



ANNUAL REPORT 2020-21

**Sikkim State Electricity Regulatory
Commission**

March 2021



Foreword

It gives me immense pleasure to present the Annual Report of the Sikkim State Electricity Regulatory Commission (SSERC) for the Financial Year 2020-21.

The report has been prepared in compliance of the provision of Section 105 (1) and (2) of the Electricity Act, 2003, which states that 'the State Commission shall prepare once every year in such form and manner and such time as may be prescribed and annual report giving a summary of its activities during the previous year and copies of the report shall be forwarded to the State Government'. The Sections further states that 'a copy of the report received under sub-section (1) shall be laid, as soon as may be after it is received, before the State Legislature'.

The report gives a glimpse of the different activities taken up by the Commission during the previous year and also an insight of the orders, directives and advisories issued by the Commission. The report also highlights the details of the grievances dealt by the Consumer Grievance Redressal Forums (CGRFs) constituted by the Power Department and also report of the Electricity Ombudsman.

The entire world came to a standstill due to Covid-19 during 2020 and the functioning of all offices in the State were adversely affected and SSERC was no exception. Despite the difficult times, the Commission has managed to function effectively and carried on with its entire routine works duly following the Covid-19 protocols put in place by the State Government. The Commission also took part in various meetings conducted through virtual mode by the Forum of Regulators (FOR) and Forum of Regulators for Eastern and North Eastern States (FORENS) and shared its views and suggestions on important issues/topics relating to the power sector.

The Commission successfully disposed of the petitions and other applications received by it within the time frame stipulated in the Electricity Act, 2003. The Commission also conducted the meetings with State Advisory Committee and discussed various matters having impact on the power sector in the State. The views and suggestions of the Committee guided the Commission in taking timely decisions. The Commission also had several meetings with the Power Department and Sikkim Renewable Energy Development Agency (SREDA) and deliberated on various topics. The Commission also gave various suggestions and advisories to the State Government for betterment of the power sector in the State.

Some of the areas and issues in which the Commission felt that tangible actions are needed were:

- Measure/steps needed for reduction in AT&C losses.
- Development of Rooftop Solar Power
- Need for reduction in employee cost
- Exploring ways and means for surrendering import of costly thermal power.
- Need for proper scrutiny and study of terms and conditions before signing PPA for purchase of power.
- Need for increasing generation from State owned power houses

The Commission also successfully amended existing regulations and formulated draft regulations to be notified in the near future to strengthen the regulatory framework in the State.

The Commission has received tremendous support and cooperation from the State Government, Power Department, SREDA and all concerned and hopes for continued support in the future. Taking forward of regulatory process require active participation from the consumers, general public and all stake holders, which is still lacking in the State and hope that there will be proactive participation in the coming days. I wholeheartedly thank the State Government, the Power Department, SREDA, the State Advisory Committee for their support and cooperation in taking forward of the regulatory process.

I further congratulate the Officers and staffs of the Commission for their efforts in bringing out this Annual Report.



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Chapter – 1

1.1 Sikkim State Electricity Regulatory Commission

Sikkim State Electricity Regulatory Commission (SSERC) came into being on 15th November 2003 after the State Government vide issued the Gazette Notification No.28/P/GEN/97/524 Dated 15.11.2003 constituting the Commission as a one member Commission.

Although the SSERC was constituted in November 2011, the appointment of the first Chairperson of the Commission could not happen owing to various unavoidable circumstances and reasons.

As per the provisions of Section 85 of the Electricity Act, 2005, the State Government constituted the Selection Committee for selection of the Chairperson vide Gazette Notification No. 34/Home/2011 dated 11.04.2011. Based on the recommendations of the Selection Committee, the first Chairperson of the SSERC was appointed by the State Government in April 2011. Thus the SSERC started formally functioning from April 2011.

1.2 Roll of Honour of Chairpersons

Sl.No	Name of the Chairperson	Tenure	
		From	To
1	Shri T.T.Dorji ,I.AS (Retd.)	April 2011	March 2016
2	Shri Nanda Ram Bhattarai	March 2016	April 2021

1.3 Powers of the Commission

Section 82 of the Electricity Act, 2003 (36 of 2003) provides for constituting a Commission for the State and the Commission has been vested with the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908) for the purpose of inquiry or proceedings under the Electricity Act, 2003.

Further, Section 95 of the Electricity Act, 2003 states that all proceedings before the Commission shall be deemed to be judicial proceedings within the meaning of section 193 and 228 of the Indian Penal Code (45 of 1860) and the Commission shall also be deemed to be a civil court for the purposes of sections 345 and 346 of the Code of Criminal Procedure, 1973 (2 of 1974).

The section 94 of the Electricity Act, 2003 enumerates the following matters in which the Commission shall have the same powers as are vested in a civil court:

- summon and enforce the attendance of any person and examining him on oath;



- b. discovery and production of any document or other material objects producible as evidence;
- c. receiving evidence on affidavits;
- d. requisitioning of any public record;
- e. issuing commission for the examination of witnesses;
- f. reviewing its decisions, directions and orders;
- g. any other matter which may be prescribed.

