

ANNUAL REPORT 2016-17



SIKKIM STATE ELECTRICITY REGULATORY COMMISSION

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सत्यमेव जयते

ANNUAL REPORT 2016-17



SIKKIM STATE ELECTRICITY REGULATORY COMMISSION (SSERC)

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Shri Nanda Ram Bhattarai
Chairperson

Chairperson's Statement

Sikkim State Electricity Regulatory Commission (SSERC) is one of the youngest SERCs in the Country. Although the notification constituting the SSERC was notified in the year 2003, the actual functioning of the SSERC started only from April, 2011 when the first Chairperson was appointed by the State Government. Nonetheless, the SSERC has been striving hard to ensure that the aims and objectives envisaged by the Electricity Act 2003 towards reformation of the power sector are achieved both in letter and spirit.

The SSERC has been taking all necessary steps empowered to it by the Act and have stressed on the need for availability of qualitative power at reasonable costs to all sections of the society but at the same time ensuring that the regulatory frameworks don't impede or adversely impact growth of the electricity sector in the State. During its short journey of little more than 7 years, the SSERC has not only been able to create the necessary regulatory framework but also to push and inspire the licensee in the State to work towards bringing its performance and efficiency at par to that of the best performers in the Country.

Sikkim being a tiny State with very small number of consumers, the electricity demand and supply scenario is well balanced. There are very few high end power consumers like pharmaceuticals and hydropower projects so the power requirement in the State is very meager (around 120 MW peak). The State has vast hydropower potential and a number of small and mega projects have been commissioned. Almost the entire power requirement of the State is being met mostly from hydropower sources and as such the State is on the verge of becoming the first "green power" State in the Country. Sikkim has the distinction of being declared as the first "Organic State" in the Country by none other than the Hon'ble Prime Minister of India Shri Narendra Modi in February 2016.

The main focus of the SSERC in the last year has been development of Renewable Energy like Roof Top Solar and Wind Energy in the State especially in

view of the mammoth target of 175 GW of Renewable Energy generations in the Country by 2022 set by the Government of India. The SSERC has held several rounds of discussions with the Energy & Power Department, Government of Sikkim and the Sikkim Renewable Energy Development Agency (SREDA) stressing the need for setting up of Roof Top Solar , Wind Power and Small Hydropower Projects in the State. As a result, a few number of solar rooftop schemes have been identified by the State Government and the same have been approved by the MNRE, Government of India for implementation.

Other areas of attention has been the reduction of Transmission and Distribution losses, 24x7 power supply, 100% metering of all consumers and efforts for effective redressal and disposal of grievances of consumers. Another area where the SSERC feels that the State can benefit from is reduction of import of costly thermal power especially in view of the fact that hydropower projects like 1200 MW Teesta-III HEP, 96 MW Jorethang Loop HEP, 110 MW Chujachen HEP and 96 MW Dikhu HEP have been commissioned and are operational. The State will receive 12% free power from these hydropower projects thereby doing away with the need for importing high cost thermal power. The directives, advisories and orders of the SSERC has already started showing the results and the performance level of the Energy & Power Department has slowly but steadily improved over the years be it reduction of T&D losses, quality of power supply and timely restoration of power supply whenever there is power break down. The SSERC has also tendered its considered advices to the State Government on several matters pertaining to the power sector.

This Annual Report has been compiled as per the statutory requirement of the Electricity Act, 2003 and covers the functions & roles of the SERC and the activities and other works under taken by the SSERC during the F.Y. 2016-17. The SSERC has also tried to give an overview of the power sector in the State and the initiatives undertaken and efforts being made by the State especially for development of roof top solar energy to contribute towards the mammoth renewable energy generation target to be achieved by the Country by the year 2022.

The SSERC is thankful to the State Government, the Licensees, the stake holders and the general public for their support and cooperation. The SSERC looks forward to proactive participation by all so that the regulatory process can be taken forward for creation of well balanced electricity market which is beneficial to the State and the people of the State.

Date: 15th June 2017

(Nanda Ram Bhattarai)

Place: Gangtok

Chairperson.

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1 About the Commission

1.1 The Commission

The Indian Electricity Act, 2003 (36 of 2003) made it mandatory for every State of the Union of India to constitute and notify a Commission for the State. Accordingly as per the provisions of the Act, the Sikkim State Electricity Regulatory Commission was constituted on 15th day of November, 2003 vide Extraordinary Gazette Notification No.28/P/GEN/97/524 Dated 15.11.2003 published by the State Government. However, the Commission was not operative till April 2011 due to various reasons and it was only on 11th April 2011 that the First Chairperson was appointed on the recommendation of the Selection Committee constituted as per Section 85 of the Act, vide Home Department Notification No.34/Home/2011, Dated 11.04.2011. Thereafter, the Secretary and other Officials were appointed and the Commission began its works.

The Commission is a one member Commission. The Electricity Act 2003 has entrusted a host of responsibilities to the Commission. The Act empowers the Commission to frame regulatory framework for granting/revoking license for intra-state power transmission, generation and distribution, setting up of performance standards for the licensees and ensuring their compliance, etc.

1.2 The Mandate/Powers & Functions

The Commission has three-fold function viz (i) Quasi-Judicial; (ii) Quasi-Legislative and (iii) Executive functions.

Section 86 of the Electricity Act, 2003 mandates the following functions and powers for the State Electricity Regulatory Commissions:

- (i) Determine tariff for electricity for generation, supply, transmission and wheeling of electricity -wholesale, bulk, grid or retail, as the case may be , within the State, in the manner provided in Section 29 of the Electricity Act, 2003.
- (ii) Regulate electricity purchases and procurement process of distribution licenses including price of purchase of power from generating companies or licensees or from other sources through agreements for power purchases for distribution and supply within the State.
- (iv) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objectives and purpose of the Act.
- (v) to regulate inter-State transmission of electricity and to determine the tariff for inter-State transmission and wheeling of electricity.
- (vi) to issue licenses to persons to function as transmission licensee, distribution licensee and electricity trader with respect to their inter-State Operations.

- (vii). To promote co-generation and generation of electricity from renewable sources of energy by providing suitable means for grid connectivity and sale of electricity from such sources, a percentage of the total consumption of electricity in the area of distribution licensee;
- (viii) Adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
- (ix) Levy fee for the purpose of this Act;
- (x) Specify State Grid Code consistent with the Grid Code specified under clause (h) of sub-section (1) of Section 79;
- (xi) Specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (xii). Fix the trading margin in the intra-state trading of electricity, if considered necessary; and
- (xiii). Discharge such other functions as may be assigned to it under this Act.

