



**MSERC**  
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

**ANNUAL REPORT  
OF  
THE MEGHALAYA  
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### 1. INTRODUCTION.

The Meghalaya State Electricity Regulatory Commission was notified as a statutory body by the Government of Meghalaya under the provision of Section 82 of the Electricity Act, 2003 on 26<sup>th</sup> March 2004. The Commission is a one member Commission till date. The Commission became functional with the assumption of office of the first Chairperson Mr. V. Kohli, IAS (Retired) on 6<sup>th</sup> June 2006. He demitted office on attaining the age of 65 years on the 11<sup>th</sup> January 2009. The Government of Meghalaya appointed Shri. P.J. Bazeley, IAS (Retired) as the new Chairperson on 23<sup>rd</sup> June 2009. He assumed office with effect from 1<sup>st</sup> July 2009.

### 2. FUNCTION OF THE COMMISSION

Section 86 of the Electricity Act 2003 vests the Commission with the responsibility of discharging the following statutory functions to:-

- (1) (a). determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail as the case may be, within the State;  
provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
- (b). regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c). facilitate intra-state transmission and wheeling of electricity;
- (d). issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

- (e). promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;
- (f). adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;
- (g). levy fee for the purposes of this Act;
- (h). specify State Grid Code consistent with the Grid Code specified under clause (h) of sub-section (1) of section 79;
- (i). specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j). fix the trading margin in the intra-State trading of electricity, if considered, necessary; and
- (k). discharge such other functions as may be assigned to it under this Act.

(2) The State Commission shall advise the State Government on all or any of the following matters, namely:-

- (i) promotion of competition, efficiency and economy in activities of the electricity industry;
- (ii) promotion of investment in electricity industry;
- (iii) reorganization and restructuring of electricity industry in the State;
- (iv) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State commission by that Government.

### 3. MISSION STATEMENT.

The mission of the Commission is to:

- (a) promote reforms in the electricity sector;
- (b) encourage transparency, competition and economy;
- (c) regulate the power purchase and procurement process of the distribution utilities.
- (d) Secure the legitimate interests of all stakeholders including the consumers.

#### **4. CHAIRPERSON**

The Commission was headed by Shri V. Kohli IAS (Retired) during the period 1<sup>st</sup> April 2008 till 11<sup>th</sup> January 2009. There was no Chairperson or Member of the Commission for the remaining period under report.

#### **5. CONSULTATIVE BODIES**

1. The Forum of Regulators which is the statutory body established under the provision of sub-section 2 of Section 166 of the Electricity Act 2003 includes the Chairmen of all State Electricity Regulatory Commissions. The Chairman of the Commission is a member of the aforesaid Forum of Regulators and has been attending its periodic consultative meeting with a view to ensure better co-ordinated and aligned legal policies and practices, with those being followed in the different States of India.
2. The Chairman of the Commission is also a Member of the Forum of Indian Regulators, which is a registered Society and had been set up earlier than the Forum of Regulators.

The membership of the Forum of Indian Regulators is not only confined to regulators of the power sector, but includes members representing other related sectors and interests. Several members of this Forum have experience of regulatory processes and procedures and deliberations in the Forum, and provide enough opportunity for wide ranging discussions on all technical and legal aspects arising out of the implementation of the ongoing reforms in the power sector.

#### **6. HUMAN RESOURCES.**

The Commission is serviced by Mrs. C.T. Sangma MCS (Retired) as Secretary. She joined the Commission on 14<sup>th</sup> January 2008 on contract basis, initially for the period of one year. Her services were found satisfactory and extended from time to time thereafter. She continued in her assignment at the end of the period under report.

In managing the affairs of the Commission's Secretariat, the Secretary is assisted by two Stenographers one Lower Division Assistant, besides a Chowkidar, two Office Peons and a Driver.

In addition. The Commission has engaged the service of –

Shri. L. Jyrwa, a retired Secretary Law of the Government of Meghalaya as Consultant (Law), since 15<sup>th</sup> June 2006.

