ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN,
UNIT – VIII, BHUBANESWAR – 751 012
*** *** ***

Present : Shri S. P Nanda, Chairperson
Shri S. P. Swain, Member
Shri A. K. Das, Member

CASE NOs. 57, 58, 59 & 60 of 2015

DATE OF HEARING : 08.02.2016, 09.02.2016, 10.02.2016 & 11.02.2016

DATE OF ORDER: 21.03.2016

IN THE MATTER OF: **Applications of Distribution Utilities (NESCO Utility, WESCO Utility, SOUTHCO Utility & CESU) for approval of their Aggregate Revenue Requirement (ARR), Wheeling and Retail Supply Tariff for the FY 2016-17 under Sections 62 & 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

O R D E R

The Distribution Utilities in Odisha namely CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility are carrying out the business of distribution and retail supply of electricity in their licensed areas as detailed below:

Table – 1

Sl. No.	Name of DISCOMs	Licensed Areas (Districts)	%age area of the State
1.	CESU	Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur.	18.9
2.	WESCO	Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda.	32.3
3.	NESCO	Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur.	18.0
4.	SOUTHCO	Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri.	30.8
Odisha Total			100.0

The above utilities have submitted their applications to the Commission for determination of Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail

Supply Tariff of DISCOM Utilities of Odisha for FY 2016-17 under relevant provisions of the Electricity Act, 2003, OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004. By this common Order, the Commission now considers the aforesaid Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff (RST) applications of the above mentioned Distribution Utilities and other related tariff matters.

PROCEDURAL HISTORY (PARA 2 TO 15)

2. The Commission vide order dated 04.03.2015 in Suo Motu proceeding Case No. 55/2013 have revoked the licenses granted to NESCO, WESCO & SOUTHCO u/S. 19 of the Electricity Act, 2003 due to failure in meeting license requirements and have appointed the CMD, GRIDCO Limited as the Administrator under Section 20 (d) of the said Act, 2003 and vests the management and control of NESCO, WESCO & SOUTHCO Utilities along with their assets, interests and rights with the Chairman-cum-Managing Director, GRIDCO Limited in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern Zone in the interest of consumers. Presently the another DISCOM CESU is being managed through a Scheme as per Section 22 (1) of the Electricity Act, 2003 due to exit of AES.

3. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 the Distribution Utilities i.e. NESCO Utility, WESCO Utility , SOUTHCO Utility and CESU have filed their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Application (RST) for FY 2016-17 on or before 30th November.

4. The said Aggregate Revenue Requirement (ARR), Wheeling & Retail Supply Tariff applications were duly scrutinized and registered as Case Nos.57/2015 (NESCO Utility), 58/2015 (WESCO Utility), 59/2015 (SOUTHCO Utility), and 60/2015 (CESU) respectively.

5. As per the direction of the Commission, applicants have published the Aggregate Revenue Requirement (ARR), Wheeling & RST tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspaper in their area

of supply in order to invite objections/suggestions from the general public and also posted in the Commission's website www.orierc.org including the website of the Distribution Utilities respectively. The Commission had also directed the applicants to file their respective rejoinder to the objections filed by the all the objectors.

6. In response to the said public notices, the Commission received objections/ suggestions from the following persons/ associations/ institutions/ organizations as mentioned below against each of the respective distribution licensees:

On NESCO Utility's application

7. Shri Pramod Kumar Dixit, S/o- Mahendra Prasad Dixit, At-Mulkaida (Chakabenti), Po-Soro, Dist-Balasore-756046, (2) Shri Prafulla Kumar Sahoo, S/o-Indramoni Sahoo, At-Jagannathi, Po-Sua, Via-Iram, Dist-Bhadrak-756162, (3) Sri Ajay Kumar Pani, At- Kanthisahi, Po-Bachhipur, Via-Brahmangan, Dist-Bhadrak-756165, (4) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (5) Shri Santosh Kumar Agarwala, Secretary, All Odisha Rice Millers Association, S-3/36, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-10, (6) Shri Yashobanta Narayan Dixit, S/o-Late Gadadhara Dixit, Proprietor of Dixit Oil Industries, At-Charampa, Po/Ps/Dist-Bhadrak, (7) Shri Biswaranjan Behera, S/o-Bhaskar Ch. Behera, At-Maguragadia, Po-Bari, Via/Ps-Simulia, Dist-Balasore-756126, (8) M/s. Tata Steel Limited, Plot No. 273, Bhouma Nagar, Unit-IV, Bhubaneswar, (9) Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (10) M/s. Visa Steel Limited, Regd. Office, VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar-751015, (11) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (12) Shri M.V. Rao, Resident Manager, M/s. Ferro Alloys Corporation Ltd., GD.2/10, Chandrasekharpur, Bhubaneswar-751023, (13) M/s. Balasore Alloys Limited, Balgopalpur, Balasore-756020, (14) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (15) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (16) The North Odisha Chamber of Commerce & Industry Ltd. (NOCCI), At-Ganeswarpur Industrial Estate, Po- Januganj, Dist- Balasore, (17) M/s. Emami Paper Mills Limited, Balgopalpur, Rasulpur, Dist-Balasore-756020, (18) Shri Prabhakar Dora, Advocate, Vidya Nagar, Co-operative Colony, 3rd Line, Rayagada, Dist. Rayagada, (19) Shri

Banshidhar Acharya, President, Upavokta Surakshya Avijan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (20) Shri Hrushikesh Panda, COPHEE, At-Ankula, Po/Dist-Jajpur, (21) M/s. Facor Power Limited, At/PO-Randia, Dist-Bhadrak-756135, (22) Talangi Chromites Mines under M/s. IDCOL Ferro Chrome & Alloys Limited, Po. Ferro Chrome Project, Jajpur Road-755020, Dist-Jajpur, (23) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (24) The Odisha Retired Power Engineers' Forum, C-7640, Bhoi Nagar, Bhubaneswar-751022, (25) Shri R.P. Mahapatra Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (26) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (27) Odisha Consumers Association, Balasore-Chapter, C/O.- Shri Nilamber Mishra, At/Po- Rudhungaon, Simulia, Balasore, (28) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

All the above named objectors filed their objections/suggestions except opposite parties at No. 6, 9, 15, 18, 24 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were not present during tariff hearing. All the written submissions filed were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

On WESCO Utility's application

8. Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri Santosh Kumar Agarwala, Secretary, All Odisha Rice Millers Association, S-3/36, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-10,(3) M/s. Larsen & Toubro Limited, Metallurgical & Material Handling, Rourkela Campus, Kansbahal Works, P.O. Kansbahal,Sundargarh.770034, (4) Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (6) M/s. Swain & Sons Power Tech Pvt. Limited, Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (7) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (8) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (9) M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist-

Sundargarh, (10) M/s. Jagannath Alloys (P) Limited, Regd. Office-Basanti Colony, Uditnagar, Rourkela, (11) M/s. Shri Radha Krishna Ispat (P) Ltd. Regd. Office-Plot No. 19 P Goi Bhanga, Kalunga, Dist-Sundargarh-770031, (12) M/s. Radharaman Alloys (P) Ltd., Regd. Office-P4/20, Civil Township, Rourkela, Dist-Sundargarh-769004, (13) M/s. Top Tech Steels (P) Ltd., Regd. Office-Hati Bari Road, Kuamunda, Vedvyas Rourkela-770039, (14) M/s. Vishal Ferro Alloys Limited, Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031, (15) M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031, (16) M/s. Refulgent Ispat Pvt. Ltd., Regd. Office-Chikatmati, Po-Beldihi, Kalunga, Dist-Sundargarh-770031, (17) M/s. Bajrang Steel & Alloy Ltd., P-31, Goibhanga Kalunga, Dist-Sundargarh-770031, (18) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (19) Dr. Surendra Kumar Pal, Director Hope for India, Plot No. 153, Near Revenue Colony, Po-Box No-2, Dist-Nuapada-766105, (20) Banshidhar Acharya, President, Upavokta Surakshya Avijan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (21) M/s. Sita Cement Limited, At/Po-Rajgangpur, Dist-Sundargarh (22) M/s. Scan Steel Limited, Regd. Office No-104, 105, E-Square, Subhas Road, Opp. Havmore Ice cream, Vile Parle (East), Mumbai-400057, (23) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (24) The Odisha Retired Power Engineers' Forum, C-7640, Bhoinagar, Bhubaneswar-751022, (25) M/s. Vedanta Limited, 1st Floor, Fortune Tower, Chandrasekharpur, Bhubaneswar-751023, (26) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (27) M/s. OCL India Limited, Rajgangpur-770017, Dist-Sundargarh, (28) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (29) Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003, (30) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012 (31) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

All the above named objectors were filed their objections/suggestions except at Sl. 4,8,18,19,20,24, both Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012 and PRAYAS, Energy Group, Amrita Clinic, Athawale

Corner, Carve Road, Pune-411004, India who were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

On SOUTHCO Utility's application:

9. Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri Santosh Kumar Agarwala, Secretary, All Odisha Rice Millers Association, S-3/36, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-10, (3) Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (5) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (6) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (7) Banshidhar Acharya, President, Upavokta Surakshya Avijan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (8) M/s. Grasim Industries Limited At/ Po-Jayashree-761025, Dist-Ganjam, (9) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (10) The Odisha Retired Power Engineers' Forum, C-7640, Bhoinagar, Bhubaneswar-751022, (11) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (12) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-13, (13) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (14) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati-761200, (15) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

10. All the above named objectors were filed their objections/suggestions and out of the above them the following objector Nos. 3, 5, 6, 10, 13, and both the Consumer Councils were absent during hearing. However, their written submissions were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of

Odisha, Department of Energy, Government Bhubaneswar.

On CESU's application:

11. Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri Santosh Kumar Agarwala, Secretary, All Odisha Rice Millers Association, S-3/36, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-10, (3) Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (5) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (6) M/s. OCL India Limited, Kapilas Cement Manufacturing Works, Biswali, Po-Barunia, Cuttack-753004, (7) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (8) Banita Samal, Rajya Upavokta Mahila Kalyan Mahasngha, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (9) Snehamayee Acharya, Anchalika Khauti Surakshya Sangh, At-Janhapal, Po-Pankapal, Via-Rahama, Dist-Jagtsinghpur-754140, (10) Shri Batakrushna Das, S/o-Kasinath Das, At-Hatagram, Po-Redhua, Via-Nalibar, Dist-Jagatsinghpur-754104, (11) Shri Amar Kumar Jena, Secretary, Odisha Electrical Consumers Association, Siva Sakti Medicine Complex, B. K. Road, Cuttack-753001, (12) Shri Jayaguru Mohapatra, S/o-Dwijendra Mohapatra, At-Sivapur, Po-Gothina, Via- Raghunathpur, Dist-Jagatsinghpur-754132, (13) Sarit Mohapatra, Secretary, Samaj Bikash Mission, At/Po-Raghunathpur, Dist-Jagatsinghpur-754132, (14) Dolagovinda Mohapatra, District Electrical Consumers Associations, Cuttack, At- Bodar, Po- Kalarabanka, Via-Raghunathpur, Dist-Cuttack-754132, (15) Shri Bijan Kumar Mohapatra, Zilla Bidyut Upavokta Sangha, At/PO Redhua, Via-Nalibar, Dist-Jagatsinghpur-754104, (16) Shri Bhanja Kishore Rath, Secretary, Bidyut Upavokta Mahasangha, Jagatsinghpur, At- Kantaballavpur, (back side of District Fishery Office), Po/Dist-Jagatsinghpur-754103, (17) Shri Niranjan Barik, Secretary, RUSSA, At-Makundapur, Po/Dist-Jagatsinghpur-754103, (18) Shri Subash Chandra Barik, S/o-Sridhar Barik, National Service Organization, Balansa, Purunabasanta, Nalibar, Jagatsinghpur-754104, (19) Banshidhar Acharya, President, Upavokta Surakshya Avijan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (20) Shri Bijay Kumar Pradhan, President, Gram Panchayat Development Committee, Mendhasal, Bhubaneswar, (21)

Shri C. V. Ramachandran, Director, M/s. Magnum Sea Foods Limited, At-Botanda, Po-Rameswar, Dist-Khurda, (22) M/s. IDCOL Ferro Chrome & Alloys Limited, Po. Ferro Chrome Project, Jajpur Road-755020, Dist- Jajpur, (23) K. P. Krishnan, Editor, Khauti Sambad, Near Hotel Bijaya, Po-College Square, Cuttack-753003, (24) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (25) The Odisha Retired Power Engineers' Forum, C-7640, Bhoinagar, Bhubaneswar-751022, (26) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (27) Shri R.P. Mahapatra Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (28) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (29) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009, (30) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

All the above named objectors were filed their objections/suggestions and out of the above the following objector Nos. 3, 5, 7, 8, 9, 13, 14, 17, 18, & Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009, (30) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India the Consumer Counsels were absent during hearing. However, their written submissions were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsels and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

Table – 2
List of Consumer Counsels

Sl. No.	Name of the Organisations /persons with address	Name of the Distribution Utility from where the Consumer Counsel to represent
1	Orissa Consumers' Association, Balasore Chapter, Balasore	NESCO Utility
2	Sambalpur District Consumers' Federation, Balaji Mandir Bhavan, Khetrajpur, Sambalpur	WESCO Utility
3	Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela	WESCO Utility
4	Grahak Panchayat, Friends Colony, Parlakhemundi, Dist : Gajapati	SOUTHCO Utility
5	Secretary, Confederation of Citizen Association, 12/A, Forest Park, BBSR-9.	CESU

Sl. No.	Name of the Organisations /persons with address	Name of the Distribution Utility from where the Consumer Counsel to represent
6	The Secretary, PRAYAS Energy Group, Pune	NESCO Utility, WESCO Utility, SOUTHCO Utility & CESU

The above named Consumer Counsels including those who furnished written submissions and also participated in the hearing were considered by the Commission.

12. The dates for hearing were fixed and it was duly notified in the leading English and Odia daily newspaper mentioning the date, place and time of hearing along with the names of the objectors. The Commission issued notice to the Govt. of Odisha represented by the Department of Energy to send their authorized representative to take part in the hearing of the ensuing tariff proceedings.

13. In its consultative process, the Commission conducted public hearings at Bhubaneswar in its Premises, on 08.02.2016 for NESCO Utility, 09.02.2016 for WESCO Utility, 10.02.2016 for SOUTHCO Utility and 11.02.2016 for CESU. The Commission during hearing heard the Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and the Consumer Counsels from licensee's area of supply who had filed their views and participated in the hearing, the Objectors present during hearing and the representative of the DoE, Government of Odisha at length.

14. The Commission had convened the State Advisory Committee (SAC) meeting on 18.02.2016 at 3.30 PM at its premises to discuss about the Aggregate Revenue Requirement, Wheeling and Retail Supply Tariff application proposals of the Distribution Utilities. The Members of SAC, Special Invitees, the Representative of DoE, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

15. The Commission heard the applicants, objectors and the representative of the DoE, Government of Odisha at length. Parties are directed to file their written note of submission within seven days.

ARR & RETAIL SUPPLY TARIFF PROPOSAL FOR 2016-17 (PARA 16 to 56)

16. The Utilities in accordance with the license conditions, have calculated the total expected revenue from sale of electricity charges as per the provisions of the OERC (Terms and Conditions for determination of wheeling tariff and Retail Supply Tariff) Regulations 2014. A statement of Energy Purchase, Sale and Overall Distribution Loss from FY 2011−12 to 2016−17 as submitted by DISCOMs is given below.