Section 86(2) of the Electricity Act, 2003 , states that the State Commission shall advise the State Government on all or following matters, namely:-

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

Section 86(3) of the Act states that the State Commission shall ensure transparency while exercising its power and discharging its functions.

Section 86 (4) provides that the State Commission shall be guided by the National Electricity Policy , 2005, National Electricity Plan and Tariff Policy , 2006 published under section 3 of the Electricity Act, 2003.

1.3 Mission Statement

The Commission has been constituted with the sole objective of fulfilling the various aims and objectives as assigned by the Electricity Act, 2003. The Commission intends to promote competition, efficiency and economy in power supply, improve quality of power supply, promote investments in power market and advise the State Government for providing a smooth, transparent and an unbiased and a level playing field for power generators, transmission utilities and power distribution utilities keeping in mind the need for safeguarding the interest of the consumers.

The primary objectives and mission of the Commission:

- ❖ To promote and protect consumer in terms of quality, reliability and reasonable pricing of a sustainable supply of electricity.
- ❖ To promote development of eco- friendly Renewable Energy Sources in line with the State's image of a “Green State” and 100% Organic State.
- ❖ To promote competition, efficiency and economy in bulk power matters.
- ❖ To promote investments and advise the State Government of removal of institutional barriers to bridge the demand supply gap and thus foster the interests of the consumers.
- ❖ To cultivate informed, educated and participative power consumers.
- ❖ Consistent power development planning.
- ❖ To set up responsive technical standards and security compliance.
- ❖ To create a stable environment for competition and with no barriers on entry with strict and vigilant surveillance.
- ❖ To guarantee the provision of efficient and quality services to the consumers.
- ❖ To work for the reforms in the power sector to ensure supply of not only reliable, reasonably and affordable power but also to ensure the overall progress and development of the State.

The Commission is guided in discharge of its functions by the various guidelines laid down by the Government of India in the National Electricity Policy 2005, National Electricity Plan 2004 and Tariff Policy 2006 and revised Tariff Policy issued by the Government of India. The Commission keeps the interests of the State and the protection of the consumers paramount and mantra of transparency , good governance and the vision of the State Government of a “Green, Clean and 100% Organic State”.

2 Overview of Power Sector in Sikkim

2.1 Hydropower Development

Sikkim is endowed with rich natural resources and un-paralleled natural beauty in the form of snow capped peaks, pristine lakes, verdant forests, beautiful waterfalls and varied flora and fauna. Sikkim is one of the most favoured tourist destinations both for domestic and international tourists. Every year lakhs of tourists are drawn to Sikkim by its beauty and greenery. Sikkim is pollution free, chemical free and a fully organic State. Almost 70% of the total area is under forest cover and every year forest cover is growing due to measures taken by the State Government for planting trees and ornamental plants.

The State is known for its eco-tourism and for its hydropower resource. The total estimated hydropower potential of Sikkim is assessed at 8000 MW by the Central Water Commission/Ministry of Power, Government of India. Being a tiny and a landlocked State, Sikkim has very limited area available for setting up of heavy industries or for large scale agriculture. Therefore, making optimum use of the available resources, Sikkim has embarked upon the concept of eco-tourism, organic farming, horticulture and development of hydropower projects. The State Government has launched several schemes and provides assistance for setting up of eco-tourism, organic farming and horticulture so as to enable the people to earn their livelihood with the concept of sustainable development. The total installed capacity of the hydropower projects under the State Government is 37.2 MW. The details of the projects are as indicated below in Table 1.1

Table 1.1 (Hydropower Projects under State Sector)

Sl.No	Name of the Project	Installed Capacity (MW)
1	Lower Lagyap HEP	12.0
2	Jali Power House	2.10
3	Rimbi -I SHP	0.40
4	Rimbi-II SHP	1.00
5	Rongnichu	2.50
6	Meyongchu HEP	4.00
7	Kalez Khola HEP	2.00
8	Lachung Micro HEP	0.20
9	Rabomchu SHP	3.00
10	Lachung SHP	3.00
11	Mangley SHP	2.00
12	Rongli SHP	5.00
Total		37.20

The State Government has awarded a number of hydropower projects for development under Public Private Partnership and through CPSUs like NHPC. Some of the projects have been already commissioned and others are under implementation. So far 6 hydropower projects (above 25 MW capacity) have been commissioned in the State with a total installed capacity of 2072 MW. The list of the commissioned projects and under construction projects are indicated in Table 1.2 and Table 1.3 respectively below.

Table 1.2 Projects commissioned (above 25 MW capacity)

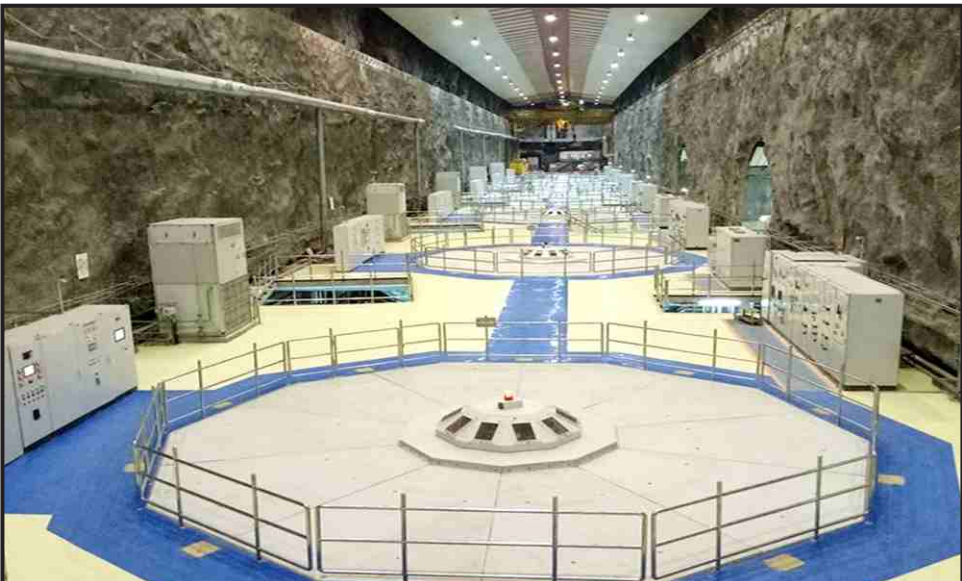
Sl.No	Name of the Project	Installed Capacity (MW)
1	Rangit-III HEP	60
2	Teesta -V HEP	510
3	Chuzachen HEP	110
4	Jorethang Loop HEP	96
5	Dikchu HEP	96
6	Teesta -III HEP	1200
Total		2072



