

JAMMU AND KASHMIR STATE ELECTRICITY REGULATORY COMMISSION



**ANNUAL REPORT
FOR 2007-08**

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OF
JAMMU AND KASHMIR
STATE ELECTRICITY REGULATORY COMMISSION
FOR THE YEAR 2007-08.**

1. The Jammu and Kashmir State Electricity Regulatory Commission constituted under J&K SERC Act 2000, continued to function as single member Commission with Shri. K.B.Pillai as Chairperson during the year.

2. **Staff:-**
 - i) Secretary: The contractual appointment of Shri D.S. Tara expired on 15-12-2007. He was reappoint for a period of two years w.e.f. 17-12-2007 or till attaining the age of 65 years which ever is earlier.

 - ii) Superintending Engineer: Sh. Sonam Galson was transferred from the Commission and Sh. Chering Dorjey joined in his place on 12-07-2007

 - iii) Deputy Secretary (Law): Sh. Fayaz Ahmed Sheikh was transferred from the Commission and Smt. Renu Mahajn joined in his place on 04/02/2008(AN).

 - iv) Accounts Officer: Sh. D.R.Salgotra joined the Commission on 16th August, 2007 (FN) in place of Dr. Mehraj Din who was under transfer and holding dual charges.

 - v) Private Secretary: Sh. B.S. Chib continued on the post.

 - vi) Junior Assistant: Sh. K.K. Pandita continued on the post.

vii-ix) The posts viz (a) Steno-cum-Computer Operator (b) Computer Operator (c) Receptionist-cum-Telephone Operator were referred to SSRB in June 2006 for recruitment for filling the posts on regular basis. Recommendations of SSRB are still awaited. To tide over the staff shortage, the contractual appointments for one year were made to these three posts with GAD's authorisation. The periods of contractual appointment were extended for (a) Steno-cum-Computer Operator (b) Computer Operator for another year with the authorisation of GAD. The contractual appointee as Receptionist-cum-Telephone Operator resigned on completion of one year and post has remained vacant since 03-10-2007

x) **Supporting Staff for Accounts Section:**

On the request of Commission, the Finance Department placed the services of S. Balvinder Singh, Accountant, with Commission to make the Accounts Section functional. He joined on 22-05-2007

3. **Technical Consultant:**

The contractual appointment of Sh. H.S. Gupta expired on 06-11-2007. Services of technical consultant are essential for the working of the Commission particularly since Commission has not been provided with the required staff. Accordingly the post was advertised and three applications were received. Sh. H.S. Gupta who was one of the applicants was again appointed on contractual basis for two years or till attaining the age of 65 years whichever is earlier, w.e.f. 8-11-2007 in terms of authorisation accorded vide Govt. Order 127-PDD of 2005 dated 20-04-2005.

4. **Additional Staff:**

A proposal for the creation of 34 posts (Technical/Legal/Economics/Administrative) was sent to the state government after revision on 03-11-2006. Sanction for creation of these posts is yet awaited.

5. Following regulations / notifications were issued by the Commission during the year.
- 1) J&K SERC(Grid Code) Regulation-2007 dated 20-11-2007.
 - 2) Notification-1 of 2007 dated 3-10-2007 for the charges to be recovered in pursuance of sub-regulation 12, 13, 15 & 16 of J&K SERC (Open Access) Intra-State Transmission and Distribution Regulation 2006.

6. **Court Case:**

Bari-Brahmana Industrial Association Bari-Brahmana, Jammu and Association of Small Scale Industries Gangyal, Jammu had filed petitions in the J&K High Court challenging the Tariff Order FY 2007-08 issued by the Commission on 28-03-2007. The Commission engaged a Senior Advocate as its Counsel. Arguments in the case were concluded in March 2007 and the case was reserved for judgment.

7. **Quarterly Review Meetings:**

In terms of clause 10.28. of Tariff Order 2007-08 two quarterly meeting to review progress on the implementation various directives in the Tariff Order were convened.

The first meeting was held with the distribution utility i.e. the Power Development Department on 01-08-2007. The information furnished by PDD was not as per the directives but the utility promised to submit detailed information in a month's time. It was intimated that the power sector fell into total shambles during the years of disturbance and therefore, needed time to take effective steps to meet the specified standards. The 2nd review meeting was held on 10-01-2008. The Commission conveyed its distress over the non-implementation of tariff directives.