Table - 3
Energy Sale, Purchase and Loss

DISCOMs	Particulars	2011−12 (Actual)	2012−13 (Actual)	2013−14 (Actual)	2014−15 (Actual)	2015−16 (App.)	2015−16 (Est.)	2016−17 (Est.)
CSEU	Energy Sale (MU)	4469.79	4662.96	5211.93	5484.35	6760.60	5698.86	6085.94
	Energy Purchased (MU)	7232.91	7398.92	7973.19	8297.32	8780.00	8480.05	8904.87
	Overall Dist. Loss (%)	38.20	37.00	34.63	33.90	23.00	32.80	31..66
NESCO	Energy Sale (MU)	3301.53	3282.86	3337.83	3455.54	4286.63	3844.048	4187.33
	Energy Purchased (MU)	5023.40	5045.35	5045.29	5015.30	5250.00	5265.819	5583.10
	Overall Dist. Loss (%)	34.28	34.93	33.84	31.10	18.35	27.00	25.00
WESCO	Energy Sale (MU)	3775.04	3945.34	4201.07	4552.19	5909.4	4710.0	5087.0
	Energy Purchased (MU)	6177.74	6391.26	6634.90	7053.70	7350.00	7050.0	7350.0
	Overall Dist. Loss (%)	38.89	38.27	36.68	35.46	19.60	33.19	30.79
SOUTHCO	Energy Sale (MU)	1507.53	1660.67	1720.36	1947.73	2547.90	2125.395	2307.666
	Energy Purchased (MU)	2814.13	2929.88	2915.56	3192.83	3420.00	3325.0	3550.0
	Overall Dist. Loss (%)	46.43	43.32	40.99	39.00	25.50	36.08	35.00

AT&C Losses

17. The system Loss, Collection Efficiency and Targets fixed by OERC in reference of AT&C Losses of four DISCOMs since FY 2011−12 onwards including for the ensuing year 2016-17 are given hereunder:

Table - 4
AT&C Losses

DISCOMs	Particulars	2011−12 (Actual)	2012−13 (Actual)	2013−14 (Actual)	2014−15 (Actual)	2015−16 (Est.)	2016−17 (Est.)
CESU	Dist. Loss (%)	38.20	37.00	34.63	33.90	32.80	31.66
	Collection Efficiency (%)	90.55	93.41	93.69	94.30	94.50	96.50
	AT&C Loss (%)	44.04	41.16	38.75	37.67	36.49	34.05
	OERC Target (AT&C Loss %) As per Business Plan	24.76	23.77	23.77	23.77	23.77	---
NESCO	Dist. Loss (%)	34.28	34.93	33.84	31.10	27.00	25.00
	Collection Efficiency (%)	93.99	91.63	95.93	96.96	95.00	97.00
	AT&C Loss (%)	38.23	40.38	36.53	33.19	30.65	27.25
	OERC Target (AT&C Loss %) As per Business Plan	19.22	19.17	19.17	19.17	19.17	---
WESCO	Dist. Loss (%)	38.89	38.27	36.68	35.46	33.19	30.79
	Collection Efficiency (%)	94.43	92.79	94.35	95.37	96.00	98.00
	AT&C Loss (%)	42.30	42.72	40.26	38.45	35.86	32.17
	OERC Target (AT&C Loss %) As per Business Plan	20.50	20.40	20.40	20.40	20.40	---
SOUTHCO	Dist. Loss (%)	46.42	43.68	40.99	39.00	36.08	35.00
	Collection Efficiency (%)	91.58	93.88	92.39	90.75	93.50	95.50
	AT&C Loss (%)	50.94	47.13	45.49	44.64	40.23	37.92
	OERC Target (AT&C Loss %) As per Business Plan	27.24	26.25	26.25	26.25	26.24	----

Revenue Requirement for FY 2016−17

Sales Forecast

18. For projecting the energy sale to different categories of consumers, Licensees have analysed the trend of consumption pattern for last fifteen years from 2001-2002 to 2014-15 and actual sales data for the first six months of FY 2015-16. With this, the

four distribution utilities have forecasted their sales figure for the FY 2016-17 as detailed below:

Table - 5
Sales Forecast

Licensee/ Utility	LT Sales for FY 2016-17 (Est.)		HT Sales for FY 2016-17 (Est.)		EHT Sales for FY 2016-17 (Est.)		Total Sales 2016-17 (Est.) MU
	(MU)	% Rise over FY 15	(MU)	% Rise over FY 15	(MU)	% Rise over FY 15	
CESU	3885.26	18.25%	1234.14	6.3%	966.542	(22.82%)	**6085.94**
Remarks	----		----		----		---
NESCO	2128.102	18%	421.035	4%	1638.193	0%	**4187.330**
Remarks	Impact of electrification works of new villages under RGGVY & Biju Gram Jyoti Yojana; and growth from existing & new consumers		Break in the declining trend of HT consumption due to revival of some units and energisation of new industry under HT category		Reduction in EHT sales because industries are setting their own CPP and some have opted for open access.		
WESCO	2397.0	17.79%	1240.0	1.22%	1450.0	0.00%	**5087.00**
Remarks	Impact of electrification of new villages under RGGVY & Biju Gram Jyoti Yojana and growth in domestic category.		Sales not increasing on account of recession in steel & mining sector industrial slowdown and temporary closure/disconnection of steel of steel & mining industries		Reduction in EHT sales because industries are setting their own CPP		
SOUTHCO	1739.573	11%	211.993	3.87%	356.10	1.71%	**2307.66**
Remarks	Impact of BPL & APL consumers from RGGVY, BGJ program, Increase in agriculture and Irrigation consumption from Mega Lift Irrigation project of GoO		Nominal addition in consumption considered based on earlier trend and with addition of one HT consumer of load of 8.88 MVA for a period 3 months		Slight growth in consumption than that of earlier year is considered		

Inputs in Revenue Requirement for FY 2016−17

Power Purchase expenses

19. The Licensees had proposed the power purchase costs based on their current BSP, transmission charges and SLDC charges. They had also projected their SMD considering the actual SMD during FY 2014-15 and additional load coming in FY 2015-16 which is shown in table below:

Table - 6
Proposed SMD and Power Purchase Costs

DISCOMs	Est. Power Purchase in (MU)	Est. Sales (MU)	Distribution Loss	Current BSP (Paisa/Unit)	Est. Power Purchase Cost (Rs in Cr) (Including Transmission and SLDC charges)	SMD proposed MVA
CESU	8904.87	6085.94	31.66%	285	2760.69	1872
NESCO	4187.33	5583.10	25%	302	1827.00	980
WESCO	5087.00	7350.00	30.79 %	310	2462.00	1350
SOUTHCO	2307.66	3550.00	35.00%	200	799.31	600

Employees Expenses

20. CESU, NESCO, WESCO and SOUTHCO utilities have projected the employee expenses of Rs 433.66 Cr., Rs 288.48 Cr., Rs 294.86 Cr. and Rs 322.82 Cr respectively for FY 2016−17. Out of these proposed employee expenses, Rs 167.95 Cr, Rs.85.76 Cr, Rs 134.08 Cr and Rs 103.76 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2016−17. The impact of 7th pay commission for the year 2016−17 has been estimated in Basic Pay and Grade Pay and has been projected as Rs 59.00 Cr, Rs 70.00 Cr and Rs 77.24 Cr by NESCO, WESCO and SOUTHCO utilities respectively. CESU has not considered the impact of implementation of 7th pay commission while making employee expenses projection.

Administrative and General Expenses

21. CESU and NESCO, WESCO and SOUTHCO utilities have estimated the A&G expenses of Rs 97.67 Cr, Rs 52.99 Cr, Rs 70.16 Cr and Rs 65.84 Cr respectively based on expenses till September 2015. The 7% increase is taken into account considering inflation over the normal A&G expenses. The additional amounts of A&G expenses for NESCO, WESCO and SOUTHCO utilities are estimated as Rs 11.76 Cr, 12.09 Cr and Rs 34.87 Cr respectively.

Repair and Maintenance (R&M) expenses

22. All the DISCOMs have calculated R&M expenses as 5.4% of GFA including the RGGVY and BGJY assets at the beginning of the year. With regard to the R&M of the assets created through funding of the RGGVY and BGJY schemes, they have submitted that Commission in Para 421 the RST order for FY 2015−16 had allowed an additional sum of Rs. 5.00 Cr to each of the DISCOMs on a provisional basis which is not enough, given the area over which the RGGVY assets have been spread out. The details of proposal under R&M expenses for ensuing financial year FY 2016−17 are given below:

Table - 7
R&M Costs (Rs in Cr)

DISCOMs	GFA as at 31stMarch of Current FY 2015−16	R&M (5.4% of GFA)	Additional R&M Requested for RGGVY and BGJY assets	Amount towards R&M of Smart Metering	Total R&M Requested
CESU	1783.38	96.30	3.68	---	99.98
NESCO	1357.42	73.30	---		73.30
WESCO	1084.79	58.58	---	---	58.58
SOUTHCO	1891.03	44.64	58.48	---	103.12

Provision for Bad and Doubtful Debts

23. Based on statutory auditor's observations regarding short provision of bad debt, CESU has made provision towards bad and doubtful debts to the tune of Rs 371.33 Cr for FY 2016−17. While NESCO, WESCO and SOUTHCO utilities stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection inefficiency for which they have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2016−17. NESCO, WESCO and SOUTHCO utilities have requested the Commission to consider their proposal on bad debts after duly considering the performance levels to enable them to recover their entire costs.

Table - 8
Provision for Bad and Doubtful Debt

DISCOM	Collection Inefficiency (%)	Proposed Bad Debts (Rs in Cr)
CESU	3.5%	371.33
NESCO	3.0%	62.17
WESCO	2.0%	26.07
SOUTHCO	4.5%	44.82

Depreciation

24. All the four DISCOMs have adopted straight-line method for computation of depreciation at pre-92 rate. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2016−17 is projected at Rs 138.19 Cr for CESU, Rs 48.98 Cr for NESCO utility, Rs 38.91 Cr for WESCO utility and Rs 68.62 Cr (including Rs 38.98 Cr on RGGVY assets) for SOUTHCO utility.

Interest Expenses

25. CESU, NESCO, WESCO & SOUTHCO utilities have submitted the interest expenses and the interest income for the FY 2016−17. The net interest expenses proposed by these licensees are Rs 224.24 Cr, Rs 92.54 Cr, Rs 108.10 Cr and Rs 44.77 Cr respectively on following accounts:

(a) GRIDCO Loan

Commission in its Order dated 29.03.2012 and 30.03.2012 had resolved the dispute on the Power Bond and the amount arrived after the settlement was treated as New Loan to three DISCOMs. NESCO and WESCO Utilities don't have any outstanding payable to GRIDCO towards New Loan while SOUTHCO Utility has a liability of Rs 5.24 Cr which includes total interest cost for the New Loan. For CESU, no interest has been calculated on Rs. 174 Cr cash support provided by GRIDCO.

(b) World Bank Loan Liabilities

The Distribution utilities NESCO, WESCO & SOUTHCO have calculated the interest liability of Rs 10.38 Cr, Rs 11.82 Cr and Rs 8.57 Cr respectively towards the World Bank loan amount at an interest rate of 13% and have also calculated principal repayment liability of Rs 9.13 Cr, Rs 9.10 Cr and Rs 7.26 Cr respectively.

(c) World Bank (IBRD) Loan

CESU has submitted that the interest on World Bank Loan is calculated at Rs 136.35 Cr @ 13% interest as per the subsidiary loan & project implementation agreement with Government of Odisha.

(d) Interest on CAPEX Loan from Govt. of Odisha

NESCO, WESCO & SOUTHCO utilities have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 7.37 Cr, Rs 7.50 Cr and Rs 3.35 Cr respectively for the ensuring year.

(e) Interest on APDRP Loan Assistance

About loan from Govt, CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt of Odisha whose interest cost works out to be Rs 19.60 Cr; and they have borrowed counterpart funding from PFC amounting Rs 35.52 Cr whose interest cost works out to be Rs 0.24 Cr.

In the ensuing year, NESCO, WESCO & SOUTHCO utilities have planned no expenditures under APDRP scheme. Interest @ 12% per annum for earlier loans has been considered for the ensuing year on the existing amount. The same is estimated at Rs 0.76 Cr, Rs 0.66 Cr and Rs 0.72 Cr for NESCO, WESCO & SOUTHCO respectively on this account.

(f) Interest on SI scheme Counterpart funding from REC for GoO CAPEX

SOUTHCO utility has existing loan balance of Rs 3.18 Cr taken from REC and the interest on such loan for FY 2016−17 is estimated at Rs 0.29 Cr.

(g) Interest on Security Deposit

CESU, NESCO, WESCO and SOUTHCO utilities have submitted that the interest on security deposits for FY 2016−17 has been worked out to be Rs 48.98 Cr, Rs 44.51 Cr, Rs 50.46 Cr and Rs 14.11 Cr respectively.

Revenue and Truing up ARR

Non Tariff Income

26. NESCO, WESCO and SOUTHCO utilities have had proposed non-tariff income for FY 2016−17 to the tune of Rs 68.00 Cr, Rs 95.84 Cr and Rs 17.13 Cr respectively. However, they have proposed to exclude the income from meter rent as the same is intended to be used towards replacement of the meters. CESU has proposed non tariff income of Rs.114.36 crore.

Provision for contingency Reserve

27. NESCO, WESCO and SOUTHCO utilities have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2016−17. The exposure towards contingency provisions is to the tune of Rs 5.09 Cr, Rs 4.07 Cr and Rs 3.04 Cr respectively.

Return on Equity/Reasonable Return

28. CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three DISCOMs submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the Company for improvement of the infrastructure. Further, DISCOMs submitted that the ROE should be allowed on the amount of the equity and the accrued ROE for the previous years. This would increase the availability of more funds for the consumer services. Therefore, NESCO, WESCO, SOUTHCO utilities have assumed reasonable return amounting to Rs10.54 Cr, Rs 7.78 Cr and Rs 6.03 Cr as calculated @ 16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

Truing Up for FY 2015−16

29. Based on the actual sales, revenue and expenses for the first half of the current year 2015−16 and based on estimates for next half of current year, the uncovered gap for NESCO, WESCO and SOUTHCO utilities are Rs 268.49 Cr, Rs 412.78 Cr and Rs

362.46 Cr as against the surplus of Rs 9.11 Cr, Rs 14.75 Cr and Rs 4.18 Cr respectively. To avoid tariff shock NESCO and WESCO utilities have submitted 1/3rd of uncovered gap i.e. Rs 89.50 Cr, Rs 137.59 Cr and Rs 120.82 Cr respectively for consideration in the ensuing year ARR.

Revenue at Existing Tariff

30. The utilities have estimated the revenue from sale of power by considering the sales projected for FY 2016−17 and by applying the various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales are estimated at Rs 2986.63 Cr, Rs 2072.22 Cr, Rs 2607.14 Cr and Rs 995.89 Cr for CESU, NESCO, WESCO and SOUTHCO respectively.

Summary of Annual Revenue Requirement and Revenue Gap

31. The proposed revenue requirement of DISCOMs have been summarised below:

Table- 9
Proposed Revenue Requirement of DISCOMs for the FY 2016-17 (Rs in Cr)

	CESU	NESCO	WESCO	SOUTHCO
Total Power Purchase, Transmission & SLDC	2,760.69	1,826.53	2,462.09	799.31
Total O&M and Other cost	1,413.88	618.48	593.21	648.89
Return on Equity	11.64	10.54	7.78	6.03
Total Distribution Cost (A)	4,186.20	2,455.55	3,063.09	1,454.23
Total Special Appropriation (B)	0	94.58	141.66	123.86
Total Cost	4,186.20	2,550.13	3,204.75	1,578.09
Less: Miscellaneous Receipt	114.36	68.00	95.83	17.13
Total Revenue Requirement	4,071.84	2,482.13	3,108.91	1,560.95
Expected Revenue (Full Year)	2,986.63	2,072.22	2,607.14	995.89
Gap at Existing Tariff (+/-)	(1,085.21)	(409.91)	(501.77)	(565.06)

Tariff Proposal

32. CESU, NESCO, WESCO and SOUTHCO have proposed to reduce the revenue gap through revision in Retail Tariff and/or Govt. subsidy as the Commission may deem fit or combination of all above as the commission may deem fit to the extent as given below.

Table - 10
Revenue Gap for Ensuing Year 2016−17 (Rs in Cr)

	CESU	NESCO	WESCO	SOUTHCO
Revenue Gap with existing Tariff	1,085.21	409.91	501.77	565.06
Excess Revenue with Proposed Tariff	1,065.92	0	0	0
Proposed Revenue Gap	19.29	409.91	501.77	565.06

Tariff Rationalization Measures proposed by Licensees:

Proposal by CESU

Over Drawl by Existing HT/EHT Category Consumers

33. These consumers pay over drawl penalty only for quantum of load over and above 120% of contract demand in off-peak hours and over and above 100% of contract demand during peak hours. By such over drawl consumer load factor goes up and he gets incentive as per the graded slab tariff structure. CESU proposed that over drawl penalty should be levied on both demands as well as energy charges for HT/EHT category consumers.

