

# Forum of Regulators Digest

## Message From Chairperson

*I have great pleasure in presenting the first edition of the publication title “Forum of Regulators Digest”, brought out by Forum of Regulators (FOR) constituted by the Government of India in terms of Section 166 (2) of the Electricity Act, 2003. The Forum is responsible for harmonization, coordination and ensuring uniformity of approach amongst the Electricity Regulatory Commissions across the country, in order to achieve greater regulatory certainty in the electricity sector.*

*The “FOR Digest” aims at bringing out the wide spread activities of the Forum and the key initiatives of the State Electricity Regulatory Commissions (SERCs) towards enhancing the regulatory framework of the Indian Power Sector.*

*I wish to express my heartfelt appreciation on the dedicated work done and sincere efforts put in by the concerned officers of ‘FOR’ in bringing out this very first edition. I am also grateful to all SERCs for the co-operation extended by them in furnishing the required information to ‘FOR’ and look forward to their continued co-operation in future also. I wish FOR great success in all its future endeavors.*

**Dr. Pramod Deo**  
Chairperson (FOR)

## About ‘FOR’

The Forum of Regulators (FOR) has been constituted by the Government of India in terms of Section 166 (2) of the Electricity Act, 2003. The Forum consists of Chairperson of the Central Commission and the Chairpersons of the State Commissions. Chairperson of the Central Commission is the Chairperson of the Forum of Regulators and secretarial assistance to the Forum is provided by the Central Commission. **The Forum is responsible for harmonization, coordination and ensuring uniformity of approach amongst the Electricity Regulatory Commissions across the country**, in order to achieve greater regulatory certainty in the electricity sector.



**“Nurturing the growth of independent regulation and empowerment of all having stake in the electricity sector in India”**

## 'FOR' IN FOCUS

### Reports

- ✦ Loss reduction strategies
- ✦ Protection of consumer's interests
- ✦ DSM & Energy Efficiency
- ✦ Open Access -Theory & Practices
- ✦ MYT & Distribution Margins
- ✦ Policies on Renewables
- ✦ Staffing of ERCs
- ✦ Metering Issues

### Successfully Conducted Capacity Building Programmes

- ✦ Open Access & Role of Load Despatch Centre at NPTI, Faridabad.
- ✦ Demand Side Management (DSM)" for officers of Electricity Regulatory Commissions at NPTI, Faridabad.
- ✦ Regulation, Competition and Consumer Issues in the Electricity Sector at Dharamshala (HP)



### Orientation Programme for the Chairpersons and Members of the Electricity Regulatory Commissions

- ✦ Orientation in IIM –Ahmadabad
- ✦ Visit to London for exposure on incentive regulation, consumer choice, Renewable Obligation Certificate, Operation of National Grid, Power Market etc.
- ✦ Proved to be an enriching experience

### Studies

- ✦ Study on "Electricity Reforms and Regulations – a Critical Review of last 10 years experience with focus on constraints and gaps between the vision and achievements".
- ✦ Model Regulation on Standards of Performance
- ✦ Study to evolve an appropriate model for Distribution Margin
- ✦ Capital Cost Benchmarking for Distribution Business
- ✦ Renewable Energy Certificate (REC)" Implementation Framework
- ✦ Study to evolve an appropriate model of incentive-disincentive mechanism for Distribution Utilities.

## Highlights

### KERC issued Load Forecasting Regulations, 2009



Karnataka Electricity Regulatory Commission has issued the Load Forecasting Regulations, 2009. These Regulations shall be applicable to the generators, licensees & other stakeholders in the state of Karnataka. Each of the distribution licensees in its respective area of supply shall make a short-term forecast for a period of five years and long-term forecast, with fifteen years perspective for peak load and energy requirements. These forecasts can be used for establishing future fuel linkages, choice of technology, long-term planning of generation, transmission & distribution, statement of capital investment, load management & system security.



### MERC issues discussion papers on "Regulatory Framework for DSM".

It has been envisaged that the Regulatory framework would provide the much needed impetus to the DSM initiatives in the State of Maharashtra. As a first step a draft discussion paper on the regulatory framework for DSM has been prepared. The paper discusses the possible policy objectives of MERC vis-à-vis DSM, targets & funding levels, procedure for approval of DSM plans and evaluation, monitoring & verification mechanisms. The paper also discusses how DSM effort should be organized under multi-year tariff regime & other important aspects of regulatory framework for DSM.



RERC has determined the cross-subsidy surcharge & wheeling charges for the year 2009-10 on 31st March, 2009. The cross subsidy surcharge has been reduced to almost 32% compare to previous year whereas there is no change in wheeling charges. It is a welcomed step of the RERC to facilitate Open Access in Rajasthan.

PSERC issued staff paper for Introduction of concept of Contract Demand for all Bulk Supply consumers and NRS & DS consumers having load exceeding 100 KW to avoid unnecessary harassment of consumers due to load checking by the field staff of the Board and at the same time the consumer is at liberty to increase/decrease his connected load as per his requirement and remaining within the sanctioned contract demand.



