

PDD- PDC makes fresh applications for revision of tariff before the State Electricity regulatory Commission.

Both Power Development Department (PDD) and Power Development Corporation (PDC), after a gap of two years have applied to **JK State Electricity Regulatory Commission (SERC)** for **Approval of Annual Revenue Requirement (ARR)** for the year 2010-11 and sought re-fixation of the electricity tariff for various categories of electricity consumers. Both PDD and PDC have billed the consumers during the year 2009-10 **illegally on unapproved** rates. May be this was because SERC itself was headless during the year 2009 and was practically without any member.

Anyhow, this year both the PDD and PDC have submitted their applications in time and the SERC is in the process of listening to 'public opinion' on the proposed tariff by both the organizations. The SERC has also consulted their Advisory Committee which comprises of all the consumer bodies, NGOs, experts in the field and the applicants.

Surprisingly, the PDD has sought to increase the tariff for Domestic Consumers by 22%, Commercial Consumers by 15-17% and the Industrial Consumers by 122% in energy charges and over 130% in demand charges.

The PDD has pegged its total expenditure at **Rs 2, 986.17 crores** and they have targeted their revenue receipts **only 1001.91 crores** thus incurring a **loss of 62.11%**, a record increase in losses called **Transmission and Distribution (T&D) losses**. The earlier losses projected in their last ARR for the year 2008-09 were shown to be only 49.00% with a directions from the SERC to further reduce the T&D losses by at least 4%.

The 'Public Hearing' by the SERC was kept on 10th and 11th March when large number of public representatives, NGOs, individuals, political parties, consumer bodies and social organizations participated and represented their case before the SERC and argued that since the PDD has not been able to reduce their losses as desired by the Commission earlier the PDD has no justification in increasing the tariff. They argued that unless they reduce their T&D losses to **nationally accepted standards (18-20%)** they have no reason to tax the consumer for their own **mismanagement and inefficiency**. The consumer representatives expressed their dismay on the fact that although the energy ministry was headed by the Chief Minister himself, yet the Power Sector has tremendously deteriorated instead of improving that shows the CM has no time for this most important wing of his government **which loses Rs. 2,064.42 crores annually which is almost 9-10% of his Annual Budgetary expenditure.**

The Industrial sector strongly opposed more **than 100% increase** in their tariff. They said there is no reason to increase the tariff as their sector incurs only 7-8% T&D losses in their power transmission up to the consumer end and they should not be made to pay for dishonest and unscrupulous thieves of electricity. They argued for privatizing the power being supplied to the Industrial Sector and offered to receive power in bulk at the intake point and pay the PDD for the Bulk Purchase.

It was further pointed out that there was huge unrecovered amount of **Rs 972.52 crores** arrears pending with both **public (300.7 crores) and the government sector (671.52crores)**. Why the same is not being recovered and it finds no place in PDD's balance sheet. Only the honest consumer is being taxed and harassed and is made to pay for **inefficiency and mismanagement of the government department**. Why the state government is not **privitising the entire power sector** as has been done all over the country.

Most of the participants submitted before the Hon'ble Commission that for the last several years the Kashmir wing is regularly falling short of their target by more than 50% and no action is being initiated against those who fail to achieve the target and similarly no good worker who achieves or over shoots his target is being rewarded.

During the 2008-09 Jammu Wing realized 459.17 crores against their target of 479.35 and Kashmir Wing realized only **276.84 crores against their target of 622.35 crores**. Under these circumstances how can a commercial department work and for how long can it sustain itself.

It was also pointed out that there was too much political interference in the working of the PDD so much so that the **Major Head of the department can not affect transfer of even a single worker of the lowest level not to talk of an engineer who fails to deliver.**

When the Chairman, SERC asked the Utility to reply to the public comments and objections the replies furnished were not satisfactory.

Similarly, when the case of **PDC** was taken up for fixing tariff for the power to be supplied to PDD from the power houses controlled and run by PDC the Public had a lot of questions to ask.

It was pointed out that the entire Board of Directors of PDC was dominated by government functionaries starting from the CM downwards. There was hardly any technical member in the Board. In fact during the last over 20-yrs of its existence the PDC has not created its own cadre of engineers to run the Power Houses under their control. There is not a single engineer on their cadre and all the engineers working with the PDC are on deputation from various other wings of the state government. The position is so acute that now when the state government took over Major Hydrel Project, Bhagliar it had no staff of its own to run the power house and it had to give out the project for operation and maintenance to NHPC at an annual maintenance charge of over 100-crores.

Under these circumstances how can the PDC claim to run its Power Houses efficiently and at minimum cost?

After hearing and appreciating the public worry over the working of both the PDD and the PDC the Chairman, SERC assured the public representatives that the Commission shall take note their observations while approving the tariff for both PDD and PDC.

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