K. P. Rao tariff did not address all the problems and indisciplined behaviour by utilities could not be curbed. In particular, there was nothing to discourage SEBs from overdrawing during peak-load hours and underdrawing during off-peak hours. There were perpetual commercial disputes as well. While most of the problems at the inter-State level have been addressed by implementation of A.B.T. for Central stations, similar problems would arise between intra-State entities if sufficient care is not taken while unbundling the SEBs. Specifically, the intra-State mechanism must have features which (a) encourage generation maximisation during peak-load hours, (b)

encourage backing down of generation as per merit order during off-peak hours, (c) discourage DISCOMs from over-drawing during peak-load hours.

A.B.T. would directly provide all these. If an SERC proposes to adopt a variant, it would have to see how the above features are incorporated in the proposed mechanism.

22. Implications of Adopting a Balancing Mechanism different from Regional UI

Some States are contemplating balancing mechanisms differing from the concept of frequency-linked U.I. rate. The implications are explained below through an example.

Suppose two States A and B have a thermal station each, both having a variable cost of 150 paise/kWh. Suppose both have been scheduled to generate at 90% of their available capability during off-peak hours on a certain day. Also suppose that State-A has adopted UI mechanism totally identical to the regional UI mechanism, but State-B has adopted a different balancing mechanism concept in which the price of balancing power, instead of being a function of frequency, is calculated by the SLDC from time to time. Suppose it is 210 paise/kWh at a certain time, while frequency is 49.9 Hz and corresponding regional UI rate is 180 p/kWh. In State-A, the thermal station would see the frequency and ramp up its generation from 90% to 100% of available capability (say 500 MW), at an incremental expenditure of 150 paise/kWh. The 50 MW over-generation would result in 50 MW of underdrawal by State-A, for which it would receive UI charges @ 180 paise/kWh from regional UI pool account, which would get passed on to the thermal station. There would thus be a saving of 30 paise/kWh on 50 MW for the thermal station of State-A, which would work out to Rs.15000 per hour. Other utilities in State-A would not have any financial impact on the above account.

The situation in State-B would be more complex. The thermal station may want to increase its generation, since it would get 210 paise/kWh against an incremental fuel expenditure of 150 paise/kWh. But this would result in a loss for State-B DISCOMs; they would pay 210 paise/kWh to the thermal

station for its extra generation, but would receive only 180 paise/kWh from regional UI pool account for the resulting underdrawal. Due to this anomaly, the SLDC of State-B may not permit the thermal station to increase its generation beyond the given schedule (90%), and the State as a whole would miss an opportunity for some financial gain. In other words, generally speaking, State-B may not gain anything by adopting a balancing mechanism differing from regional UI.

There would be another issue to resolve. If a DISCOM in State-B overdraws, it would pay 210 paise/kWh into the State UI pool account for the energy overdrawn. The State would have to pay only 180 paise/kWh to the regional UI pool account for the consequent overdrawal from regional grid. What is to be done with the 30 paise/kWh differential ? And it could be negative as well ! These complications also can be avoided by extending the regional frequency-linked UI rate to all intra-State entities on back-to-back basis.

23. Revenue Balancing between DISCOMs

Because of differing consumer mix, different DISCOMs in a State may have differing daily load curve, differing average consumer tariff and differing realisation percentage. If power is supplied to all DISCOMs at identical rates (as would normally be the case immediately after SEB unbundling), it could mean widely differing amounts for meeting their own expense. Some DISCOMs may have much bigger gaps than others (it being unlikely that any DISCOM would be able to meet all its obligations on its own). This situation may be further aggravated if DISCOMs have to as well pay UI charges on back-to-back basis, as has been recommended.

However, it needs being appreciated that revenue balancing between DISCOMs is necessary, whether UI charges apply on them or not. The prudent approach would be to treat all DISCOMs similarly, in respect of generation allocation, power supply tariff, UI charges, etc., to ensure that similar incentives apply for all. In particular, UI mechanism should not be distorted in any manner. Only then would each DISCOM be properly incentivised to take due care in its load forecasting, daily requisitioning,

load management planning and load curtailment if grid situation so requires. All revenue balancing between DISCOMs may be achieved through diversion of Government subsidy to the DISCOMs which are relatively more negative.

Allocation of intra-State generating station capacity between DISCOMs, as also allocation of the States' entitlement in Central stations between DISCOMs, have to be done very judiciously. These should be on 24-hour basis only. In case it is found that a DISCOM has a surplus in peak-load hours as well, some of its allocation should be diverted to the needy DISCOMs, but only on a permanent, 24-hour basis, and by the authority which is responsible for original allocation. However, no restrictions should be imposed on DISCOMs regarding trading of any off-peak or occasional surplus, either on bilaterally contracted basis or as UI. Only in case of an allegation of sale of power by a DISCOM to earn money while its own consumers are being load-shed, should be SERC/ State Government look into the matter. At times of low frequency, a DISCOM may be justified in not supplying power to non-paying consumers, either to curtail its overdrawal (and UI liability) or to improve its finances (by earning some UI). SERCs could specify frequency thresholds for different consumer categories, above which they should not be shed.

