



**JOINT ELECTRICITY REGULATORY COMMISSION
FOR MANIPUR AND MIZORAM
AIZAWL ::: MIZORAM**

D-31, M.G.Road, Upper Khatla
Aizawl, Mizoram-796001
Tel. No. : 0389-2310623
Fax: 0389-2301299

Website: www.jerc.mizoram.gov.in
Email: jerc.mm@gmail.com

NO.H.11019/26/10-JERC

Dated Aizawl, the 24th July, 2012.

**MINUTES OF THE 9th MEETING OF THE STATE ADVISORY
COMMITTEE: MANIPUR**

Venue : Conference Hall of Hotel Imphal, Imphal

Date & Time : Tuesday, 10th July, 2012 at 11:00 am.

List of the Members & Invitees present appended.

The 9th Meeting of the State Advisory Committee for the State of Manipur was held on 10th July, 2012 at the Conference Hall of Hotel Imphal under the Chairmanship of Shri H. Bihari Singh, Chairperson, JERC (M&M) and the Chairman of the State Advisory Committee. At the outset, the Chairman informed the Committee that a new Member of the Commission from the State of Mizoram has yet to join the Commission in place of Mr. C. Hmingthanzuala, the former Member who retired in April this year.

The Chairman also welcomed the new Members namely Mr. M. Dili, Social Worker, Senapati District and Mr. S.K. Sunny Lamkang, Social Worker, Chandel District, who joined the Committee recently and introduced them to other Members of the Committee.

The Chairman then took up the agenda one after another for discussion in details by the august body.

Agenda 1. Confirmation of the Minutes of the 8th Meeting of the SAC, Manipur.

The Chairman drew the attention of the Members to both the Minutes of the 8th Meeting of the SAC, Manipur and the action taken report on the recommendations in that meeting, and sought for consent of the Members to the confirmation of the Minutes. The Minutes were declared confirmed after obtaining nod from the Members.

Agenda 2. Determination of ARR & Retail Tariff for the Electricity Department, Government of Manipur for the FY 2012-13.

The Chairman then drew the attention of the Members to the Agenda Notes circulated earlier and initiated the discussion on the 2nd agenda. Informing the Committee that different aspects of the ARR and Tariff Petition for the FY 2012-13, filled by the Electricity Department in 3rd May, 2012, are now under examination in the Commission, the Chairman underlined the need to perceive the approach to determination of Retail Electricity Tariff and therefore, requested Shri N. Shyamsundar Singh, Chief (Engineering), JERC for (M&M) to throw more light on the basic parameters of ARR and the Tariff fixation.

A. ARR:

The Chief (Engineering), JERC for (M&M), briefly explained each of the components of Aggregate Revenue Requirement (ARR) which in true sense is the net annual expense being incurred by the Electricity Department in the power supply management. The net annual expense is required to be recovered through sale of net saleable energy (Gross Injection to the System minus AT& C losses) to different kinds of State Consumers. Therefore, the supply cost of electricity is determined by dividing the net annual expense by the net saleable energy for that particular year. The supply cost comes out to be exorbitantly high as the O&M cost and AT&C loss rate of Energy are abnormally high in case of Manipur. However, the Government of Manipur comes to the rescue of the consumers by extending tariff support or subsidy to the tune of Rs 151 cr. and makes the retail tariff affordable for the consumers.

The Chief (Engineering) also briefly explained the Fixed or Demand charge (Financing Cost-interest, depreciation, return on equity & tax liability) and the Variable or Energy charge (Fuel cost, O&M cost, Power purchase cost) and their importance in the two tier tariff concept that helps the Commission (or the supplier) eliminate minimum/average billing system much to the advantage of consumers.

The Chief (Engineering) further informed the Committee of the Directives on various aspects of supply management and consumer service etc. which are essentially given to the supplier as an integral part of the tariff order issued by the Commission for necessary compliance in the larger interest of the stakeholders. Thus, the Commission always endeavours to fulfil its prime objective of striking a balance of interests of the stakeholders – the CE added.

The Chairman then took up each component of the ARR for discussion in detail.

B. Power Purchase Cost:

The Chairman informed the Committee that the total power purchase cost increases due to revision of generation tariff and inclusion of an arrear payment amounting to ` 22.33 cr. during 2012-13. The arrear payment is an outcome of the retrospective revision of the Electricity Generation tariff by Central Electricity Regulatory Commission (CERC) following retrospective price hike in the Fossil Fuel Cost by the Government of India.

Shri N. Sarat Singh, CE (Power) also informed the Committee that the Department has already been intimated about the arrear bills for a total amount of about ` 130 cr. Out of which an amount of Rs. 22.33 has been proposed in the ARR.

The Chairman urged the Chief Engineer (Power) to make sure that the total amount of arrear payable is included in the ARR, and advised him to submit the information to the Commission for consideration. He informed the Committee that the impact of the total arrear on the ARR will be very heavy and the State Government shall have to increase the amount of tariff support.