Steps for Flattening of Load Curve

34. CESU has submitted that, at present they observe a peak demand of 500MW more than off peak hours. Odisha grid faces peak/off-peak demand difference of 1600 MW. In CESU industrial demand comprises 50% of total demand of the Licensee. Due to the incentive given in the tariff orders they overload the network both in peak and off-peak hours. Hence CESU has proposed that the peak hour load drawl by HT/EHT industries/ consumers may be de-incentivized on higher drawal during peak hours.

Temporary Higher Demand by the HT/EHT Consumers due to Seasonal Factors

35. CESU has submitted that, from analysis of last three years demand pattern of some HT/EHT industries, they have observed some industries requiring higher load temporarily. So, provision may be made in the Tariff Order for HT/EHT consumers having loads of 1 MVA & above to draw temporary excess demand by paying higher energy & demand charges for drawl over & above contract demand during the season of enhanced economical activities.

Reliability Surcharge

36. CESU has submitted that the reliability surcharge of 10 paise per unit levied in the RST Order for FY 2015-16 is quite low. The Utility is spending substantial amount in maintaining such infrastructure to extend for such reliable and quality supply to the consumer. Hence, they have proposed a hike of surcharge to the level of @ 20 paise per unit which was prevailing in the FY 2014-15 on a dedicated feeder concept applicable for EHT or HT consumer.

Monthly Minimum Fixed Charges for consumers having contract demand more than 70KVA but less than 110KVA.

37. The three-phase consumers whose contract demand is more than 70KVA but less than 110KVA are provided with static meters having facility to record demand during billing period. The Commission vide its Tariff Order for Financial Year 2013-14 allowed DISCOMs to levy MMFC based on recorded Maximum Demand which has caused substantial revenue loss to CESU. Hence, they proposed that consumers having contract demand more than 70KVA but less than 110KVA may be charged MMFC based on contract demand.

Power Factor Penalty for Three-phase Consumers having Contract Demand less than 110 KVA

38. CESU has submitted that many of the three-phase consumer's particularly industrial ones in this category are availing their load at lower power factor than normal. This exerts extra burden on the distribution network and also leads to higher technical loss as has been verified from actual data. There is no disincentive measure in the tariff order for these consumers to enhance their average power factor by installing capacitor bank. So, they proposed that power factor penalty may be extended to all three-phase consumers having contract demand less than 110 KVA which to enforce them to install capacitor banks to improve power factor.

Interest on Security Deposit

39. CESU has prayed to allow to pay interest on security deposit as per prevailing bank rate instead of Commission fixing the same rate during tariff proceeding depending upon prevailing bank rate.

Meter Rent

40. As per Clause No.54 (1) of OERC Distribution (Conditions of Supply) Code, 2004, all the meters shall be static type. But at present, CESU is not able to replace the correct mechanical meters with static meters because of the objections by the consumers to pay rents on new meters without justification. CESU suggests new guidelines for recovery of meter rent on new static meters replacing old mechanical meter even if correct.

Creation of Contingency Fund

41. CESU has requested for creation of a Disaster Management Fund of Rs.60 crore by levying a surcharge of 1% on the tariff for coming two years.

Supervision Charges

42. CESU has proposed to enhance supervision charges from 6% to 10% since in addition to ensuring the works has been done as per standards they also pay inspection fees to Govt. of Odisha for statutory inspections. The present supervision fee is insufficient to meet the expenses.

<u>Proposal of NESCO, WESCO and SOUTHCO</u>

Levy of Meter Rent on Smart, Prepaid Meters

43. All the three DISCOMs submitted that the meter rent fixed for the LT single phase and three phase AMR / AMI compliant meters should be reviewed by the Commission. The utilities proposed that meter rent for the AMR / AMI based meters and pre-paid type single phase meters should be Rs 300/- per month and for three phase meters it should be Rs 500/- per month.

Introduction of KVAH Billing or Power Factor Penalty to HT & LT Consumers above 20 KW

44. The Utilities stated to have submitted required data sought for by the Commission for the consumers having connected load of 20 KW and above for implementing Kvah billing. Therefore, the Commission may allow implementing Kvah billing from FY 2016-17 onwards.

Applicability of Power Factor Penalty

45. The Utilities request the Commission to extend power factor penalty to the following categories of consumers till Kvah billing is implemented.

- **HT Category**
    - Specified Public Purpose
    - General Purpose < 110 KVA
    - HT Industries (M) Supply.

- **LT Category**
  - LT industries Medium Supply
  - Public Water Works and Swerage Pumping > 22 KVA

Verification of CGP Status of Power Plants

46. They submit that the Committee constituted by the Commission vide its Order dtd.03.01.2014 passed in Case No.129 of 2010 to verify CGP status of industries should be revived. This is necessary since CGP status can be ascertained after the completion of financial year as per Electricity Rules, 2005. The CCPPO has filed a case before the Commission to review the above order of the Commission. An interim stay had been granted by Hon'ble High Court in WP(C) No. 18481 of 2013 on verification CGP status by the Committee constituted by the Commission. However, Hon'ble Court in their order dated 06.08.2014 in the same case has made it clear that the notwithstanding the pendency of the writ petition the present review proceeding would continue. Therefore, the Commission should re-constitute the Committee to fix cross subsidy surcharge liabilities on industries loosing CGP status.

Emergency power supply to Captive Power Plants (CPP)

47. The Utilities request the Commission to levy demand charges of Rs.250 per KVA for the emergency drawal by the industries having CGPs. The contract demand of CGPs should be 12% of the highest rated generating unit. They suggest that any drawal beyond 10% load factor the demand charges should be doubled. The supply can be disconnected if the CGPs draw more than the above stipulated load factor for consecutive two months. This tariff should also be applicable for startup power before COD. The units connected to CTU should also avail startup power from DISCOMs by adjustment of regional energy account.

MMFC for Consumers with Contract Demand <110 KVA

48. In this category the consumer is billed as per recorded demand in the static meter. In case the maximum demand is less than contract demand then the consumer is billed as per the recorded maximum demand. This adversely affects the DISCOMs as they are reserving the capacity for the consumers as per his contract demand. Therefore, these types of consumers should be billed in line with the consumers having contract demand > 110 KVA.

Demand Charges for GP>70 KVA<110 KVA and HT Industrial (M) Supply

49. The consumers in the above categories availing power supply in HT are required to pay demand charges of Rs.250 and Rs.150 per KVA respectively at present. The consumers who are availing supply at LT in static meter under 110 KVA are being billed as per the demand recorded in the meter. This creates disparity between consumers GP > 70 KVA <110 KVA and HT Industrial (M) Supply and LT consumers having CD < 110 KVA. The Commission is requested to adopt billing for consumers GP > 70 KVA <110 KVA and HT Industrial (M) Supply similar to LT consumers having CD < 110 KVA.

Demand charges to be in KVA only instead of KVA/KW

50. In the prevailing tariff some of the HT consumers are paying their demand charges in KW and some are on the basis of KVA. Therefore it is creating disparity among the consumers as well as affecting revenue of the utilities. The BST of the utilities is the composites of energy and demand charges. The component of demand charges is on the basis of KVA only. The proposed SMD for the utility is also considering the demands in KVA of consumers in its license area. The Commissions regulations as well as retail supply tariff order also prescribe demand charges to be paid on demand recorded in KVA only. In view of the same the utilities submitted that the demand charges for all the three phase consumers having static meters may be levied on the basis of KVA basis.

Demand Charges and Monthly Minimum Fixed Charges

51. The utility submitted that 90% of the distribution costs are fixed cost in nature. The revenue recovery on account of the demand charges and monthly minimum fixed charges is approximately Rs.312 Cr, for the ensuing year at the existing tariff whereas the fixed distribution cost is around Rs.532 Cr (Employee cost, R&M, A&G and Interest cost) which is more than half of the amount of recovery for NESCO and WESCO. Hence the present fixed charge by the Commission may be increased so as to meet fixed expenses of the DISCOMs.

Rate of Tariff for HT Medium and LT Medium Industries

52. SOUTHCO had observed that due to the tariff anomalies between LT and HT connection consumers prefer to keep their loads below 70 KVA and take LT supply

even by handing over of substations constructed by them to get long term benefit to compensate the cost of taking initial HT Supply. Therefore, SOUTHCO has proposed to raise the demand charges to Rs.125/- per KVA from present Rs.80/- per KW for LT consumers to attract more consumers to avail supply in HT.

Introduction of Monthly Minimum Billing Commensurate with Connected Load

53. Utilities observed that most of the consumers are being billed less than 30 units per month even though their connected load is more than 2 KW, which is equivalent to consumption specified for Kutir Jyoti category of consumers. Presently, tariff for Kutir Jyoti category is Rs.80 per month. When a consumer whose connected load is more than 1 KW and consuming less than 30 KWh per month and some times less than 20 KWh per month. After few months of lower reading they make the meter defective and after a long gap pursues the licensee to bill on the basis of average reading taken a long back. Hence the DISCOMs may be allowed to do load factor billing.

Continuation of Bi-monthly Billing

54. DISCOMs request the Commission to allow them bi-monthly billing since the meter readers fail to cover all the consumers in a month. Therefore to avoid such practices the utility may be permitted to adopt bi-monthly billing system to save extra A&G cost as well as to ensure effectiveness of billing and serving the same to consumer at least where the billing amount as well as consumer coverage is low. OERC (conditions of supply code), Regulations 2004 also permits the utility to make bi-monthly billing.

Introduction of Amnesty Arrear Clearance Scheme for LT non Industrial Category of Consumer

55. As on 30th Sep-2015, the utilities were having outstanding of more than Rs 1300 Cr each for NESCO and WESCO and Rs 850 Cr for SOUTHCO under LT non industrial category consumers. Out of the same more than Rs 500 Cr is under disconnected category for NESCO and WESCO and Rs 200 Cr SOUTHCO respectively. Considering such huge arrear the utilities submitted before the Commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme as approved earlier in FY 2011-12. Depending upon the outstanding and paying ability of the consumer’s 6 to 12 monthly instalments may be

fixed to clear the outstanding and avail benefit of withdrawal of DPS and certain percentage of waiver on outstanding amount. As a result cash flow of the utility will improve and able to clear its outstanding dues to GRIDCO as well as employees terminal liabilities.

Special Rebate for Consumers Availing Monthly Rebate under LT Category of Consumers

56. To improve collection efficiency under LT category the utilities submitted before the Commission to approve a special rebate to those LT categories of consumers who are availing monthly rebate on prompt payment of monthly energy bills. Such consumers may be permitted to avail a special rebate equivalent to the highest rebate availed during the financial year. The special rebate shall be credited after the end of the financial year if the consumer has availed rebate during last one year without fail.

OBJECTIONS & QUERIES RAISED DURING THE HEARING (PARA 57 TO 133)

57. Public hearing on ARR and Tariff application of all the DISCOMs for the FY 2016-17 was initiated with a Power Point Presentation followed by presentation by World Institute of Sustainable Energy, Pune who was the consumer counsel appointed by the Commission. The consumer counsel presented the summary of the submissions made by the licensee, analysis of the ARR with observations.

58. Consumer associations, individuals in their written submission had raised issues contesting the proposal of the DISCOMs. The Commission has considered all the issues raised by the participants in their written as well as oral submissions made in the public hearing. Many objections were found common in nature. These are addressed as follows:

Performance Related Issues

AT&C Loss and Collection Efficiency

59. Objectors submitted that in spite of AT&C loss targets fixed by the OERC, DISCOMs have not reduced the same and projecting fictitious loss figures at the beginning of a financial year and ending up with increased losses year after year.

60. They submitted that the figures related to AT&C losses are fabricated and not realistic as all the feeders and substations are not metered. WESCO is not taking action for

AT&C loss reduction and its prayer for bridging the revenue gap through increase in RST, decrease in BST, and by truing up exercise may be rejected

61. It is further submitted that none of the licensees have improved the billing and collection efficiency as per their submissions while filing of ARR every year as well as in their business plan. The Commission shouldn't approve billing and collection efficiency as per their current submission rather they should be penalized for their poor performance during the last 15 years.

62. Many objectors proposed the Commission to approve reduced distribution loss with respect to approved figure in last year's tariff order. Objectors also requested the Commission that consumers should not be penalized by accepting the heavy expenses of the licensee due to their inefficiency and corrupt management.

63. Many objectors had submitted that the operation of Franchisees in CESU are inefficient and corrupt for which T&D and AT&C losses have increased in the franchisee operated zones.

Energy Audit

64. Several objectors submitted that none of the licensees have been able to conduct proper Energy Audit. Though, they have not been able to spend the fund approved against energy audit activities but still asking for allocation of more funds. Objectors have also asked DISCOMs to submit the actual status of energy audit and detailed action plan for implementing the same.

Investment from various sources

65. Some objectors express their concern for the investment by the government in the infrastructure of the DISCOMs under various schemes like CAPEX, RAPDRP, ODSSP, DESI etc. There seems be an overlapping of assets created from such schemes. They requested the Commission to look into the matter and pursue government to take up audit on the utilization of those funds.

66. None of the DISCOMs are submitting remunerative calculation to the consumers which should be taken seriously and verified by a third party under SOP audit.

Employees' expenses

67. Incentives and disincentives to employees may be fixed in accordance with the performance of the employees of the DISCOMs. Incentives/disincentives should be

passed on to all employees involved in commercial loss reduction including the Energy Police Station staff.

68. Most objectors have submitted for prudent check of employee costs for all DISCOMs. It has been observed that despite decrease in number of employees or outsourcing of various activities, the A&G and employee costs have increased during FY 2015-16.

Issues Related to HT / EHT Consumers

Demand Charges for GP > 70 KVA < 110 KVA and HT Industrial (M) Supply

69. Objectors submitted that proposal of DISCOMs for consumers having contract demand more than 70KVA but less than 110KVA to charge MMFC based on contract demand should not be accepted.

70. It is submitted that licensee should first revise the bills of such consumers in line with the tariff orders as regard to MMFC. It has been observed in cases that in spite of beginning of a new financial year the DISCOMs have been charging MMFC based on highest contract demand of the previous year requiring revision.

71. From bulk supply bill of Utilities, it is observed that though the demand charges are not payable by them to GRIDCO in terms of BSP, they are charging over drawal penalty to HT & EHT consumers. Therefore, there is no need to revise the level of overdrawal penalty for HT and EHT consumers.

Over Drawl by Existing HT/EHT Category Consumers

72. Some objectors submitted not to consider the over drawl penalty on demand as well as on energy charges as proposed by DISCOMs because, such overdrawal of demand is in a single time block & penalty burdens the HT/EHT consumers with payment of cross-subsidy to other category of consumers.

Temporary Higher Demand by the HT/EHT Consumers due to Seasonal Factors

73. Some objectors submitted that proposal for separate tariff for industries expecting to overdraw due to seasonal factors or for new consumers intending to draw power whose demand is not considered during the ARR proceedings should not be allowed. This will overburden the consumers.

Take or Pay Benefit

74. One of the objectors submitted that HT/EHT consumers are subsidizing other LT consumers and higher consumption by them should be promoted. In view of the lower price of energy in open market the HT & EHT industries are importing power from energy exchanges. Hence, the objector requested the commission to reintroduce take or pay tariff or a special tariff for energy intensive industries in the ensuing tariff order for FY 2016-17.

Imposition of Reliability Surcharge on all HT/EHT consumers

75. Some of the HT/EHT consumers submitted that in obedience to the tariff order of the Commission none of the DISCOMs are providing reliability index calculation as well as voltage variation report along with energy bill in case reliability surcharge is to be assessed and claimed.

76. Many of the objectors submitted that in the matter of EHT consumers, DISCOMs have no role in supplying reliable power as most of these consumers are connected to EHT grid sub-stations and DISCOMs are not paying anything extra to OPTCL for maintaining such reliability and hence this charge needs to be removed for the EHT consumers.

77. Further, some of the consumers submitted that when reliability surcharge is payable by a consumer to the licensee for achieving a certain level of performance on “availability” and “voltage of supply”, a penalty should also have been imposed for not achieving these standards.