24. Captive/Co-generation and non-conventional sources

A.B.T. is basically meant for large power plants whose capacity is assigned to one or more beneficiaries on a 24 - hour, long-term basis. It presumes that the plant operator is able to declare the plant availability on day-ahead basis, and is then able to supply power as per the schedule advised by his beneficiaries. As such, A.B.T. is not an appropriate/practicable mechanism for captive/co-generation, or for non-conventional sources of energy (wind, solar, biomass, mini-hydel, etc.), which are mostly unpredictable regarding their power supply capability. For example, payment of capacity charge in A.B.T. is dependent on MW availability declaration. If a figure cannot be committed for the whole of the next day, capacity charge itself cannot be determined. Further, the actual generation could vary widely, from the given schedule (e.g. due to changes in wind speed), and a plant could run up huge UI liability.

A.B.T. should therefore not be applied for such plants. They may continue on the single-part tariffs as presently specified by SERCs, or the entire power supplied by them into the grid may be treated as UI (and paid for by the concerned DISCOM at the frequency-linked UI rate). The logic for the latter is fairly simple. If a DISCOM receives one MW from a captive plant or wind farm, its drawal from the State grid would reduce by one MW. If it goes in underdrawal mode, it would receive UI payment for one MW, which it can pass on to the captive plant/wind farm, and remain financially immune.

25. UI for Open Access

Open access, as contemplated in the Electricity Act, 2003, means supply of power by entity-A to entity-B through the electricity grid. Power injection by A may not be constant, and may differ from contracted amount, by a varying degree from time to time. Similarly, power drawal by B may also vary and differ from the contracted amount. For example, the contract between the two parties may stipulate that A has to inject 10 MW, and B has to draw 9.5 MW (after accounting for transmission loss in the electricity grid). The actual injection and drawal may however be 9.0 and 10.0 MW respectively. Commercial treatment of such a situation, which is dynamic, could be very complex. The matter, however, becomes fairly simple if it is stipulated that B has still to pay to A for 10 MW at contracted rate, A has to pay at the UI rate to UI pool account for one MW of under-supply, and B has to pay at the UI rate for 0.5 MW of over-drawal to the UI pool account. This has already been specified by CERC for inter-State open access, and the same approach should be stipulated by the SERCs for intra-State open access. This necessarily requires installation of special energy meters for all open access customers, for recording energy 15-minutes block wise.

26. A.B.T. is generally not suitable for end-consumers of SEBs/ DISCOMs. As and when they are allowed open access, they would have to pay charges for contracted energy as per tariff bilaterally agreed with their supplier, and the UI charges for deviations from contracted schedule. This has to be duly taken care of while extending open access to end-consumers.

(EXTRACT FROM C.E.R.C. ORDER DATED 29.3.2004 IN PETITION NO. 67/2003)

144. Further, in the present dispensation incentive is linked to PLF. The generators like NTPC, NLC have sought to link the incentive with availability and not to the PLF. According to them, generator can only ensure availability of the station whereas scheduled generation is dependent on demand by the customers. Linking incentive with PLF will amount to providing incentive to generators for action of purchasers. However, most of the beneficiaries are opposed to linking of incentive with availability.
145. The issue of linking the incentive to PLF or availability was not debated threadbare in the recent hearings and as such, we would like to continue with the existing dispensation of incentive based on PLF. The Commission may, however, like to revisit the issue for a more informed debate after evaluating the experience of ABT. ABT has been implemented in all regions only recently. Some more time would be required for evaluating the experience. This should not be construed as regulatory uncertainty. Also, the issue is of much greater significance for the load centre and liquid fuel-based power stations, which may be required to back down regularly due to their higher variable cost. It would be prudent for the State Electricity Regulatory Commissions, in whose jurisdiction most of such power stations would fall, to examine this issue pragmatically.

ANNUAL ACCOUNTS

The audited report of the approved auditors, M/s. Thakur Vaidyanath Iyer & Co., Chartered Accountants, is available in **Schedule-III**.

