

Annexure - A

COMPLIANCE OF DIRECTIVES

In pursuance to the directives issued by the Hon'ble Commission in its Tariff order No. TR-1/2014 dated 31.03.2015 regarding the ARR & Tariff for the Year 2015-16, the compliance is submitted as under:-

Directive – 1:

“During the course of the performance review relating to the Energy and Power Dept., the deemed Licensee in the State, for the financial year 2012-2013, it was observed that, with exception of marginal improvements recorded in some areas of operation, the compliance requirements, as enjoined in the directives issued by the Commission, have not be adequately satisfied by the licensee. The Commission reiterates the directives in this regard for the concerned Licensee to address these pertinent issues with utmost diligence and ensure compliance of the same.”

Compliance:

With the observation of the Hon'ble commission regarding directives issued in the order in case No. TR-1/2014-15, in future all efforts shall be put to improve the performance to the satisfaction of the Commission.

Commission's Comments

Efforts put forth by EPDS and results achieved have not been reported. The Commission is unable to notice any improvement. The Commission, therefore, reiterates the directive.

Compliance: It is submitted that E&PDS has been continuously making efforts to improve the performance as per the various directives issued by the Hon'ble Commission. However, due to certain operational constraints, there has been delay in complying with the few of the directives. Department shall take required action in a time bound manner in this regard.

Directive 2:

“The status with regard to outstanding billing arrears in respect of consumers, particularly involving Govt. Departments including Public sector Undertakings,

Central Govt. / Army establishments, etc., was found to be disturbing. Immediate steps to recover such outstanding arrears need to be taken up on a war footing. The EPDS is directed to consider the option to seek legal remedies under section 56 of the Electricity Act for realization of all unsettled bills”

Compliance:

The directive required the department to take steps legal action for recovery of arrears.

That the issue was taken up in earnest, but taking legal recourse may aggravate the issue. Instead, the defaulting consumers were approached for clearing the payments. In a few cases individual consumers were taken up with the help of the District Administration but the process has been slow. However, there may be very good response from Government as the government has been appraised of the situation (departmental electricity bill arrears) umpteen times and now may take action to recover the arrears on its own.

The outstanding arrears as on 31.03.2014 were submitted to the Commission as well.

Commission’s Comments

The Commission is not convinced about the efforts being made regarding realisation of revenue. The Department, therefore, needs to put in more efforts to improve the revenue realisation.

Compliance:

It is submitted that the E&PDS has taken various steps to improve the revenue collection. Initiatives have been taken to ensure that current bills are recovered and collection efficiency for the current period improves. Accordingly, target for restricting commercial losses has been fixed and revenue recovery drives has been undertaken. The department is also conducting revenue meeting every month with all the concerned officers to ensure effective action in this regard.

In respect of the arrears, the Department has identified the defaulting consumers and is taking recovery steps and shall be able to reduce the arrears, but since the sizable proportion of the arrears are long pending, recoverability of the same are to be assessed. The department shall report the status to the Hon’ble Commission.

Directive 3:

“The EPDS is called upon to institute effective and conscious measures to mitigate revenue shortfalls attributable to T & D losses. In this regard, the concerned deemed licensee is advised to address Critical areas viz. institutionalizing an in-built energy auditing mechanism, introduction of pre-paid billing system, unbundling of generation, transmission and distribution as distinct segments, etc. The EPDS is also advised to undertake installation of Remote Sensing Meters in all Bulk load consuming units such as Industrial Units, Star category Hotels, etc. in order to facilitate effective and efficient monitoring and billing of energy consumption. These administrative measures are underlined with the view to bringing about a tangible improvement in the overall performance of the licensees.”

Compliance:

Regarding instituting effective & conscious measures to mitigate revenue shortfall from high-end consumers namely Industrial Units, Star category Hotels; it is submitted that these premises are now being billed through high caliber digital energy meters ensuring proper metering; however installation of Remote Sensing Meters in all bulk load could not be taken up.

Commission’s Comments

Efforts made and results achieved have not been reported on the 49 bulk consumers some of whom have been provided with remote meters. A status report may be submitted by the 30th June 2015.

Compliance:

It is submitted that E&PDS has instituted measures/steps as suggested by the Hon’ble Commission in the above directive and the same is yielding results, however, the details of the achievement/results shall be analysed, tabulated and submitted shortly.

