

Electricity Regulators from all over the country met on 30th January, 2009 at Chennai for discussion on critical issues facing the power sector. This meeting of the Forum of Regulators (FOR) was presided over by Dr Pramod Deo, Chairperson of Central Electricity Regulatory Commission (CERC). FOR is a statutory body headed by Chairperson of CERC and where Chairpersons of State Electricity Regulatory Commissions (SERCs) are Members. The Forum after detailed deliberations arrived at consensus on the following important issues:

Renewable sources of energy - which is environmental friendly and green energy - should be promoted, the Forum reiterated and evolved consensus on the obligation for every distribution company to purchase minimum 5% from the renewable sources of energy in line with the National Action Plan on Climate Change.

- While Tamil Nadu has already fixed the renewable purchase obligation (RPO) at 10%, the same is not true for all other States, primarily because of non-availability of adequate renewable sources of power in such States.

- To overcome this constraint and to ensure that the States with inadequate renewable sources are able to meet the purchase obligation, the Forum agreed on the concept of Renewable Energy Certificates (RECs) which could be issued to the renewable generators in other States rich in renewable sources. The RECs can then be purchased by the entities to meet their renewable purchase obligation. The detailed procedure for operation of RECs would be worked out by the Forum in due course.
- With every State Commission fixing the RPO and the concept of REC being in place, the investment in renewable generation would be incentivized. While fixing such purchase obligation, however, the impact on average power purchase cost would also be assessed.
- Support price (in the form of preferential tariff) should be ensured to the developers during the loan period of 10-12 years, after which they should be encouraged to compete among themselves.

Given the shortage of supply of electricity in the country, there is a tendency on the part of the licensees to draw electricity from the grid more than their entitlement. This endangers grid operation and should be discouraged. The Forum reiterated the need for planning for short-term

procurement of power in line with the format suggested by CERC.

The tariff for consumers should be fixed by the regulatory commissions based on norms for controllable parameters (like capital expenditure, Operation and Maintenance expenses, distribution losses etc.). Actual performance against the norms should be reviewed every year, and efficiency gains should be shared with the consumers. Losses for under-achievement of the normative level of performance would have to be borne by the distribution companies.

- The cost for uncontrollable parameters (like power purchase cost, interest rates etc) should be allowed to be passed through in tariff.**
- The Forum agreed on a template for controllable and uncontrollable factors which would be used by States to define the multi-year tariff (MYT) principles.**
- In order to ensure quality of service, the distribution companies would be required to achieve the target supply and network availability to be set by the Commission, failing which there would be reduction of return on equity of 0.1% for underachievement of every 1% of the target availability.**

Open access, that is, the choice to consumers to choose their suppliers is an important feature of the Electricity Act, 2003 which seeks to promote competition in the electricity sector and in turn to bring efficiency gains for consumers.

- The Forum deliberated on the constraints and irritants in the path of implementation of this framework.
- SERCs, State Load Despatch Centers (SLDCs) and Distribution licensees have to play their respective roles in line with the Act. SLDCs were found to be the weakest link in the chain and the Forum took several decisions to ensure independence of the SLDCs.
- Consensus was also evolved on standby arrangements for open access consumers in the event of failure of their suppliers to supply power.

வெளியீடு, இயக்குநர்.
செய்தி, மக்கள் தொடர்புத் துறை.
தலைமைச் செயலகம், சென்னை-8

4/4