BUDGET FOR THE YEAR 2005 - 2006

S. No.	Head	2004-05	2005-06
		(Actual)	Budget Estimate
INCOME			
1	Member's Subscription	22,72,500	23,00,000
2	Interest on FDR	1,70,585	2,50,000
3	Interest on Saving Bank & Others	1,17,012	50,000
Total (Rs.)		25,60,097	26,00,000
EXPENDITURE			
1	Meeting Expenses	6,60,902	10,00,000
2	Travelling Expenses	12,024	20,000
3	Postage & Stamps	29,933	30,000
4	Printing & Stationery	3,352	15,000
5	Bank Charges	650	1,000
6	Honorarium	20,000	20,000
7	Miscellaneous Expenses	1,089	10,000
8	Audit Fee	11,200	15,000
9	Research Trg. & Information Fund	3,00,000	10,00,000
Total (Rs.)		10,39,150	21,11,000

MEMORANDUM OF ASSOCIATION

I	Name of Society:	The name of the Society shall be Forum of Indian Regulators.
II	Registered Office:	<p>The Registered Office of the Society shall be situated in the National Capital Territory of Delhi and at present it is at the following address:</p> <p>A-165, Defence Colony, New Delhi – 110 024</p>
III	Aims and Objects:	<p>The aims and objects for which the Society is established are as under:</p> <ul style="list-style-type: none"> i) To promote the growth of independent regulatory mechanisms. ii) To promote transparency in the working of the Regulatory Bodies. iii) To protect consumer interest and develop consumer advocacy organizations. iv) To develop human and institutional capacities in regulatory bodies, utilities and other stakeholders. v) To research the efficiency and effectiveness of independent regulation and matters incidental thereto. vi) To provide for an information base on regulatory law and practice and regulatory economics. vii) To collaborate with academic and research institutions, professional bodies and NGOs in India and internationally in areas of interest to the Society. viii) To do all such other lawful things as conducive or incidental to the attainment of the above aims and objects.

All the income, earnings, moveable or immovable properties of the Society shall be solely utilized and applied towards the promotion of its aims and objects only as set forth in the Memorandum of Association and no profit or part thereof shall be paid or transferred directly or indirectly by way of dividends, bonus, profits or in any other manner whatsoever, to the present or past members of the Society, or to any person claiming through any one or more of the present and past members. No member of the Society shall have any personal claim on any moveable or immovable properties of the Society or make any profit, whatsoever, by virtue of his membership.

IV	Governing Board:	The names, address, occupation and designations of the present members of the Governing Body to whom the management of the Society is entrusted, as required under Section 2 of the Societies Registration Act, 1860 as applicable to the National Capital Territory of Delhi, are as follows:-
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S. No.	Name	Residential Address	Occupation	Designation in the Society
1.	Prof. S L Rao	A-601, Nagarjuna Apartments, Mayur Kunj, Delhi - 110096	Chairman, Central Electricity Regulatory Commission	Hony. Chairman
2.	Mr. S C Mahalik	Q. No.Type VII-C/1, Unit No.1 Bhubaneshwar	Chairman, Orissa Electricity Regulatory Commission	Hony. Senior Vice-President
3.	Mr. V S Ailawadi	5, Gurudwara Rakab Ganj Road, New Delhi – 110001	Chairman, Haryana Electricity Regulatory Commission	Hony. Vice-Chairman
4.	Justice S Dwivedi	EM-1426, Char Imli, Bhopal	Chairman, M. P. Electricity Regulatory Commission	Member

5.	Mr. G P Rao	8-2-588/1, Road No.8, Banjara Hills, Hyderabad	Chairman, A. P. Electricity Regulatory Commission	Member
6.	Justice N N Bhattacharya	P-194, Kalindi Housing Estate, Calcutta-700089	Chairman, W.B. Electricity Regulatory Commission	Member
7.	Shri A R Ramanathan	BL-4, Shalimar Bagh (Pachimi) Delhi – 110052	Member, Central Electricity Regulatory Commission	Hony. Secretary
8.	Shri G S Rajamani	A-2/146, Safdarjung Enclave, New Delhi	Member, Central Electricity Regulatory Commission	Hony. Treasurer

V	Desirous Persons:	We the undersigned are desirous of forming a Society namely, Forum of Indian Regulators, under the Societies Registration Act, 1860, as applicable to National Capital Territory of Delhi in pursuance of this Memorandum of Association of the Society.
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S. No.	Name & Address	Occupation / Membership	Residential Address	Sign.
1.	Prof. S L Rao, Chairman, Central Electricity Regulatory Commission, 5 th Floor, Core-3, Scope Complex, Lodhi Road, New Delhi – 110003	Govt. service/ Chairman, CERC	A-601, Nagarjuna Apartments, Mayur Kunj, Delhi - 110096	Sd/-
2.	Shri S C Mahalik, Chairman, Orissa Electricity Regulatory Commission, Bidhut Niyamak Bhawan, Unit-VIII, Bhubaneswar-751012	Govt. service/ Chairman, OERC	Q. No. Type VII-C/1 Unit No. 1 Bhubaneswar	Sd/-