Directive 4:

“In the area of energy auditing, the EPDS has reportedly undertaken a pilot project for Gangtok to address issues impacting technical and commercial losses. While

appreciating the initiative taken by the EPDS in this regard, it is suggested that appropriate steps be also taken to install meters covering all Feeder 132KV, 66KV and 11KV transmission lines including the distribution transformer points to facilitate effective monitoring of distribution and consumption of energy load. These measures would contribute to containing the Transmission and Distribution losses.”

Compliance:

The audit report on the specific feeders of the pilot project in Gangtok in enhancing the Transmission Network, Distribution System and billing of energy consumption, will be made as early as possible as required by the Commission and steps taken accordingly to address the issue of loss in high loss area.

Commission’s Comments

A status report may be submitted by the 30th June 2015.

Compliance:

It is submitted that E&PDS has taken many measures/steps for containing the Transmission and Distribution losses including metering of feeders. The report on above initiatives of the Department shall be submitted shortly.

Directive 5:

“The need for instituting a mechanism for monitoring of all licensees involved in the energy generation and distribution chain vis-à-vis the parameters as envisaged in the respective Project Implementation Agreements needs to be addressed to obviate any omissions and commissions which would be detrimental to the interest of the Govt. as well the consumers.”

Compliance:

Further to the constitution of Hydro Project Monitoring Committee, the Chief Engineer (East) is appointed as a Nodal Officer of these matters who is entrusted the responsibility to be continuously in touch with the Power Developers in the State for regular updates.

Commission's Comments

Reports may be obtained periodically from the nodal officers and submitted to the Commission on a quarterly basis.

Compliance:

It is submitted that E&PDS has taken steps for monitoring of all licensees involved in the energy generation and distribution chain vis-à-vis the parameters as envisaged in the respective Project Implementation Agreements to obviate any omissions and commissions. Accordingly, as reported earlier, the Chief Engineer (East) is appointed as a Nodal Officer and entrusted with the above responsibility. However, the report as desired by the Hon'ble Commission shall be submitted to the shortly.

Directive 6:

“The Commission observes that despite specific directives having been issued with regard to maintenance of Asset and Depreciation Register, it is regretted that the EPDS has not complied with the orders. The EPDS is hereby directed to ensure that appropriate action is taken and the requisite Document submitted to the Commission latest by the 30th September, 2013.

Compliance:

A well-documented Asset & Depreciation Register along with the Tariff Petition for the year 2014-15 has been submitted, which may kindly be given due consideration by the Hon'ble commission.

Commission's Comments:

The Commission appreciates the efforts made by the EPDS and updated Asset Details (Abstract) for Generation, Transmission and Distribution may be submitted by 30th June 2015.

Compliance:

It is submitted that the updated Asset & Depreciation Register for the three functions viz. Generation, Transmission and Distribution detailing there in, the category wise assets along with accumulated depreciation, depreciation for the FY 2014-15 and

WDV of respective assets shall be submitted separately.

Directive 7:

On the request of the EPDS, the Commission has agreed to permit extension of the time for submission of all the prescribed documents and schedules relating to the Annual Accounts and the Balance Sheets along with the Profit and Loss Accounts as required under the Electricity (Supply/ Annual Accounts) Rules 1985 and submit the same to the Commission.

Compliance:

It is submitted that the Energy & Power Department operates under Govt. Accounting norms. Expenditure is incurred against the grants as indicated in the Demands for Grants & Receipt as per the estimates of the Receipts duly passed by the State Legislative. All Accounts formats, registers etc. used are as per Government Accounting norms. Since it does not operate accounts under Double Entry System as followed in Commercial Accounting by Boards/Corporations, the Balance Sheet, Profit & Loss Accounts etc. are not prepared.

Further, the Accounts are audited by the CAG & no internal auditors like Chartered Accountants are engaged for normal Expenditure & Receipt Accounts operated out of the Budget allocated to the Department.

To achieve the desired report for such Annual accounts, a parallel set of Accounts in commercial format is suggested to be maintained engaging an internal auditor for monthly Concurrent Audit, which may require approval of the CAG & the State Govt. or similar pattern may have to be followed by the Department done in other states.