97 MW Tashiding HEP Dam



Dam and Reservoir of 1200 MW Teesta-III HEP



Powerhouse of 1200 MW Teesta-III HEP

Table 1.2 Projects under Implementation (above 25 MW capacity)

Sl.No	Name of the Project	Installed Capacity (MW)
1	Teesta -IV HEP	520
2	Teesta -VI HEP	500
3	Panan HEP	300
4	Rongnichu HEP	96
5	Sada-Mangder HEP	72
6	Bhasmey HEP	51
7	Rangit-II HEP	66
8	Rangit-IV HEP	120
9	Tashiding HEP	97
Total		1822

2.2 Solar Power Development

Sikkim has been making efforts towards development of solar power projects (roof top) keeping in view the huge renewable target of 175GW by 2022 in the country set by the Government of India. The Energy & Power Department and the Sikkim Renewable Development Agency (SREDA) has identified a number of roof top solar projects for implementation with the financial assistance from the MNRE, Government of India. Setting up of ground mounted solar is not feasible in Sikkim owing to lack of suitable barren land, high cost of available land, non-uniformity of solar radiation/limited solar radiation availability. As such, in the first instance the rooftops of Government Buildings like Hospitals, Offices, and Schools etc have been indentified for setting up of roof top solar.

In addition proposals for solar street lights have also been conceived. Presently Sikkim has already 700 KW of Solar Power installed and another 561 KW capacity is under implementation. It is proposed to set up 500 KW of Grid Connected Roof Top Solar in the State in the near future.

Table 1.3 Solar Power Generation

Sl.No	Description	Installed Capacity (KW)
1	Solar Projects already Installed	700
2	Solar Rooftop Projects under Implementation	561
3	Proposed Grid Connected Roof Top Solar Projects	500

2.3 Renewable Purchase Obligation

The Government of India has set a mammoth target of 175 GW of Renewable Energy generations by 2022 in the Country as per the revised Tariff Policy. All States and Union Territories have been given renewable energy generation targets so as to ensure that the target of 175 GW RE is met. Accordingly, the Government of India has also revised the Renewable Purchase Obligation (RPO) targets for compliance by the Obligated Entities (Distribution/Generation Licensees) as a %age of total power consumption by the Obligated Entities in its area of operation including Transmission and Distribution losses.

As per the Order issued by the Ministry of Power, Government of India, the RPO time frame for achieving the overall target of 17% was pre-poned to 2018-19. The Government of India issued the revised target for the period 2016-17 to 2018-19 as given below in table 1.4 so as to achieve 17% overall RPO by 2018-19. The Government of India has made it mandatory for all States/UTs to achieve overall RPO percentage of 17% by the year 2018-19 and set separate RPO targets for solar sources and non-solar sources.

Table 1.4 (R.P.O set by Government of India)

Long term trajectory	2016-17	2017-18	2018-19
Non-solar	8.75%	9.50%	10.25%
Solar	2.75%	4.75%	6.75%
Total	11.50%	14.25%	17.00%

The SSERC duly considering the Government of India guidelines and technical difficulties has amended the RPO Regulations and set the RPO targets for both solar and non-solar sources as indicated in Table 1.5 so as to reach overall RPO of 17% by 2018-19.

Table 1.5 (R.P.O notified by SSERC)

Long term trajectory	2016-17	2017-18	2018-19
Non-solar	4.25%	9.50%	10.25%
Solar	0.75%	4.75%	6.75%
Total	5.00%	14.25%	17.00%

The RPO is applicable on power consumed within the States minus the power from hydropower sources.

2.4 Renewable Purchase Obligation Compliance

Sikkim being a tiny State with a population of around 6.00 Lakhs and with no major/heavy industries, the power requirement within the State is very small. With a little over 1.0 Lakh metered consumers and majority being “domestic consumers”, the power consumption within the State is around 400 Million Units including T& D Losses. A number of small hydropower projects are under operation in the State and also the State receives 12% free power as royalty from the various Hydropower Projects commissioned by the Private Power Producers and NHPC Ltd. The State also draws hydropower from Chukha Hydropower Project from Bhutan.

Prior to the amendment of the RPO targets by the SSERC recently, the existing RPO Regulations permitted interchange of the solar and non-solar power purchases to account for any shortfall and thus the deemed distribution licensee in the State fully complied with the RPO targets for solar and non-solar sources by carrying over the excess non-solar power purchases to meet the solar RPO till the year 2015-16 beginning 2013-14. The status of RPO compliance by the Energy & Power Department, Government of Sikkim (Deemed Distribution Licensee) as per old RPO Regulations is indicated in Table 1.6 below:

Table 1.6 (RPO Compliance by the E&P Department)

Year	Consumption within the State i/c T&D Losses (MU)	Total RPO (3 %)		Solar RPO (0.25%)		Non-Solar RPO (2.75%)		Remarks
		Applicable	Actual	Applicable	Actual	Applicable	Actual	
2013-14	400.50	12.015	15.66	1.001	0.00	11.01	15.66	Excess of 3.64 MUs of Non-solar carried over to comply solar RPO
2014-15	386.62	15.46	21.43	1.93	0.00	13.53	21.43	Excess of 5.96 MUs of Non-solar carried over to comply solar RPO
2015-16	384.69	19.23	38.75	2.88	0.00	16.34	38.75	Excess of 19.51 MUs of Non-solar carried over to comply solar RPO

The Government of India has permitted exclusion of power drawn from Hydropower Projects (above 25 MW capacities) from the RPO and accordingly the SSERC has amended the Regulations for RPO. In view of the exclusion of power from Hydropower Projects from applicability of RPO, it is expected that the Energy & Power Department, Government of Sikkim (Deemed Distribution Licensee) in the State will have no RPO obligations.