3.	Shri V S Ailawadi, Chairman, Haryana Electricity Regulatory Commission, SCO 180, Sector 15, Panchkula-134113	Govt. service/ Chairman, HERC	5, Gurudwara Rakab Ganj Road New Delhi – 110001	Sd/-
4.	Justice S Dwivedi, Chairman, MP Electricity Regulatory Commission, EN-1/26, Char Imli, Bhopal	Govt. service/ Chairman, MPERC	EM-1426, Char Imli, Bhopal	Sd/-
5.	Shri G P Rao, Chairman, AP Electricity Regulatory Commission, V Floor, Buddha Bhawan, M G Road, Secunderabad-500003	Govt. service/ Chairman, APERC	8-2-588/1, Road No. 8, Banjara Hills, Hyderabad	Sd/-
6.	Justice N N Bhattacharya, Chairman, West Bengal Electricity Regulatory Commission, P-194, Kalindi Estate, Calcutta-700089	Govt. service/ Chairman, WBERC	P-194, Kalindi Housing Estate, Calcutta-700089	Sd/-
7.	Shri A R Ramanathan, Member, Central Electricity Regulatory Commission, Core-3, Scope Complex, Lodhi Road, New Delhi – 110003	Govt. service/ Member, CERC	BL-4, Shalimar Bagh (Pachimi) Delhi – 110052	Sd/-
8.	Shri G S Rajamani, Member, Central Electricity Regulatory Commission, Core-3, Scope Complex, Lodhi Road, New Delhi – 110003	Govt. service/ Member, CERC	A-2/146, Safdarjung Enclave, New Delhi	Sd/-
9.	Shri J L Bajaj, Chairman, UP State Electricity Regulatory Commission	Govt. service/ Chairman	184, Sector 15-A, NOIDA	Sd/-
10.	Justice D G Karia, Chairman, Gujarat Electricity Regulatory Commission	Govt. service/ Chairman	8/39, Parulnaga Bhugangdev, Char Rasta, Sola Road, Ahmedabad-61	Sd/-
11.	Shri E C Arunachalam, Member, Tamil Nadu Electricity Regulatory Commission	Govt. service/ Member, TNERC	Door No. 5/7, Kamraj Nagar, 4 th Street, Chennai-600094	Sd/-

FORUM OF INDIAN REGULATORS

Rules and Regulations

1. **Name of the Society** : The name of the Society shall be Forum of Indian Regulators.
2. **Membership** : The following shall be the full members of the Society:
 - i) Persons whose names are entered as fellow members on the roll of Members of the Society, maintained for the purpose at the date of the registration of the Society under the Societies Registration Act, 1860 viz. the signatories to the Memorandum of Association.
 - ii) Persons admitted by the Governing Body after such registration of the Society as Fellow Members.
 - iii) Persons admitted by the Governing Body after such registration of the Society as Honorary Members.
 - iv) Regulatory Commissions or authorities established by law admitted by the Governing Body as Institutional Members.
 - v) Institutions and organisations other than Regulatory Commissions or Authorities admitted by the Governing Body as Institutional Members.
 - vi) Former members of Regulatory Commissions or Authorities established by law as Honorary Members.
3. **Admission and qualification of Members** :
 - (1) The following persons shall be eligible for admission as Members:
 - i) Any person who is a member or Secretary of a Regulatory

Commission or Authority established by law shall be eligible for becoming a Fellow Member of the Society so long as he is Member of Regulatory Commission or Authority, established by law in case, such a Regulatory Commission or Authority established by law is an Institutional Member of the Society.

- ii) Any former member or Secretary of a regulatory commission or authority established by law shall be eligible for becoming an Honorary Member of the Society.
 - iii) Any Regulatory Commission or Authority established by law or any organisation connected with public utilities and recognised as such by the Governing Body or an association of consumers and recognised as such by the Governing Body, shall be eligible for becoming an Institutional Member of the Society.
- (2) Admission of any person as a member of the Society shall be at the discretion of the Governing Body who shall record reasons in case the application of any person/institution for membership is rejected.

4. **Subscription :**

- 1) The subscription for membership of the Society shall be payable only by the Institutional Members as under:-

	Fees (Rs)	
Institutional membership		
- Regulatory Commissions or authorities established by law.	1,00,000	Annual
- Consumer Associations	1,000	Annual
Academic/Research Institutions	10,000	Annual
-Other institutions	1,00,000	Annual

- 2) The annual subscription shall be payable in advance at the

commencement of the financial year.

- 3) No subscription fee shall be payable by the members/Secretaries and the former members/Secretaries of the Regulatory Commission or Authority established by law, who are admitted as Fellow Members or Honorary Members respectively of the Society.
- 4) The Governing Body of the Society may in its discretion relax the condition of mode and the time of payment in any particular case.