Commission's Comments:

The Directive to submit Audited Annual Accounts has not been complied with. EPDS has also not indicated the time-frame by which the Accounts will be submitted.

Compliance:

It is submitted that the details of the assets, accumulated depreciation, annual depreciation, WDV etc. are required to be incorporated in the Annual Accounts.

These figures are to be obtained from the Fixed Asset Register as explained in reply to directive 6 above. Therefore, the Annual Accounts is proposed to be submitted along with the Asset & Depreciation Register by January, 2016.

Directive 8: Management Information System (MIS)

“The EPDS has not maintained proper data in respect of sales (slab wise), with number of consumers and connected load / demand etc. for proper analysis of the past data based on actuals and estimation of proper projections for consideration in the ARR. The EPDS is directed to take steps to build Credible and accurate data base and management information system (MIS) to meet the requirements for filing ARR & Tariff Petition as per regulatory requirement. The formats, software and hardware may be synchronized with the Regulatory Information and Management System (RIMS) circulated by Central Electricity Regulatory Commission (CERC).”

Compliance:

E&PDS has already started the process of compilation of data at various levels. Computerized Management Information System (MIS) is also being introduced to build up Credible and accurate data base to meet the requirements for filing ARR & Tariff Petition as per regulatory requirements and directions in future.

Commission’s Comments:

Details of the Category-wise connected load Revenue billed, Revenue Collected and balance collected have not been indicated in the filing for FY 2015-16. This may be done and submitted to the Commission by the 30th June 2015.

Compliance:

It is submitted that the details of the Category-wise connected load, Revenue billed, Revenue Collected and balance outstanding shall be submitted separately.

Directive 9: Replacement of Non-Functional / Defective Meters

“Section 55 of the Electricity Act makes it mandatory for all consumers to have a meter installed at the place of residence / office. EPDS must ensure that all households in the State be properly metered. EPDS may like to avail of the assistance of the Government Undertakings like State Trading Corporation Sikkim (STCS) and

Sikkim State Cooperative Supply and Marketing Federation (SIMFED) for making available standard meters that can be availed of by the consumers at a reasonable price. Metering is a pre-requisite for new service connection and EPDS is directed to complete 100% metering of consumers and shall ensure that no new service connections are provide unless metering is done. Installation of meter shall be a pre-requisite for any new service connection.

The EPDS has submitted report on % of defective meters as follow:

Bulk	31.00%
HTS	7.23%
LTIS	13.11%
Comme	11.08%
Domest	20.42%

The situation is quite alarming. Latest information of non-functional meters may be obtained from the field offices and ensure that data is maintained correctly.

Replacement of meters shall be planned on priority wise i.e., meters of Bulk supply, Commercial, Industrial and high value domestic categories to be replaced on priority. In respect of defective meters billing may be done by adopting standard method. The data on defective meters, replacement, and pendency shall be filed with the next petition.

Compliance:

The E&PDS has initiated a drive to replace the defective meters & installation of new meters to unmetered consumers. The consumers are also appealed at regular interval to purchase energy meter at their own cost and choice to install at their service connection as per the manufacturer’s specification given by the department.

The status of metering till date is still far from appreciation as indicated below:

Total Number of consumers as on 31.March 2014	= 95824
Metered Consumers	= 74125
Consumers with Defective/Non-functional Meter	= 21699
% of Metered Consumers	= 77.37%
% of Consumers with Defective/Non-functional Meter	= 22.65%

The department has stopped giving service connection without proper energy meter

installed in the applicant premise and further stated that the existing service connections (households) without working and correct energy meter may also be liable to be disconnected if such defective meter are not replaced within a given time frame and a gazette notification to this effect, as approved by the cabinet, is also being published shortly that certainly will enhance the targeted 100% metering process.

Commission's Comments:

EPDS has not reported the number of defective meters replaced in 2013-14. The Commission directs that defective meters in HT and Bulk Consumers be replaced in 6 months time. Commercial and LT Industrial should also be replaced by December, 2015 and 75% of Domestic Consumers by December, 2015. Hence, suitable plans need to be drawn up to implement this Directive.

Compliance:

It submitted that as reported earlier, E&PDS has taken steps for replacement of defective meters with special focus on the HT and Bulk consumers. There has been substantive progress in this regard. Further, steps has also been taken for installation of new meters to unmetered consumers, either by the department or directly by the consumers. While the department is making all efforts to replace the defective meters and ensure 100% metering, the status report detailing therein the progress made till date shall be submitted shortly.