2.5 Consumer Categories

The electricity consumer base of Sikkim can be broadly divided into following categories:

- Domestic Consumers
- Commercial Consumers.
- Bulk Consumers.
- Industrial Consumers.

Sale of power is primarily dominated by Domestic and Industrial Consumers, followed by Commercial consumers. The share of each category of consumer from the total consumption (as on November 2016) is indicated as below:

Consumer Category	%age Share of total consumption
Domestic	28.33
Commercial	14.14
Industrial both HT & LT	48.21
Bulk	8.83

2.6 Growth of Consumers

The pattern of category-wise growth of consumers over the years is indicated below in Table 1.7

Table 1.7 (Consumer Growth)

Consumer Category	Year/No. of Consumer			
	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Estimated)	2017-18 (Projected)
Domestic	87681	91122	92489	93876
Commercial	10449	10917	11081	11247
Public Lighting	33	46	47	48
HT Industrial	388	428	434	441
LT Industrial	456	476	483	490
Bulk Supply	1269	1385	1406	1427

2.7 CAGR of Energy Sales

Reasonable projection of category-wise energy sales is essential for determining the energy requirement of the State and likely revenue by sale of electricity. Sales forecast done using CAGR as the basis for projection during the F.Y 2011-12 to F.Y 2015-16 is indicated in Table 1.8.

Table 1.8 CAGR of Energy Sales

Sl. No.	Category	2011-12	2012-13	2013-14	2014-15	2015-16	CAGR for 4 years from FY 2011-12 to FY 2015-16	CAGR for 3 years from FY 2012-13 to FY 2015-16	CAGR for 2 years from FY 2013-14 to FY 2015-16	CAGR for YOY from FY 2014-15 to FY 2015-16	
		(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(In %)				
		(In MUs)					(In %)				
1	Domestic	82.77	78.98	83.98	78.93	74.96	-2.45	-1.73	-5.52	-5.03	
2	Commercial	29.72	38.26	35.43	35.33	37.43	5.94	-0.73	2.78	5.94	
3	Public Lighting	2.30	0.43	0.35	0.29	0.15	-49.47	-29.61	-34.53	-48.28	
4	Temporary Supply	0.30	0.09	1.61	1.36	1.16	40.23	134.46	-15.12	-14.71	
5	HT Industrial	71.63	91.76	97.11	110.49	126.30	15.23	11.24	14.04	14.31	
6	LT Industrial	8.63	1.15	1.15	1.37	1.34	-37.23	5.23	7.95	-2.38	
7	Bulk Supply	13.21	16.23	17.74	20.98	23.37	15.33	12.92	14.78	11.39	
8	Total	208.56	226.90	237.37	248.75	264.71					

2.8 Specific Monthly Consumption

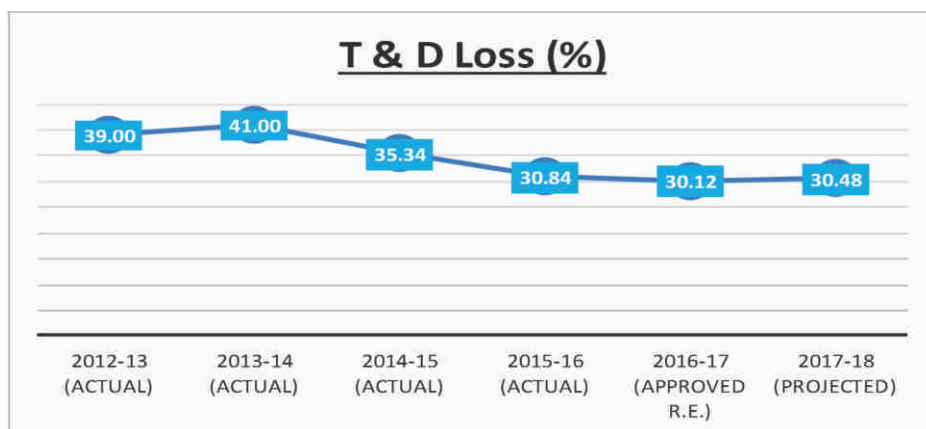
The specific monthly consumption of electricity during the year 2013-14 to 2015-16 is indicated in Table 1.9

Table 1.9 Specific Monthly Consumption / Consumer

Sl. No.	Category	(In Kwh)		
		2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)
1	Domestic	83	83	69
2	Commercial	287	287	286
3	HT Industrial	22,605	22,605	24,591
4	LT Industrial	213	213	235
5	Bulk Supply	1,415	1,415	1,406

2.9 Transmission and Distribution Losses

The Transmission & Distribution losses has been slowly but steadily going down in the recent years. The various system improvement works and schemes have contributed to the reduction of the losses. The chart below depicts the trend of actual T&D losses for the FY 2012-13 to FY 2015-16, R.E. of T&D loss for the FY 2016-17 & projected T&D loss for the FY 2017-18.



The SSERC in order to bring down the losses o the National level, has fixed loss reduction trajectory for the Energy & Power Department as follows:

Sl.No	Financial Year	Loss Reduction Target (%)
1	2018-19	24
2	2019-20	22
3	2020-21	20

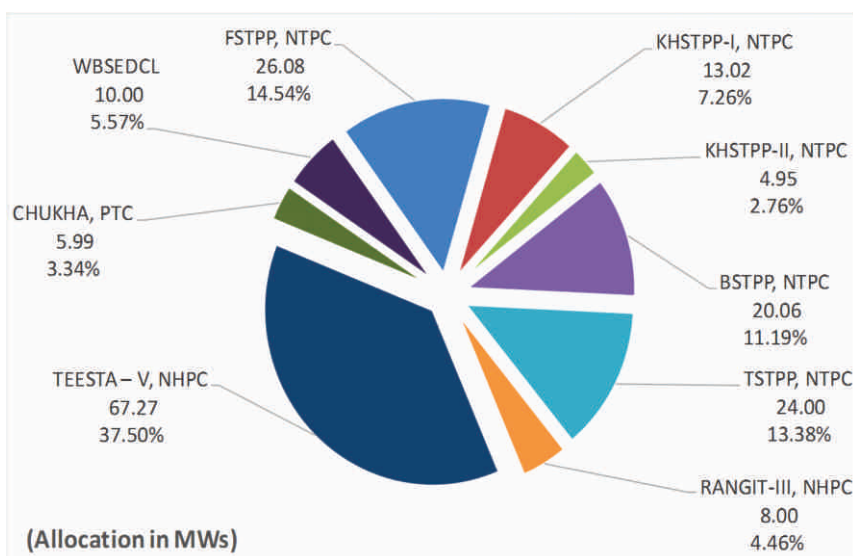
2.10 Energy Requirement and Power Purchase