5. **Cessation of Membership :**

A person shall cease to be the member of the Society in the following circumstances:

- i) On ceasing to be eligible for the membership of the Society.
- ii) On failure to pay the prescribed subscription within 3 months of its becoming due, and the Governing Body of the Society passes a resolution to that effect.
- iii) On death, insanity, bankruptcy or conviction by a court of competent jurisdiction for an offence involving moral turpitude in case of individuals and on winding up/dissolution of the organisation in case of Institutional Members.
- iv) On acceptance by the Governing Body of resignation, submitted to it in writing.
- v) When the Governing Board is satisfied that the person concerned has acted in a manner prejudicial to the interests of the Society and passes/adopts a resolution to that effect.

6. **Appeals and re-admission of Members :**

A person who has ceased to be a member of the Society by virtue of provisions of Rule 5 hereinbefore, may appeal within 30 days of such cessation to the Governing Board who may re-admit the said person as a Member subject to such conditions as may be specified.

7. Rights and Privileges of Fellow Members :

- (i) To participate in the proceedings of the General Body.
- (ii) To participate in the election of the Governing Body and vote on all matters brought before General Body.
- (iii) To requisition special meeting of the Governing Body if he is a Member thereof or the General Body in accordance with procedure laid-down under Rule 10(ii) herein below.
- (iv) To be eligible for election to the Governing Body of the Society.

8 (a) Rights and Privileges of Associate and Institutional Members :

- i) To participate in the proceedings of the General Body.
- ii) to requisition special meeting to the General Body in accordance with procedure laid-down under Rule 10(ii) herein below.
- iii) To place before the General Body, any proposal for consideration and decision in accordance with the provisions of Rules and Regulations.
- iv) To vote on all matters being considered by the General Body, except the matters relating to election to the Governing Body, the
- v) amendment of Memorandum of Association and Rules and Regulations of the Society and the dissolution of the Society.

(b) Honorary Members may only attend Meetings of the General Body.

9. General Body :

The supreme authority of the Society shall be vested in the General Body. The General Body shall be composed of all the Members as per Register of Members. It shall meet at least once a year in the month of June. It shall exercise the following functions:

- i) To consider the annual report of the Society.
- ii) To appoint members of the Governing Body.
- iii) To receive and adopt accounts.
- iv) To appoint auditors.
- v) To approve the budget for the ensuing year.
- vi) To consider any other business brought before it.

10. Notice of Meeting and periodicity of Meeting :

i) The Annual Meeting of the General Body of the Society shall be called by the Chairman of the Society in the month of June every year at New Delhi after giving at least twenty one days notice of the date, time, place and the general nature of business that may be discussed at such meeting and shall transact the following business:-

- a) Election of Governing Board of the Society every year.
- b) Consideration of the Annual Report.
- c) Consideration of the balance sheet and the audited accounts for the previous year.
- d) Appointment of the Auditors for the ensuing year and fixing their remuneration.
- e) Approval of the budget for the ensuing year.
- f) Other business on the agenda, and
- g) Such other business as may be brought forward with the permission of the Presiding Officer.

ii) The Chairman of the Society may of his own accord and shall, if required to do by requisition in writing, signed by not less than 10% of the total strength of the Members of the Society, call after notice of at least 21 days, a special meeting of the General Body.

iii) The Chairman or in his absence the Sr. Vice-Chairman or the Vice-Chairman, and in the absence of Chairman/Sr. Vice-Chairman/Vice-

Chairman any other member to be elected by those present, shall preside over the meeting of the General Body.

iv) 1/3rd of the total Members of the Society eligible to vote shall form a quorum for any meetings of the General Body. If the required quorum is not available within half-an-hour the meeting shall stand adjourned for another half-an-hour on the same day and no quorum shall be necessary for such an adjourned meeting.

v) No business other than business included in the notice convening the meeting shall be discussed in the meeting, except with the permission of the Presiding Officer.

vi) Every question shall be decided by the General Body by majority of those present and voting. Every Fellow/Honorary Institutional Member of the Society shall have one vote. In case of equality of votes, the Presiding Officer shall have a casting vote. The Institutional Members shall have one vote each, which can be exercised by any person nominated by such Institutional Member.

Provided that the individuals admitted as the Institutional and Honorary Members shall not be eligible to vote on election to the Governing Body.

Provided further that the voting by proxy shall not be permissible in the meetings of the General Body or on matters relating to amendment of the Memorandum and Rules and Regulations.