Directive 10: Consumer Contribution for Capital Investment

“The fact of consumer contribution for capital investment is not brought out in the ARR and Tariff Petition.

The EPDS is directed to furnish the details of contributions being collected from consumers for capital works. The amounts collected from the consumers towards capital investment shall be brought out in the accounts. The depreciation and Return on Equity / Capital Base should not be claimed on the amount contributed by the consumers towards capital investment.”

Compliance:

It is submitted E&PD has not collected any contribution from consumers towards capital investment.

Commission's Comments:

The statement of EPDS has been noted

Compliance: Complied

Directive 11: Investment Plan and approval of Capital Expenditure

“Annual Investment Plan shall be submitted to the Commission and approval of Commission should be obtained for all major capital works costing Rs. 5.00 Crore and above before execution of the works.”

Compliance:

E&PDS will submit details of Capital works costing Rs. 5.00 Crore and above for approve of the Hon'ble commission for execution of such work.

Commission's Comments:

EPDS shall not take up any new works costing Rs. 5.00 Cr and more, without obtaining prior approval from the Commission

Compliance: Complied

Directives 12: Interest on Consumer Security Deposit

“EPDS did not indicate the amount of security deposit collected from the consumers. EPDS is informed that as per the section 47 (4) of IE Act 2003, the distribution licensee shall pay interest equivalent to bank rate or more as may be specified by the concerned state Commission on the consumer security deposit.

EPDS is directed to maintain consumer-wise security deposit collected. Such data shall be furnished with the next filing invariably.”

Compliance:

The system of Security Deposit is applicable to Bulk Supply and High Tension Supply consumers. EPDS has introduced a system of maintaining circle wise details of such security deposits. Details will be submitted with future filings.

Commission's Comments:

The proposal of EPDS is not accepted. The number of Bulk and HT consumers is limited. Compiling data of SD paid by such consumers will not take a month's time. Details shall be reported by June, 2015.

Compliance:

It is submitted that the details are being compiled and shall be submitted shortly.

Directive 13: Consumer Awareness/ Sensitisation

EPDS is directed to carry out "Consumer Awareness/ Sensitisation' campaigns so as to educate the consumers and the general public on the various initiatives and subsidies announcement by the government and manner of obtaining these benefits.

EDPs is also directed to Create awareness and sensitise its employees on the need to be fully aware of various acts, rules & regulations, safety practices etc., EPDS may consider imparting trainings, arrangement workshops etc. for its employees.

Compliance:

Energy & Power Department is carrying out all the instruction and initiatives as suggested by the Commission viz., public awareness and sensitisation programme on various issues to the public for their benefit in the grams sabhas, panchayats ward level meeting and departmental co-ordination meetings as and when there are huge public participations etc.

E&PDS is regularly imparting training and conduction workshops to its employees on the topic of safety measures, acts, rules and regulations that govern the power sector.

Commission's Comments:

Public awareness and sensitisation programme is to be done through the print and Electronic Media. EPDS is directed to furnish details of such publications. Copies of

notices, publications issued should also be furnished to the Commission.

Compliance:

It is submitted that Energy & Power Department has been conducting public awareness programme through various meetings and public interactions. Further, regular training and workshops for employees are also being conducted. These steps have resulted in improvement in general awareness among public and employees. However, the suggestion of the Hon'ble Commission for Public awareness and sensitisation programme through the Print and Electronic Media shall be undertaken and compliance shall be reported as directed.

Directives 14:

Reforms in the energy sector are absolutely necessary to overhaul the Energy Sector to make it more vibrant and commercially viable in view of the huge hydro power potential in the State. As part of the reforms envisaged the State Government will have to consider seriously the huge monopolistic role of the EPDS in the generation, transmission and distribution of electricity in the State. Most of the States have already initiated the process of unbundling their Energy / Power Departments/SEBs into separate corporate entities covering generation, transmission and distribution, even going to the extent of utilizing the private sector in the distribution of power. This is an important aspect the State Government will have to look at in order to ensure that the Power sector lives up to its expectation of becoming the State's main revenue earner.

