

### **Gist of Discussion held in the meeting of Distribution Utility Forum held on 4 May, 2018**

1. The Distribution Utilities Forum was launched on 4 May, 2018 at Hotel Claridges, New Delhi by The Energy and Resources Institute (TERI) with support from Shakti Sustainable Energy Foundation (SSEF). The inaugural meeting was chaired by Mr. Gireesh B. Pradhan, honorary chairperson of the Forum and former chairperson, CERC. List of participants and agenda are enclosed.
2. In his welcome address Dr. Ajay Mathur, Director-General TERI, said that the Forum has been launched in order that discoms can come together in a non- hierarchical environment to discuss issues of importance to the distribution sector and deliberate on ways to achieve their common goals. Dr Mathur added that TERI and SSEF are only facilitating the Forum.
3. In his opening remarks, Mr. Krishan Dhawan, CEO, Shakti Sustainable Energy Foundation welcomed the DISCOMs to the meeting and emphasized that it is the participants who will set the agenda for the Forum.
4. Mr. Gireesh Pradhan in his remarks said that the idea of the Forum has been some time in the making and was discussed with many for over two years. He said that the distribution sector and its key stakeholders, i.e., discoms perspectives need to be better understood. The sector generally works in a top-down manner with the discoms invariably on the defensive. He pointed out that while every segment of the power sector is well-represented by a Forum, discoms have not come together. They need to get together and discuss their view points to reach a consensus and offer inputs to various stakeholders including central and state governments.
5. Based on discussions around operational aspects of the Forum, following was agreed:
  - The Forum will meet every quarter, based on the agenda and direction agreed upon by the discoms in the previous meeting.
6. Vision, Mission and logo of the Distribution Utilities Forum (DUF) were agreed as below:

**Vision:** Facilitate the development of a financially viable and operationally robust electricity distribution sector in India to provide quality electricity services for all consumers.

**Mission:** To provide a platform for electricity distribution utilities in India and facilitate sectoral consultations for overcoming major barriers and challenges and preparing for key emerging developments.

**Logo:**



7. Discussions held at Forum meeting are summarised below:

a. Impact analysis of recent or proposed regulations and policy on Distribution Utilities emerged as most important priority for the discoms as most of the regulations have significant impact on the financial and operational health of disoms. It was agreed that such analysis will be conducted with inputs and data from the forum members and would be presented to the forum in next meeting. The forum will discuss potential ways to convey the same to all relevant stakeholders.

b. Multiplicity of regulations by SERCs and differing interpretations was underlined by the discoms as another area needing attention. Forum members felt that the forum could become a useful link in connecting the discoms to the Forum of Regulators (FOR) and CEA. This would be useful for the FOR in drafting model regulations. CEA may also benefit from the consolidated views while framing or amending regulations.

c. It was felt that many a time policies and regulations are introduced without consulting the discoms. This in turn affects their ability to implement government policies while continuing to remain/emerge financially viable entities.

8. Other key concerns /issues expressed by the utilities were:

- i) The cost of power procurement by the discoms, which constitutes around three-fourths of cost of supply, has been rising but tariffs of various consumer categories are not cost-reflective. The financial health of discoms, therefore, continues to remain a matter of concern.
- ii) Open Access has impacted the discoms as the migration of high-paying consumers leaves them with a large proportion of subsidized consumer base and puts additional financial burden on the remaining consumers.
- iii) Reduction of Aggregate Technical & Commercial (AT&C) losses, required to improve financial health of discoms, remains a challenge in view of the fact that a large proportion of the BPL consumers being provided supply under Kutir Jyoti Yojana are using heating coils, contributing to a significant proportion of AT&C losses of the area. Bringing down AT&C losses to 15% to avail loans from PFC and REC is too stringent a condition in view of the practical difficulties in bringing down losses for discoms with a wider agricultural and rural network.
- iv) Programs like RGGVY or DDUGJY and SAUBHAGYA are extremely successful in providing electricity to rural areas and households but their impact on the financial health of discoms needs to be captured and presented. While policy level feedback from the discoms is not taken, they are expected to deliver on the project and still stay financially viable.
- v) One of the major costs for discoms is the cost of power procurement and O&M. If the average unit cost of supply is Rs 5, with losses in rural areas it can go up to around Rs 6.5 a unit. But recovery from rural consumers is less than Rs 3 a unit. This burden on the discoms needs to be recognized. At a broader level, policy goals seem conflicting as we

are looking at a nation-wide electrification programme, accentuating losses, but under the UDAY scheme, discoms are still required to bring losses down to 15%.