The energy requirement of the State is met partially from the small hydropower projects of the Energy & Power Department and Sikkim Power Development Corporation (SPDCL) and from allocation of power from Central Stations of NTPC, NHPC, and other sources such as PTC, Chukha HEP (Bhutan) and WBSEDCL as detailed below:

Table 2.1: Power Allocation from Central Generating Stations

Sl. No.	Source	Capacity (In MWs)	Allocation	
			(In %)	(In MWs)
Central Sector				
1	FSTPP, NTPC	1,600.00	1.63%	26.08
2	KHS TPP-I, NTPC	840.00	1.55%	13.02
3	KHS TPP-II, NTPC	1,500.00	0.33%	4.95
4	BS TPP, NTPC	1,320.00	1.52%	20.06
5	TS TPP, NTPC	1,000.00	2.40%	24.00
6	RANGIT-III, NHPC	60.00	13.33%	8.00
7	TEESTA – V, NIIPC	510.00	13.19%	67.27
Others				
8	CHUKHA, PTC	270.00	2.22%	5.99
9	WBSEDCL	50.00	20.00%	10.00
10	TOTAL	7,150.00		179.38

The chart below depicts the allocation of power from various sources:



2.11 Power Purchase Cost

The actual power purchase costs including transmission charge for the F.Y 2015-16 are indicated in the table below:

Table 2.2 Actual Power Purchase Cost for F.Y2015-16

(In Rs. Crore)

Sl. No.	Source	Energy received (MUs)	Variable Cost (Ps./Unit)	Total Variable Cost	Total Fixed Cost	Others	Total Cost i/c supplementary bills	Unit Cost (Rs/ Kwh)
1	NTPC							
	a) FSTPP	85.78		23.93	13.68	-2.25	35.36	4.12
	b) BSTPP	14.53		4.86	14.87	-0.02	19.71	13.56
	b) KHSTPP-I	52.86		13.29	7.60	-1.30	19.58	3.71
	c) KHSTPP-II	23.83		5.82	3.23	-0.60	8.45	3.55
	d) TSTPP	169.74		22.94	13.30	-0.73	35.51	2.09
	TOTAL	346.74		70.84	52.68	-4.90	118.61	
2	NHPC							
	a) RANGIT-III	5.05		0.75	0.72	0.51	1.98	3.92
	b) TEESTA -V	32.93		3.83	3.84	0.52	8.20	2.49
	TOTAL	37.98		4.58	4.56	1.03	10.18	
3	Other sources							
	a) PTC	39.60				7.30	7.30	1.84
	b) WBSSEDCL	53.83				6.89	6.89	1.28
	c) SPDC	29.38				10.94	10.94	3.72
4	Other Charges							
	a) Transmission & Other Charges						18.41	
5	UI Purchase						1.26	
6	Free Power	350.37					-	
7	Rebate/ Other Charges						-1.10	
8	Total	857.91					172.49	

3 Activities During 2016-17

3.1 Notification of Regulations

The Electricity Act, 2003 (36 of 2003) empowers the Central Electricity Regulatory Commissions and the State Electricity Regulatory Commissions to frame and notify regulations to provide the Regulatory network required for development and growth of the electricity generation, transmission and distribution business. Accordingly, the SSERC has notified a number of Regulations so far. The list of Regulations notified by the SSERC is given below:

Table 2.3 Regulations Notified by SSERC

SL. No	Name of the Regulations/Rules	Gazette Notification No. & Date
1	SSERC (Conduct of Business)Regulations, 2012	111 15 th March 2012
2	SSERC (Terms and Conditions for Tariff Determination)Regualtions,2012	133 23 rd March 2012
3	SSERC (Standards of Performance for the Distribution and Transmission Licensee) Regulations, 2012	132 23 rd March 2012
4	SSERC (Electricity Supply Code) Regulations, 2012	172 13 th April 2012
5	SSERC (Redressal of Grievances of Consumers and Establishment of Forum of Electricity Ombudsman)Regulations, 2012	219 30 th April 2012
6	SSERC (Terms and Conditions of Intra State Open Access) Regulations, 2012	309 30 th June 2012
7	SSERC (Terms and Conditions for Determination of Tariff for Generation from Renewable Energy Sources)Regulations, 2012	512 11 th October 2012
8	SSERC (State Grid Code) Regulations, 2013	321 27 th June 2013
9	SSERC (Constitution of State Advisory Committee and its Function) Regulations, 2013	283 11 th June 2013
10	SSERC (Renewable Energy Purchase Obligation and its Compliance)Regulations, 2013	536 27 th September 2013
11	SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2013	204 21 st May 2014
12	SSERC (Recruitment and Conditions of Service of Employees) Regulations, 2014.	212 4 th June 2015
13	SSERC (Grid Interactive Distributed Solar Energy Systems) Regulations, 2014.	578 31 st December 2014
14	SSERC (Multi Year Tariff) (First Amendment) Regulations, 2015.	92 18 th March 2015
15	SSERC (Procedure for filing Appeal before the Appellate Authority) Regulations, 2015	347 10 th September 2015
16	SSERC (Salary, Allowances and Other Terms and Condition of Service of the Chairperson)Rules, 2011	618 29 th November 2011
17	SSERC (Recruitment and Conditions of Service of Employees) (First Amendment) Regulations, 2017	148 8 th May 2017

3.2 Constitution of State Advisory Committee.

The term of the State Advisory Committee (SAC) constituted by the SSERC expired on 31st November 2016. The SSERC constituted the new SAC vide Notification No. 09/SSERC/AC/ 2013-14/19 Dated 24th January 2017 as follows:

1. Shri.N.R.Bhattacharai, Chairperson (SSERC) -Ex-Officio Chairperson.
2. Shri N.T.Lepcha, Hon'ble Upa-Adhayaksha (North),
Naga Village, North Sikkim -Member
3. Secretary, Food ,Civil Supplies and Consumer
Affairs Department, Government of Sikkim,
Gangtok -Ex-Officio Member
4. Shri D.P.Sharma, I.A.S(Retd.), Former Secretary,
DPH Road, Gangtok - Member
5. Shri Uttam K.Pradhan, Former Principal Chief Engineer,
Tadong, Gangtok -Member
6. Shri D.P.Deokota, Former Chief
Engineer,5th Mile Tadong, Gangtok -Member
7. Shri B.B.Rai, Social Worker,
Legship Bazar, West Sikkim - Member

3.3 Meetings/Discussion with the Energy & Power Department

The Electricity Act, 2003 mandates the SERCs to advise the State Government on issues impacting the power sector. Accordingly, the SSERC had several rounds of meetings and interactions with the Energy & Power Department, Government of Sikkim. The SSERC has been having meetings and interactions with the Department at regular intervals with the aim of inspiring the Department for improving their services and for bringing their work efficiency at par with the best DisComs in the country. Some of the key issues that were discussed and deliberated upon during such meetings and interactive sessions were as follows:

- Need for Un-bundling of the Department
- Metering of all Consumers
- Metering of Distribution Transformers
- Bringing down AT&C losses

- Development of Roof Top Solar Power /Renewable Power Projects
- Surrendering of high cost thermal power
- Timely development of Transmission and Power Evacuation System
- Hurdles/Bottlenecks for timely completion of ongoing projects

3.4 Project Site Visits

The SSERC has been closely monitoring the progress of the hydropower projects being implemented in the State by private Power Developers and NHPC Ltd. The monthly progress reports submitted by the project developers are scrutinized by the SSERC to see that the works of the projects are being smoothly executed for timely completion. The SSERC has had interactions and visits to the ongoing/commissioned power projects both to understand the issues/hurdles impeding the progress of the projects as well for knowledge sharing.

During the site visits, the members of the State Advisory Committee, Senior Officers of the Energy & Power Department, representatives/in-charges of the respective projects thoroughly interacted with each other. The queries and issues were discussed on the spot alongwith possible solutions to the issues. The SSERC conducted site visits to the following projects during FY 2016-17:

- i. 1200 MW Teesta Stage-III Hydropower Project
- ii. 97 MW Tashiding Hydropower Project
- iii. 96 MW Jorethang Loop Hydropower Project



Chairperson and Members of SAC at 1200 MW Teesta-III HEP Dam Site



Dam Site of 1200 MW Teesta-III HEP



Power House of 1200 MW Teesta-III HEP



Briefing by Project Incharge at Teesta-III HEP Powerhouse



Chairperson, SAC Members and Official at 96 MW Tashiding HEP Dam site.



At the Powerhouse of 97 MW Tashiding HEP.



At the Barrage site of 96 MW Jorethang Loop HEP



Interaction with Project Officials at Powerhouse of 96 MW Jorethang Loop HEP



At 96 MW Jorethang Loop HEP Powerhouse

3.5 Public Hearing on ARR/Tariff Petition

Following the provisions of the Electricity Act, 2003 and standing regulations issued a “public notice” inviting consumers and stake holders soliciting their comments/objections/suggestions on the Annual Revenue requirement (ARR) and Tariff Petition for F.Y 2017-18 filed before the SSERC by the Energy and Power Department, Government of Sikkim and requesting interested parties/individuals to participate in the Public Hearing to be held on 3rd March, 2017 at Chintan Bhawan, Gangtok, East Sikkim. The Hon'ble Chairperson, Secretary and other officers of the SSERC alongwith the senior officers from the Energy & Power Department attended the public hearing. Although wide publicity was made both by the SSERC and the Energy & Power Department, only a single person (consumer) participated in the public hearing. Nonetheless, the SSERC deemed it fit to hear the submissions of the lone participant and to continue with the hearing in view of the fact that the tariff determination process had to be completed and tariff order had to be invariably issued by 31st March, 2017 as per the standing norms. The SSERC observed that the views and concerns raised by the participant need to be taken in a positive manner by the Energy & Power Department and felt that criticism helps in improving the efficiency and performance of an organization. The Energy & Power Department responded to the queries/clarifications sought by the participant and informed that the Department is taking necessary steps to improve the level of its performance. The Department highlighted the fact its performance level had improved significantly over the years and all efforts are on to bring its performance level at par with the best DisComs in the country. The views, suggestions and issues that emerged from the public hearing were given due consideration by the SSERC while finalizing the ARR/Tariff Order for F.Y 2017-18.





Public Hearing 3rd March,2017 at Chintan Bhawan,Gangtok

4 Annual Statement of Accounts

Section 102 of the Electricity Act, 2003 , provides that the State Government may, after due appropriation made by Legislature of a State , make to the State Commission grants and loans of such money as the Government may consider necessary.

Further, Section 103 of the Act, elaborates the above provision and provides for Establishment of Fund by the State Government.

Section 103 Of the Act states that,

- (1) There shall be constituted a Fund to be called the State Electricity Regulatory Commission Fund and there shall be credited thereto -
 - (a) any grants and loans made to the State Commission by the State Government under Section 102;
 - (b) All fees received by the State Commission under this Act;
 - (c) All sums received by the State Commission from such other sources as may be decided upon by the State Government;
- (2) The Fund shall be applied for meeting-
 - (a) The salary , allowances and other remuneration of Chairperson, Members, Secretary, officers, and other employees of the State Commission;
 - (b) The expense of the State Commission in discharge of its functions under section 86;
 - (c) The expenses on objects and purposes authorised by this Act.

(3).The State Government may, in consultation with the Comptroller and Auditor -General of India , prescribe the manner of applying the Fund for meeting the expenses specified in clause (b) or clause (c) of sub-section (2).

Keeping in view the provisions of the Electricity Act, 2003, the SSERC has submitted the drafts of the following two rules for consideration and approval of the State Government:

1. SSERC (Form of Annual Statement of Accounts and Records) Rules, 2015.
2. SSERC (Constitution and the manner of application, of the Fund, Accounts, audit of State Commission and Time for Preparation of Budget) Rules, 2015.

Both the Rules are under active consideration by the State Government in consultation with the Office of the Comptroller and Accountant General (CAG),Sikkim. Once these two rules are notified by the State Government, the accounting ,manner and application of fund and preparation of budget of the SSERC shall be done as per the rules so notified.