In addition the EPDS needs to examine and review the milestones agreed upon in the Memorandum of Understanding (MOU) signed with the Ministry of Power in December 2002 by the Government of Sikkim which have not been fully achieved. Necessary steps and actions need to be taken for achieving the target and commitment for implementing of reforms programme in the power sector.

Compliance:

The observation and the guidelines of the Hon'ble Commission regarding this

directive issued in the order in case No. TR-1/2014-15 shall be put in top gear to overhaul the power sector in days to come. With the cadre review there are three Principle Chief Engineer in the Department and they shall take initiative to head the three different entities viz., generation, transmission and distribution independently to perform in the corporate fashion and achieve the milestone as the Department moves forward.

Commission's Comments:

For corporatisation of EPDS, the methodology has to be finalised in consultation with the State Government. The actions include: type of new entities to be decided, and finalisation of the balance sheets/ profit and loss accounts of the new entities. All these actions need to be taken with the approval of Government. Action taken/proposed to be taken timeline for corporatisation of EPDS may be reported by 30.04.2015.

Compliance:

It is submitted that E&PDS has taken steps for reforms in accordance with the principles envisaged in the Act, to make the department more efficient and commercially viable. These steps are to be taken in consultation/approval of the Government. The Status report on above directive regarding steps taken/proposed to be taken shall be submitted separately.

Fresh Directives (2015-16)

Directives 15: Energy Efficiency Measures

Consumers in the state need to be encouraged and motivated to use energy-efficient lighting systems like LED, CFL in the houses, factories etc. Municipal Corporation, Municipalities and Panchayats too need to be sensitised to take steps to provide LED bulbs for street lighting. A programme is to be chalked out to replace the existing lighting with LED lights within a period of 2 to 3 years. Requirements of such lights, type of lighting quality, etc., may be assessed. Also, the investment needs for such a programme may be worked out. A suitable plan of action may be worked out and reported to the Commission by 30.06.2015.

Compliance:

The E&PDS has taken steps to encourage the consumers to use energy-efficient lighting systems like LED, CFL in the houses, factories etc. Department is planning/executing effective actions on the Demand side management (DSM) front. A detailed report on the above shall be submitted shortly.

Directives 16: Safety Against Accidents

Electrical accidents to departmental personnel, non-departmental personnel may be analysed, together with the causes. Remedial measures to minimise such accidents should be taken at all levels of officers and employees.

Workers who attend to tasks like replacement of fuses, disconnections, reconnections, giving new connections, erection of new lines, etc., have to be provided with safety devices like gloves, gauntlets, insulated shoes, earthing rods, rain coats etc., and it should be ensured that workers use these devices while on work. Danger caution boards need to be fixed at salient points for lines, equipment to caution the public not to touch the equipment and lines.

For stays being provided on lines, guy insulators are to be invariably used at the time of laying of new lines/equipment, to avoid leakage of current through the earth wire. Details of Accidents that occurred during 2012, 2013, 2014 and 2015 (till date) are indicated below:

Year	Departmental		Others		Total
	Fatal	Non-Fatal	Fatal	Non-Fatal	
2012	3	1	-	-	4
2013	3	4	-	1	8
2014	6	2	1	-	9
2015	-	-	1	-	1
Total	12	7	2	1	22

It could be seen that number of accidents are increasing year after year. There is also a rise in the number of fatal accidents to the Departmental staff. It is imperative to analyse the causes of accidents by obtaining investigation reports from the field

officers and strict remedial action shall be taken to minimum accidents. EPDS should strive to achieve nil accidents in future.

Compliance:

It is submitted that E&PDS has taken safety & precautionary measures to negate/minimize chances of accidents. Department has a system of obtaining the reports of the accidents immediately. Corrective/remedial measures are taken on priority basis to avoid recurrence of such accidents. Further, E&PDS is regularly imparting training and workshops to educate and create awareness among its employees on the topic of safety measures. The same is being monitored regularly.

Directives 17: Free Power to Rural Domestic Consumers

The EPDS shall ensure that no new connection is given to any category of consumer without meter installation. Metering should be a pre-condition for availing of the benefits of 100 Units of Free Power to rural domestic consumers announced by the State Government.

The EPDS shall ensure that all such consumers whose power consumption exceeds 100 units are billed as per the notified Tariff for the excess quantity of power consumed.