Introduction of KVAH Billing (OR) PF Penalty for Three-phase Consumers having CD<110 KVA

78. NESCO, WESCO and SOUTHCO Utilities have requested the Commission for introduction of either kVAh billing or implementation of Power Factor penalty on consumers with contracted demand of more than 20 kW. To this many objectors submitted that rather than improving the system performance the licensees are showing interest in finding financial benefits arising out of billing.

79. Many of the objectors submitted that if KVAH billing is adopted, the SI, MI & other consumers who are not under PF folder in present tariff system will be affected badly which is not desired for the common ignorant consumers.

80. In the matter of PF penalty objectors submitted that demand for Power Factor penalty itself is absurd when the licensees are insisting for implementation of KVAH billing for consumers<110 KVA.

Re introduction of third slab for HT & EHT consumers

81. Some objectors have requested to reintroduce the three slab based graded incentive tariff as it promotes higher consumption by HT/EHT industries, which subsidize the other LT consumers. Reintroducing this incentive will have the effect of reduction in tariff for all HT and EHT consumers for higher consumption and in turn will help the licensee.

Interest on Security Deposit

82. Some objectors submitted that the interest on security deposit may be determined based on the bank rate. Those objectors suggested that security deposit should not be obtained from consumers especially from HT consumers, whose monthly charges are in terms of crore which is likely to be misused by the licensees.

83. Hence, they suggested that the consumers whose security deposit is more than Rs 1 lakh may be allowed to furnish Bank Guarantee as security deposit.

Applicability of MMFC and Fixed Charges in the Tariff design

84. Some of the Objectors submitted that the present practice of payment towards MMFC of fixed charges along with energy charges is illegal. A consumer paying for energy charges need not pay for fixed charges for the same energy. The consumers are even forced to pay without consuming any power during a month. This is wrong. The Commission may bring suitable amendments to the regulations in the interest of justice.

Meter Rent

85. As per para 531 of RST order for 2015-16, meter rent will be collected for a period of 60 months. This order may be withdrawn and order for collection of meter rent till recovery of landed cost of meter may be passed. For instance, the cost of three phase tri-vector meter is about Rs 20,000, but as per the present order the consumer has to pay Rs 60,000.

Emergency Supply to Captive Generating Plants (CGPs)

86. The CGPs are paying higher rate than the other category of consumers. CGPs do not avail power regularly and they should not be burdened with paying the demand charge throughout the month. Accordingly, the Commission has determined the present tariff design after detailed examination of the provision in the supply code and retail tariff structure. The present single part tariff for CGP is taking care of the demand charges and energy charges for this category of consumers.

87. Further, those objectors submitted that "Emergency Power Supply" category provided under Regulation 80(15) is to meet not only the requirement of start up of the unit but also to meet their essential auxiliary and survival requirements in the event of failure of their generation capacity that is up to 100% of rated capacity of largest unit of CGP. Hence, imposition of demand charges for CGPs will be the violation of the regulation framed by the Commission.

Calculation of Load Factor

88. One objector submitted that load factor be calculated based on actual period of availability of unrestricted power supply during the month and that the demand charges should be calculated on prorata basis. The demand charge should be reduced in case the total period of the shutdown of the plant due to interruptions and planned shutdowns exceeds 30 hours in a month instead of 60 hours in a month as per the prevailing regulation.

89. One industrial objector submitted that the quantity of power not available to the industrial consumers due to tripping of lines on the fault of the licensees should be deducted from 1st slab of power which is costlier compared to the 2nd slab.

Reintroduction of Power Factor Incentive

90. Some consumers prayed before the Commission for reintroduction of power factor incentive by the Commission. They submitted that the Commission vide Para-193 of the RST order for FY 2013-14 has deleted the provision of incentive for higher power factor on the ground that many industries have been able to run with a power factor of 95% or more and the system has already been stabilized. However, the huge expenditure incurred by power intensive industries to install capacitor banks for

improvement of power factor up to 99% and more has been overlooked by the Commission. Hence, they prayed for re-introduction of power factor incentives.

Verification of CGP status

91. The Commission, in accordance with its earlier orders may make it clear that the present requirement of 51% consumption for classification as CGP to be based on net generation, which is gross generation excluding the auxiliary consumption.

TOD Benefit

92. Many consumers have requested the Commission to modify the present TOD Off-peak period from 00:00 Hrs to 06.00 Hrs of Next Day to 22.00 Hrs today to 06.00 Hrs of the Next Day.

93. Some consumers have also requested to increase TOD benefit from 20 paisa per unit to 30 or 50 paisa per unit

94. Some objectors submitted that the request by the licensees for withdrawal of incentive for off-peak consumption should not be allowed in view of huge peak to off-peak demand gap (steps for flattening of load curve).

Cross Subsidy

95. Some of the HT consumers submitted that DISCOMs do project higher purchase and sales of energy intentionally for LT category which ultimately leads to more cross subsidy to be paid by HT / EHT consumers. Those consumers have also objected any further rise in HT and EHT tariff and submitted that the State Government should give tariff subsidies to BPL/ domestic consumers to reduce the cross subsidy burden on HT and EHT consumers.

96. Some of the objectors submitted that, they are facing huge problems for higher HT & EHT tariff in Odisha than that of the neighbouring states. Hence, they proposed that cross subsidy should go down and the HT and EHT tariff should reduce.

Special tariff measures

97. Some objectors have submitted that the Commission should consider special tariff for Allied Agro Industries and cold storage to encourage agro industries in the state

98. MSME industries like plastics, chemicals, mini steel plants and sponge iron units may also not be burdened further as they have already faced scarcity of raw materials.

Supervision Charges

99. Some objectors have submitted that virtually no supervision is being conducted on the electrical installation but supervision charges are being collected surprisingly even in divisions where consumer transformers are being maintained by the consumer.

General Issues related to Retail Supply Tariff of DISCOMs

Energy Sales Forecast and Addition of BPL & LT Consumers

100. Many objectors submitted that the sales projections made by the licensee are not realistic and are overestimated; and submitted that sales to the LT consumers needs to be done based on the realistic distribution loss and the energy purchase should be reduced accordingly.

101. The consumption by the BPL consumers is not in line with the standard of 30 kWh per month and the sales forecasts needs to be corrected accordingly.

Review of Inefficient Operations and Quality of Power Supply

102. Many of the objectors have requested the Commission to direct licensees to create database of LT side voltages and loading of all the DTRs feeding power to LT consumers as in many places the actual voltages and power availability are below the standards.

103. Some objectors have requested NESCO Utility to submit detailed action taken for completion of SoP audit of 3 divisions.

104. Several consumers have pointed out the frequent power cuts by DISCOMs without prior notice.

Audit of Books of Accounts

105. Objectors submitted that account of the SOUTHCO Utility has not been audited for 2014-15. In view of non availability of audited statements the licensee's prayer for revenue requirement should be rejected as it is based on the false statements and manipulated facts and figures.

Consumer Awareness and Consumer Grievances

106. One objector submitted that CESU has failed badly in consumer education and awareness, especially in rural area.

107. One objector submitted that GRFs are not acknowledging the grievance petition of the Petitioners and not dispatching orders to the petitioners. The same objector submitted that though the GRF and Ombudsman can't adjudicate the cases u/s 126 and 135 of the Electricity Act, 2003 but they should be able to adjudicate as to whether a case is coming under purview of section 126 of Electricity Act, 2003 or not.

Misuse of Section 126 of Electricity Act, 2003

108. Many objectors submitted that the licensees should not unduly harass honest consumers under Section 126 of the Electricity Act. At the same time exemplary action must be taken against dishonest consumers.

109. Some objectors have also submitted that penal/ extra bills are being raised by the licensees against honest consumers in the name of past dump data, slowing of meters and carbon deposit in the CT wiring.

Rice Millers views

110. Some objectors requested the Commission to consider the rice mills under allied agro category as defined in the Supply Code.

111. In this context they have produced Letter No. 415 dated 15.01.2014 issued by Joint Director Industries in support of their claim.

<u>Other Issues</u>

Energy Police Station

112. Some objectors submitted that the performance of the energy police stations is not justifying the cost incurred on the same and hence they requested the Commission to assess the performance of energy police stations.

Electrical Accidents and Death of Animals and Human beings

113. One of the objectors has submitted that the licensees have not paid any compensation for the deaths of animals & human beings due to electrical accidents and the licensees should produce the details of the same since FY 2004-05 to 2015-16.

Prompt Payment Rebate

114. Some of the Objectors submitted that licensees are getting 2% rebate on the BST tariff. The same rebate should also be allowed to the consumers. Further, they have submitted to increase the time limit for payment of electricity bill to avail rebate.

115. One objector submitted that a special rebate should be allowed to the consumers who deposit sufficient amount so as to cover their electricity bill for a year or so. He suggested for one month rebate in case a person pays in advance an amount for twelve months.

Interest on Security Deposit

116. Many objectors opposed the proposal of the DISCOMs to reduce interest rate payable to the consumers on the security deposit held by them. Instead they requested the Commission to substitute present practice of depositing cash towards security deposit with issue of bank guarantee.

Power Cuts

117. Several consumers have pointed out the frequent power cuts by NESCO Utility without any notice or time limit.

Business Plan

118. One of the objectors has submitted that the licensees have not submitted the business plan in line with the requirements of the regulation.

<u>Submission of Railways</u>

Separate and Reduced Tariff Category

119. Railways submitted that, railways being a public utility will get affected due to increase in tariff hike. Railways should be considered as separate category for tariff determination and fixation of tariff (EHT & HT) at lower level than that of tariff for other EHT / HT consumers.

120. Railways requested the Commission not to introduce kVAh billing. In case the Commission intends to do so the energy charges should be reduced proportionately after giving sufficient time.

121. It requested the Commission to reduce the existing Demand Charges and Energy Charges and to consider Railway traction tariff at par with that of organizations having >60% load factor.

122. Railways being directly taking power supply at EHT level from OPTCL and hence requested the Commission to remove the reliability surcharge.

123. Railway submitted that the exceeded demand may be ignored by the DISCOMs in case of the feed extension of one TSS of a DISCOM to another TSS of other DISCOM due to fault of OPTCL.

Regarding effectiveness of tariff exercise design by the Commission

124. The EHT tariff has been increasing steadily and the Commission should not show leniency on LT consumers. As per consumer Act the EHT consumers should be treated as buyers and tariff should be determining accordingly. Commission should pursue government to avail subsidy for the BPL consumers instead of arranging the same from the cross subsidy collected from the EHT consumers.

125. The present policy of tariff design by adopting top down approach is not correct. Tariff should be determined with bottom up approach so as to fix accountability on the distributing companies.

126. The entire tariff design exercise is vague and notional only in the absence of energy audit by the DISCOMs.

127. The present policy of calculating cross subsidy within ± 20% of average cost of supply is wrong. Instead the Commission should consider ±20% of category wise voltage level tariff.

128. The Chief Electrical Inspector may be directed to verify the CGP status of the captive plants of the state. There is no necessity of setting of a committee for verification of CGP status as directed by the Commission vide its Order dtd.03.01.2014 passed in Case No.129 of 2010.

129. It is submitted that there is a need to relook the present BSP design by the Commission. He suggested for a slab based BSP design allocating lower cost of power purchase by GRIDCO for LT consumers and costly power purchased from Central Thermal Stations to the industrial consumers of the state.

130. It is further submitted that the average tariff of Odisha is quite high compared to other States and it should reduce substantially.

131. He also submitted that the gap between average RST and average cost of supply should remain zero. But as observed from previous RST orders there is a gap observed between average RST and average cost of supply. Instead of any gap that amount should be utilized to subsidise lower section of the consumers.

132. All though Commission claims that there is no increase in tariff between the year 2001-02 to 2009-10 and a nominal rise in tariff thereafter the revenue loss for one percent distribution loss has been keep on rising year after year exponentially.

133. The infrastructure developments in the DISCOMs is quite poor in spite of huge investment from Govt. of Odisha to the tune of 10,000 Crore under various schemes.

Rejoinder by DISCOMs towards Performance Related Issues (PARA 134 TO 188)

AT&C Loss and Collection Efficiency

134. The distribution loss targets set by OERC in different years have not been achieved due to various reasons beyond the control of the Utilities. The adverse geographical scenario, poor socio-economic conditions of the consumers in utility area, erratic climatic conditions (cyclone and flood prone area), negative mind set of the consumers including inadequate administrative support are the main reasons of not achieving the bench mark of loss level fixed by OERC.

135. NESCO Utility submitted that they have taken various initiatives to reduce loss like special disconnection drive and billing and vigilance activities in the loss making divisions.

136. WESCO Utility submitted that during the current year the licensee estimated a loss reduction of 2.60% over previous year. With projected collection efficiency of 98% and estimated T&D loss of 30.79% in the ensuing year the utility has proposed to reduce the AT&C loss by another 3.70%. Accordingly, the AT& C loss projected as 32.17% for the ensuing year is genuine and achievable.

Energy Audit

137. By September 2015 NESCO Utility has completed energy auditing for 20 nos of 33KV and 248 nos of 11KV feeders. Energy audit for remaining 409 nos. of 11KV feeders are expected to be completed by the end of March-2016. The licensee expects to complete 100% Energy Audit of all feeders.

138. SOUTHCO Utility submitted that the energy audit has already been carried out in 75 nos. of 11 KV feeders and the report has been submitted before the Commission. During the FY 2015-16, 255 Nos. of 11 kV feeders has been metered against targeted total 528 nos. of 11 KV feeders. Proposals have been included in Deendayal and IPDS scheme and an amount of Rs.9.38 Cr has been estimated for the purpose of Energy

Audit for balance 273 Nos. 11 kV feeders and 100% DTR metering. The energy audit @ 10 feeders per month shall be taken up and submitted before the Commission as per its direction to complete 11 kV feeders by March-2017.

Employees expenses

139. NESCO Utility has introduced new Incentives & Reward schemes for collection. Vigilance activities. Retired employees of NESCO Utility have been engaged for revenue collection work with attractive incentives.

140. WESCO Utility and SOUTHCO Utility submitted that Employee Cost has been projected by considering cost of existing employees, terminal dues of retired employees and savings due to retirement. No such over estimation has been made by the utility.

141. CESU has submitted that the projection for the 2016 is nearly 26% more than the approved figure for last year. This 26% hike is expected due to impact of Seventh Pay Commission & annual increment of 3% in basic.

Issues Related to HT / EHT Consumers

Demand Charges for GP > 70 KVA < 110 KVA and HT Industrial (M) Supply

142. NESCO Utility in its reply submitted that like any other consumer category they are reserving capacity to the extent of CD of the subject consumers. Due to this consumers with CD<110KVA are also liable to pay the Demand charges on the basis of CD or MD whichever is higher irrespective connected load is HT.

Over Drawl by Existing HT/EHT Category Consumers

143. CESU submitted that over drawl by a consumer means drawl beyond the agreed contractual load. Such over drawl always destabilizes a balanced demand network system. Over drawl also leads to deviation of Discom's drawl schedule as per OGC; warranting deviation charges. So, any over drawl beyond agreed load is against Grid discipline which should be discouraged by levy of penalty.

144. It is further submitted that over drawl penalty is a discouraging factor and penal amount is not considered as revenue from sale of energy. Cross subsidy inbuilt into the retail tariff is estimated on the approved sales not including estimation future over drawl. Over drawl penalty on demand is in force. DISCOM's appeal for penalty on proportionate energy charge is justified because over drawl by a consumer leads to

deviation of utility's scheduled drawl from the Bulk Trader and such deviation charge is applicable on energy drawl by the utility.

Temporary Higher Demand by the HT/EHT Consumers due to Seasonal Factors

145. CESU replied that estimated sales projection for existing and new consumers for the ensuing year is based on average load factor during past years. Apart from above, consumers desirous of availing seasonal additional load including the load due to new consumers require upward revision of schedules with SLDC to avoid payment of deviation charges. The proposal is intended for unscheduled sales arising out of above where extra bulk purchase cost as well as deviation charge, if any, could be met. Otherwise situation prevents the licensee from considering requests of consumers for enhancement of seasonal loads. Existing consumers are not overburdened by this proposal.