Shri. A. K. Kar a retired Sr. Audit Officer as Consultant (Finance & Accounts), since 1<sup>st</sup> November 2006 and.

Shri. J.B. Poon a retired Chief Engineer, MeSEB as Consultant (Technical), since 1<sup>st</sup> April 2008

for assisting the Commission in legal, technical and financial matters relating to the Commission. The services of the aforesaid consultants have been extended from time to time, and they continued in their assignment at the end of the period under report.

The Commission has also appointed Ms M. Synrem as F.A.O. through the open market selection process. She joined the Commission on 1<sup>st</sup> November 2006 and she continued in the assignment at the end of the period under report.

## **7. OFFICE ACCOMODATION**

The Government of Meghalaya has allocated the left wing of the 1<sup>st</sup> Floor of the New Administrative Building at Lachumiere Shillong for the Commission's accommodation. The Commission started functioning in the aforesaid premises during December 2007 and the Office has become fully functional. However, the floor space available is very limited and will not be able to accommodate any further office-expansion. The Commission would, however, need to expand its manpower to more effectively discharge its' statutory functions. Alternative accommodation will have to be located.

## **8. STATE ADVISORY COMMITTEE**

In exercise of the powers conferred under Section 87 of the Electricity Act, 2003, the Commission constituted the Meghalaya State Electricity Advisory Committee on 5<sup>th</sup> September 2007, to advise on questions of policy, protection of interest of consumers, and other matters relating to supply and distribution of electricity in the State.

The Committee consists of the following persons as Chairperson and Members:

1. Ex-officio Chairperson:  
The Chairman,  
Meghalaya State Electricity Regulatory Commission.

2. Ex-officio Members:

1. The Principal Secretary/Commissioner and Secretary, Food, Civil Supplies and
2. The Principal Secretary / Commissioner and Secretary Consumers Affairs Department, Government of Meghalaya.

3. Members:

1. Shri. V.K. Gulati, Director (E&M) and superintending Engineer, MES;
2. Shri. J.B. Poon, Chairman, Institution of Engineers (India), Shillong;
3. Shri F.K. Mawlot, Ex- MLA, Nongstoin;
4. Shri. K.C. Momin, Ex-MLA Tura;
5. Shri. Polycarp K. Marak, Ex-CEM, GHADC, Resubelpara;
6. Smti. J.E. Shullai, Shillong;
7. Prof. Eugene D.Thomas, Department of Economics, NEHU;
8. Shri. Darlington Dympep, General Secretary Meghalaya State Commission, AITUC;
9. Shri. S.K. Lato, Jowai;
10. Shri. Ramesh Bawri, President Confederation of Industries of Meghalaya and Adviser Meghalaya Chamber of Commerce, Dhankheti, Shillong.

During the period under report, the Third Meeting of the State Advisory Committee was held on the 10<sup>th</sup> July 2008 in the Commissions' premises at Shillong. The Minutes of the said Meeting are attached to this Report as Annexure I.

**9. PUBLIC AWARENESS**

1. A Public Awareness Programme was held at the District Library premises at Jowai in the Jaintia Hills District on the 29<sup>th</sup> April 2008.
2. The Commission's website [www.msarc.gov.in](http://www.msarc.gov.in) was inaugurated and launched on 25<sup>th</sup> July 2008.

## **10. OMBUDSMAN**

As required under sub-section (6) of Section 42 of the Act and in exercise of powers contained in sub-regulation (1) of Regulation 8 of the Commission's Redressal of Grievances Regulation 2007, the Commission appointed Shri. A.V. Rangad as Electricity Ombudsman for the State of Meghalaya. Shri. A.V. Rangad joined on 1<sup>st</sup> May 2007 and continued to hold the assignment at the end of the period under report.

The responsibilities of the Ombudsman are listed at Annexure II.

## **11. CAPTIVE GENERATION**

The position of action taken on matters connected with captive generation as reported in the Annual Report for the period ending 31<sup>st</sup> March 2008, remained the same during the period under report.

