

JAMMU AND KASHMIR
STATE ELECTRICITY REGULATORY COMMISSION



ANNUAL REPORT
2008-09

**ANNUAL REPORT
OF
JAMMU AND KASHMIR
STATE ELECTRICITY REGULATORY COMMISSION
FOR THE YEAR 2008-09**

1. The Jammu and Kashmir State Electricity Regulatory Commission constituted under J&K SERC Act 2000, continued to function as a single member Commission with Shri K.B. Pillai as Chairperson during the year.

2. **Staff:-**

i) Secretary: - Sh. D.S. Tara, continued as Secretary during the year.

ii) Superintending Engineer: - Sh. S.K. Kakroo joined the Commission on September 18, 2008 on transfer to Commission in place of Sh. Chering Dorjey.

iii) Deputy Secretary (Law): - Smt. Renu Mahajan continued on the post.

iv) Accounts Officer:- Sh. D.R. Salgotra continued on the post.

iv) Private Secretary: - Sh. B.S.Chib continued on the post.

v) Junior Assistant:- K.K Pandita continued on the post.

vi-viii) The posts of (a) Steno-cum-Computer Operator, (b) Computer Operator and (c) Receptionist-cum-Telephone Operator referred to SSRB for recruitment for filling the post on regular basis in June 2006 The recommendations of SSRB are still awaited. Accordingly, the period of contractual appointments made for Steno-cum-Computer Operator and Computer Operator was extended on the authorization of General Administration Department (GAD).

- ix) Supporting Staff for Accounts Section: - The services of S. Balvinder Singh Accountant placed with the Commission (a request) by the Finance Department on a regular from the Commission for making the Accounts Section Functional, continued during the year.
3. **Technical Consultant**: - Sh. H.S. Gupta, Technical Consultant continued on contractual basis during the year in absence of sanction of regular staff.
4. **Additional Staff**: - The proposal for creation of additional Technical/Legal /Economic/Administrative submitted to Govt. on 03-11-2006 but sanction for creation of these posts is yet awaited.
5. **Following Regulation / Notification were issued by the Commission during the year:-**
- i) Jammu & Kashmir State Electricity Regulatory Commission (Security Deposit) Regulation-2008.
 - ii) Jammu & Kashmir State Electricity Regulatory Commission (Consolidated Amendment) Regulation-2008.
 - iii) Open Access in Intra-State Transmission & Distribution Charges for year 2008-09.

The Commission issued on 04/02/2009 a new set of formats for filing Generation Tariff petition.

The Commission issued the following Tariff Orders during the 2008-09:-

- i) Retail Distribution Tariff for FY 2008-09 on 12-09-2008 for J&K State Power Development Department.
- ii) Generation Tariff for FY 2008-09 on 31-03-2009 for J&K State Power Development Corporation Ltd.

6. State Advisory Committee: - In pursuance section 13 of Jammu and Kashmir State Electricity Regulatory Commission Act 2000 read with sub-regulation 56 (4) of J&K SERC (Conduct of Business) Regulation – 2005, notification for reconstitution of the State Advisory Committee was issued on March 6, 2009 with the following composition:-

- 1/. Chairperson of the Commission - Chairperson Ex-officio.
- 2/. Administrative Secretary (or his nominee) of the Power Development Department Government of Jammu and Kashmir.
- 3/. Administrative Secretary (or his nominee) of the Consumer Affairs and Public Distribution Department Government of Jammu & Kashmir.
- 4/. A nominee of State Consumer Protection Council.
- 5/. Dr. Mubeen Shah President, Kashmir Chamber of Commerce & Industry, Srinagar.
- 6/. Shri Devinder Mahajan President, Bari-Brahmana Industries Association, Jammu
- 7/. Shri. Devinder Verma President Kathua Industries Association, Kathua
- 8/. Shri. S.Shakeel Qalander, President Fed. Chamber of Industries, Kashmir.
- 9/. Shri. Ram Sahai President, Commerce & Industries, Jammu
- 10/. Sh. Bashir Ahmed Dar, Director Agricultural Department, Srinagar.
- 11/. Shri. Nissar Hussain Qadri New Colony Nagin, Hazartbal, Srinagar-190006
- 12/. Shri. Ghulam Nabi Bhat, General Secretary KMDA, Srinagar.
- 13/. Shri Vikramjit Gour member, 75/7 Trikuta Nagar, Jammu
- 14/. Shri. D.R. Danish Member State Consumer Protection Council, Jammu
- 15/. Shri Shiv Kumar Sharma, President, Indian National Trade Congress Union, Jammu.
- 16/. Shri. Sonam Dawa, Advisor, Ladakh Ecological Development Group, Leh.
- 17/. A nominee of Director National Institute of Technology, Srinagar.