Most of the Members took part in the discussion on the payment of arrear bills and loading it on the present tariff and expressed their desire that the Government of Manipur shoulders the entire burden and does not pass it on the consumers.

The Chairman stated that the Commission cannot go on insisting the State Government to increase subsidy as it would effect other development works of the State, citing an example that the State cannot take up even the sanctioned project (like Loktok Down Stream HE Project 2x33 MW) due to want of fund. Both the consumers and the service provider need to understand the situation. Therefore, the bottom line is that the service provider needs to improve its service to the satisfaction of the consumers first and that consumers are to bear the major portion of cost of supply.

C. Employee Cost:

Considering the quality of service rendered by the Department, the Committee felt that the Employee cost of ` 90.61 cr. projected for FY 2012-13 is exorbitantly high.

Shri E. Dolendro Singh, Advisor, AMPCA stated that the Department did not follow the rules and regulations required by the EA 2003 while disconnecting the supply of defaulting consumers.

Shri P. Arun Kumar, President, Consumers' Club, Imphal informed the Committee that places or complain rooms where consumers can lodge

complaints, are not known to the consumers and no employee is prepared to help any complainant or aggrieved consumers.

Mr. L. Sadananda Singh, General Secretary, Senior Citizens for Society also shared the same view as that of Shri P. Arun Kumar and stated that even when Complain rooms are located, no one is available in it to receive complaints.

The CE(P) reiterated that the Department has been suffering from scarcity/ shortage of staff for a quite long time now. Those who are available, are also very old, deficient and unproductive as they were regularized from work charged categories without prudent checking in respect of their ages and credentials.

Referring to the rise of about ` 10 cr. from last years expenditure (Employee Cost) of ` 80.87 cr., the Chairman cautioned the Department to ensure that the projected figure of ` 90.61 cr. for the FY 2012-13 does not include increases on arrears. The Committee recommended for restructuring of Staff and introduction of VRS to the old aged employee.

D. Repairs and Maintanances:

While discussing briefly about the Repair & Maintenance expenses, many of the Members expressed unhappiness over the delay in repairing of Transformers as well as unauthorized collection of repairing cost of transformers from the consumers.

Participating in the discussion, Mr. S.K. Sunny Lamkang, Social Worker, Chandel District, informed the Committee that in Chandel, people have contributed generously from their earning from NREGS and kept the amount reserved for transformer and other repairing.

The CE(P) assured the Committee that spare Transformers of various capacities shall be procured within a short time so that the burnt transformers can be replaced soon by good ones in the interest of consumers.

The Committee recommended the amount of R&M projected by the Department.

E. Interest and Finance Charges:

The Committee discussed and considered the loan amount is reasonable. Recommended to include the amount proposed by the Department.

F. Cost of Supply:

The Chairman informed the Committee that the average cost of supply as projected by the Electricity Department, Government of Manipur is ` 7.14 per unit. However, the Government comes to the rescue of the State consumers by providing a tariff subsidy of ` 151.00 cr. The Government subsidy helps bring down the average tariff to ` 3.63 per unit which is about 15 p.c. more than the existing tariff fixed for the FY 2010-11. The Committee discussed and considered the cost of supply is very high. Recommended to advice the Government to improve the efficiency of the Department to reduce the Cost.

G. Tariff:

The Members went through each of the lines and they were unanimous in their opposition to the proposed increase of tariff saying that the present poor power supply, the quality less service, and unsystematic way of working of the Department do not justify any amount of hike in the tariff. The burden on the consumers should not be increased till the above activities of the Department and the overall power supply are substantially improved – the Members opined.

Dr. Ch. Ibhothal Meitei, MIMS, MU, Mr. L. Sadananda, General Secretary, Senior Citizens for Society, Shri S. Rishikumar, President, AMEA, Shri Th.

Saratkumar Singh, Industries Department and Shri S. Chaothoi Singh, President, Manipur Industries' Union also took part in the exhaustive discussion on the increase of tariff for industrial units.

Emphasizing the need to realize the role of industry in this hi-tech era, Dr. Ibohal suggested that the demand of power by the Industrial units be assessed properly by a dedicated officer of the Electricity Department and at the same time, the officer also shall assure uninterrupted power supply to these units. These dying units may be given life first before the burden is loaded on them.

Mr. L. Sadananda Singh also said in the meeting that there is need to promote all these cottage & small industries and let it flourish first by reducing the tariff.

Shri Th. Saratkumar Singh of Industries Department also shared his views that industries in Manipur are in state of dilapidation. They badly need support from the Power Department and the financial institutions.

Shri S. Rishikumar, President, AMEA and Shri S. Chaothoi Singh, President, felt that the survival of the industries are at stake now. Therefore, any increase in tariff, without improving the service, would be disastrous rather than helping it out.