1.4 Mandate of the Commission

Section 86 (1) of the Electricity Act, 2003, mandates the State Commission to discharge the following functions, namely:--

-
- (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 licensee;



- (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;
 - (k) discharge such other functions as may be assigned to it under the 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.

1.5 Mission of the Commission

The Commission intends to promote competition, efficiency and economy in bulk power markets, improve the quality of supply, promote investments and advise Government on the removal of institutional barriers to bridge the demand supply gap and thus foster the interests of consumers. In pursuit of these objectives, the Commission aims to –

- a. Improve the operations and management of the regional transmission systems through Indian Electricity Grid Code (IEGC), Availability Based Tariff (ABT) etc.
- b. Formulate an efficient tariff setting mechanism, which ensures speedy and time bound disposal of tariff petitions, promote competition, economy and



- efficiency in the pricing of bulk power and transmission services and ensure least cost investments.
- c. Facilitate open access in inter-State transmission.
 - d. Facilitate inter-State trading.
 - e. Promote development of power market.
 - f. Improve access to information for all stakeholders.
 - g. Facilitate technological and institutional changes required for the development of competitive markets in bulk power and transmission services.
 - h. Advise on the removal of barriers to entry and exit for capital and management, within the limits of environmental, safety and security concerns and the existing legislative requirements, as the first step to the creation of competitive markets.

1.6 Guiding Principles

To pursue the mission statement and its goals, the Commission is guided by the following principles:

- a. Protect the Interest of Society including Consumer Interest and Supplier Interest while remaining fair, transparent and neutral to all stakeholders.
- b. Remain equitable in conflict resolution brought to it through petitions after providing sufficient and equal opportunity to participants to be heard.
- c. Maintain regulatory certainty by remaining consistent in views on one hand and being open minded to adopting change in the evolving power sector on the other.
- d. Adopt a stakeholder consultation and participative process in formulation of its regulations to ensure that the regulations are in line with the expectations of stakeholders.
- e. Ensure optimal allocation of resources in the power sector using regulatory and market based mechanism.
- f. Encourage sustainable development by promoting renewable sources in the power generation.

1.7 Annual Report of the Commission

As provided by the Section 105 of the Electricity Act, 2003 , every State Electricity Regulatory Commission is required to prepare annual report in the prescribed form , giving summary of its activities during the previous year and forward the same to the State Government for the purpose of laying before State Legislature.

Section 85 of the Act is produced below:



- I. The State Commission shall prepare once every year in such form and at such times as may be prescribed, an annual report giving summary of its activities during the previous year and copies of the report shall be forwarded to the State Government.
- II. A copy of the report received under sub-section (i) shall be laid, as soon as may be after it is received, before the State Legislature.

Accordingly in compliance of Section 85 of the Act, SSERC has prepared the Annual Report for the F.Y 2020-21 highlighting the activities undertaken by it during the previous financial year.

The report gives a brief insight into the activities of the SSERC vis-a-vis the details of tariff petitions filed before the Commission and the orders issued thereof.



Chapter – 2

2.1 Activities of the Commission

The year 2020-21 has been a very challenging one for the entire world. The Pandemic Covid-19 brought the world to a standstill. The Pandemic had an adverse effect on the smooth functioning of the Commission. The Government of Sikkim took advance measures to contain the spread of pandemic and very strict measures were put in place. The entire State went for complete lockdown from 25th March 2020 to 31st March 2020. Even after March 2020, the State had to resort to intermittent lockdowns and put strict restrictions on movement of people and vehicles. All Government offices and establishments were shut down with only emergency services in operation.

Despite the tough times, the Commission, duly following the Covid-19 protocols put in place managed to continue with the official works.

Some of the major activities taken up by the Commission during the F.Y 2019-20 are given hereunder.

2.2 Notification of Multi Year Tariff Regulations, 2020.

The Commission for the first time had specified the first 3 year control period for adopting the Multi Year Tariff (MYT) framework for determination of Annual Revenue Requirement (ARR) and Tariff Determination for Generation, Transmission and Distribution licensees including Retail sale/Supply of electricity vide State Government Gazette Notification No. 204 dated 21st May 2014.

The first 3 year control period was specified from 1st April 2015 to 31st March 2018. The said MYT Regulations were later amended by the Commission vide SSERC (Multi Year Tariff) (First Amendment) Regulations 2013 and SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) (Second Amendment) Regulations, 2017 vide State Government Gazette Notification No. 92 dated 18th March 2015 and No. 367 dated 24th August 2017 respectively. The amendments were done to incorporate additional guidelines/frameworks for taking ahead the regulatory process more effectively.

The SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) (Second Amendment) Regulations, 2017 was notified keeping in view the difficulties in adhering to the first three year control specified by the Commission in the principal MYT regulations notified on 21st May 2014. By the Second



Amendment Regulations ,2017, the Commission re-set the first three year control period from 1st April 2018 to 31st March 2021.

2.2.1 Drafting and Placing of the draft SSERC (MYT) Regulations 2020 in the Public Domain

The first three year control period was to end w.e.f 31st March 2021 and the Commission well in advance embarked upon the task of drafting the MYT regulations in order to specify the 2nd three year control period well in time for timely and effective disposal of the MYT petitions.

The Commission started working on the draft of the SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020 in the month of July 2020 and the final draft was readied by 6th July 2021.

2.2.2 Placing of the draft Regulations in Public Domain

With the aim of obtaining views of the general public, licensees and other stake holders, SSERC forwarded to the draft Regulations to all the stake holders for their comments, views, suggestions and objections.

The draft Regulations was also uploaded in the official website of the Commission. A Public Notice was issued vide No. 14/SSERC/MYT/AMDT/2015/124 dated 14.08.2020 soliciting views, suggestions and objections from the general public and stake holders. Sufficient time of 15 days was provided to facilitate submission of views, comments and objections on the draft by the general public, licensees and other stake holders. The Commission also requested the public/stake holders to for public hearing. However, no responses were received except for few suggestions from the Power Department, Government of Sikkim.

2.2.3 Notification of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020

Taking into account the views, suggestions and comments received, SSERC notified the SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020 vide Notification No. 14/SSERC/MYTAMDT/2015/19 dated 7th September 2020.

The Regulations was also notified in the Sikkim Government Extra Ordinary Gazette Notification No. 161 dated 9th September 2020.



2.2.4 Technical Meeting of FORENS

A technical meeting of the Forum of Regulators for Eastern and North Eastern States (FORENS) was conducted through virtual mode on 23rd May 2020. All the members of the FORENS participated in the said meeting.

The main agenda items taken up during the meeting was:

- Proposed Amendment of the Electricity Act, 2003.

Chairperson, SSERC participated in the online meeting and the views of SSERC on the subject matter were placed in the meeting.

2.2.5 71st and 72nd Meeting of FOR

The 71st meeting of the Forum of Regulators (FOR) was held virtually through video conferencing on 2nd June 2020. The important matters discussed during the meeting were :

- Implementation of E-courts in SERCs/JERCs
- Standard bidding documents for procurement of power for medium term
- Draft Electricity Bill (proposed amendment of Electricity Act, 2003) and approval of the recommendations of working group of the FOR on the draft bill including its submission to the Ministry of Power, Government of India.

The Chairperson, SSERC, participated in the meeting and placed the views of SSERC on the subject matters.

Similarly, the 72nd meeting of the FOR has held through video conferencing on 17th August 2020. The agenda items discussed during the meeting were :

- Trading margin charged by NTPC/SECI in long term contracts
- Draft CERC Power Market Regulations, 2020
- Draft Report of FOR on Study of Consumer Protection.

2.2.6 Meeting with 17th Mountain Division of Indian Army

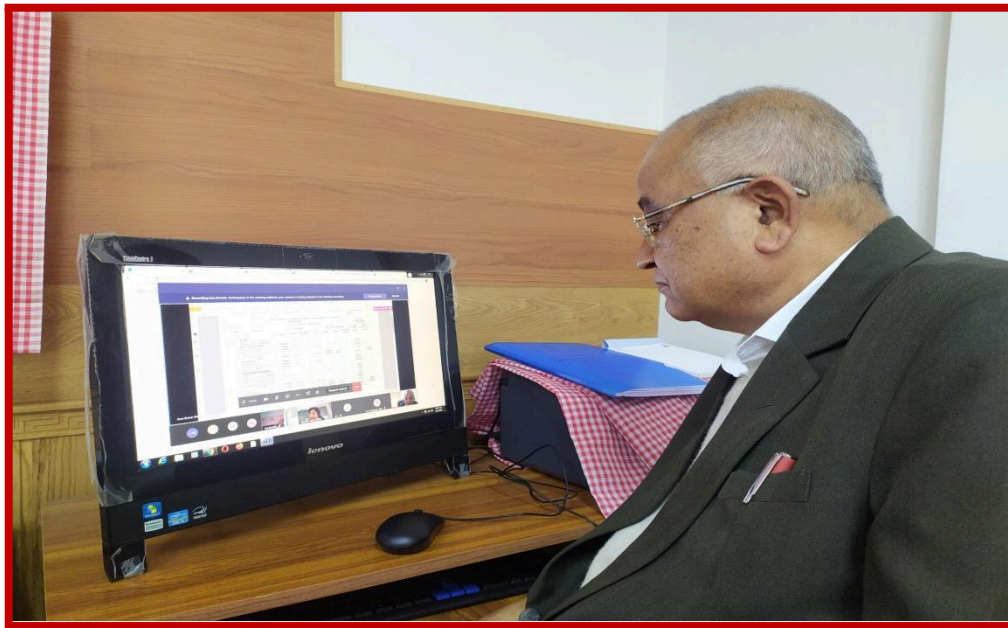
A meeting under the Chairmanship of the Hon'ble Chairperson, SSERC was held on 10th August 2020 with the representatives of the 17th Mountain Division of Indian Army. The meeting was in continuation of the previous meeting held with the Army and Power Department on 19th February 2020. The meeting was called in order to deliberate and discuss on the following issues/submissions made by the Army:

- Army establishments be charged Domestic Tariff in lieu of 'Bulk Supply Category' tariff
- Army/ Border Roads Organization be permitted to procure power as 'Deemed Distribution Licensee' as provided in the Electricity Act, 2003.