Presently, the Commission (SSERC) is functioning with the grand-in aid received from the State Government and receipts by way of fees from others sources to meet the expenses towards salary and other establishment expenditures. The annual Auditing of Accounts of the Commission is being done by the Chartered Accounts engaged by the Commission and also by the Office of Comptroller and Accountant General (CAG) , India (Sikkim).

4.1 Audited Accounts of the SSERC for F.Y 2016-17

The Transaction Audit for F.Y 2016-17 is yet to be completed by the Office of the Comptroller and Audit General, India (Sikkim). The Statement of Income and Expenditure and Balance Sheet of the Commission as on 31 March, 2016 duly certified by the Commission and its Chartered Accountants are attached as Annexure- I and Annexure-II.

Annexure - I

Statement of Income & Expenditure for the Year Ended 31st March 2016

SIKKIM STATE ELECTRICITY REGULATORY COMMISSION
GANGTOK, SIKKIM

STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31ST MARCH, 2016

	Schedule	As on 31.03.2016 Amount (₹)	As on 31.03.2015 Amount (₹)
<u>INCOME</u>			
GRANT IN AID FROM GOVERNMENT		13,500,000	-
FEES RECEIVED		558,000.00	563,000.00
INTEREST EARNED	6	854,312.00	991,470.00
TOTAL (A)		14,912,312.00	1,554,470.00
<u>EXPENDITURE</u>			
ESTABLISHMENT EXPENSES	7	9,019,114.00	8,783,949.00
ADMINISTRATIVE EXPENSES	8	5,026,521.00	4,862,777.00
DEPRECIATION	5	1,475,369.00	2,409,636.00
AUDIT FEES		57,500.00	57,000.00
TOTAL (B)		15,578,504.00	16,113,362.00
SURPLUS / (DEFICIT) FOR THE YEAR (A-B = C)		(666,192.00)	(14,558,892.00)
<u>EXTRAORDINARY ITEMS</u>			
PRIOR PERIOD ITEMS		168,540.00	870,790.00
BALANCE OF EXCESS / (DEFICIT) TRANSFERRED TO CAPITAL FUND (A-B)		(834,732.00)	(15,429,682.00)

SIGNIFICANT ACCOUNTING POLICIES 9
NOTES TO ACCOUNTS 9

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE INCOME & EXPENDITURE ACCOUNT

IN TERMS OF OUR REPORT OF EVEN DATE

FOR G. CHOUDHURY & ASSOCIATES

Chartered Accountants

Firm Regd. No. 310003E

Prateek Choudhury

Partner

M. No. - 063437



[Signature]
Financial Advisor

FINANCIAL ADVISOR
Sikkim State Electricity Regulatory Commission

[Signature]

Secretary

SECRETARY

Sikkim State Electricity Regulatory Commission
Gangtok, Sikkim

[Signature]
Chairperson

CHAIRPERSON

Sikkim State Electricity Regulatory Commission

Place: Gangtok

Date: the 27th day of August, 2016

Annexure-II

Balance Sheet as on 31st March 2016

SIKKIM STATE ELECTRICITY REGULATORY COMMISSION
GANGTOK, SIKKIM

Balance Sheet as at 31st March, 2016

	Schedule	As at 31.03.16		As at 31.03.15
		Amount (₹)	Amount (₹)	Amount (₹)
CAPITAL FUND AND LIABILITIES				
CORPUS FUND	1		24,095,216.57	24,929,948.57
CURRENT LIABILITIES				
PAYABLE TO GOVT. OF SIKKIM				1,000.00
PROVISION FOR CONSULTANCY EXPENSES		503,525.00		-
PROVISION FOR TRAVELEXPENSES		10,000.00		-
PROVISION FOR AUDIT FEES		37,500.00		57,000.00
PROVISION FOR COMPUTER EXPENSES		999.00		-
PROVISION FOR WAGES EXPENSES		27,097.00		-
PROVISION FOR CPF EXPENSES		185,144.00		-
PROVISION FOR TELEPHONE EXPENSES		-		12,036.00
PROVISION FOR PROJECTOR EXPENSES		47,475.00		-
PROVISION FOR ELECTRIC EXPENSES		-		5,823.00
SUNDRY CREDITORS		-		154,317.00
VODAFONE LEASE RENT		81,461.00		81,461.00
TOTAL CURRENT LIABILITIES			913,201.00	311,637.00
TOTAL			25,008,417.57	25,241,585.57
APPLICATION OF FUND				
FIXED ASSETS	5			
GROSS BLOCK		13,941,449.00		12,458,053.00
LESS: DEPRECIATION		7,754,369.00		6,279,000.00
NET BLOCK			6,187,080.00	6,179,053.00
CURRENT ASSETS, LOANS & ADVANCES				
INVESTMENTS	2	7,626,240.00		13,764,352.00
ADVANCES	3	26,750.00		151,250.00
BANK BALANCES	4	11,156,630.57		5,135,213.57
CASH BALANCE IN HAND		11,717.00		11,717.00
TOTAL CURRENT ASSETS			18,821,337.57	19,062,532.57
TOTAL			25,008,417.57	25,241,585.57

SIGNIFICANT ACCOUNTING POLICIES

9

NOTES TO ACCOUNTS

9

THE SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE BALANCE SHEET

IN TERMS OF OUR REPORT OF EVEN DATE

FOR G. CHOUDHURY & ASSOCIATES

Chartered Accountants

Firm Regn. No. 310003E

Pratish Choudhury

Partner

M. No. - 063437

Place: Gangtok

Date: the 27th day of August, 2016



Chandra
 FINANCIAL ADVISOR
 Sikkim State Electricity Regulatory Commission

[Signature]
 Secretary

SECRETARY
 Sikkim State Electricity Regulatory Commission
 Gangtok, Sikkim

[Signature]
CHARITABLE TRUST
 Sikkim State Electricity Regulatory Commission

5 Disputes and Grievances

5.1 Regulatory Disputes

There were no regulatory disputes during the Financial Year 2016-17

6 Grant of License

No applications were received by the Commission for grant of License for Transmission, Distribution of Generation Business during F.Y 2016-17. As such no any license was issued/granted by the Commission during F.Y 2016-17.