11. **Governing Body :**

1) The management of the affairs of the Society shall be entrusted to the Governing Board, composed of -

- i) Hony. Chairman
- ii) Hony. Senior Vice-Chairman
- iii) Hony. Vice-Chairman
- iv) Members (Three)

- v) Hony. Secretary
- vi) Hony. Treasurer

2) The office-bearers and other members of the Governing Body shall be elected in its Annual General Meeting from amongst the Fellow Members of the Society.

3) The election shall be by secret ballot of the Fellow Members.

4) The term of office of the elected members of the Governing Body shall be two years.

Provided that half of the members of the Governing Body shall retire every year. Such half of the members of the first Governing Body shall retire under this clause after one year as may be decided by the Governing Body of the Society.

5) The office-bearers and other members of the Governing Body shall be eligible for re-election,

Provided that the Hony. Chairman shall not be eligible for re-election to the respective office after expiry of two consecutive terms.

6) Any casual vacancy amongst the members of the Governing Body, arising from death, resignation, etc. may be filled by co-option by the Governing Body and the member so co-opted shall hold office for the unexpired portion of the term of office of the member causing the vacancy.

7) The Governing Body shall function notwithstanding any vacancy therein and notwithstanding any defect in its constitution and no act or proceedings of the Governing Body shall be invalid by reason only of the existence of any vacancy amongst its members or any defect in its constitution.

8) The quorum of the meeting of the Governing Body shall be 1/3rd of its total membership.

9) The meetings of the Governing Body shall be called at least with 10 days notice in writing or at shorter notice if agreed to by all the members.

10) Each member of the Governing Body will have a vote and the Chairman will have second casting vote in the event of tie.

12. Secretariat for the Governing Body :

The Secretary and Assistant Secretary of the Central Electricity Regulatory Commission shall function as Executive Secretary and Executive Treasurer of the Society respectively. There shall be one Executive Joint Secretary representing each of the Eastern, Western and Southern zone as may be appointed by the Hony. Vice-Chairman/Hony. Secretary/Members elected on the Governing Body of the Society from the concerned zone. These officials shall perform the functions assigned to them by the Governing Body from time to time.

13. Powers and functions of the Governing Body :

- 1) Subject to the general control and directions of the General Body, the Governing Body shall be responsible for the management and administration of the affairs of the society in accordance with these Rules and Regulations and shall exercise all powers which may be necessary of expedient for the purpose of achieving the aims and objects of the Society.
- 2) Without prejudice to the generality of the powers conferred by the foregoing sub-rule, the Governing Body shall have the power –
 - i) to prepare and execute detailed plans and programmes for furtherance of the aims and objects of the Society;
 - ii) to prepare, approve and execute the budget for three months (April to June) of a financial year, pending approval of budget for the entire financial year by the General Body in its annual meeting to be called in the month of June.
 - iii) to receive, to have custody of and to expend the funds of the Society;

- iv) to appoint and control such staff as may be required for the efficient management of the affairs of the Society;
- v) to enter into agreement for and on behalf of the Society;
- vi) to institute and defend legal proceedings by and on behalf of the Society;
- vii) to appoint committees for disposal of any business of the Society or for advice in any matter pertaining to the Society;
- viii) to take decisions on applications for membership,
- ix) to attend to any other business referred to it by the General Body of the Society.

3) The Governing Body shall take decisions on the basis of a majority of the members with voting rights voting in favour of the proposal. In the event of a tie, the Chairman shall be able to exercise a second casting vote.

14. Powers and duties of Office-Bearers :

1. Chairman –

- i) To preside over the meetings of the General and the Governing Body or any of the Committees of the Society,
- ii) To have a second casting vote, in the event of equality of votes in the meeting of the Governing Body.
- iii) To direct the Secretary to convene annual and special meetings of the Governing and General Body, on the dates fixed.

2. Sr. Vice-Chairman/Vice-Chairman -

In the absence of the Chairman, the Sr. Vice-Chairman and in the absence of both the Chairman and the Senior Vice-Chairman, the Vice-Chairman shall discharge all the duties and functions of the Chairman.

3. Members –

The Members will participate in all meetings of the Governing Body and will be entitled to place any matter for consideration before the Governing Body in accordance with the Rules and Regulations of the Society.

4. Secretary -

The duties and powers of the Secretary shall be –

- i) To execute the decisions of the Society in the General Body meeting or the meetings of the Governing Body.
- ii) To maintain the record of proceedings of the General Body and the Governing Body of the Society in the minute book.
- iii) To enter into correspondence with the members and outside agencies, on behalf of the Society.
- iv) To convene and arrange for the meetings of the General Body and the Governing Body.
- v) To prepare annual report of the Society and present it before the Annual General Body meeting of the Society after approval by the Governing Body.
- vi) To maintain a complete and up-to-date list of the members of the Society, category-wise.
- vii) To exercise the general supervision over the servants/ employees of the Society.
- viii) To place before the Governing Body all proposals regarding the management of the affairs of the Society.
- ix) To perform any other function assigned to him by the Governing Body of the Chairman of the Society.