2.2.7 73rd meeting of FOR

Forum of Regulators conducted its 73rd meeting through video conference on 21st September 202 and 29th September 2020. Some of the main items discussed during the meeting were as under:

- Draft Electricity (Rights of Consumers) Regulations, 2020 issued by the Ministry of Power, Government of India.
- Confirmation of the Minutes of Meeting of the 72nd FOR meeting.



Hon'ble Chairperson Attending Online Meeting

2.2.8 Meeting with Power Department, Govt. of Sikkim

SSERC conducted a meeting with the Power Department, Government of Sikkim on 19th November 2020. The meeting was headed by the Chairperson, SSERC and the PCE cum Secretary and other senior officers from the Power Department attended the meeting. The following items were discussed in the meeting:

- Annual Revenue Requirement and Tariff Proposals for the 2nd three year control period (F.Y 2020-21 to F.Y 2023-24)
- Status of Rooftop Solar Power Development in the State and proposed amendment of SSERC (Grid Interactive Distributed Solar Energy Systems) Regulations, 2020.
- Grant-in-aid to the SSERC & implementation of SSERC(Fund, Annual Accounts ,Audit and Budget) Rules, 2016.
- Open Access –Provisions in the Electricity Act, 2003 and Standing Regulations notified by the SSERC.



During the above meeting, the Chairperson stressed on the need for taking timely action for development of solar rooftop power in the State and advised the Department to take necessary steps for its development. Chairperson opined that with the increase in the power sale within the State, the Department's Renewable Purchase Obligation (RPO) from both solar and non-solar sources will go up and to meet the RPO from solar sources the Department must make efforts to develop solar power in the State.

SSERC also advised the Power Department that it must be ready to with the necessary infrastructure and technical experts to handle that might be received under Open Access. The Department can't bar any applicant from getting open access as the Act provides for non-discriminatory open access to all.

2.2.9 Meeting with Power Department, Govt. of Sikkim to Discuss issues raised by Indian Army

SSERC convened a meeting with the Power Department, Government of Sikkim On 7th September 2020 to deliberate and discuss the issues raised by the Defense Establishments (17th Mountain Division and BRO) regarding electricity tariff. The meeting was chaired by the Secretary, SSERC.

During the meeting the issues raised and submissions made by the Defense Establishments were discussed threadbare. The Power Department representatives apprised that the proposal to review the tariff for Bulk Supply category consumers (applicable to the Defense Establishments) is being considered by the Department and if the revised tariff to be proposed by the Department is approved by the SSERC, the consumers under Bulk Supply category will get relief. The Department submitted that once the revised tariff is made applicable, the Defense Establishment should not have any issues.

SSERC advised the Department that the tariff proposal for the ensuing year be placed before the Commission within the stipulated time frame so that the matter can be discussed with the Army.

2.2.10 Re-constitution of the State Advisory Committee of SSERC

Section 87 (1) of the Electricity Act, 2003 empowers the State Electricity Regulatory Commission to establish a Committee by notification to be known as the State Advisory Committee.

Section 87 (2) further provides that the Committee shall not consist of more than 21 members to represent the interest of commerce, industry, transport, agriculture, labour, consumers, non-governmental organizations, academic & research bodies in the electricity sector.

Section 87 (3) further provides that the Chairperson of the State Commission shall be the *ex officio* Chairperson of the State Advisory Committee and Members of the State



Commission and the Secretary to the State Government in charge of the Ministry or Department dealing with Consumer Affairs and public Distribution System shall be the *ex officio* Member of the Committee.

The functions/objects of the State Advisory Committee as per Section 88 of the Electricity Act, 2003, are as given below:

The objects of the State Advisory Committee shall be to advise the State Commission on :-

- Major questions of policy
- Matters relating to quality, continuity and extent of service provided by the licensees
- Compliance by licensees with the conditions and requirements of their licence
- Protection of consumer interests
- Electricity supply and overall standards of performance by utilities.

As empowered by the Section 87 of the Electricity Act, 2003, the Commission had constituted the State Advisory Committee vide Notification No. 09/SSERC/AC/2014-14/35 dated 01.02.2019 comprising of 6 Members apart from the Chairperson and the Member Secretary.