The Transmission and Distributions losses as per the data submitted by the utility worked out as under:-

a.	M&RE Wing, Jammu	:	53.11%
b.	M&RE Wing, Kashmir	:	67.68%
	Total for J&K	:	60.64%

These losses were much higher than the figures reported earlier.

The utility had neither made any exercise to segregate technical and commercial losses nor had prepared any plan for reduction of the losses. The pace of metering of consumer installations was very poor. The progress on most of the directives was lacking. The utility was also drawing energy in excess of levels approved in the Tariff Order.

8. **Petition for ARR/Tariff Determination for FY 2008-09:**

The Tariff Order for FY 2007-08 issued on 28-03-2007 was valid upto 31-03-2008. The distribution utility (PDD) was required to file its petition for determination of Tariff for FY 2008-09 by 30-11-2007 as provided in sub-Regulation 47 of J&K SERC (Conduct of Business) Regulation-2007.

However, the utility submitted an application on 27-11-2007 seeking extension of time upto 31-01-2008 for submission the Tariff petition. This would have delayed the issue of Tariff Order by the Commission.

The Commission sought the views of the State Govt. in Finance and Power Development Departments on 28-11-2007, as such a delay had financial implications. As there was no response from the State Govt. the utility was granted time upto 31-01-2008 for submitting the Tariff petition.

Subsequently the utility submitted another application on 31-01-2008 requesting time upto 29-02-2008 for filing ARR/Tariff petition for 2008-09. The Commission rejected the application on 01-02-2008 with a observation that consequences on the account of delay shall be on the account of utility only.

Power Development Department finally filed the petition on 07-02-2008. On scrutiny of the petition, it was found that the petition was for approval of Annual Revenue Requirement only and determination of tariff for said year was incidental. The petition therefore, did not qualifying for admission under section 8 of J&K SERC Act 2000 as well as under Regulation 4 of J&K SERC (Terms and Condition for Determination of Distribution Tariff) Regulation-2005. Besides, there were numerous incompletions and deficiencies in the petition. The petitioner (PDD) was accordingly informed on 25-02-2008 that its petition did not qualify for admission. Deficiencies/incompletion in the petitions were also conveyed. Subsequently meeting was held with of the utility on 27-03-2008 when incomplection / deficiencies / information gaps were discussed.

The utility submitted a revised petition along with an application praying to allow the utility to continue to operate the tariff for FY 2007-08 till ARR and Tariff Order for 2008-09 was approved by the Commission.

After examining the petition, the Commission was the view that since the utility would continue to supply electricity even after March 31, 2008, some payment had to be collected from the consumers. The Commission, therefore, in pursuance of Regulation 74 of the J&K SERC (Conduct of Business) Regulation-2005, authorised the utility to continue to raise bills and collect charges from the consumers in accordance with the Tariff Order 2007-08 even after 31-03-2008 subject to the condition that the utility would adjust excess or shortfall, if any, after the issue of Tariff Order 2008-09, in the bills to be issued / served subsequently on the consumers.

9. **Power Generation Tariff of J&K State Power Development Corporation:**

Under Section 8 (C) of J&K SERC Act-2000, the Commission is required to regulate the generation tariff of the generation companies/stations. The only generation utility in the state i.e. J&K State Power Development Corporation was again asked to do the needful but the corporation did not respond.

10. **The Commission other activities:**

The Commission was provided with following budget allocation for FY 2008-09:

Plan : Rs. 75 lacs

Non-Plan : Rs. 56.16 lacs

The office building for the Commission is being constructed by the Public Works (Road and Building) Department, Jammu. Plan funds are placed with the Chief Engineer, PWD from time to time, but the progress of construction is rather very slow. Meanwhile, Commission continues to function from the temporary accommodation in the PDC Complex at Satwari, Jammu.

11. The Commission continued to correspond with State Government on various pending matters, which include:

- i. Issue of J&K (Salary, Allowances and Other Conditions of Services of Chairperson and Member) Rules.
- ii. Issue of Notification under section 8(2) of the J&K SERC Act.
- iii. Creation of additional staff as proposed vide Commission letter dated 03-11-2006

- iv. Release of funds for construction of office building.
12. The Chairperson participated in the meetings of Forum of Regulators and the Forum of Indian Regulators, representing the State Commission.

Jammu,

Dated: 10/02/2009

Secretary
J&K State Electricity Regulatory Commission