Compliance:

It is submitted that E&PDS has taken initiatives to ensure that all new connections are metered and no connections are being issued without meters. Further, it is also ensured that the consumers whose power consumption exceeds 100 units are billed as per the notified Tariff for the excess quantity of power consumed.

Directives 18: Consumer Grievances Redressal Forum(CGRF)

The EPDS has constituted the Consumer Grievances Redressal Forum (CGRF) only in East District, Gangtok. The EPDS directed to set up Consumer Grievances Redressal Forum (CGRF) in each district of the State to facilitate redressal of the grievances of the consumers and general public. The CGRFs in the remaining districts shall be constituted within a period of 2 months from the date of issue of this Order.

Compliance:

It is submitted that E&PDS has not been able to comply with the above directive and requests the Hon'ble Commission to extend the time for the compliance of the same.

Directive 19: Publicity/Awareness regarding CGRF, Consumer Grievance Cell and Ombudsman.

The EPDS is directed to conduct awareness programs on the role, functions, etc including the procedure for filing of grievances by the consumers and general public before the CGRF, Ombudsman and Consumer Grievance Cell. The EPDS is advised to make use of print and electronic media, Gram Sabha Meetings and other platforms to educate and give wide publicity on the role and functions of CGRF, Ombudsman and Consumer Grievance Cell so as to enable timely redressal of grievances/complaints of the consumers and the general public.

Compliance:

It is submitted that E&PDS shall take the steps as directed with regard to the awareness programs on the role, functions, etc. including the procedure for filing of grievances by the consumers and general public before the CGRF, Ombudsman and Consumer Grievance Cell. The compliance report of the same shall be submitted.

Directive 20: Proper Monitoring of IPP Projects.

In the ARR petition submitted it has been observed that the State is importing Power from central Generating Stations to meet part of its requirements as well as to trade the surplus power available with the State Utility after meeting its own requirements. The quantum of Power being imported could be reduced if the State properly monitors the implementation of the power projects given out to the Independent Power Producers (IPPs) as some of them have been unduly delayed. With the timely construction of the ongoing Power projects, the State would be getting the free power entitled to it, which would be more than sufficient to not only meet its own requirements but there would be sufficient excess power available for trading. The implementation of the Power Projects can only be expedited through proper monitoring and imposing penalties as per clause 4.7 of the Implementation Agreement signed with each of the IPPs who had been awarded the Power projects.

Compliance:

It is submitted that E&PDS is monitoring the implementation of the projects and taking all efforts to expedite the completion of the same. Further, it is also submitted that a Hydro Project Monitoring Committee has been constituted and the Chief Engineer (East) is appointed as a Nodal Officer of these matters. He has been entrusted with the responsibility to be continuously in touch with the Power Developers in the State for regular updates.

Directive 21: Banking of Surplus Power.

As the State has only Hydro Electric Power projects, the power generation would be at its peak during the summer due to the melting of snows and the annual monsoons, whereas in winter the generation would be much less. The EPDS may therefore like to look at negotiating with entities like the NTPC for banking the surplus power during

summer, which can be drawn later by the State to meet its own requirement during the winters.

Compliance:

The E&PDS has taken steps to manage the energy surplus/shortage periods. It is submitted that the department shall analyse the feasibility of the measures suggested by the Hon'ble Commission in this regard and suitable action shall be taken.

Directive 22: Renewable Energy Projects.

As the Government of India is keen on building up its Renewable Energy capacity, the State could also look at the option of taking up Renewable Energy projects to increase its overall generation capacity. As per the Solar Radiation data available with the Ministry of new and Renewable Energy, the annual average solar radiation at Gyalshing is 3.70 (KWh/M²/Day); Namchi is 4.79 KWh/M²/Day) and Gangtok 2.89 KWh/M²/Day). The annual average insolation data available in the State is much better than the data shown against some of the European countries who have gone in for major solar projects.

Compliance:

It is submitted that E&PDS has initiated actions for identifying the potential locations for the Renewable Energy projects at various parts of the State and steps have been taken for conducting the feasibility study of the potential projects. The department is making all efforts to take the benefit of the Central Government schemes/programmes in the area of Renewable energy to exploit the potential in the state to full extent and increase its overall generation capacity.