Secretary to the Commission is to be the Secretary of the Committee.

7. Quarterly Progress Monitoring Meetings:-

In pursuance to clause 10.28 of the Tariff Order FY 2007-08 and also Tariff Order FY 2008-09, the quarterly review meetings for monitoring the progress report for implementation of various directives issued in the said Tariff Orders were convened. The first meeting was held with the distribution utility viz Power Development Department on December 02,

2008. The information submitted by the utility was not relevant to the directives of the tariff orders and the utility agreed to rectify the data / information and submit the relevant information before next quarterly review meeting.

The 2nd quarterly review meeting was convened on February 4, 2009 after many postponements on the request of the utility. This time also the utility failed to submit the progress report and meeting could not be held.

8. Court Cases: -

(a) Bari-Brahaman Industries Association and Small Scale Industries Association Gangyal had filed two petitions in the J&K High Court for quashing the Tariff Order FY 2007-08 issued on 31-03-2007. The last hearing in the case was held in the last week of March 2008 and the J&K High Court in its judgment upheld the Commission's Tariff Order dated 28-03-2007 and dismissed the petitions.

(b) M.E.S. has filed a writ petition in J&K High Court against the tariff order for 2008-09. The Commission has engaged a Senior Advocate to represent the Commission during the hearings.

9. Power Purchase Plan: - As per J&K SERC (Terms and Condition for Determination of Distribution Tariff) Regulation-2005, the scheduled date for submission of energy and power procurement plan is September 30 every year. The utility (PDD) submitted power procurement plan on November 20, 2009 for procurement of 10238 MU at cost of Rs. 2151.209 crores.

10. Petition for ARR / Tariff Determination for FY 2008-09:-

The utility filed ARR/Tariff determination petition for FY 2008-09 on February 7, 2008. The scrutiny of the petition revealed that the petition was merely for the approval of ARR and not for the determination of tariff

whereas the Commission is mandated to determine the tariff of electricity every year and the approval of ARR is incidental to it only. Data on the prescribed forms, status of activities in compliance to directives issued in the Tariff Order for FY 2007-08, achievements with regard to bench marks etc were not submitted in the petition. Further, there were many mistakes, deficiencies and short-comings in the petition. A deficiency note was sent to the petitioner and meeting was convened with the utility on 27-03-2008 to discuss the short comings and to expedite submission of the revised petition.

The utility filed a revised petition on April 9, 2008. Along with this revised petition, the utility submitted an application praying to allow the utility to continue operating the tariff for 2007-08 till ARR and tariff order for FY 2008-09 was approved by the Commission, on the ground the Commission would take some time to process the petition while as the utility had to raise the bills and recover electricity charges from the consumers. The Commission after having examined the application, was of the view that since the utility had to continue to supply electricity to consumers even after March 31, 2008, tariff was to be collected from the consumers. Therefore, Commission in pursuance to of regulation 74 of the J&K SERC (Conduct of Business) Regulation-2005, authorized the utility to continue to raise the bills even after March 31, 2008 subject to the condition that subsequent to the issue of the tariff order for 2008-09, the utility would adjust excess or short fall if any in the bills served subsequently to the consumers. This was also subject to be decision of the J&K High Court in the petitions challenging the tariff order 2007-08.

The tariff petition was admitted on April 10, 2008. A summary of tariff petition was approved and the utility was asked to publish the same in leading newspapers of the State as a public notice inviting responses / suggestions / objections on the ARR/Tariff proposal. The public notice (the summary of the petition) appeared in Greater Kashmir, Srinagar, Daily

Excelsior, Jammu, Daily Kashmir Times, Jammu and Daily Aftab, Srinagar.

Shri S.R.S Madani, Srinagar and Shri Vikranjit Gour, Jammu were nominated to represent / watch of the interests of consumers during the public hearings at Srinagar and Jammu respectively.