The two year term of the above said Committee was completed on 31st January 2021 and the Commission reconstituted the Committee afresh. As permitted the provisions of the Electricity Act, 2003, some of the existing Members were included in the Committee and alongwith some new members to represent not only the different districts of the State but also to represent the interest of different sections of consumers, trade, business etc.

The State Advisory Committee was reconstituted vide Notification No. 09/SSERC/AC/2013-14/25 dated 28.01.2021 comprising of the following members:

- i. Shri N.R.Bhattari, Chairperson, SSERC – *ex officio* Chairperson
- ii. Shri N.T.Lepcha, Chairman Sikkim Welfare Commission – Member
- iii. Shri D.P.Sharma, IAS (retd.), Gangtok - Member
- iv. Shri Uttam Kr. Pradhan, former Principal Chief Engineer – Member
- v. Shri D.P.Deokota, former Chief Engineer Chief Engineer – Member
- vi. Shri D.B.Basnet, former Chief Engineer - Member
- vii. Shri Rinzing Y. Bhutia, Vice President,
Pelling Tourism Development Association, West Sikkim - Member
- viii. Secretary, Food & Civil Supplies Department,



Govt. of Sikkim

- *ex-officio* Member

ix. Secretary, SSERC

- Member Secretary

2.2.11 Meeting of the State Advisory Committee

A meeting of the State Advisory Committee of the SSERC , was held under the Chairmanship of the Hon'ble Chairperson,SSERC on 19th January 2021. The following members of the SAC attended the meeting:

1. Shri D.P.Sharma, IAS (retd)
2. Shri Uttam Kr. Prdhan
3. Shri B.B.Rai
4. Ms Deepa Rani Thapa –*ex-officio* member
(Secretary, Food & Civil Supplies, Govt. of Sikkim).
5. Shri Palchen D.Chaktha- Secretay-in-Charge,SSERC
6. Shri Jigme W. Bhutia, Joint Director, SSERC
7. Shri Pema R.Gyasapa, Assistant Director (Tariff) ,SSERC
8. Shri Sonam G.Bhutia, Legal Officer/Ombudsman, SSERC

The main agenda items discussed during the meeting were as under:

- Truing Up of ARR for F.Y. 2019-20
- Review for the F.Y. 2020-21
- Multi Year ARR for the 2nd three year control period (F.Y. 2020-21 to FyY2023-24) AND Proposed Tariff for the F.Y. 2021-22
- Petition of Defense Establishments for Review of Tariff



State Advisory Committee Meeting Held on 19th January 2021



State Advisory Committee Meeting Held on 19th January 2021

2.2.12 Approval of ARR and Tariff Proposals for 2nd three year control period

Power Department, Government of Sikkim had filed a petition before the Hon'ble Commission vide their letter No. 5/P/REV/NODAL/2014-15)Part-II/335 dated 25th November 2020 requesting approval for Annual Revenue Requirement (ARR) and Tariff Proposals for the 2nd three year control period (F.Y. 2020-21 to 2023-24). SSERC admitted the petition on 4th December 2020 and registered the petition as Case No. MYT/2020-21/P-01/PDS.

2.2.13 Issue of Public Notice by Power Department

As stipulated by the standing regulations notified by the SSERC, the ARR and tariff proposals were placed in public domain by the Power Department by issuing a Public Notice in local newspapers, soliciting views, comments, suggestions and objections from the consumers and stake holders. The Department issued Public Notice in local newspapers as mentioned under:

1. Sikkim Express (English Daily) -12th December 2020
2. Hamro Varta (Nepali paper) -12th December 2020

2.2.14 Issue of Public Notice by SSERC

SSERC with the aim of obtaining the views, suggestions, comments and objections from consumers and other stake holders decided to hold a Public Hearing on the Multi Year ARR and Tariff Petition for the 2nd three year control period (F.Y. 2020-21 to 2023-24) filed by the Power Department.



With the aim of giving wide publicity , the Commission issued Public Notice in local newspapers giving the venue, date and time of the Public Hearing to be conducted by the Commission. The Commission issued Public Notices in the following newspapers:

1. Sikkim Express (English) - 9th February 2021
2. Summit Times (English) - 9th February 2021
3. Hamro Prajashakti (Neplai) -16th February 2021

The consumers, general public and all stake holders were informed of the Public Hearing to be conducted by the Commission on 23rd February 2021 in the Court Room of the Commission and all were requested to attend the hearing.