## **12. REGULATIONS FRAMED BY THE COMMISSION**

The Commission framed three new Regulations during the period under report, namely:-

- (1) **Meghalaya State Electricity Regulatory Commission (Terms & Conditions for Open Access) Regulation 2008.**
- (2) **Meghalaya State Electricity Regulatory Commission (Levy Collection of State Load Despatch Centre Fees & Charges) Regulation, 2008**
- (3) **Meghalaya State Electricity Regulatory Commission (Fees & Charges) Regulation 2008.**

All the above Regulations were notified in Meghalaya Gazette on 22<sup>nd</sup> January 2009, having been previously published in the Gazette of Meghalaya on 27<sup>th</sup> November 2008. For the record, the Commission issued the following eight regulations during the earlier period ending 31<sup>st</sup> March 2008.

1. **The Meghalaya State Electricity Regulatory Commission (Powers and Duties of Secretary) Regulations, 2006 notified in Meghalaya Gazette on the 19<sup>th</sup> October, 2006;**
2. **The Meghalaya State Electricity Regulatory Commission (Appointment and conditions of Service of Officers and Staff) Regulations, 2006 notified in Meghalaya Gazette on the 7<sup>th</sup> December, 2006;**

3. The Meghalaya State Electricity Regulatory Commission (Determination of Tariff) Regulations, 2006 notified in Meghalaya Gazette on the 7<sup>th</sup> December, 2006;
4. The Meghalaya Electricity Supply Code, 2006 notified in Meghalaya Gazette on the 7<sup>th</sup> December, 2006;
5. The Meghalaya State Electricity Regulatory Commission (Standards of Performance) Regulations, 2006 notified in Meghalaya Gazette on the 7<sup>th</sup> December, 2006;
6. The Meghalaya State electricity Regulatory Commission (Conduct of Business) Regulations, 2007 notified in Meghalaya Gazette on the 22<sup>nd</sup> February 2007;
7. The Meghalaya State Electricity Regulatory Commission (Redressal of Grievances) Regulations, 2007 notified in Meghalaya Gazette on the 22<sup>nd</sup> February 2007;
8. The Meghalaya State Electricity Regulatory Commission (Appointment of Consultants) Regulations, 2007 notified in Meghalaya Gazette on the 22<sup>nd</sup> February, 2007.

### **13. FINANCIAL RESOURCES**

Section 103 of the Electricity Act, 2003 provides for the creation of a State Electricity Regulatory Commission Fund. Section 102 of the Act provides for grants and loans to be extended to the Commission by the State Government. In addition any revenue arising out of collection of fees by the Commission is also to be credited to this Fund. Against this background the position for the period under review is as follows:-

For discharging statutory and administrative functions including defraying recurring expenditure on account of salaries-

1. the Commission received Rs 49.875 lakhs as Grants-in-Aid from the State Government in 2006 - 07.
2. the Commission received a further amount of Rs 170.00 lakhs as Grants-in-Aid from the State Government during 2007-08.

In addition, the Commission received Rs. 10.00 lakhs as tariff application fees during 2007-08.



The Commission created office-infrastructure, procured office-furniture, and set up computer facilities, besides meeting its' routine liabilities out of the aforesaid receipts. The Commission had a balance of Rs. 96.70 lakhs as on 31.03.2009 as carry-over funds at the close of the period under report.

#### **14. TARIFF.**

The Commission passed one Tariff Order during the period under report.

On 31<sup>st</sup> March 2008 the Meghalaya State Electricity Board submitted their petition for determining their Annual Revenue Requirement and distribution tariff. On perusal, it was revealed that the petition filed by the Board lacked required information. Accordingly the Commission directed the Board to provide supplementary details. The Board complied on the 17<sup>th</sup> April, 2008. The Tariff Application was taken on record on 3<sup>rd</sup> June 2008.