Take or Pay Benefit

146. CESU submitted that during implementation of the 'Take or Pay' tariff on achieving higher Load Factor, none of the consumers come forward to avail the provision. The reason attributed to prolonged consumer of plants by the industrial consumers. Due to this the consumers do not achieve the target Load Factor to get the benefit of "Take or pay" tariff. The licensee has no objection for reintroduction of the "Take or Pay tariff" as this will make optimum utilization of system capacity and guaranteed revenue gain.

Imposition of Reliability Surcharge on all HT/EHT consumers

147. NESCO, WESCO & SOUTHCO Utilities submitted that imposition of Reliability Surcharge is made only when the conditions as directed by the Commission are fulfilled. A consumer paying reliability surcharge for a particular month may not pay the same in succeeding months. Operational issues indicated by the objectors due to load regulation by SLDC/OPTCL, it is to submit that, the DISCOMs are also loosing in Court cases otherwise avoidable but for OPTCL / SLDC.

148. WESCO Utility submitted that the present level of Reliability Surcharge is very less compared to previous year. The same has been reduced by 50%. The Utility is suffering from heavy financial loss, needs to be compensated through other mode.

149. NESCO Utility submitted that the objectors have already referred to the penal provision in OERC (Licensee's Standard of Performance) Regulation, 2004 in case

quality of supply is not maintained. The DISCOM further submitted that without power supply at EHT level the distribution utility will not be able to maintain the power supply and hence the transmission utility must also be brought under the purview of these regulations.

Introduction of KVAH billing (OR) PF penalty for three-phase consumers having CD<110 KVA

150. NESCO Utility in its rejoinder submitted that the KVAh billing considers both the KWh and the power factor component. In case the PF is low the KVAh of the consumer will increase and the consumer will have to bear consequent charges. Therefore, in KVAh billing, the consumer is compelled to maintain better power factor, helping to maintain system stability. Though NESCO Utility has proposed for KVAh billing, PF penalty provision should continue until adoption of KVAh billing.

151. The contention of the objector that the lagging PF of the consumer affects the power system only in case of higher consumption of power is not true. The small loads have equal contribution in network stability when viewed in aggregate.

152. DISCOMs submitted that introduction of KVAH billing would promote consumer discipline. Once KVAH billing is introduced then PF incentive, PF penalty would no longer be required.

Re-introduction of three slab based graded incentive tariff

153. WESCO Utility contended that adoption of 3 slab graded Tariff can only be useful when the drawal of the consumer be assured at 80% of L.F. The graded slab may be allowed to promote industrial consumption up to Load Factor of 60%, 60% to 80% & > 80% L.F level. Presently with 2 slab of graded tariff the differential price is almost Rs 1/- which may kindly be reduced and the benefit may be given more when consumption is > 80% L.F level.

Interest on Security Deposit

154. CESU submitted that present interest on security deposit is @ 8.75% per annum whereas present bank rate is 7.25% per annum and in this condition, CESU has to pay 1.5% extra interest over the bank rate. So, it is proposed that the Commission may consider 6.75% as the interest rate for security deposit with consideration of 0.5% as contingent cost for security deposit management

155. SOUTHCO Utility submitted that the interest on Security Deposit should be at Bank rate as per the Regulation and may be reduced from the present rate as the bank rate has reduced. Security Deposit should not be in the form of bank guarantee.

156. NESCO Utility submitted that keeping track of bank guarantee of consumers with Security deposit more than 1 lac will increase legal and administrative works. Further, encashment of bank guarantee in case of non-payment will take considerable time also. Hence, the suggestion by the objectors should not be considered.

Meter Rent

157. WESCO Utility submitted that recovery of meter rent is in line with the directives of the Commission. However, consumers desirous of avoiding payment of meter rent are at liberty to purchase the same at their own cost with proper inspection. Further, meter is a measuring instrument through which consumption of energy are being recorded & subsequently billed. It is a part of distribution business. Therefore, recovery of meter rent should also continue even after recovery of cost of the same so that loss of DISCOMs due to damaged and defective meter can be compensated.

Emergency Supply to CGP

158. DISCOMs submitted that like other consumers in industrial category, the consumer under 'Emergency Supply' is availing the Emergency Supply upto the allowed quantum anytime, even without giving any schedule. When the corridor as well as the quantum is being reserved for the consumer under such category, they are liable to pay demand charges like other industrial consumers. That, as provided under 2(g) of OERC Distribution (Condition of Supply) Code '2004 " the demand charge refers to a charge on the consumer based on the capacity reserved for him by the Utility , whether the consumer utilizes such reserved capacity in full or not ." Even though such consumers are allowed to draw power for Start up in case of capacity failure of the CGP as per the regulations, the corridor is reserved for them throughout like normal industrial consumers which could have otherwise used for providing power supply to other consumers. Therefore, the application of the Utility to incorporate Demand Charge for Emergency Supply to CGP is not contrary to the regulations rather as per the provisions of the regulations.

Reintroduction of power factor incentive

159. DISCOMs submitted that the Commission had abolished PF incentive in the RST order for the FY 2013-14 vide Para no. 193 which states that: "The Commission analyses the drawal pattern of EHT and HT industries of the State as submitted by the DISCOMs. Many industries have been able to run with a power factor of 95% or more. This has helped them to reduce their electricity bills. The system power factor of the DISCOMs has also reached a level of more than 90%. A time has reached when the consumers have become conscious of keeping their power factor high for their own benefit without any external stimulus. Therefore, the Commission abolish power factor incentive and continue with existing provision of power factor penalty.' So power factor incentive that was re-introduced in RST order for FY 2015-16 should not be allowed to enhance further, rather KVAh billing should be adopted.

Verification of CGP status

160. DISCOMs submitted that the Commission in Para 334 of the RST order dated 23.3.2015 have directed that, "the concerned Chief Electrical Inspector is directed to supply the information to the Commission for declaration of any Generator owned by any industry as Captive Generating Plant annually." However a time bound procedure for submission of data by the CEI to the Commission, evaluation of the information and notification /declaration of the status have not been devised yet. For the above reason, in spite of the direction of the Commission on dated 23.3.2015, the CGP status of generators for the FY 2014-15 could not be declared till date. Therefore, the Commission is requested to approve a time bound procedure for evaluation of CGP status to avoid accumulation of dues.

TOD Benefit

161. CESU submitted that consumers do not shift their load from peak to off-peak hours but instead draw during both peak and off-peak hours. Therefore, CESU proposes peak hour penalty, which would act as a viable deterrent for consumers to shift load to off-peak hours.

162. DISCOMs submitted that there is no justification in increasing the TOD tariff from 20 paisa to 30 or 50 paisa or to redefine the off-peak period.

Cross Subsidy

163. DISCOMs submitted that the issue of Cross Subsidy while determining tariff of the respective category is well addressed in the tariff order of FY 2014-15 in light of the National Electricity Policy, Tariff Policy, Electricity Act 2003 and Regulation. The tariff for FY 2015-16 is so designed that it is well within + or – 20% of Avg. cost of supply.

Supervision Charges

164. CESU submitted that supervision charge of 6% is in vogue for more than 10 years. The employee's cost; who are engaged in supervision has gone up almost four-fold during this period and also the rate of inspection fees by the Electrical Inspector. Therefore, it should increase.

General Issues on ARR of DISCOMs

Energy Sales Forecast and Addition of BPL & LT Consumers

165. DISCOMs submitted that demand estimation of different categories, the Licensees have analyzed the past trends of consumption pattern for last 15 years i.e. FY 2001-02 to FY 2014-15 and actual sales figure for the first six months of the FY 2015-16.While projecting the sales of domestic category the Licensees have factored in the impact of electrification of new Villages under RGGVY, Biju Saharanchal Vidyutikaran Yojana and Biju Grama Jyoti Yojana.

166. SOUTHCO Utility submitted that the energy sales projection under different category of consumers is justified and a large number of consumers are to be added under Kutir Jyoti category due to Rural Electrification policy of the GoI & GoO. SOUTHCO Utility agreed with the opinion of the Respondent regarding subsidy by the GoO against cross subsidized category of consumers. SOUTHCO Utility's consumer and consumption mix are skewed towards LT and mainly towards Kutir Jyoti and Domestic consumers.

Review of Inefficient Operations and Quality of Power Supply

167. NESCO Utility submitted that the quality of power supply has improved as compared to past. Voltage profile has improved due to SI work, upgradation of Sub-station and replacement of old conductors. RGGVY scheme and CAPEX etc. has facilitated capacity addition, net work expansion and quality of supply.

168. CESU submitted that assets have been created under APDRP, RAPDRP, CAPEX, RGGVY & BGJY in the interest of consumers so that quality of power is improved. Presently, CAPEX program is continuing in CESU and other programs such as ODSSP- SCRIPs, IPDS are under process for implementation. In addition to the above, some works have been executed under SI & remunerative scheme from CESU fund. The above programs have been made and planned for improvement of system and to provide quality power supply to the consumers.

169. SOUTHCO Utility submitted that it is providing quality power supply and better services to its consumers and has taken many steps to improve the voltage by way of augmentation of conductors, Installation of new S/s, upgradation of existing S/s and Power Transformers etc. SOUTHCO Utility has installed numbers of new transformers and up gradation of transformer of existing capacity in its license area to provide reliable and uninterrupted power supply. SOUTHCO Utility has already added more than 240 transformers into its system to cater the needs of the consumers and to overcome the low voltage. Under various schemes of GoO like ODSSP, the asset addition is being taken up to improve the voltage level in addition to installation of new grid by OPTCL. The voltage problem is no more an issue in Southco Utility area. The power cut is not being implemented in SOUTHCO Utility area without any prior notice to consumers. Further, as per the drawl schedule of SOUTHCO Utility and considering grid constraints the power restriction is being imposed at SLDC/OPTCL operational level.

Prompt Payment Rebate

170. In the BSP Order for the financial year 2014-15, the Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and a rebate of 1% if bill is paid within 30 days. Further, the Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill. In case of others the Commission have directed to allow the rebate if bill is paid within fifteen days of its presentation. Considering the above, it is prayed before the Commission to approve the rebate of 2% to the Utility for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill.

Audit of Books of Accounts

171. SOUTHCO Utility has agreed with the proposal for truing up after completion of audit of accounts for FY 2015-16.

RST Vs BST of DISCOMs

172. DISCOMs submitted that they have not proposed any exorbitant upward increase in the tariff as cited by the objectors, rather some tariff rationalization measures have been proposed with proper justification. Further DISCOMs submitted that there has been exorbitant hike in price of all the commodities, which will definitely have an impact on the cost of generation, cost of distribution of electricity. In spite of the above, in the Annual Revenue Requirement and Retail Supply Tariff Application of DISCOMs for the FY 2015-16 some tariff rationalization measures with proper justification have been proposed.

Consumer Awareness and Consumer Grievances

173. CESU submitted that it is creating awareness among the consumers about the Grievance Redressal Mechanism through organising various fairs/exhibition

174. SOUTHCO Utility submitted that it has complied 5197 nos. of GRF cases against the receipt of GRF order of 5445 nos. as on March 15.

Misuse of Section 126 of EA 2003

175. The Utilities have submitted before the Commission to facilitate the levy of penalty for excess use of energy when maximum demand is more than the contract demand in line with the apex court decision in EE, SOUTHCO Vrs. M/s Sitaram Rice Mill case.

Energy Police Station

176. NESCO Utility has submitted that in 5 nos. of police stations only 38 personnel have been deployed out of sanctioned strength of 92 personnel as on Nov 2014. A total of 94 cases have been registered across the five stations during FY 2015-16 up to Nov 2015.

177. WESCO Utility submitted that it has incurred Rs.28. 8 Lakhs towards energy police station during FY 2014-15, while the revenue realization is only Rs 5 lakh during the same financial year.

178. SOUTHCO Utility has shown a projected expenditure of Rs.6.45 crore towards special police stations and ETCC.

179. CESU has also submitted details of 8 nos. of EPS and contended that the EPS are not achieving OERC standards due to vacancy of full time officers.

Electrical Accidents and Death of Animals and Human beings

180. NESCO Utility submitted the details of fatal and non fatal accidents have been filed in its ARR and tariff application. The actual figures for first six months of 2015-16 are 61, 12 Nos. respectively for fatal and non fatal accidents.

Prompt Payment Rebate

181. WESCO Utility submitted that, the they are required to pay the bill within 48 hrs. of presentation of BST bill to avail prompt payment rebate. The prompt payment rebate of 1% if paid within 72 hrs. of the presentation of the bill to the consumer is adequate for the present. Further, relaxation would affect the BST payment of the Utility. They submitted that the objector is availing prompt payment rebate in each & every month. So, contention of depriving of prompt payment rebate is not correct.

Power Cuts

182. SOUTHCO Utility submitted that daily power cut is not being made in the areas of utility as pointed out by the objector.

Business Plan

183. NESCO Utility submitted that they have filed business plan for the 3rd MYT Control period starting from 2013-14 to 2017-18. The Commission in their Business Plan order dated 21.3.14 for 3rd MYT approved the different parameters of Business Plan filed by the utility only for 2013-14 &2014-15. The Commission further directed that Business Plan for the next three years of the Control period shall be decided and dealt with under the revised regulation i.e. OERC (Terms &Conditions of Determination of Wheeling and Retail Supply Tariff) Regulation, 2014. In the meantime, Commission in the Gazette notification dated 14.10.14 notified the OERC (Terms &Conditions of Determination of Wheeling and Retail Supply Tariff) Regulation, 2014. The utility has already filed the ARR for FY 2016-17 and requested the Commission to allow some time for submission of Business Plan for 2017-18.

Implementation of kVAH Billing

184. DISCOMs submitted that the KVAh takes into account both the KWh and the power factor component. In case the PF will be low, the KVAh of the consumer will shoot up and the consumer will have to bear higher charges. Therefore, in case of adoption of KVAh billing, the consumer has to maintain better power factor, which will in turn help in maintaining system stability. However, till adoption of KVAh billing PF penalty provision should continue.

Railways

Separate and Reduced Tariff Category

185. DISCOMs submitted that Railway is paying at par with other HT & EHT consumers where loss component is nominal. Accordingly the average cost of supply vs average tariff realization is well within the permissible limit. All consumer categories in EHT pay equal tariff basing on their load factor. Therefore, a separate reduced tariff for railways at EHT is contrary to the tariff principle and request of railway in this regard is not acceptable.

Billing as per Traction End Meter

186. NESCO Utility submitted that, in RST Order for FY 2012-13 Commission has clarified the issue by mentioning that: "Railways draw unbalanced two phase power from OPTCL system. Due to this their line loss may be higher than any other EHT consumers who draw power at three phase which Railways should willingly bear. When most of the EHT consumers are being billed on the basis of grid meter railways should not have any objection for few of their traction supplies on that account".

Removal of the Reliability Surcharge

187. DISCOMs submitted that prior to RST order dt. 23.03.15, Reliability Surcharge was 20 paise/kwh. However, the Commission has pleased enough to reduce the same to 10 paise/kwh. This is a big relief to Railway.

Maximum Demand during Feed Extension

188. WESCO Utility submitted that the impact of feed extension between two TSS is being taken care of by the Utility. There are no such issues pending with the Utility as far as WESCO Utility is concerned.

OBSERVATION, ANALYSIS AND RECOMMENDATIONS OF CONSUMER COUNSEL "WISE" ON ARR, WHEELING AND RETAIL SUPPLY APPLICATION OF DISCOMS (PARA 189 TO 197)

189. The licensees have over projected the LT demand and the demand of BPL categories which is not as per the norms of consumption allowed for this category and therefore needs review.

190. In case of employees costs all the licensees have projected an increase in remunerations for technical and non technical employees by way of new recruitments. Apart from that the licensees have also outsourced some of the activities like meter reading, billing and distribution, collection, energy auditing etc which have been included in A&G expenditure. Due to inclusion of franchisee operations and outsourcing activities the actual manpower requirement should go down and hence the licensees submission towards additional manpower requirement and consequential increase in employee cost is not justified.

191. It has been observed from the past information that these Energy Police Stations are not functioning well. The number of cases registered per police deputed in the police station in a year and the amount of penalty recovered are not economical and to justify the working of the police station. Hence, cost towards energy police station and their functioning needs critical review before approving such costs.