2.2.15 Conduct of Public Hearing

An open Public Hearing was conducted by the Commission on 23rd February 2021 in the Court Room of the Commission from 10.30 AM to 2.30 PM. The hearing was chaired by the Hon'ble Chairperson of the Commission .The list of persons who attended the hearing are as given under:

Sl.No	Name	Department/Agency/Address
1	Mr. N.R.Bhattarai	Hon'ble Chairperson, SSERC
2	Mr. P.T.Bhutia	PCE cum Secretary, Power Department, Govt. of Sikkim
3	Mr.Ganesh Chettri	Principal Chief Engineer, Power Department, Govt. of Sikkim
4	Brigadier Vikram Bhar,VSM	Dy. GOC, Black Cat Division,Indian Army
5	Col. G.K.Chopra	Col. Engrs, Mil Stn, Indian Army
6	Lt.Col.Kunal Tagunde	Engrs.,Mil Stn, Indian Army
7	Mr. P.M.Sharma	Chief Engineer, Power Department, Govt. of Sikkim
8	Mr.B.Deokota	Chief Engineer, Power Department, Govt. of Sikkim
9	Mr.T.K.Pradhan	Director,Sikkim Renewal Development Agency (SREDA)
10	Ms. Shova Thapa	Addl. Chief Engineer(SLDC), Power Department, Govt. of Sikkim
11	Mr. D.N.Khatiwada	Addl. Chief Engineer, Power Department, Govt. of Sikkim
12	Mr. S.R.Bhutia	Addl. Chief Engineer(HQ-II), Power Department, Govt. of Sikkim
13	Mr.Jigme W.Bhutia	Joint Director, SSERC
14	Mr.Palchen D.Chaktha	Director (T&T) cum Secretary-in-Charge, SSERC
15	Mr. Pema R.Gyansapa	Assistant Engineer, SSERC
16	Mr. Sonam G.Bhutia	Law Officer, SSERC

As can be seen from the table above, there was no participation by the public in the hearing. The only participation in the hearing came from the representatives of Indian Army.



Public Hearing held on 23rd February 2021

2.2.16 Disposal of Petition and Issue of Tariff Order

SSERC successfully completed the scrutiny and prudence check of the Petition filed by the Power Department for approval of the ARR and Tariff for the 2nd three year control period i.e. F.Y. 2022-22 to F.Y 2023-24 and after several rounds of interactions/meetings with the petitioner and conduct of the Public Hearing on 23rd February 2021 issued its order on the Case No. MYT/2020-21/P-01/PDS on 26th February 2021. The Commission through its said order approved the ARR for the F.Y 2021-22 to F.Y 2023-24 and also the Tariff for the F.Y 2021-22.

The order has signed by the Hon'ble Chairperson, SSERC and the case was disposed off. The Commission while disposing the Case also issued a number of directives to the Power Department.

**Chapter -3****3.1 ARR approved by the Commission for F.Y 2021-22 to F.Y 2023-24**

Sl. No.	Particulars	FY 2021-22 (Projected) ₹ Crore	FY 2022-23 (Projected) ₹ Crore	FY 2023-24 (Projected) ₹ Crore
1	Cost of Fuel	0.18	0.18	0.18
2	Cost of Generation	22.30	22.79	23.31
3	Cost of Power Purchase	278.01	291.91	306.51
4	Intra State Transmission Charge	48.18	50.55	53.04
5	Employee Costs	105.34	111.66	118.36
6	Repair and Maintenance Expense	22.02	23.34	24.74
7	Administration and General Expenses	3.49	3.70	3.93
8	Depreciation	23.12	24.40	24.98
9	Interest Charges	0.00	0.00	0.00
10	Interest on Working Capital	7.32	7.71	8.09
11	Return on NFA/Equity	0.00	0.00	0.00
12	Total Revenue Requirement	509.97	536.24	563.14
13	Less: Non-Tariff Income	1.3	1.33	1.35
14	Net Revenue Requirement	508.67	534.91	561.79
15	Revenue from Tariff	259.32	286.03	312.87
16	Revenue from Outside State Sales	146.66	133.18	118.03
17	Gap (14-15-16)	102.69	115.70	130.90

3.2**Revenue Gap for F.Y 2021-22 to F.Y 2023-24**

Base on the ARR and revenue from existing tariffs for F.Y 2021-22, 2022-23 and F.Y 2023-24, the resultant Gap as shown in the table below was arrived at by the Commission.

Approved Revenue at Existing Tariff & Gap

Sl. No.	Particulars	FY 2021-22 (Projected) ₹ crore	FY 2022-23 (Projected) ₹ crore	FY 2023-24 (Projected) ₹ crore
1	Net Revenue Requirement	508.67	534.91	561.79
2	Revenue from Tariff	259.32	286.03	312.87
3	Revenue from Sale Outside the State	146.66	133.18	118.03
4	GAP	102.69	115.70	130.90
5	Energy Sale within the State	421.59	470.63	526.21
6	Energy Sale Outside the State	488.87	443.92	393.42
7	Average Cost of Supply Rs/ kWh	5.59	5.85	6.11

The revenue gap is about 20% of the net revenue requirement . The average cost of supply for the F.Y 2021-22 is ₹ 5.59/kWh and the average revenue from tariff is ₹ 4.46/kWh. The average revenue gap is ₹ 1.13/kWh.