11. **The meeting of State Advisory Committee:** - A meeting of State Advisory Committee was held on May 29, 2008 at Jammu to deliberate on the tariff petition for FY 2008-09. The meeting was chaired by the Chairman of the Commission who is also ex-officio Chairman of the Committee. Members of the SAC, officers of the utility and SPDC attended the meeting. Objection / suggestion raised and discussed during the meeting related to the low generation by state owned power houses, low exploitation of hydel-resources, transfer of Salal / Uri power station to the state, modification of Idus-water treaty, poor quality / unreliable power supply minimum consumption guarantee demand charges, high electricity duty, levied in the state etc. The utility replied to all the responses / objections / suggestions during the meeting. Chairman SAC shared details of the various steps taken by State and Central governments in exploiting hydel-potential in the State.

12. **Public Hearing:** - Public hearing process is for understanding the reaction of the consumers to the proposals contained in the tariff petition filed by the utility. This process is to encourage transparent and participative approach in hearing the views and problems which is a necessary input requirement for determination of tariff. Twenty written responses were received from the stakeholder / consumers against the public notice. These suggestion / observation of the responses were processed by the utility and submitted the replies to the Commission. Public hearings were held in Srinagar on May 31, 2008 and in Jammu on June 2, 2008 (as per schedule notified in the public notice). Besides the respondents who had

already submitted their written responses, the Commission also allowed persons who had not submitted written responses but attended the meeting.

The utility explained / replied to these responses. The Commission also gave its responses / observations of these issues. During FY 2007-08, energy consumption was 8656 MU against 7947 MU approved by the Commission, cost of purchase of energy was Rs. 1909.18 crores against on Rs. 1697.60 approved in tariff order 2007-08, revenue realization was Rs. 779 crores (paisa 90 per unit) against Rs. 802.40 crores (paisa 10 / per unit) were 49.83% against approved figures of 46.7%.

After the scrutiny of the petition FY 2008-09, the Commission approved purchase of 8674 MUs (including self – generation of 17.94 MU) at a cost of 1901.18 crores as against the request in the petition for 9028.9 MUs at cost of Rs. 1962.73 crores. The revenue realization for year was fixed at Rs. 882.91 crores. The gap between annual revenue requirement and gross revenue was placed at Rs. 1421.39 crores. T&D losses were projected at 49.00%.

The ARR/ Tariff order for FY 2008-09 was approved and issued on September 12, 2009. The delay in issue of tariff order was due to offices not functioning for almost two months in Jammu.

- 13. Application for grant of extension to file ARR / Tariff petition for FY 2009-10:-** As per J&K SERC (Terms and Condition for Determination and Distribution Tariff) Regulation-2005, the scheduled date for filing petition for determination of tariff for FY 2009-10 was November 30, 2008. However, the utility submitted an application on November 28, 2008 praying for grant of extension upto February 28, 2009 for filing the ARR / Tariff petition for FY 2009-10. The utility submitted another application on February 28, 2009 praying for further extension in time to file the petition

upto March 31, 2009. It was stated that the utility had prepared a draft tariff proposal for FY 2009-10 with the assistance of a consultant and was to be submitted for getting Government's approval.

The Commission vide Order No. J&K/SERC/ 20/ 2009 dated March 23, 2009 rejected both applications on the ground that method of drafting ARR and tariff petition to be adopted by the utility to obtain required approvals before submitting the same to the Commission is internal to be working of the utility. The utility having known the scheduled date as provided in the J&K SERC (Conduct of Business) Regulation – 2005 should have taken advance action to complete various formalities rather than to approach the Commission for changing the scheduled dates for filing the ARR / Tariff petition. Accordingly the Commission was the view that was no justification to give time upto March 21, 2009 for filing the tariff petition which formed the basis for tariff to effective from April 01, 2009.

14. **Generation Tariff:** - The state owned generation utility viz Jammu & Kashmir State Power Development Corporation (JKSPDC) had not got its generation tariff approved by the Commission even though the J&K SERC (terms & condition for determination of hydro generation tariff order) Regulation was issued during 2005. Besides, JKSPDC was required to file its petition for approval of ARR / determination Tariff for FY 2008-09 by November 30, 2007. However, the JKSPDC submitted the same on December 20, 2008. The Commission noticed several gaps/ inconsistencies and issued a deficiency note to the utility. The Commission held a meeting with JKSPDC on February 5, 2009 to impress upon the utility to furnish additional information etc. Ultimately the petition was admitted on February 5, 2009.