- vi) There is a need for stringent measures to curb encroachments on electric lines as it leads to unfortunate instances of electrocution and requires compensation to be paid by the discoms. The Supreme Court has recently set a benchmark by awarding Rs. 1 crore compensation in such a case.

9. Participants felt that articulating and communicating the perspective of discoms to all stakeholders should be the top-most priority of the forum.

10. Following key areas for study were identified by the forum members:

- a) Supply of electricity to rural areas
- b) Open access and implications
- c) Renewable energy:
  - Metering strategy (gross/net) for solar rooftop
  - KUSUM scheme
- d) Surplus capacity tie-up and its implications
- e) Cost of supply
- f) Commercial loss reduction: Sharing of best practices
- g) Technical loss reduction: sharing of best practices
- h) Separation of carriage and content – Distribution Utilities' perspective
- i) Forecasting demand profile
- j) Retail tariff design
- k) Human resources: challenges
- l) Electrical safety

The meeting concluded with a vote of thanks from Mr. Pradhan and Mr. Dhawan.

#### **Annexure I:**

List of Participants

S.no	Name	Designation	Organization
1.	Mr. Gireesh B. Pradhan	Chairperson	Distribution Utilities Forum
2.	Mr. Y. S. N. Prasad	Chief General Manager	Andhra Pradesh Eastern Power Distribution Company (APEPDCL)
3.	Mr. V. S. Saibaba	Assistant Divisional Engineer	Andhra Pradesh Eastern Power Distribution Company (APEPDCL)
4.	Mr. Vineet Sikka	Senior Vice President	BSES Rajdhani Power Limited (BRPL)
5.	Mr. Brijesh Jha	General Manager	BSES Rajdhani Power Limited (BRPL)
6.	Mr. Brajesh Kumar	Senior Vice President	BSES Yamuna Power Limited (BYPL)
7.	Mr. Manik Basu	General Manager (Technical)	Calcutta Electric Supply Corporation, West Bengal
8.	Mr. K. Kunjali	Deputy Chief Engineer, Electrical	Cochin Port Trust
9.	Mr. C. A. Parmar	Chief Engineer	Dadra and Nagar Haveli Power Distribution Corporation Limited
10.	Mr. Jose E. De Mello	Superintendent Engineer	Goa State Electricity Board
11.	Mr. M. S. Kele	Director (Technical )	Madhya Pradesh Paschim Kshetra Vidyut Vitaran
12.	Mr. M. K. Jhawar	Director ( Commercial)	Madhya Pradesh Paschim Kshetra Vidyut Vitaran
13.	Mr. Sanjeev Kumar	Managing Director	Maharashtra State Electricity Distribution Company Limited
14.	Mr. A. A. Tazir	Director	New Delhi Municipal Council (NDMC)
15.	Mr. Bibhu Prasad	Head(DMU)-cum-Director (Financial & Cost Accounting)	Odisha Power Transmission Corporation Limited
16.	Mr. Niladri Nath	Manager DMU	Odisha Power Transmission Corporation Limited
17.	Mr. Sanjay Banga	Chief Executive Officer	Tata Power Delhi Distribution Limited
18.	Mr. Surjit Chakraborty	Resident Director	West Bengal State Electricity Distribution Company Limited (WBSEDCL)
19.	Mr. U. K. Paul	Head of Electricity Department (Superintendent Engineer)	Andaman and Nicobar, Electricity Department

20.	Mr. Nirmal Debbarma	Deputy General Manager	Tripura State Electricity Corporation Limited
21.	Mr. Subhash Saini	Additional Superintendent Engineer	Chandigarh electricity department
22.	Mr. Sanjeev Seth	Chief Executive Officer	India Power Corporation Limited, West Bengal