5. Treasurer -

It shall be the duty of the Treasurer –

- i) To receive on behalf of the Society all money due to it and deposit the same in the bank account of the Society as soon as possible.
- ii) To maintain up-to-date accounts of the Society.
- iii) To prepare the annual budget of the Society for approval of the Governing Body and the General Body.
- iv) To maintain accounts of subscription received from the members and the details of members, if any, in default of payment of subscription.
- v) To disburse payments authorised by the Governing Body.
- vi) To render necessary assistance to the auditors appointed by the Governing Body in preparation of balance sheet and annual statement of accounts.

15. Source of Income – Utilisation of Funds :

1) Sources of Income

- i) Subscription received from the members.
- ii) Grants in aid received from the Government or any nation/ international agency.
- iii) Sale of publications, etc.

2) Utilisation of funds :

The income of the Society shall be applied solely towards the promotion of the objectives of the Society and no portion of it shall be paid or transferred to the present or past members of the Society.

Provided that nothing herein contained shall prevent the payment made in good faith of reasonable and proper remuneration to any employee of the Society nor shall prevent payment of interest at appropriate rates or payment of reasonable or proper rents for premises let out to the Society.

16. Finalisation of Accounts:

The Accounts of the Society shall be finalised every year on 31st March and shall be approved by the Governing Body before placing the same before the General Body alongwith the report of the auditors.

17. Audit of Accounts :

The accounts of the Society shall be maintained by the Hony. Treasurer and shall be audited once every year by Auditors appointed by the General Body of the Society who shall be a Chartered Accountant, provided that the first Auditor shall be appointed by the Governing Body who shall hold office till the conclusion of the 1st Annual General Meeting.

18. Operation of Bank Account :

The funds of the Society shall be kept in any scheduled bank in savings/ current/fixed deposit accounts. The accounts shall be operated by the persons specifically authorised by the Governing Body by passing/adopting a resolution.

19. Legal Proceedings :

The Society may sue or may be sued in its name, through its Hony. Chairman or the Hony. Secretary.

20. Amendments :

Any amendment in Memorandum of Association or Rules and Regulations shall be carried out in accordance with the procedure laid down under Section 12 of the Societies Registration Act 1860.

Provided that only the Fellow Members shall be eligible to participate in

the proceedings for amendment of the Memorandum of Association and the Rules and Regulations of the Society.

21. Dissolution :

If the Society need to be dissolved, it shall be dissolved as per the provisions laid-down under Sections 13 and 14 of the Societies Registration Act, 1860 as applicable to National Capital Territory of Delhi.

Provided that only the Fellow Members shall be eligible to participate and vote in the proceedings for dissolution of the Society.

22. Disposal of Assets :

If on dissolution of the Society, there remain, after the satisfaction of all its debts and liabilities, any assets/property whatsoever, the same shall not be paid to or distributed among the members of the society or any of them, but shall be given to some other society which has similar aims and objects as the Forum of Indian Regulators to be determined by votes of not less than 3/5th of the Fellow Members present personally at the time of dissolution of the society or in default thereof by such court as per Section 14 of the Societies Registration Act 1860.

23. Application of the Act :

All the provisions of the Societies Registration Act 1860 as applicable to the National Capital Territory of Delhi shall apply to the Society.

24. Essential Certificate :

Certified that this is the correct copy of the Rules and Regulations of the Society.

Sd/-
HONY. CHAIRMAN

Sd/-
HONY. SECRETARY

Sd/-
HONY. TREASURER

Schedule-III

THAKUR, VAIDYANATH AIYAR & CO.

Chartered Accountants
New Delhi, Mumbai, Kolkata, Chennai,
Patna, Hyderabad and Chandigarh

221-223, Deen Dayal Marg,
New Delhi –110002.

Phones : 011-23236958-60, 23237772

Fax : 011-23230831

E-mail : tvand@vsnl.com

tvande@rediffmail.com

AUDITORS' REPORT

To the Members of FORUM OF INDIAN REGULATORS

We have audited the attached Balance Sheet of Forum of Indian Regulators as at 31st March 2006 and also the income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Society. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by society, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with Accounting Policies and Notes to Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Society as at 31st March, 2006; and
- b. in the case of the Income and Expenditure Account, of the Surplus for the year ended on that date.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

