

**Minutes of the 12th Meeting of the State Advisory Committee (SAC)
Held on 21st March, 2018**

Venue : Conference Hall, Power Department Kohima, Nagaland.
Date : Friday, the 21st March, 2018
List of Participants : Enclosed as Annexure-I

The meeting was chaired by Er. Imlikumzuk Ao, Chairman, Nagaland Electricity Regulatory Commission (NERC). He welcomed all the SAC Members, representatives from Department of Power (DoP), New & Renewable Energy (N&RE), Electrical Inspectorate and Special Invitees to the Meeting. He also expressed his wish for a good interaction and a fruitful meeting with definite solutions.

In his opening address, the Chairperson highlighted the challenges faced in the State Power Sector. The two main important issues which primarily effects quality power supply are the prevalence of **High AT&C Losses** and **Weak Distribution Network**.

After the Chairman's address, the Committee Members deliberated on the Agenda one by one.

AGENDA:

- (i) Review of Minutes of the 11th SAC Meeting.
- (ii) Tariff proposal of DPN for FY 2018-19.
- (iii) Promotion of Renewable Energy in Nagaland.
- (iv) Any other item with permission of Chair

AGENDA NO: (i). Review of Minutes of the 11th SAC Meeting.

While reviewing the minutes of the last SAC meeting, the Officers from the DoP, gave the following update on the actions taken since then, and the present state of affairs.

a) Unbundling & Corporatization:

The DoP Officials present in the meeting informed that, under the directive of the Chief Secretary, a Core Committee has been constituted to look into the Corporatization of Power Department. In this regard, proposal was submitted to the government for partial Corporatization, initially for Dimapur and Kohima, which was returned for re-submission after further review.

The Committee Members deliberated in details on the issue. The Members point it out the International Management Institute (IMI) Report 2006 entrusted by the Government of Nagaland to carry out the study on State Power Sector Reform. As per the recommendation in the Report, the state government to Corporatized the entire Power Department immediately following which, privatization can be considered in the later stage for Divisions like Dimapur and Kohima or as per requirement. The Corporatization is a step towards privatization which will finally bring about reform in the Power Sector of the State.

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The Committee Members further suggested that the Department to consult with other corporatized States like Manipur, which is learned to be performing well after Corporatization. It was also suggested that the DoP initiate for Corporatization as recommended in the IMI report 2006.

The Committee Members also resolved that they will actively participate along with the Commission in this regard as and when required.

b) Establishment of CGRF & Ombudsman:

The DoP Officials present in the meeting informed that the Department has not constituted the CGRF & Ombudsman till date since it is linked with defined Standard of Performance (SoP) and the Department is not in a position to implement the said SoP due to lack of funds and manpower.

The Committee Members deliberated on the issues and felt that, unless such CGRF & Ombudsman are established and a minimum SoP maintained in the activities of the Department, the Power quality to consumers will not be improved. The Members reminded the DoP to set up CGRF & Ombudsman as per the NERC Regulations 2012, in order to protect the interest of the Consumers in the state.

c) 186 MW Dikhu Hydro Electric Project:

The DoP Officials updated on the latest status of the project implementation, stating that land acquisition is still yet to be completed. They have approached the concerned District Administration and will start the survey work within a week.

The Committee Members mentioned that, delay in implementation of the Project will only result in higher cost/tariff due to price escalation in the market. They also reminded the DoP to expedite the work for its early completion which will be beneficial for the State and consumers.

AGENDA NO: (ii) Tariff proposal of DoP for FY 2018-19:

The Commission highlighted the Tariff proposal of DoP for FY 2018-19, and informed that the components in the ARR approved by the Commission in the MYT order 2017 are all projected figures, since it was a business plan for 3 years of control period (i.e. FY 2017-18 to FY 2019-20). Therefore, DoP is to submit the True up for FY 2016-17, Annual Performance Review for FY 2017-18 etc to the Commission for determination of tariff for FY 2018-19.

The Committee Members suggested that, the tariff for FY 2018-19 may be determined considering the power purchase cost, after obtaining necessary clarifications/documents from DoP.

The DoP Officials present in the meeting informed that, various activities pertaining to improvement in revenue collection have been initiated, such as surprise checking to curb un-authorized consumers, on-line payment of electricity bill etc. This is expected to increase revenue by about 15 % during FY 2017-18.

The Committee Members also deliberated on the poor Revenue and requested that the DoP to look into the followings points.

1. Despite the hike in Tariff every year, DoP is unable to improve/achieve its revenue as projected in NERC tariff orders.

2. Realize all outstanding arrears of electricity bills from various defaulting Government Departments.
3. To curb all illegal consumer(s) in the State, as it is only the Accounted/Genuine consumers who are paying for the entire energy purchased by the State.
4. The payment towards Street Lights should be borne by the Concerned Municipal/Local Authorities.
5. Replacement of all defective Meters to ensure 100% metering with special emphasis on Pre-paid Meter/Smart Meter.
6. The DoP to examine the feasibility of setting up (with necessary safe guard) authorized private shop/firms at appropriate places to make Meters available so that consumer(s) can procure them directly, for either new connections or replacement of defective meters, subjected to proper testing and certification from the 'Meter Inspection & testing Cell' of the Department.

AGENDA NO: (iii). Promotion of Renewable Energy (RE) in Nagaland:

The Commission informed the members that 2 (two) RE Projects (i.e. 22.5 MW Hydro-project and 20 MW Solar project) are proposed to be set up by Private Developers in the State for which Commission has received petitions for determination of Generation Tariff.

The Commission also highlighted on the status of Renewable Energy in the State and informed that, the DoP is yet to comply with the Renewable Purchase Obligation (RPO) as notified in NERC Regulation. It was also reminded that, GoI have set RPO at 17% of State own consumption (Minus hydro) to be complied by all the State utilities across the country to achieve the set target of 175GW RE Power by 2022. Also, reminded its penalty for non compliance to RPO under Section 142 of the Electricity Act, 2003.

The Committee Members after deliberation on the issue, advice the Commission to take up with the government and suggested that the N&RE Department, being the State Nodal Agency, should carry out feasibility studies and action plan for development of RE projects including Solar Rooftop Projects in the State.

Concluding Remarks:

The Chairperson appreciated the SAC Members, the Departmental officers and other representatives, for participating in the meeting and extending a positive support for consensus building on critical issues related to the power sector.

(W. Y. YANTHAN)
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Nagaland Electricity Regulatory
Commission (NERC), Kohima.