192. In the case of bad and doubtful debts all the licensees have increased requirement for making provision for bad and doubtful debt. Further, despite appointing various collection franchisees, outsourcing of the billing and collection activities and imposition of DPS to domestic category consumers the billing and collection efficiency of the licensees have not shown any sign of improvement. The licensees have also failed to recover the arrears which are pending for more than a year. Hence, increased provision for bad and doubtful debt should not be allowed and the licensees should be pressurised to recover the current as well as the old debts.

193. It has been observed that more than 50% bad debts across all the licensees are more than 24 months old. This shows that the licensees are not putting enough effort to recover the old bad debts. Further, the proposal of the licensee to introduce the amnesty arrear clearance scheme for LT non industrial category of consumer to recover such old debts if introduced could help to improve the recovery of such bad debts.

194. During the public hearing, a group of steel industries having HT industrial connection submitted before the Commission on the difficulties faced by them to withstand the competitive market which is also undergoing the recession. They compared the existing HT industrial tariffs for steel industries in Odisha with that of the neighbouring states. Considering the cumulative consumption by such steel industries within the HT consumer category and by taking the provision under the Act the consumers requested the Commission to consider a separate consumer category within the HT industrial consumers which needs to be addressed by the Commission.

195. In the case of emergency power supply to CGP the licensees have proposed to charge the demand charges at double the normal rate when the load factor of CGP exceeds 10%. The Regulation has specified the provisions related to maximum demand while adopting the tariff to CGP. However, the Regulation is silent in the case of load factor condition while adopting tariff to CGP. Hence, the licensee should submit the data related to the LF achieved by the CGP to analyse the issue.

196. Licensees have submitted the energy audit report and metering plan for the next year. It is observed that all the DTRs and feeders are not metered and the licensees have proposed to undertake the energy audit in the next year. The Commission had given clear guidelines to undertake the energy audit in the previous RST orders. However, the licensees have failed to follow those guidelines. It is submitted that the energy audit related expenditure incurred on consumer to distribution transformer energy audit should only be allowed.

197. It is observed that all the licensees have not submitted the audited accounts for the FY 2014-15. Hence their proposal related to truing up of the revenue gap for the FY 2014-15 should only be accepted after submission of the Audited accounts. Also the audited accounts related to fixed assets have not been submitted by the licensees for the FY 2014-15.

OBSERVATION OF STATE ADVISORY COMMITTEE (SAC) (PARA 198 TO 211)

198. The State Advisory Committee (SAC) was convened on 18.02.2016 to discuss about the proposed ARR and Tariff Applications of different utilities in the state for FY 2016-17. The members of the SAC deliberated on the various issues and gave following observations /suggestions to the Commission in this regard.

199. The SAC members opined that the tariff filings for the current year were similar to the previous years with no new initiatives or proposals except raising costs. They also felt that maintenance costs in particular were unacceptably high in spite of the fact that the DISCOMs did not undertake even routine maintenance. Cost to serve has increased substantially over the years. There is no investment in OPEX and CAPEX by DISCOMs. Since balance sheet of the utilities is very weak, they are not able to raise loan from the market.

200. SAC members pointed out that though O&M expenditure has gone up by 25% to 30% corresponding reduction in AT&C loss has not been achieved. They queried how AT&C losses could be arrived at without any energy audit of the system or any other authentic means of audit. The losses are manmade and in collaboration with utility staff for which appropriate corrective measures need to be taken. The licensees cannot survive on their own unless they reduce the losses to the level prescribed by OERC, which is liberal enough to enable them to run their business in a sustained manner, opined SAC members. A huge profit will be earned even at present rate of tariff if the losses are brought down to below 15% as per standard allowed in the sector, they added.

201. They also felt that the franchisees were not investing in asset creation and unless this is done there can be no fund inflow into the sector, perhaps because of their limited tenure. Consumers were also dissatisfied with some franchisees which were billing arbitrarily without meters.

202. There was a hope among consumers after REL departed and GRIDCO took over management of those DISCOMs utilities which has belied. Financial prudence is not exercised and this burden is passed on to the consumers. Some utilities were forcing consumers to purchase meters from them. This is in direct contravention to Regulations and OERC orders as consumers have the option of buying their own meters.

203. SAC members stated that consumers were opposed to any tariff hike. They observed that the gap between number of consumers and bills issued is high. Since all the consumers are not brought into billing fold. They also demanded that the Balikuda scheme undertaken by OERC be replicated for keeping loss at normative level for five years.

204. They also suggested that the quantum of power available and the peak demand in summer should be calculated in advance, so that there will be proper regulation in future if required. They advised the Commission to avoid power restriction as the state's power position was good vis-a-vis other states.

205. SAC members pointed out that industries are in difficult situations due to the financial slowdown, particularly, in case of power intensive industries. Some neighbouring states have even started giving incentive to them in the form of reduction in tariff. In such a situation, any further increase in tariff would wipe out their business. The Commission should therefore now reduce cross-subsidy for industries. They also informed that steel plants are procuring power from outside through open access and demanded that the Commission should provide them with an incentive, so that they purchase from the DISCOMs benefiting the people as a whole. They suggested for the reintroduction of 'Take or Pay' Scheme.

206. SAC members pointed out that consumers were ready to pay provided 24 hours reliable supply was made available adding that the consumer' agreement with the licensee was for 24 hours supply and they should get it. They added that the licensee should not harass consumers over small issues. They must realize that any material purchased by them and the interest on borrowing and depreciation on the same are compensated by the tariff paid by consumers. Citing the success of the SAC Monitoring Committees in reducing loss in CESU area, they suggested that the same may be replicated on a large scale. They also suggested that the Commission should approve the Delhi format for bills.

207. On the question of increase in power procurement and sale, they opined that the economic recession had resulted in many industries going sick. All the three DISCOMs under GRIDCO were facing a downslide in EHT sale. Currently, there are only two Steel Plants operating in CESU area, three in NESCO and eight in WESCO Utility area out of which seven are drawing power through Open Access. Therefore, the scope for realisation of revenue from higher consuming group is very narrow. CMD, GRIDCO and Administrator, NESCO, WESCO & SOUTHCO Utility submitted that since the system is expanding, there has been huge expansion of distribution network in recent years due to support of the State Govt. This increases cost of R&M but at the same time losses are gradually decreasing and quality of power & service quality are also increasing. Though DISCOMs are not in a position

to invest in OPEX or CAPEX, the State Govt. has stepped in a large way to support them. In the last budget, Rs.1100 crores was allotted for energy, this year it stood at Rs.1200 crore and the next year it is anticipated to be Rs.3300 crore.

208. CMD, GRIDCO also stated that though Govt. has not given any revenue subsidy, it has been providing capital subsidy to DISCOMs for improving quality of supply and generating more revenue. It was pointed out that states which have gone in for huge revenue subsidies are now reversing their views and actions.

209. On franchisee model, CEO, CESU and CMD, GRIDCO agreed that tenure is an issue and this would be appropriately considered when terms of agreement of the Franchisees in CESU and NESCO Utility came up for renewal along with other operational issues. They assured that all efforts would be made to improve their performance parameters.

210. Replying to the allegation that WESCO Utility was forcing consumers to buy meters, they stated that this was probably done because the DISCOMs had acquired some meters which needed to be used as it was readily available. However, they agreed that consumers should be given the option of acquiring their own meters.

211. Responding to the concerns of SAC members, the CESU representative explained that the CESU is facing a grave situation with a 40% EHT sale reduction in 2016-17. Simultaneously, there has been an 18% growth in LT sector in subsidized category. In spite of this, loss in LT in CESU area has gone down by 4.5% due to induction of franchisees and other good practices. Additional manpower has been deployed in the franchisee areas leading to better service. CESU would augment the system with more purchase of meters themselves and he assured that bill revision would be undertaken in case of anomaly. The Monitoring Committees consisting of SAC members were working well and CESU had cooperated with them to reduce losses substantially. They also assured that the issues raised regarding franchisees would be looked into at appropriate time of review.

VIEWS OF GOVT. OF ODISHA ON TARIFF ISSUES (PARA 212 TO 219)

212. Govt. of Odisha communicated its views on various issues involving tariff setting for the year 2016-17 vide their letter No.2091 dated 11.03.2016 which inter alia stated as follows:

Tariff for Kutir Jyoti/BPL category of consumers

213. The practice of fixation of tariff below 50% of average cost of supply for BPL Consumers should continue. The difference between average cost of supply and tariff for this category should be adjusted through cross subsidy. This benefit may be extended for consumption of up to 30 units by such consumers. Appropriate arrangements may be made by the DISCOMs for monitoring of consumption and metering etc.

Tariff for Irrigation, Pumping and Agriculture

214. Govt. has planned for huge investment to the tune of Rs 1000 Cr in the form of ODAFF to segregate agricultural and pisciculture feeders. Apart from that central Govt has lunched DDUGJY scheme for separation of agricultural and non agricultural feeders. The practice of allowing tariff below 50% of average cost of supply and adjusting the revenue deficits by way of cross subsidy to these consumers should be continued.

Electricity to all Consumers

215. The LT consumers are increasing due to implementation of various Schemes both under GoO and GoI. Further, the State Govt. is committed to provide electricity to all villages by October 2016 and all habitations by March 2017. Like previous year Commission may strike a balance and may keep the cross subsidy within ± 20% as outlined in the Tariff Policy.

The Issue of Energy Police Station

216. As regards the Energy Police Station, Govt. in Home Department has taken steps to instruct all the general police station to register energy theft cases on filing FIR by the officials of utilities. The existing 34 Energy Police Station will continue till further decision in this regard, over and above the existing arrangements of allowing all police stations to function as Energy Police Station.

IT industries under Industrial Category

217. The Energy Department has issued Notification No.9182 dt.09.11.2015 on basis of the clause 12 of the ICT Policy 2014 to promote the IT, ITES/ESDM units and to attract more IT sector industries in the State of Odisha. Govt. has taken a conscious decision to give a boost and competitive advantage to this group of sunrise industries and

therefore Commission may approve this category of consumers as Industrial category and may regularize the same.

UDAY Scheme

218. Government of Odisha has taken steps to restructure debt of GRIDCO under UDAY scheme launched by the Govt. of India, but the proposal is pending with Govt. of India.

219. The Commission examined the suggestions from Government with that of provisions of Electricity Act, Regulation and Tariff Policy while formulating the Retail Supply Tariff order for FY 2016-17.

OBSERVATION OF THE COMMISSION (PARA 220 TO 452)

Tariff Design Methodology

220. All the DISCOMs of Odisha have filed their Aggregate Revenue Requirement (ARR), Wheeling and Retail Supply Tariff (RST) applications for ensuing financial year in pursuance to Regulation 6(1) of (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 within 30th November, 2015. This is the first time Distribution Licensees have filed their ARR application as per the above Regulation. The DISCOMs in their application have proposed a segregation methodology for segregating their cost and revenue into wheeling business and retail supply business for approval of the Commission under Regulation 4.4 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014.

221. According to Regulation 5.1 of the aforesaid Regulations, licensees are supposed to submit the long term Business Plan for approval of the Commission. But the DISCOMs have submitted that they are not in a position to submit the Business Plan since the audited accounts for FY 2013-14 and 2014-15 were not available with them before the filing of the present application. They have prayed for extension of time period for submission of Business Plan upto 31.07.2016. The Business Plan to be approved by the Commission sets the targets for all controllable cost components which are utilized for computing the revenue requirement of DISCOMs. The Commission had segregated the different cost components of the DISCOMs in their Long Term Tariff Strategy (LTTS) Principle in the first control period and also in the

MYT orders for successive two control periods ending in 2017-18. Similarly the Commission had approved the Business Plan of DISCOMs which has a validity upto the end of the control period FY 2012-13. Due to failure of DISCOMs to submit Business Plan in time the Commission continued to adopt the normative distribution loss and collection efficiency targets fixed for the DISCOMs for FY 2012-13 in their successive Tariff Orders upto FY 2015-16. Since the DISCOMs have sought further time to submit their Business Plan for approval as per the Regulations, 2014, the Commission intends to continue with the same normative distribution loss and collection efficiency targets fixed for FY 2015-16 in FY 2016-17 also. This Business Plan approach does not allow the additional losses incurred by the DISCOMs due to inefficiency in their operation. Furthermore, the Commission is of the firm view that the purchase of energy by DISCOMs is a recorded figure whereas the actual sale depends on the performance of DISCOMs. The performance of DISCOMs is solely based on the quantum of distribution loss which can be only determined through energy audit. The DISCOMs have utterly failed to carry out energy audit which has been subsequently discussed in this order later.

222. As per Section 61 (i) of the Electricity Act, 2003 the Commission is to be guided by National Electricity Policy and Tariff Policy. In the meantime on 28th January, 2016 the Ministry of Power, Government of India has notified the second Tariff Policy which has replaced the earlier one. Many features of earlier Tariff Policy find place in the new Tariff Policy also. The Commission continue to be guided by those features such as implementation of MYT framework for revenue requirement and cost and linkage of tariffs to cost of service etc. as far as applicable to our State.

Estimate of Power Purchase Requirement of DISCOMs for FY 2016-17

CESU

223. The monthly quantum of power purchase of CESU from April, 2015 to December, 2015 is available with us. It is seen from the drawal pattern of CESU that the average drawal from April, 2015 to December, 2015 is higher than its average drawal for the last six month of the current year i.e. July 2015 to December, 2015. We accept that this lower drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of CESU for last six months for a period of 12 months then CESU would purchase 8397.12 MU for 2016-17. Over and above the quantum of

purchase, the additional sales estimated by the Commission basing on the projection submitted by the CESU is given as under:

Domestic including Kutir Jyoti sales – 541.16 MU
HT – 73.17 MU
EHT – (-) 285.94MU

Purchase for the half of the Domestic sales including Kutir Jyoti sales is allowed by the Commission and DISCOMs are directed to adjust purchase for balance half of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales factoring in loss at appropriate level would be 172.29 MU. CESU is required to purchase this 172.29 MU in addition to 8397.12 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of CESU would be (8397.12+ 172.29) = 8569.41 MU rounded to 8570.00 MU.

NESCO Utility

224. The monthly quantum of power purchase of NESCO Utility from April, 2015 to December, 2015 is available with us. It is seen from the drawal pattern of NESCO Utility that the average drawal from April, 2015 to December, 2015 has been varied widely from 441.91 MU per month during first six months to 402.50 MU per month during last three months. Hence average of nine month ie April 2015 to December 2015 which comes out to be 428.78 MU is taken as the basis of calculation of purchase of energy for the coming year. If we prorate the monthly drawal of NESCO for 12 months then NESCO Utility would purchase 5145.31 MU for 2016-17. Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the NESCO Utility is given as under:

Domestic and Kutir Jyoti sales- 271.30 MU
HT – 14.54 MU
EHT – 5.70 MU

Purchase for the 70% of the Domestic including Kutir Jyoti sales is allowed by the Commission since the sales in HT and EHT in NESCO Utility is comparatively more than other DISCOMs. NESCO Utility is directed to adjust purchase for balance 30% of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales factoring in loss at appropriate level would be 301.90 MU. NESCO Utility is required to purchase this 301.90 MU in addition to 5145.31 MU basing on the trend of power purchase of the current year. Therefore, the power purchase requirement of NESCO Utility would be (5145.31+301.90) = 5447.21 MU rounded to 5450.00 MU.

WESCO Utility

225. The monthly quantum of power purchase of WESCO Utility from April, 2015 to December, 2015 is available with us. It is seen from the drawal pattern of WESCO Utility that the power purchase has taken a declining trend due to fall in EHT sales. If we prorate the average of last six monthly drawal of WESCO Utility for 12 months then WESCO Utility would purchase 6930.47 MU for 2016-17. Over and above this purchase the WESCO Utility would also purchase power for the quantum of additional sales in the following categories as shown below:

Domestic and Kutir Jyoti Sales- 281.50 MU
HT – (-) 50.00 MU
EHT – (-) 25.00 MU

Purchase for the half of the Domestic including Kutir Jyoti sales is allowed by the Commission and WESCO Utility is directed to adjust purchase for balance half of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales after factoring in loss at appropriate level would be 117.64 MU. WESCO Utility is required to purchase this 117.64 MU in addition to 6930.47 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of WESCO Utility would be (6930.47+117.64) = 7048.11 MU rounded to 7050.00 MU.