On 3<sup>rd</sup> April 2008, the Board was asked to publish a summary of their final application for distribution tariff in compliance with the statutory provision, providing an opportunity to citizens to express their views on the proposal of the Board. This was done by the Board on 17<sup>th</sup> April 2008. Four petitions containing comments on the proposed tariff were received from different groups and individuals. These were sent to the Board for their comments. The Board submitted their response on 08<sup>th</sup> August 2008. A public hearing was held on 12<sup>th</sup> August 2008 in the Commissions' premises, to provide an opportunity to all stakeholders to make their submissions. The various views that emerged in submissions were considered and discussions thereon during the hearing were taken into account. Consequently, the Commission issued its' Tariff-Order for 2008-09 on 30<sup>th</sup> September 2008.

On 24<sup>th</sup> October 2008, the Byrnihat Industries Association filed an Appeal No 132 of 2008, against the Tariff Order dated 30<sup>th</sup> September 2008, before the Appellate Tribunal for Electricity. The Appeal was pending disposal as on the last date of the period under report.

An application dated 31<sup>st</sup> March, 2008 for the tariff proposed by the Board for 2008-09 has been received in the Commission.

#### **15. FINANCIAL DISCIPLINE**

In terms of sub-section (1) of section 104 of the Electricity Act, 2003, the Commission is required to maintain accounts and other records and prepare Annual Statement of Accounts in such forms as may be prescribed by the State Government in consultation

with Comptroller and Auditor General of India (CAG). Under the provisions of sub-section (2) of Section 104 of the Act *ibid*, such Accounts are to be audited by the CAG.

The State Government, vide letter No. PE. 102/2005/27 dt. 26<sup>th</sup> June 2006 (copy annexed), informed the Commission that the Rules for the maintenance of accounts of the Commission were under consideration in consultation with the CAG. Pending finalisation of the rules the Commission was asked to follow the Draft Rules of the Assam Government, as specified for the Assam Electricity Regulatory Commission.

## **16. CONCLUSION**

During the period under review, the Commission received valuable support and encouragement from the State Government, the Meghalaya State Electricity Board and from concerned sections of the public of Meghalaya. It is hoped that similar support will continue to be received by the Commission during years ahead, to enable the Commission to further consolidate the work done so far and move proactively towards establishing sustainable electricity regulatory reform processes in the State of Meghalaya.

**RECORD OF DISCUSSIONS AT THE 3<sup>RD</sup> MEETING OF THE STATE ADVISORY  
COMMITTEE SHILLONG  
10<sup>TH</sup> JULY, 2008**

(List of members who attended is at Annexure A)

1. The Chairman welcomed members to the 3<sup>rd</sup> meeting of the State Advisory Committee called for the purpose of obtaining the views of the Committee on the Meghalaya State Electricity Board's proposal for a new tariff for the year 2008-09. (A summary of the proposal was published in newspapers dated 21<sup>st</sup> June, 2008.)

Before inviting members to participate in the discussion, the Chairman briefed them about the statutory responsibilities of the State Advisory Committee. The salient features of the tariff proposal were also brought to the attention of the members. A specific reference to the proposal of the Me.S.E.B. to limit the supply of electricity to about 1600 MUs during the year was also made. The Chairman was particularly keen to know whether there was justification for restricting supply on the ground that consumers would not be able to bear the additional cost of power required to meet the total estimated demand of 2600 MU.