3.3 Tariff Approved by the Commission for F.Y 2021-22

The tariff of electricity approved by the Commission for the F.Y 2021-22 in its order dated 26th February 2021 is given in the table below

Sl No.	Category of Consumers	Monthly Minimum Charges (₹/consumer)		Demand Charges (₹/KVA/Month)		Proposed Energy Charges (Paisa/Kwh)
		<45KW	>45kW	Rural	Urban	
1	Domestic					
a)	Up to 50 units	Single Phase- 50			100
b)	51 to 100 units	3 Phase-200				200
c)	101-200 units					300
d)	201 to 400 units					350
e)	401 & above					400

2	Commercial			Rural	Urban	
a)	Up to 50 units	Single Phase-200				300
b)	51 to 100 units	3 Phase-500		60**	100**	400
c)	101 to 200 units					500
d)	201 to 400 units					600
e)	401 & above					630
3	Public lighting					
	Rural Areas					400
	Urban Areas					500
4	Industrial					
A	HT(AC) above 3.3 KV					
a)	Up to 100 KVA		200		520
b)	101 - 250 KVA			250		570
c)	251- 500 KVA			290		620
d)	501 KVA & above			560		670
B	LT (Rural)	<45KW	>45kW			
a)	Up to 500 units	500/ Month	120/ KVA/ Month	60**		360



b)	501 - 1000 units				440
c)	1001 & above				580
c	LT (Urban)	<45KW	>45kW		
a)	Up to 500 units	500/ Month	200/ KVA/ Month	100**	530
b)	501 - 1000 units				620
c)	1001 & above				715
5	Bulk supply	<45KW	>45kW		
a)	LT	500/ Month	150/ KVA/Month	550
b)	HT	500/ Month	150/ KVA/Month		550

3.4 . Directives and Advisories issued by the Commission

The Commission in its order dated 23rd February 2021 issued the following directives to the Power Department, Government of Sikkim:

i. Information on RPO/HPO Compliance

The Power Department is directed to create a separate page in its official website to indicating the details of RPO/HPO compliance. The Department is advised to ensure that the RPO/HPO compliance details are provided in such a form/manner in the website so that the details are very easy to see and understand.

ii. Introduction of Direct Benefit Transfer

In order to prevent and curtail the revenue losses, especially in the rural areas, where the State Government is providing free electricity upto 100 units, the Department is directed to introduce ‘Direct Benefit Transfer’ and transfer the subsidies well in advance to the eligible consumers and realize the bills for electricity consumed by the consumers. However, before introduction of the



DBT, the Department is advised to properly inform and sensitize the consumers about the DBT and the concept of free power considering the notion of free power amongst the rural masses and past unsuccessful attempt of DBT.

iii. Surrender of high cost thermal power

The Commission opined that purchase of power is one of the major contributor towards ARR of the Department and observed that tariffs of some of the thermal power being purchased by the Department is very high. The Commission is informed that even if there is no drawal of electricity, the Department has to pay the fixed charges, which adds to the ARR significantly. Therefore the Commission advises and suggests that possibilities of surrendering high cost thermal powers be explored by the Department.

iv. Development of Rooftop Solar Power

Development of Rooftop Solar Power in the State needs to be expedited in view of the solar power generation targets fixed by the Government of India for every State and UTs. Latest RPO/HPO guidelines and trajectories have been issued by the Government of India and sooner or later, Power Department will have some solar RPO to be complied with. Having grid connected rooftop solar power will not only ensure fulfilment of RPO but also add to the State's green power generation. SREDA and Power Department need to work jointly and take immediate steps for developing solar power in the State.

v. Reduction of AT&C losses

Power Department must take necessary steps for reduction of the AT& C losses. Efforts must be made to bring down the losses to national average. Efficiency in bill collection and action for realisation of outstanding dues need to be taken on priority.

vi. Curtailment of Employee Cost

Employee cost is another major contributor in the ARR of the Power Department. The Department is advised to explore possibility of curtailing the manpower so as to reduce the employee cost. The excess manpower available with the Department can be trained and deputed to other



Departments.

vii. Enhancing the Generation Capacity of State owned Powerhouses

The generation of power from the State owned hydropower projects have not seen improvement for the last many years. The Department is advised to take up repair and renovation of only those powerhouses which are techno-economically viable and consider up gradation of the powerhouse equipments/systems to improve generation. Enhancement of generation of State owned powerhouses will not only help meeting the power demand of the State but also contribute towards compliance of non-solar RPO of the Department.