SOUTHCO Utility

226. The monthly quantum of power purchase of SOUTHCO Utility from April, 2015 to December, 2015 is available with us. It is seen from the drawal pattern of SOUTHCO Utility that the drawl of last six months is more compared to the average drawl from April, 2015 to Dec., 2015. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of SOUTHCO Utility for 12 months then SOUTHCO Utility would purchase 3303.91 MU for 2016-17. Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the SOUTHCO Utility is given as under:

DOMESTIC and Kutir Jyoti Sales- 102.40 MU

HT – 7.89 MU

EHT – 6.10 MU

Purchase for the 70% of the Domestic including Kutir Jyoti sales is allowed by the Commission and SOUTHCO Utility is directed to adjust purchase for balance 30% of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales factoring in loss at appropriate level would be 169.72 MU. SOUTHCO Utility is required to purchase this 169.72 MU in addition to 3303.91 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of SOUTHCO Utility would be (3303.91+169.72) = 3473.63 MU rounded to 3470.00 MU.

Estimation of LT Sales of DISCOMs for FY 2016-17

227. As stated earlier in absence of Business Plan for FY 2016-17 we adopt the target distribution loss figure of current year for the ensuing year FY 2016-17 also. Utilising this target distribution loss we determine LT sales assuming HT and EHT loss percentage as 8% and 0% respectively in accordance with Regulation 7.11 of Tariff Regulation, 2014. The purchase and sales of DISCOMs for FY 2016-17 is approved as follows:

Table – 11

All Odisha Purchase & Sales Approved by the Commission for FY 2016-17 (In MU)

	CESU		**NESCO Utility**		**WESCO Utility**		**SOUTHCO Utility**		**ODISHA**	
	Proposed	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**
Purchase	8904.87	8570.00	5583.11	5450.00	7350.00	7050.00	3550.00	3470.00	25387.98	24540.00
Sales										
EHT	966.54	966.54	1638.19	1638.19	1300.00	1300.00	356.10	356.10	4260.83	4260.83
HT	1234.14	1234.14	421.04	421.04	1200.00	1200.00	211.99	211.99	3067.17	3067.17
LT	3885.26	4398.22	2128.10	2390.695	2397.00	3168.20	1739.57	2017.06	10149.93	11974.18
Total Sales	**6085.94**	**6598.90**	**4187.33**	**4449.93**	**4897.00**	**5668.20**	**2307.66**	**2585.15**	**17477.93**	**19302.18**

Table – 12

Proposed and Approved Loss of DISCOM Utilities

	2014-15 (Actual)	**2015-16 Approved**	**2015-16 Estimated**	**2016-17 Proposed**	**2016-17 (Approved)**
CESU					
Distribution Loss	33.90%	23.00%	32.80%	31.66%	23.00%
Collection Efficiency	94.30%	99.00%	94.50%	96.50%	99.00%
AT & C Loss	37.67%	23.77%	36.49%	34.05%	23.77%
NESCO Utility					
Distribution Loss	31.10%	18.35%	27.00%	25.00%	18.35%
Collection Efficiency	96.96%	99.00%	95.00%	97.00%	99.00%
AT & C Loss	33.19%	19.17%	30.65%	27.25%	19.17%

	2014-15 (Actual)	2015-16 Approved	2015-16 Estimated	2016-17 Proposed	2016-17 (Approved)
WESCO Utility					
Distribution Loss	35.46%	19.60%	33.19%	30.79%	19.60%
Collection Efficiency	95.37%	99.00%	96.00%	98.00%	99.00%
AT & C Loss	38.45%	20.40%	35.86%	32.17%	20.40%
SOUTHCO Utility					
Distribution Loss	39.00%	25.50%	36.08%	35.00%	25.50%
Collection Efficiency	90.75%	99.00%	93.50%	95.50%	99.00%
AT & C Loss	44.64%	26.25%	40.23%	37.92%	26.25%
ODISHA					
Distribution Loss	34.46%	21.35%	32.10%	30.51%	21.35%
Collection Efficiency	94.02%	99.00%	94.85%	96.85%	99.00%
AT & C Loss	38.38%	22.14%	35.59%	32.70%	22.14%

Computation of Revenue

228. Basing on normative values for different parameters like distribution loss, AT&C loss and collection efficiency as approved in this Retail Supply Tariff order the Commission have determined the revenue. The Commission have adopted the following methodology which appears to be more realistic to estimate the revenue of DISCOMs from different categories of consumers for ensuing year.

EHT & HT Category

229. The average revenue billed per unit (P/Kwh) category-wise by DISCOMs for the first 9 months of current financial year (in T-6 Format) after normalization has been multiplied by the category wise estimated sales for FY 2016-17 to arrive at revised revenue in the respective category of each licensee. This calculated revenue for the respective category shall be the expected revenue at the existing tariff for the ensuing year. However, in some categories where actual average revenue billed per unit is very high or low, the Commission has taken average tariff in that category in different load factor (considering the consumption pattern) to arrive at the expected revenue in the respective category of the Distribution licensee.

LT Category

230. The Commission have approved the sales of DISCOMs at LT level by considering power purchase allowed to them and applying the target loss level for FY 2016-17 at that voltage. The Commission expects appreciable growth in LT sales due to rapid Rural Electrification and improved standard of living of the people of the State. But the licensees have projected less sale in LT than what is now approved for them by

applying target loss level. It is difficult to assess the LT sales for ensuing year as per billing data within a reasonable accuracy limit. However, the Commission is optimistic of higher sales in LT sector in the coming year. Therefore, the Commission thinks it fit to allow revenue to DISCOMs at the approved sales level at LT. The average revenue billed per unit (P/kWh) category-wise for first 9 months of current year at LT level was submitted by DISCOMs. The DISCOMs are likely to maintain at least this trend or bill more revenue per unit of sale in ensuing year. This per unit revenue billed in the respective category is multiplied by category-wise expected sale for FY 2016-17 to arrive at expected revenue of each licensee. This calculated revenue for the respective category shall be the expected revenue at the existing tariff for the ensuing year. However, the Commission takes a pragmatic view on reasonableness of sales and revenue for the individual DISCOM in domestic category.

231. Therefore, following the above principle we approve the expected revenue of DISCOMs for FY 2016-17 as given in the table below:

Table – 13
Revenue Of DISCOM Utilities For FY 2016-17

	CESU		NESCO Utility		WESCO Utility		SOUTHCO Utility	
	Pro.	**Approved**	**Pro.**	**Approved**	**Pro.**	**Approved**	**Pro.**	**Approved**
EHT	588.52	561.96	974.32	938.39	909.35	734.54	205.29	203.82
HT	729.38	712.71	253.87	239.50	724.46	692.12	135.16	121.91
LT	1668.72	1829.38	844.03	927.93	988.97	1216.57	655.45	736.31
Total	**2986.63**	**3104.05**	**2072.22**	**2105.83**	**2622.78**	**2643.23**	**995.89**	**1062.05**

Meter Rent

232. All the DISCOMs submitted that the existing meter rent recovered by the Licensee from the consumers are negligible and the leasing as well as vending service charges are high enough as a result, there is a huge recovery difference. However, they have not provided enough information on the investment and rent receipt to prove the same to the satisfaction of the Commission. Moreover the Commission have increased the payment schedule of meter rents from forty to sixty instalments during FY 2014-15 and therefore, not in favour of an immediate increase of meter rent for the consumers of the state. Hence the existing monthly meter rent will continue as follows:

Table - 14

Type of Meter	Monthly Meter Rent (Rs.)
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40

Type of Meter	Monthly Meter Rent (Rs.)
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOMs shall be collected for a period of 60 months only. Once it is collected for sixty months meter rent collection should be discontinued.

Inclusion of IT, ITES and ESDM under Industrial Category

233. It has come to the notice of the Commission that State Government in Energy Department in their Notification No. 9182 dated 09.11.2015 has allowed industrial tariff to Information Technology (IT), Information Technology Enabled Services (ITES) and Electronic System Design and Manufacturing (ESDM) industries. It is to be pointed out that the categorization of consumers and their tariff determination is done under Electricity Act, 2003 by the State Electricity Regulatory Commission which has overriding effect on any other Act except Consumer Protection Act, 1986. The categorization of consumers into different Industries has been made by the Commission under OERC Distribution (Supply Code), 2004. The Industry as defined under OERC (Supply Code), 2004 relates to supply of power for industrial production where power is utilised basically as motive force, operation of furnaces or as a raw material involving electro-chemical or electro-metallurgical processes. Therefore, Declaration of any activity by the Government as industry has no relevance with the categorisation of consumers under Electricity Act. So the IT industries shall continue to be under GP category or other category as applicable. Govt. if so desires may subsidise IT industries by paying direct subsidy to them.

Issue of Rice Mill

234. Some objectors having rice mills pointed out that the rice mills should be included under Allied Agro Industrial Consumers. They cited Letter No. 415 dated 15.01.2014 issued by Joint Director Industries supporting the above request of rice mill owners. This request cannot be accommodated since the Allied Agro Industrial Consumers have already been defined under Regulation 80 (5) (ii) of OERC (Conditions of

Supply) Code, 2004. In absence to any provision in the said Code Allied Agro Industrial tariff cannot be extended to the such mills.

Agricultural Tariff for consumers in small NAC areas

235. In the last year tariff order the Commission had showed its intention to consider the case of poor agricultural consumers of the State who have their agricultural land under NAC/Municipality limit by amending the necessary Regulation in this regard. Accordingly, the Commission have brought about amendments in the Regulation 80 (5) (i) of the Supply Code and notified it in the Odisha Gazette on 21.01.2016. The amended Regulation reads as follows:

80. (5) (i) Irrigation Pumping and Agriculture- This category relates to supply of power for pumping of water in lift irrigation, flow irrigation and for lifting of water from wells/ borewells, dug-wells, nallahs, streams, rivulets, rivers, exclusively for agricultural purpose in areas other than areas coming under Municipality/ NAC limit having population more than 25000 (as per 2011 Census of the State). This category is applicable to pumping capacity of less than 15 HP in aggregate for a single consumer.

Issue of Poultry Farm

236. Hon'ble High Court of Orissa in their judgement dated 18.08.2015 in WP(C) Nos. 22202 & 22589/2010 and WP(C) Nos. 1462, 9778, 9779, 10332, 15437, 25765, 18190, 4178, 4199, 4679, 6264 and 7722/2011 have directed that:

"*Applying the said Retail Supply Tariff for the year 2014-15, it is made clear that the captive feed unit attached to the poultry farm being treated as an integral part of Poultry, if the consumption is less than 20% of total connected load, it should be charged on Allied Agro Industrial category not on GP (LT) Tariff basis.*

In view of the foregoing reasons this Court is of the considered view that captive feed units attached to the 'Poultry Farm' can be considered to be its integral part and as such 'Poultry' should be charged on the basis of 'Agro Industrial Category' and subsequent by virtue of the amendment made 'Allied Agricultural Activities' not on the basis of GP (LT) tariff basis."

In view of the above order of the Hon'ble High Court Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. As a corollary if the connected load of the attached feed unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be.

Conflict between Regulation 64 and 84 of OERC (Conditions of Supply) Code, 2004

237. Some objectors have pointed out that the provisions in the Regulations 64 & 84 of Supply Code, 2004 are contrary to each other. As per Regulation 64 of OERC (Conditions of Supply) Code, 2004 a consumer having static meter is to pay the demand charges as per the recorded demand in the meter. On the other hand Regulation 84 specifies that every consumer shall be liable to pay minimum monthly charges even if no electricity is consumed for any reason whatsoever or supply has been disconnected due to default of the consumer.

We observe that Regulation 64 is a specific provision which relates to consumers having static meter with a provision of recording demand whereas Regulation 84 relates to other consumers and the consumers who have been disconnected due to default in payment. Since the intention of the Regulations is different there is no conflict between them.

Overdrawal by Existing HT/EHT Category Consumers

238. CESU has proposed that overdrawal penalty should be levied both on demands as well as for energy charges for HT/EHT category of consumers. They point out by such overdrawal consumer load factor goes up and he gets tariff benefits as per the graded slab tariff structure. Overdrawal also leads to grid indiscipline warranting charges under Deviation Settlement Mechanism. The apprehension of the DISCOM appears to be unfounded. The DISCOMs of Odisha pay single part BSP to GRIDCO within specified SMD. Retail Supply Tariff is fixed by the Commission for HT and EHT consumers basing on the trend of their drawal or load factor. Since revenue earned through the tariff is balanced with the BSP and other charges, the DISCOMs are not put to disadvantage by any overdrawal of energy. As long as DISCOMs are within their schedule they will not have to pay the deviation charges to GRIDCO.

Higher Peak Hour Tariff

239. CESU has proposed separate peak hour charges in the Retail Supply Tariff for the consumers since peak hour incentive has not effect on them. This issue has already been discussed in Para 341 of RST order for FY 2015-16. Disincentivising consumers during peak hours would not result in their lesser drawal. This is because those

consumers require power during a particular time of the day which needs to be factored into regular schedule of CESU.

Issues of Railways

240. Railways have requested the Commission to allow them a reduced tariff by treating them a separate category. It is to be reiterated that the Commission have already rationalised the tariff structures on the voltage basis. This indicates that the consumers in a particular voltage pay equal tariff without any discrimination of consumer category barring a little in LT level due to adjustment in cross subsidy. This is essential because cost of supply at particular voltage is equal and is to be recovered from the consumers through tariff.

Temporary Higher Demand by the HT/EHT Consumers due to Seasonal Factors

241. CESU has submitted that some EHT and HT industries draw unexpectedly high during a particular season. Therefore, they are required to pay more for energy charges on account of deviation to be settled between them and GRIDCO. This issue has been dealt by the Commission in Para 324 of our RST order for FY 2015-16. We are not inclined to reiterate the same.

MMFC for Consumers of Contract Demand less than 110 KVA

242. DISCOMs have submitted that MMFC should be levied on all three-phase consumers whose contract demand is less than 110 KVA and are provided with static meters having facility for recording demand. This matter has already been elaborately dealt with by the Commission in Para 325 of the RST order for FY 2015-16.

Power Factor Penalty for Three-phase Consumers having Contract Demand less than 110 KVA

243. DISCOMs have submitted that many three-phase consumers in this load range particularly industrial ones are availing their load at lower power factor than normal. Therefore, they should be charged with power factor penalty. This matter has been dealt by the Commission in Para 326 of the RST Order for FY 2015-16.

Introduction of KVAH Billing and Load Factor Billing

244. The introduction of KVAH billing and load factor billing have been proposed by DISCOMs. The issues have already been dealt by the Commission in Para 304 and Para 332 of the RST Order for FY 2015-16. It is to be mentioned here that the load

factor billing has been abolished by the Commission w.e.f. 01.04.2004 in principle. It should not be used to a substitute for meter reading.

Reliability Surcharge

245. DISCOMs submitted that the present rate of Reliability Surcharge of 10 paise per unit is quite low and should be increased to 20 paise per unit. However, they have not furnished any reasons substantiate their claim for the same. Therefore, we are not inclined to accept the proposal. Particularly in a recession and economic slowdown condition the Commission is not inclined to give additional burden to industry.

Interest on Security Deposit

246. DISCOMs have prayed that they are not able the realize the security deposit approved by the Commission when a consumer either exits or enters into the agreement with DISCOMs in the mid of the year. Hence the interest rate should be reduced to previous level so as to leave working capital for the Licensee. CESU has proposed to pay proportionate rate of interest as applicable for the period of SD held by the licensee. This issue has been addressed by the Commission in Para 320 of the RST order for FY 2015-16.

Demand Charges to be in KVA only instead of KVA/KW

247. DISCOMs have submitted that in the prevailing tariff some of the HT consumers are paying their demand charges in KW and some are on the basis of KVA which is creating disparity among the consumers. They have requested that the demand charges for all the three phase consumers having static meters may be levied on the basis of KVA as per the OERC (Condition of Supply Code) Regulation 2004. We find no bar in the existing provision to the suggestion of the DISCOMs and demand charges on the basis of KVA can be levied where such readings are available.

The issue of creation of contingency fund to meet the expenses arising out of natural disaster/ supervision charges / exclusion of meter rent as Misc. Revenue in the ARR of DISCOMs

248. The above issues have been dealt by the Commission in the RST Order of FY 2015-16 vide Para 318, 333 and 305 respectively.