2. Mr. K.C. Momin, the first member to speak, complained about rampant power theft in Garo Hills. He contended that MeSEB had taken no effective action to stop this practice. He was also critical of the delay in implementing the Ganol River HEP and rural electrification schemes.
3. Mrs. J.E. Shullai observed that while an increase in tariff was necessary, the MeSEB should also improve their performance.
4. Mr. S.K. Lato stressed the importance of reducing T & D losses. He felt that the MeSEB's proposal should be reviewed and certain areas of unjustified cost should be disallowed in the final tariff to be announced by the Commission.
5. Mr. J.B. Poon dealt with some of the issues raised by the Chairman during his briefing. While agreeing that the power scenario in the State was grim, he felt that at this juncture there was no option but to increase the tariff for all categories of consumers. Costs were constantly on the rise and inflation was taking a toll on the operational expenses of the Board. He maintained that, apart from the Me.S.E.B., Civil Society also had an important role to play in detecting cases of power theft. He referred to the awareness campaign mounted by the Commission and felt that this could also be taken to the sub-divisional level. Regarding procurement of additional power from the open market Mr Poon felt that the burden will be too high for consumers in the State. He also referred to transmission bottlenecks standing in the way of drawing power from the grid. Agia-Nangal, Misa-Byrnihat, Sumer-Mawngap, etc., were some of the transmission lines that needed to be commissioned as soon as possible.

6. Mr. Francis K. Mawlot, was critical of unplanned employment in the board. He suggested that the Board be directed to reduce employment cost. Regarding new schemes, he stated that since even the old schemes could not be managed properly, the Board should not be entrusted with any new schemes.
7. Mr. Ramesh Bawri, made no comments on the ARR but insisted that the Commission should ensure that the consumer is spared the impact of the steep increase in tariff proposed by the Board. He felt that the disparity in EHT and HT tariff was not tenable. In his view all industrial tariffs should be uniform. He pointed out that in Annexure IX of the Board's proposal, 76 paise per unit was the cross subsidy to the EHT which he felt was not justified. Regarding the demand charge, Mr. Bawri felt that levying Rs.300 for public services and only Rs.200 and Rs. 140 for HT and EHT respectively was not fair.
8. Lt. Col. Ballaney, contended that loss of water from the Umiam reservoir was abnormal. The Board should try to find out why this has occurred and suggested that a study to maximize the collection and retention of run off water during the rainy season be made. He also requested for a special tariff for the MES for which a detailed justification would be forwarded separately.
9. The Chairman thanked the members of the Committee for offering their views. He assured the Committee that their comments and suggestions will be taken into account in the final tariff determination exercise. The Commission would be holding a public hearing sometime towards the end of this month. Members were welcome to the public hearing. He requested members to send any other suggestions and comments that they may have on the ARR and tariff issue to the Commission at the earliest. The Commission would like to announce the new tariff order by the end of August 2008.
10. Before concluding the Chairman announced that the website of the Commission was expected to be inaugurated by the Chairman of the State Planning Board on the 25<sup>th</sup> of July. While formal invitations will be sent to all members of the State Advisory Committee, members might like to note the date and attend the function.

**ANNEXURE-A**

**MEMBERS PRESENT**

<b>Sl.No.</b>	<b>Names</b>
1.	Lt. Col. Ballaney RN.
2.	Mr. Ramesh Bawri
3.	Mr. F.K. Mawlot
4.	Mr. J.B. Poon.
5.	Mr. S.K. Lato.
6.	Mrs. J.E. Shullai.
7.	Mr.K.C.Momin.

RESPONSIBILITIES OF THE OMBUDSMAN:-

- (1) If the licensee fails or neglects to remove or set right the fault or defect complained of by the consumer or if the Forum neglects or is otherwise unable to deal with the complaint made to it the aggrieved consumer may, within ten days from the last day of the time set for under sub-regulation (1) of regulation 6 or from the date of seeking redressal from the Forum under sub-regulation (1) of regulation 4, as the case may be, make a representation to the Ombudsman for redressal of the grievance.
- (2) On receiving a representation, the Ombudsman shall after due examination and consideration settle the grievance of the consumer.
- (3) In exercising its functions the Ombudsman shall have the powers to call for reply, information data, records and other related documents from the licensee or from any other person who may be concerned with and to hear them.
- (4) The Ombudsman may, if necessary, engage or consult a person having special knowledge or experience in the matter under consideration for his opinion or advice.
- (5) Notwithstanding anything contained in this regulation the Ombudsman may suo moto take up any matter which is a subject of general grievance by consumers relating to supply of electricity in any area in the State.