

No.G.12015/3/09 - JERC
JOINT ELECTRICITY REGULATORY COMMISSION
FOR MANIPUR AND MIZORAM
AIZAWL:MIZORAM

Present: Mr. R.K.Kishore Singh, Chairperson

In the matter of

The Joint Electricity Regulatory Commission for Manipur and Mizoram(Fees, Fines & Charges) (First Amendment) Regulations, 2016.

STATEMENT OF REASONS

The Joint Electricity Regulatory Commission (hereinafter “the Commission”) has been entrusted with a variety of functions under the Electricity Act, 2003(hereinafter “the Act”). Under section 86(1)(g) of the Act, the Commission has been empowered to levy fees for the purposes of the Act. For discharging its functions under the Act smoothly and efficiently, the Commission had specified the Joint Electricity Regulatory Commission for Manipur & Mizoram (Fees, Fines & Charges) Regulations, 2010 which came into force with effect from 1st August, 2010. Over the past five years, the Commission has issued a number of regulations as mandated under the Act within the scope and ambit of the regulatory functions and responsibilities of the Commission. The Commission has accordingly considered it necessary to revisit the Fees, Fines & Charges regulations to keep in pace with the multifarious functions and responsibilities being discharged by the Commission. Accordingly, the Commission in compliance with the Act published on 04.04.2016 the draft Joint Electricity Regulatory Commission for Manipur and Mizoram (Fees, Fines & Charges) (First Amendment) Regulations, 2016 and invited comments/suggestions/objections from the stakeholders. In response, Manipur State Power Company Limited (MSPCL), Manipur State Power Distribution Company Limited (MSPDCL) and

Power & Electricity Department, Mizoram (P&EDM) have submitted their proposed amount of fees respectively to be levied by the Commission without mentioning any reasons in support of their proposals.

2. The comments/suggestions received from the above stakeholders have been examined and analysed. Section 86(1)(g) of the Act enables the Commission to levy fees for the purposes of the Act. Accordingly, the Commission has proposed levy of fees on those utilities or licensees or persons who are benefited by the discharge of statutory functions and responsibilities by the Commission under the various provisions of the Act. The Commission by its regulatory initiatives through various regulations and by regulatory intervention through its various orders has endeavoured to create an environment for investment in the sector, growth of market and protection of the interest of consumers by ensuring availability of reliable power at competitive rates. Certainly, there is quid pro quo between the services rendered by the Commission and the proposed structure of fees in the draft regulations. The Commission is of the view that it is the endeavour of the Commission to manage its affairs through collection of fees and not to depend wholly on the grants. Moreover, the Commission has the vision to usher in market driven cost of electricity which would be available to the consumers at the most competitive rates. For that, the Commission needs to have the necessary wherewithal for monitoring and surveillance of market and market research. Therefore, matching revenue is a necessity to defray the expenditure for the effective and efficient discharge of its statutory functions and responsibilities by the Commission.

3. The fees proposed to be levied under the regulations are not excessive considering the various statutory responsibilities vested in the Commission under the Act and the regulatory measures already taken and required to be taken in

future in due discharge of its statutory responsibilities. The same are discussed below:

- (a) The Electricity Regulatory Commissions have been envisaged as important institutions for furtherance of reforms in power sector. The Electricity Act, 2003 has substantially enlarged the spectrum of responsibilities of the Regulatory Commissions.
- (b) Apart from the function of tariff fixation, the Electricity Act, 2003 has vested on the Regulatory Commissions the responsibilities of licensing, promoting competition through open access, specifying Grid Code, specifying, monitoring and enforcing performance standards for licensees, adjudicating of disputes, market development and market regulation. The mandate for the Commission is to balance the interests of the investors as well as consumers, as also to develop Power Markets.
- (c) Independent regulation is an emerging concept and the country is still in a transition phase where the Government is gradually distancing itself from regulation. Adequate provisions have been made in the Act to ensure independence of the Commissions with a view to ensuring that such institutions are able to discharge their responsibilities with professionalism and expertise. Given the challenging role of the Regulatory Commissions and the fact that the independent regulation

is an evolving discipline, the Commission needs adequate staff with necessary knowledge base and skill level, to be able to discharge effectively the responsibilities cast on it.

(d) With due regard to its statutory responsibilities, the Commission has come out with various regulations covering the terms and conditions of tariff, licensing activities, Grid Code, Open Access regulations, etc. Each of these issues involves domain expertise and specialised knowledge of finance, engineering, regulatory affairs, law, commerce, economics and the like. This calls for, apart from discipline based knowledge, thorough understanding of the complexity of power sector and its operations as also the expectations of investors, customers and all other stakeholders. Even in generation one has to recognize the different types of generation based on the fuel as well as different orientation towards renewable energy. Fixation of norms is another specialized subject which has far reaching implication as they cover not only the public sector units but also the private sector stakeholders.

(e) All the above call for deep understanding of the regulatory philosophy and legal framework, professional approach and perspective outlook to ensure that the mandates of the Act are fulfilled by the Commission. The Commission, in absence of adequate specialised

staff mentioned above, needs to take the help of consultancy firms to discharge some functions and responsibilities entrusted to it such as determination of retail and transmission tariffs. The petition fees towards determination of retail and transmission tariffs are meant to partially meet expenditure on engagement of consultancy firms as the consultancy charges have been increasing annually with increase of market price of commodities.

4. The revised fees are proposed to defray the expenditure to be incurred by the Commission for providing the services to the State utilities and the licensees and other stakeholders. The fees proposed by the Commission are considered just and sufficient to recover the expenditure of the Commission for making decision. The Commission is a statutory autonomous body and financial autonomy is a pre-requisite for effective and independent functioning of the Commission. The fees proposed to be levied will also go to reduce burden on both the Governments of Manipur and Mizoram in providing grants to the Commission.


(R.K. Kishore Singh)

Chairperson