The Chairman stated that with the rise in the prices of commodities like cement, steel and fuels etc, which have a direct bearing with the cost of generation of power, the tariff shall also proportionately increase. However, it shall be the responsibility of the Commission to strike a balance of interests of all stakeholders along with a tariff support from the State Government.

The Committee recommended that industrial tariff may not be increased till the supply is improved.

H. Energy Audit:

The Committee viewed the inability of the utility to conduct energies audit as it would affect the implementation of T&D Loss programmes. Recommended for an early Energy Audit.

Agenda 3. Sale Outside State

Even though it was clearly mentioned in the ARR and Tariff Petition for FY 2012-13, filed by the Department that 108.00 MU of Energy would be sold outside the State to earn a revenue of ` 32.48 cr., the officials of the Department did not admit it before the Committee. They stated that the sale is the outcome of an automatic process when the Department could not draw the allocated share.

The Chairman expressed the desire to know from the Department whether the outside sale deprive the State consumers of their share of power, and also urged the Department to surrender the surplus if any.

The Committee Members also sharply reacted when they come to know about the sale of energy outside Manipur particularly at a time when there is an overall acute shortage of power and consequent load shedding in the State. Members desired to ensure lifting of load shedding during the period when the power is surplus.

The Committee recommended to advice the Commission to take up the issue with the Department.

The Meeting ended at 2:30 pm with a vote of thanks to the Chair.

Sd/- H.BIHARI SINGH
Chairman,

**State Advisory Committee
Manipur**

H.11019/26/10-JERC

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Dated Aizawl, the 24th July, 2012.

Copy to:

1. PS to Hon'ble Chief Minister, (Power), Govt. of Manipur, Imphal for kind information of the Hon'ble Chief Minister.
2. PPS to Chief Secretary, Govt. of Manipur, Imphal for kind information of the Chief Secretary.
3. PS to Principal Secretary (Power), Govt. of Manipur for information and necessary action of the Principal Secretary.
4. All Members/Special Invitees of the State Advisory Committee of Manipur for kind information and necessary action.
5. Guard File.

(A. CHHAWNMAWIA)
Secretary

List of Members and Invitees Present in the 9th Meeting of the State Advisory
Committee for the State of Manipur held on 10th July, 2012, Imphal.

A. Members:

1. Mr. H.Bihari Singh, Chairperson,
JERC (M&M) - Ex-Officio Chairman
2. Mr. Th. Saratkumar Singh,
OSD (MSME),
For Director, Industries Department. - Member
3. Mr. Ng. Chittranjan Singh,
Scientific Officer,
for Director, MANIREDA. - Member
4. Dr. Ch. Ibohal Meitei,
Associate Professor,
Manipur Institute of Management
Studies, Manipur University. - Member
5. Mr. L. Sadananda Singh,
General Secretary, Senior Citizens for
Society, Manipur. - Member
6. Mr. Elanagbam Dolendra Singh,
Advisor, All Manipur Power
Consumers' Association. - Member
7. Mr. S. Rishikumar Singh,
President, All Manipur
Entrepreneurs' Association. - Member
8. Mr. S. Chaothoi Singh,
President, Manipur Industries' Union. - Member
9. Mr. P. Arunkumar Singh,
President, Consumers' Club, imphal. - Member
10. Mr. Basantakumar Wareppa,
Programme Executive, Human - Member

- Rights Alert.
11. Mr. G. Khupchinpau, Advocate, New Lamka, Churachandpur District, Manipur - Member
 12. Mr. M. Dili, Social Worker, Karong Village, Senapati District, Manipur. - Member
 13. Mr. S.K. Sunny Lamkang, Social Worker, Daapi Village, Chandel District, B.P.O. Chandel Manipur. - Member

B. SPECIAL INVITEES:

1. Mr. N. Sarat Singh, Chief Engineer (Power), Electricity Department Govt. of Manipur.

C. INVITEES:

1. Mr. Shyamsundar Singh, Chief (Engineering), JERC for Manipur & Mizoram.
2. Mr. Richard Zothankima, Assistant Secretary, JERC for Manipur & Mizoram.
3. Mr. H. Thanthianga, Asst, Chief (Engg) JERC for Manipur & Mizoram.
4. Mr. Ng. Sarat Singh, Addl. CE (P) – I, Electricity Deptt, Govt. of Manipur.
5. Mr. N. Dwijen Singh, Addl. CE(Civil) Electricity Deptt, Govt. of Manipur.
6. Mr. Kh. Khamba Singh, SE (Elect-I), Electricity Deptt, Govt. of Manipur.
7. Mr. Th. Aton Singh, S.E. (Comml), Electricity Deptt, Govt. of Manipur.
8. Mr. Ng. Birjit Singh, SE/EC-III, Electricity Deptt, Govt. of Manipur.
9. Mr. R.K. Pryobratra, EE(Inspectorate), Electricity Deptt, Govt. of Manipur.