Place: New Delhi.
Date: 5. 6. 2006

Sd/-
(M.P. Thakur)
Partner

FORUM OF INDIAN REGULATORS

Income and Expenditure Account For the year ended on 31st March, 2006

	Current Year (Rs.)	Previous Year (Rs.)
INCOME		
Member's Subscription	2,800,000.00	2,272,500.00
Interest on FDR (including TDS Rs. 24,362/-P.Y. Rs. 17,401)	287,648.00	170,585.00
Interest on SB A/c & Others	125,425.00	117,012.00
	<u>3,213,073.00</u>	<u>2,560,097.00</u>
EXPENDITURE		
Contribution to FOR	1,000,000.00	-
Meeting Expenses	595,137.00	660,902.00
Traveling & Conveyance	14,814.00	12,024.00
Postage & Stamps	5,005.00	29,933.00
Printing & Stationery	3,960.00	3,352.00
Honorarium	20,000.00	20,000.00
Miscellaneous Expenses	3,096.00	1,739.00
Audit Fee	16,836.00	11,200.00
Membership Fee	21,020.00	-
Website Expenses	13,018.00	-
Advertisement Expenses	69,132.00	-
	<u>1,762,018.00</u>	<u>739,150.00</u>
Surplus for the year	<u>1,451,055.00</u>	<u>1,820,947.00</u>
Amount transferred to Research, Training & Information fund	970,000.00	1,438,000.00
Balance of Surplus transferred to Balance Sheet	481,055.00	382,947.00
Total	<u>1,451,055.00</u>	<u>1,820,947.00</u>

As per our Report of even date

For Thakur, Vaidyantha Aiyar & Co.
Chartered Accountants

Sd/-

(M.P. Thakur)
Partner

Sd/-

Hony.
Chairman

Sd/-

Hony.
Secretary

Sd/-

Hony.
Treasurer

Place: New Delhi

Date: 5.6.2006

FORUM OF INDIAN REGULATORS
Balance Sheet as at 31st March 2006

	Schedule	As at 31.3.2006	As at 31.3.2005 (Rs.)
SOURCES OF FUNDS			
Research, Training & Information Fund	1	6,199,874.00	5,553,200.00
Seminar & Symposium Fund		275,000.00	275,000.00
As per list account			
Income & Expenditure A/c	2	2,493,236.00	2,012,181.00
Current Liabilities			
Expenses Payable		41,735.00	291,200.00
Other liabilities		18,139.00	
Total		9,027,984.00	8,131,581.00

APPLICATION OF FUNDS

Investments

In Fixed Deposits with Nationalized Banks	3	6,563,117.00	3,404,354.00
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Current Assets, Loans & Advances

Current Assets

Interest accrued on Fixed Deposits		226,254.00	130,619.00
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Cash & Bank Balances

Cash in Hand		3,513.00	4,137.00
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Balance in Savings A/c with Nationalized Bank		2,157,810.00	4,557,682.00
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Loans & Advances

Advances Recoverable		18,139.00	
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Tax Deducted at Source		59,151.00	34,789.00
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Total		9,027,984.00	8,131,581.00
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Accounting Policies as per Schedule 4 attached

As per our Report of even date

For Thakur, Vaidyantha Aiyar & Co.
Chartered Accountants

Sd/-
(M.P. Thakur)
Partner

Sd/-
Hony.
Chairman

Sd/-
Hony.
Secretary

Sd/-
Hony.
Treasurer

Place: New Delhi

Date: 5.6.2006

FORUM OF INDIAN REGULATORS

	As at 31.3.2006	As at 31.3.2005 (Rs.)
SCHEDULE – 1		
Research, Training & Information Fund		
As per last account	5,553,200.00	4,415,200.00
Add: Transfer from Income & Expenditure A/c	970,000.00	1,438,000.00
	<u>6,523,200.00</u>	<u>5,853,200.00</u>
Less: Amount utilized for research during the year	323,326.00	300,000.00
	<u>6,199,874.00</u>	<u>5,553,200.00</u>

SCHEDULE – 2		
Income & Expenditure A/c		
Opening balance	2,012,181.00	1,629,234.00
Add: transfer from Income & Expenditure A/c	481,055.00	382,947.00
	<u>2,493,236.00</u>	<u>2,012,181.00</u>

SCHEDULE – 3		
Fixed Deposits with Nationalized Bank		
Fixed Deposits with Bank of India	4,063,117.00	3,404,354.00
Fixed Deposits with Indian Bank	2,000,000.00	
Fixed Deposits with Corporation Bank	500,000.00	
	<u>6,563,117.00</u>	<u>3,404,354.00</u>

SCHEDULE – 4 **Accounting Policies**

1. Accounts are drawn up generally on accrual basis except Member's Subscription.
2. Investments are valued at cost.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

Sd/-
(M.P. Thakur)
Partner

Sd/-
Hony.
Chairman

Sd/-
Hony.
Secretary

Sd/-
Hony.
Treasurer

Place: New Delhi
Date: 5.6.2006