The draft summary of petition submitted by the utility. The same was scrutinized and approved by the Commission on February 13, 2009

and the utility was directed to issue public notice to invite comments / objections / suggestions from the consumers / stake holders. The public notice appeared in Amar Ujala, Jammu dated February 16, 2009, Srinagar Times / Greater Kashmir dated February 17, 2009 and Daily Excelsior dated February 18, 2009.

The Commission received three written responses to the public notice. The objections/ suggestions were concerning, exorbitantly high cost of projects, cost and time over runs, low generation in the State's Power Stations, under exploitation hydel potential in the State; inefficient planning / poor management in execution of the projects, exclusion of cost of land and sub-stations for project cost, non-provision of the break up cost in the petition, the cost of generation for the state owned power houses being arbitrarily approved at high levels, JKSPDC without a cadre of own staff etc.

After scrutiny, the Commission issued the Generation Tariff Order for FY 2008-09 for J&K SPDC on March 31, 2009.

- 15. Consumer Complaints:** - During the year, the Commission received a number applications / petitions from the consumers for redressal of grievances / complaints. In the absence of a Consumer redressal forum and Ombudsman (which are provided in other states under the Central Electricity Act, but are not available under the J&K SERC Act.) the Commission had to deal with these complaints. The Commission disposed of the following:-
- i) Application from Himalyan Minerals Jammu complaining against the non-application of contract demand provisions of tariff order 2007-08 for billing. The matter was deliberated during quarterly review meeting held on November 11, 2008, when the utility was directed to implements tariff order strictly to redress the consumer complaint.

- ii) Application from M/s Asia Sripati Hotel (Pvt) Ltd Katra complaining against discrepancies in the bills and non-application of contracted load provisions. The utility was directed for the needful as per tariff order.
- iii) Application from M/s Hotel Devi Grand Katra- complaining against wrong bills and improper application of tariff. The utility was directed to implement the tariff order strictly to resolve the consumer grievances.
- iv) Application from M/s Sat Pal S/o Sh. Babu Ram Raghunath Pura, Jammu complaining against wrong / highly inflated bills. The utility was directed to charge on the average consumption based on six months period prior to or after the disputed period.
- v) Application of M/s Bari-Brahmana Industries Association Jammu complaining against long power distribution due damages of transformers, switch gear and non-provision of rebate there of, non-stabilization of power supply etc. Directions for strict implementation the tariff orders were issued. The utility agreed to provide rebate for such power disruptions as per tariff order and indicated the time frame for stabilization for power supply in Bari-Brahamana Industrial Area.
- vi) Application of Central Mahajan Sabha, Jammu complaining against unfair and un-healthy attitude of utility in replacing the damaged meters etc. The utility was asked to go by the J&K Electricity Act and Rules resolve the issue.
- vii) Application of M/s Jammu and Kashmir Milk Producer Co-Operative Ltd. complaining against inflated billing etc. The utility was directed to ensure strict implementation of the tariff order.

16. The Commission's other activities: - The Commission was provided with following budget allocation for FY 2008-09:

Plan	:	Rs. 47.00 lacs
Non – Plan	:	Rs. 36.82 lacs

The Commission, during the FY 2008-09, earned a revenue of Rs. 7.34 lacs. The revenue was earned in the form of petition fee, tender processing fee and sales of copies of Commission's Regulation & Tariff

Orders etc. In the absence of a provision under the J&K SERC Act to create a SERC Fund, such income is being credited to the Government's account.

The office building for the Commission is being constructed by the Public Works (Road and Building) Department, Jammu. Plan funds are placed with the Chief Engineer, PWD from time to time, but the progress of construction is extremely slow. It is apprehended that this may lead to significant time and cost overruns. Meanwhile, Commission continues to function from the temporary accommodation in the PDC Complex at Satwari, Jammu.

17. The Commission continued to correspond with State Government on various matter, which include:

- i) Issue of Notification under section 8(2) of the J&K SERC Act.
- ii) Creation of additional staff as proposed vide Commission letter dated 03-11-2006.
- iii) Release of funds for construction of office building.

18. The Chairperson participated in meetings of Forum of Regulators and the Forum of Indian Regulators, representing the State Commission

**Jammu
Date:**

**Secretary
J&K State Electricity Regulatory Commission
Jammu**