Chapter – 4

4.1 Statement of Accounts of the Commission

The accounts of the Commission for year ended 31st March 2021 has been audited by the Chartered Accountant engaged by the Commission. The accounts are yet to be audited by the Office of the Comptroller and Accountant General, India (Sikkim). The preliminary audited accounts of the Commission are placed below:

SIKKIM STATE ELECTRICITY REGULATORY COMMISSION
GANGTOK, SIKKIM

BALANCE SHEET AS AT 31ST MARCH, 2021

	Schedule	As on 31.03.2021 Amount (Rs)	As on 31.03.2020 Amount (Rs)
<u>CAPITAL FUND AND LIABILITY</u>			
CORPUS FUND	1	65,74,367.57	58,60,969.57
CURRENT LAIBILITIES	2	51,71,419.00	30,10,329.00
TOTAL		1,17,45,786.57	88,71,298.57



APPLICATION OF FUND				
-				
FIXED ASSETS	6	49,50,614.00	57,99,600.00	
INVESTMENTS	3		-	
CURRENT ASSETS, LOANS & ADVANCES				
ADVANCES	4	26,000.00	4,00,000.00	
RECEIVABLE		0	5,61,000.00	
BANK BALANCE	5	67,69,172.57	21,10,698.57	
CASH BALANCE			-	
TOTAL		1,17,45,786.57	88,71,298.57	
NOTES ON ACCOUNTS	10			

SIKKIM STATE ELECTRICITY REGULATORY COMMISSION

GANGTOK, SIKKIM

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED ON 31.03.2021

	Schedule	For the year ended 31.03.2021 Amount (Rs.)	For the year ended 31.03.2020 Amount (Rs.)
INCOME			
GRANT IN AID FROM GOVERNMENT		22242000.00	2,32,11,000.00
FEES RECEIVED		582500.00	6,41,000.00
OTHER INCOME	7	221432.00	2,69,640.00
TOTAL		23045932.00	2,41,21,640.00
EXPENDITURE			
ESTABLISHMENT EXPENSES	8	18595877.00	2,40,18,921.00
ADMINISTRATIVE EXPENSES	9	2840471.00	40,12,099.00
DEPRECIATION	6	848986.00	10,26,695.00
AUDIT FEES		47200.00	47,200.00
TOTAL		2,23,32,534.00	2,91,04,915.00
SURPLUS/ DEFICIT FOR THE YEAR		7,13,398.00	(49,83,275.00)



ADJUSTMENTS / PRIOR PERIOD EXPENSES BALANCE OF EXCESS/ (DEFICIT) TRANSFERRED TO			-
CAPITAL FUND		7,13,398.00	(49,83,275.00)
NOTES ON ACCOUNTS	10		

Chapter-5

5.1 Redressal of Disputes and Grievances

The Commission did not receive any petition for redressal of disputes or grievances during the F.Y 2020-21.

5.2 Licence Issued/Granted

No applications were received by the Commission under Section 14 of the Electricity Act, 2003 for grant of licence for:

- Transmission of electricity as transmission licensee
- Distribution of electricity as distribution licensee
- Trading in electricity as an electricity trader.

5.3 Consumer Grievance Redressal Forum/Electricity Ombudsman

As per the SSERC (Redressal of Grievances of Consumers and Establishment of Forum and Electricity Ombudsman) Regulations, 2012 notified by the Commission vide State Government Gazette Notification No. 219 dated 30th April, 2012, the Power Department, Government of Sikkim has constituted one Consumer Grievance



Redressal Forum (CGRF) for each of the four districts in the State for effective redressal of grievances of the consumers.

Similarly, as per Regulation I sub-regulation 64 & 65 of the SSERC (Redressal of Grievances of Consumers and Establishment of Forum and Electricity Ombudsman) Regulations, 2012 has designated an Electricity Ombudsman for the purpose of compliance of the provisions of Section 42 (6) & (7) of the Electricity Act, 2003.

Further, the Commission has also laid down the standards of performance of the Distribution and Transmission Licensees by notifying the SSERC (Standards of Performance for Distribution and Transmission Licensee) Regulations, 2012 in State Government Gazette Notification No. 132 dated 23rd March 2012.

As per the Quarterly Reports furnished by the CGRFs of the Power Department, Government of Sikkim, no grievances of any kind came before the CGRFs and similarly no grievance related issues were reported before the Electricity Ombudsman during the F.Y 2020-21.

The details of grievances received and disposed off by the CGRFs and the Electricity Ombudsman are given as under:

i. Electricity Ombudsman

Grievances Received /Disposed by the Electricity Ombudsman		
No. of Grievances Received during F.Y 2020-21	No. of Grievances Disposed off during F.Y 2020-21	No. of Cases Pending
Nil	Nil	Nil

ii. Consumer Grievance Redressal Forum

Grievances Received /Disposed by Consumer Grievance Redressal Forum (CGRF)		
No. of Grievances Received during F.Y 2020-21	No. of Grievances Disposed off during F.Y 2020-21	No. of Cases Pending
Nil	Nil	Nil

5.4 Complaints Related to Guaranteed Standards of Performance & Compensation to Consumers



The Commission did not receive any complaints or petitions regarding non compliance or default of the Guaranteed Standards of Performance by the Power Department during the F.Y 2020-21. Therefore no compensation was paid to any consumers.

5.5 Adjudication of Disputes and Differences

The Commission did not receive petitions or complaints requiring adjudication of disputes or differences during F.Y 2020-21.