## Highlights



### CERC amended the inter-state open access regulations-25th May,

- The State Load Dispatch Centres will check only two parameters i.e. availability of transmission capacity and availability of metering infrastructure. This has been done to explicitly provide that no other ground can be the basis for refusal of the open access. It has been further clarified that metering infrastructure will be in accordance with grid code specified by the Commission. This step of the CERC will abort unlawful denial of Open Access.
- SLDCs have now been mandated to display on their websites, the information regarding the applications pending for decisions, the reasons for refusal of open access in the cases where open access has been refused, the applicable transmission losses and related information.
- In line with the responsibility entrusted under the Electricity Act, 2003, now all disputes arising under these inter-state open access regulations would be decided by the CERC irrespective of the fact that such dispute involves the SLDC and the intra-state entity of the concerned state.

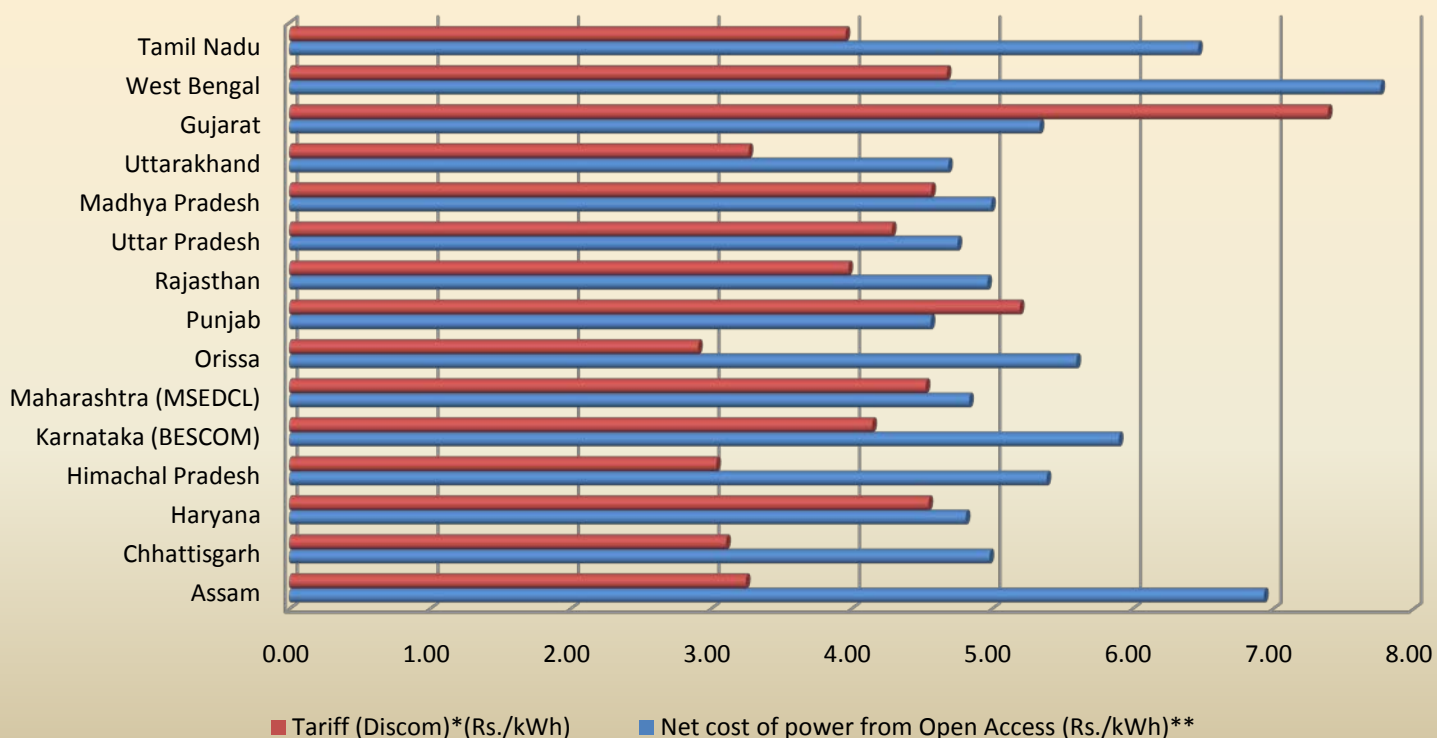
CERC issued **approach paper on national transmission tariff framework** – in line with vision of tariff policy to address shortcomings of existing system – like pan-caking of charges, sharing of charges not being fully sensitive to distance and direction, pricing not efficient enough to address emerging market requirements.



### Key Initiatives of DERC

- DERC took step towards the rationalization of tariff by introducing seasonal tariff for industrial consumers and has reduced the energy charges in the range of 10-30 paise per unit in winters in Tariff Order FY 2009-10.
- As a first step towards cost to serve and reduction in the cross subsidy in line with the Tariff Policy, the DERC has rationalized the tariffs in respect of Delhi International Airport Limited (DIAL), Delhi Jal Board (DJB) and Railway Traction (other than DMRC) in Tariff Order FY 2009-10.
- Recognizing the importance of undertaking **energy conservations** and **demand side management** activities by the DISCOMs (BRPL, BYPL & NDPL), DERC has separately provided Rs.35 crores in the ARR of all DISCOMs.
- DERC opens a special section for **Demand Side Management (DSM)** on the website of DERC, containing inter-alia easy and implementable DSM solutions and information about DSM.

## Comparison of cost of power through Intra-State Open Access and Distribution Utility - Illustrative Cases



\*Tariff for an embedded consumer of 5MW at 11 KV (33 KV in some cases).

\*\* Effective Open Access Charges for consumer of 5MW at 11 KV (33 KV in some cases) in addition with a assumption of power purchase cost of 4 Rs./KwH.

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