7 Standards of Performance and Grievance Redressal

The Commission has monitored the compliance to the standard of performance by the deemed licensee i.e. Energy & Power Department, Government of Sikkim and also monitored the redressal of grievances by the Consumer Grievance Redressal Forum (CGRF) and Ombudsman. The details of grievances and redressal during the FY 2016-17 are as given below:

Electricity Ombudsman			
No of Grievances Received/Reported	No of Grievance Disposed Off	No of Pending	Cases/Grievances
Nil	Nil		Nil
Consumer Grievance Redressal Forum (CGRF)			
No of Grievances Received/Reported	No of Grievance Disposed Off	No of Pending	Cases/Grievances
Nil	Nil		Nil

9 Adjudication of Disputes and Differences

No any cases of differences or disputes were reported before the Commission during FY 2016-17

9 Trainings/Workshops/Conferences

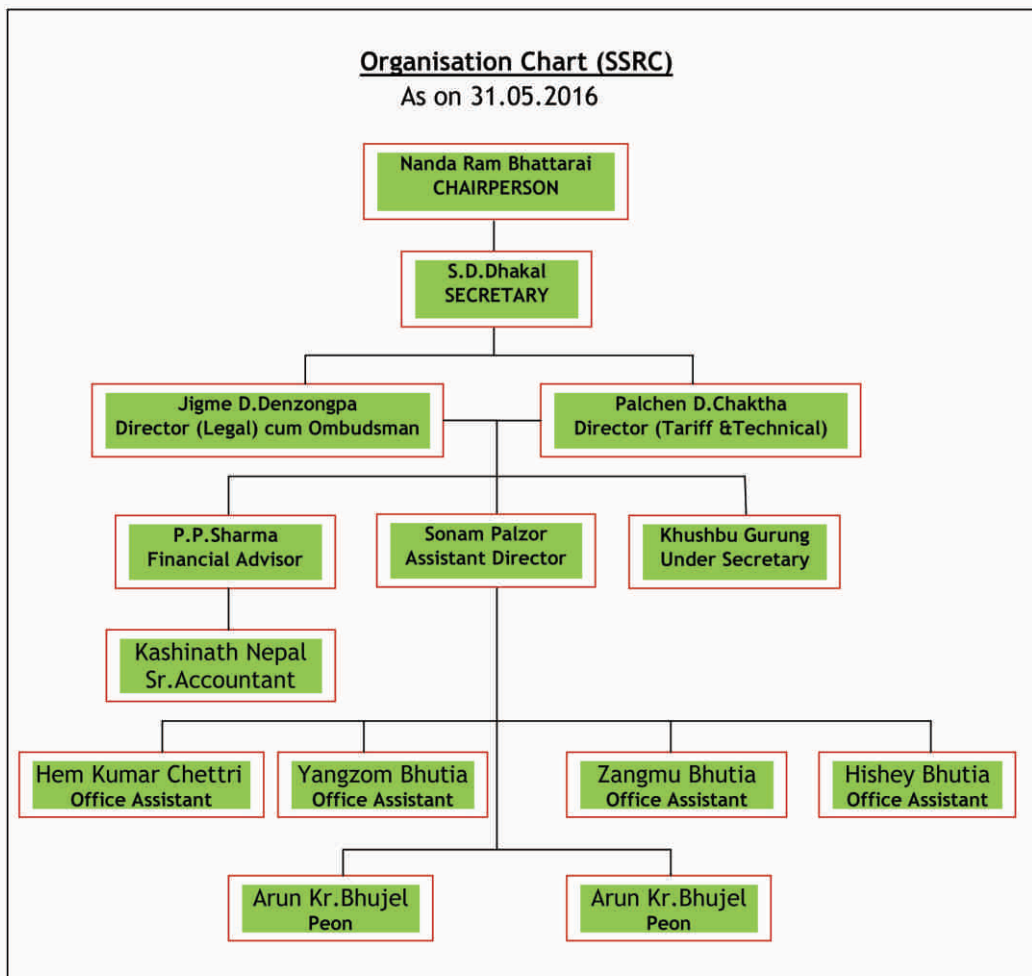
The Officers of the SSERC including the Secretary and the Hon'ble Chairperson have been attending various meetings/trainings/workshops and conferences conducted by the various Government of India agencies and other organizations in order to update knowledge of various regulatory aspects/issues and also developments in the electricity sector. Some of the meetings/conferences etc in which SSERC participated are as under:

- i. 5th Meeting of the FORENS (5th -7th May 2016, Ranchi, Jharkhand)
- ii. 6th Meeting of the FORENS (8th to 10th September 2016, Imphal)
- iii. 10th Capacity Building Programme for Officers of Electricity Regulatory Commissions (13th -15th October 2016, IIT Kanpur) and Singapore (17th -19th October 2016 at Singapore)
- iv. "FOIR" Workshop /Research Conference for the Chairpersons and Members of Regulatory Commission / Authorities (2nd to 4th February 2017, GOA)
- v. 58th Meeting of the Forum of Regulators (27th February 2017), New Delhi

10 Human Resources of the SSERC

The Electricity Act, 2003 gives the SSERC a very wide mandate for performance of various functions under the Act. Section 91 of the Act empowers the SSERC to specify the numbers, nature and categories of the officers and employees including the salaries and allowances payable to and other terms and conditions of service of the Secretary, Officers and other employees with the approval of the State Government.

The SSERC has notified the SSERC (Recruitment and Conditions of Service of Employees) Regulations, 2014 on 5th June 2015 in the State Government Gazette with due approval of the State Government. The Organization Chart of the SSERC is presented below:





A view of Mount Kitchen Dzenga from Sikkim
the 3rd highest peak of the world



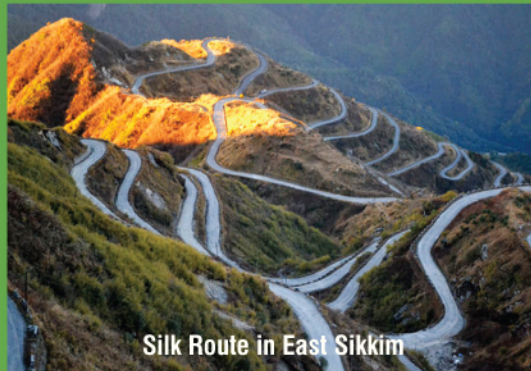
Guru Dogmar Lake in North Sikkim



Yumthang Flower Valley in North Sikkim



Organic Paddy Filed



Silk Route in East Sikkim



SIKKIM STATE ELECTRICITY REGULATORY COMMISSION

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