Acceptance of Bank Guarantee as an alternative to the Security Deposit

249. The issue of charging security deposit in the form of bank guarantee has been raised by one of the objector. However, this issue has been dealt by the Commission in Para

326 of RST Order for FY 2010-11. The procedure for quantifying and payment of security deposit has been elaborated in Regulation 19, 20, 21 and other allied provisions of OERC (Condition of Supply Code), 2004. The Commission directs that the said provisions should be strictly adhere to.

Verification of CGP Status of Power Plants

250. DISCOMs have requested the Commission to revive the Committee for verification of the CGP status of the industries which had been constituted by the Commission in their order in Case No. 129/2010 dated 03.01.2013. It is to be mentioned here that this order has been a subject matter of challenge in Hon'ble Orissa High Court in WP(C) No. 18481 of 2013. However, this matter has been dealt widely by the Commission in Para 334 of the RST Order for FY 2015-16.

Emergency Power Supply to Captive Generating Plants (CGPs)

251. DISCOMs have requested the Commission that if emergency drawal goes beyond 10% load factor of the highest unit of CGP then demand charges should be levied at the double the rate and DISCOMs should be permitted to execute agreement with the consumer accordingly. In this context the RST order of the Commission for FY 2014-15 is reproduced below:

"217. Distribution Licensees have proposed to introduce two-part tariff for Emergency Power Supply to Industries having Captive Power Plants. The Commission after detailed examination of the provision in the Supply Code and Tariff structure presently in vogue noted that Distribution Licensees in no way are susceptible to incur loss due to single part tariff since the rate is designed to take care of demand charge as well as energy charge for such industries. Regarding over-drawal by such industries, Distribution Licensees are directed to advise CGPs to give their day ahead schedule drawal for emergency supply in 15 minutes time block. CGP should restrict their drawal within a reasonable margin of their schedule (say ± 10%) failing which they are liable for disconnection.

218. In this context, clause No.80 (15) of OERC Distribution (Conditions of Supply) Code, 2004 may be referred.

219. In view of the said provision, the Commission is of the view that Distribution Licensees will be able to recover all their charges applicable to any Industrial consumer within sufficient margin to take care of emergency supply to CGPs under the prevailing single part tariff. Hence, the Commission decides not to deviate from the existing practice."

Demand Charges for General Purpose HT >70 kVA <110 kVA and HT Industrial (M) Supply

252. DISCOMs have submitted that the demand charges for General Purpose HT >70 KVA <110 KVA should be CD or MD recorded in the meter whichever is higher. In this connection we refer to the Regulation 64 of OERC Supply Code, 2004 where it has been specified that in case of installation in static meter / meter with provision of recording demand the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification for consumers having connected load below 110 KVA. This is applicable irrespective of supply voltage either HT or LT. There is no reason for deviating from the same. This has been elaborately dealt with in Para 498 of RST Order for FY 2015-16.

Performance of Franchisee

253. Many objectors have pointed out that the working of franchisee is quite poor, corrupt and inefficient. In this issue, we observed that the management of franchisee is an internal affair of the distribution licensees. DISCOMs are at their liberty to manage their affairs effectively so as to bring down the loss, improve the metering, billing and collection activities to the advantage of consumers and the organisation.. However, as submitted by CESU in the table given below the performance of franchisees in their area of operation has a different picture than what depicted by objectors.

Table – 15

Division wise Performance of Franchisee in CESU						
		Base Year	FY 2014-15		FY 2015-16	
Name of the Franchise	Division Name	Base RPU FY 2011-12	Base RPU	Actual RPU	Base RPU	Actual RPU
ENZEN Paradeep	KED-I	1.28773	1.71891	1.87653	1.79647	1.82661
	KED-II	1.03080	1.39434	1.62112	1.46028	1.61989
	JED, Jagatsinghpur	0.97162	1.3286	1.78488	1.38905	1.84290
FEDCO	KED, Khurda	2.29171	2.75408	2.81827	2.85601	3.24396
	NED, Nayagarh	1.41129	1.87069	2.28569	1.95228	2.00970
	BED, Balugaon	1.31363	1.77286	1.99918	1.85499	2.01917
	PED, Puri	1.37064	1.73339	1.94901	1.8045	2.44857
SUPL & RUPL	NED, Nimapara	0.83320	1.13633	0.92227	1.1981	1.01908
	CED, Cuttack	1.61117	1.9786	1.64650	2.04603	1.72440
	AED, Athgarh	1.00414	1.01804	1.02121	1.06674	1.05314
	SED, Salipur	0.82803	1.1503	0.91793	1.20547	1.03376

Area/ locality specific surcharge for greater AT&C level

253 (a) Tariff policy notified by Govt. of India on 28.1.2016 at para 8.2.1(2) stipulates that 3rd party verification of energy audit results for different areas /locality could be used to impose area / locality specific surcharge for greater AT&C loss level and this in turn could generate local consensus for effective action for better governance. The Commission directs DISCOMs to ring fence those areas through energy audit where AT&C loss is very high and submit proposals for levy of surcharge in tariff if required.

Applicability of two part tariff

254. Some objectors have submitted that the prevailing practice of tariff design such as demand charge and monthly minimum fixed charge (MMFC) in addition to energy charge is illegal in the eyes of the law. It may be pointed out that while making tariff design the Commission take into consideration the provisions of the Electricity Act, Tariff Policy and best practices followed in our State and also in the neighbouring States. While energy charge reflects the power purchase cost of DISCOMs, the demand charge or MMFC which are fixed in nature denote the expenditure incurred by the DISCOMs in reservation of drawal capacity of consumers, network availability and allied preparedness. The bulk supplier, GRIDCO also pays in similar manner to the generator be it Central or State generators. Though the DISCOMs pay to GRIDCO in single part tariff (BSP) still the two components of tariff have been built into it by the Commission to recover the cost.

EHT consumers as buyers

255. One of the objector submitted that the EHT consumers are really the buyers of electricity as per Section 2(1) (d) of the Consumers Protection Act, 1986 since they are not the end users of the electricity. Therefore, when they avail open access no cross subsidy surcharge is payable by them. In this context, we draw the attention to the Section 2(15) of the Electricity Act, 2003 where consumer has been defined as follows:

> *"Consumer" means any persons who is supplied with electricity for his own use by a licensee or the Government or by any other persons engaged in the business of supplying electricity to the public under this Act or any other law for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be;"*

As per this definition the EHT consumers are connected to the licensee's system and draw electricity for their own use. The objector has missed sight of distinction between the physical goods with electricity. The ultimate user of the physical goods need not be held as consumer of electricity. The provisions in the Electricity Act are in addition to and not in derogation of other laws as per Section 175 of the Electricity Act.

Reintroduction of Power factor Incentive and issue of graded slab of Tariff

256. Many HT and EHT consumers prayed for reintroduction of three slab tariff instead of present two and reintroduction of power factor incentive as were the practice in the previous year. It is to be mentioned here that the Commission is gradually moving towards a rationalised tariff i.e. the tariff should reflect the cost of supply, therefore, a consumer at particular voltage level should pay equal tariff for each unit they consume and this is also mandated under Section 61 (d) of the Act. The Commission in the new Tariff Regulation called OERC (Terms and Conditions of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014 has provided under Regulation 7.73 for power factor rebates / penalty considering the contribution of the consumer to the system efficiency. Liberty is with the Commission to determine the rebate / penalty basing on the impact of the drawal on the system to incentivise or otherwise in the interest of network and system stability. Therefore, penalty and rebates are delicately crafted from year to year depending upon system requirement. Hon'ble APTEL in Appeal No. 272/2013 dated 28.11.2014 had directed the Commission to reintroduce power factor incentive when there is a penalty for lower power factor. Accordingly, the power factor incentive and penalty has been determined by the Commission.

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges. Similarly power factor penalty shall be

i) 0.5% for every 1% fall from 92% upto and including 70% plus

ii) 1% for every 1% fall below 70% upto and including 30% plus

iii) 2% for every 1% fall below 30%

Provision for part payment of Electricity Bill

257. Like previous year this year also the Commission decides to continue with the provision of accepting part payment for any month by a consumer as follows:

a) Part payment of minimum Rs.50/- for consumers having outstanding billed amount upto Rs.100/- (including arrears)

b) Part payment of minimum Rs.100/- for consumers having outstanding billed amount upto Rs.300/- (including arrears)

c) Part payment of minimum 50% of the bill having outstanding billed amount above Rs.300/- (including arrears)

The Commission shall review this provision from time to time.

Own Your Transformers (OYT) scheme

258. The Commission has introduced the OYT Scheme in its earlier RST orders to encourage LT less distribution only. The order of the Commission as stated in Para-225-227 of Retail Supply Tariff Order for FY 2014-15 shall continue for ensuing year also. The scheme is intended for individual LT Domestic and individual/group General Purpose consumers who would like to avail single point HT supply by owning their distribution transformers. In such a case the licensee would extend a special concession of minimum 5% rebate on the total bill (except Electricity Duty and meter rent) of the respective category apart from the normal rebate for prompt payment of the bill by the due date. It was further clarified that the bulk supply domestic category of consumers i.e. consumers in an apartment building or a colony are entitled to avail bulk domestic HT supply at a concessional flat rate and, therefore, not covered under 'OYT' scheme although they install their own distribution transformers for availing power supply.

The existing OYT scheme for an individual group of consumers under domestic and general purpose category having single point at HT is allowed to continue without any change. DISCOM should make a sufficient awareness programme so that individual or group consumers can own small transformers (10 kW/16 kW capacity) and take LT less power supply so that they can avail rebate in electricity bill as well as quality power supply in the form of steady voltage and reliability by making a small capital expenditure.

Reliability Surcharge Calculation Methodology

259. HT & EHT consumers who avail power supply after getting two conditions satisfied as mentioned in Para 196 of Retail Supply Tariff order for FY 2013-14 irrespective of dedicated or shared feeder shall pay the reliability surcharge @ 10 Paisa/unit for all the units consumed in a billing month. It is further directed that DISCOMs shall attach reliability index calculation and voltage variation report with the bill in case of levy of reliability surcharge. No reliability surcharge is payable unless this report is attached to the bill.

Delayed Payment Surcharge (DPS)

260. In continuation to our earlier order the Delayed Payment Surcharge (DPS) shall be charged for every day of delay at 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as mentioned below:

i) Large industries
ii) LT/HT Industrial (M) Supply
iii) Railway Traction
iv) Public Lighting
v) Power Intensive Industries
vi) Heavy Industries
vii) General Purpose Supply ≥ 110 KVA
viii) Specified Public Purpose
ix) Mini Steel Plants
x) Emergency supply to CGP
xi) Allied Agro-Industrial Activities
xii) Colony Consumption

261. The consumers as mentioned below shall continue to pay DPS at the rate prescribed in Para 317 of Retail Supply Tariff order for FY 2015-16. This DPS shall be charged to the defaulting consumers who do not clear the bill (current and arrear) consecutively for two months. The DPS shall be charged every two month (maximum six times in a year) as per the flat rates shown in the following table:-

Table – 16

<table>
<tr><th>Category of Consumers</th><th>Amount of Arrears</th><th>Rate Applicable</th></tr>
<tr><td>LT Single Phase Domestic Consumer</td><td>Any amount</td><td>Rs.50/-</td></tr>
<tr><td rowspan="2">LT Single Phase other consumers (except Kutir Jyoti Consumers)</td><td>Less than Rs.5000/-</td><td>Rs.100/-</td></tr>
<tr><td>Rs.5000/- & above</td><td>Rs.200/-</td></tr>
<tr><td rowspan="2">LT 3 Phase consumers</td><td>Less than Rs.5000/-</td><td>Rs.100/-</td></tr>
<tr><td>Rs.5000/- & above</td><td>Rs.300/-</td></tr>
<tr><td rowspan="2">HT & EHT consumers</td><td>Less than Rs.10000/-</td><td>Rs.500/-</td></tr>
<tr><td>Rs.10000/- & above</td><td>Rs.2000/-</td></tr>
</table>

***** No DPS shall be charged on Kutir Jyoti Consumers

Issue of Public lighting

262. Due to unavailability of meter in many public lighting load, until metering is in place the Commission directs that billing should continue assuming 11 hours burning time

taking the average use of summer and winter seasons. Utilities shall take initiatives to install meter either from Utility of by the owner of the public lighting system.

Tatkal Scheme for New Connection

263. The Tatkal scheme for consumers availing LT supply for Domestic, Agricultural and General Purpose shall continue as directed vide para 274-276 of the RST order for FY 2014-15. The Tatkal charges will continue to be applied as given below:

Table - 17

Category of Consumers	Tatkal charges
LT Single phase upto 5 kW load	**Rs.2000/-**
LT three phase 5 kW and above	**Rs.2500/-**
LT Agricultural consumers	**Rs.1000/-**
LT General Purpose single phase and three phase consumers	**Rs.4000/-**

The above Tatkal charges do not include meter cost.

Tariff for Temporary Connection

264. The decision of the Commission on Tariff for temporary connection as explained in Para 240-242 in Tariff order for 2014-15 shall continue. The energy charge for temporary connection shall be 10% higher than the normal tariff applicable to that category for which supply has been extended under temporary connection.

Supervision charges

265. As per the OERC Distribution (Conditions of Supply) Code-2004 vide section 13(1) Appendix-I, when a consumer is asked to bear the cost of capital work, he is expected to bear supervision charges of 6% on the total cost of installation. CESU has prayed that this is quite low compared to the other states and hence need to be increased. This matter has already been dealt with by the Commission in Para 333 of RST order for FY 2015-16. We don’t find any reason to reiterate the same.

Printing of Bills in Odia Language

266. During the hearing some objectors stressed the need for printing of Electricity Bills in Odia language. We find their request to be very reasonable and direct the DISCOM Utility to explore the possibilities of printing the bills in both English and Odia language. A report in this should be submitted by each DISCOM Utility by 30th June, 2016.

Cross-subsidy in Tariff

267. Section 61(g) of Electricity Act 2003 stipulates that the appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Commission. Para 8.3.2 of Tariff Policy dated 28.01.2016 enjoins that for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the appropriate Commission would notify a road map such that tariffs are brought within $\pm$20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. Regulation 7.77 of OERC (Terms and Conditions for determination of Wheeling Tariff & Retail Supply Tariff) Regulation, 2014 provides that for purpose of computing cross subsidy payable by a certain category of consumers the difference between average cost of supply to all consumers of the State taken together and average voltage wise tariff applicable to such consumers shall be considered.

Calculation of Average Cost of Supply

268. With approved revenue for the DISCOMs the average cost of supply for Odisha for FY 2016-17 is follows:

Table – 18
Average Cost of Supply (per Unit) FY 2016-17

Expenditure	(Approved)
Cost of Power Purchase	6,702.94
Transmission Cost	613.50
SLDC Cost	3.81
Total Power Purchase, Transmission & SLDC Cost(A)	**7,320.25**
Employee costs	980.36
Repair & Maintenance	251.70
Special R & M for Smart Metering	
Administrative and General Expenses	226.73
Provision for Bad & Doubtful Debts	64.76
Depreciation	162.95
Interest Chargeable to Revenue including Interest on S.D	230.00
Sub-Total	**1,916.50**
Less: Expenses capitalised	
Total Operation & Maintenance and Other Cost	1,916.50
Return on equity	36.00
Total Distribution Cost (B)	**1,952.50**
Amortisation of Regulatory Asset	-
True up of Past Losses	-
Contingency reserve	-

Expenditure	(Approved)
Total Special Appropriation (C)	-
Total Cost (A+B+C)	**9,272.75**
Less: Miscellaneous Receipt	373.55
Total Revenue Requirement	**8,899.20**
Expected Revenue(Full year)	8,915.15
GAP at existing rates (+/-)	15.94
Approved Saleable Units (MU)	19,302.18
Average Cost (paisa per unit)	**480.40**

Calculation of Cross Subsidy

269. For the purpose of calculating the cross-subsidy the estimated revenue realization and the estimated sale of energy to EHT, HT & LT category consumer has been be taken into account while working out the average tariff of those respective category as per the format given below:

Table - 19
Cross-Subsidy for FY 2016-17

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Average Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below or cost of supply	Remarks
1	2	3	4	5= (4) – (3)	6= (5 / 3)	7
2012-13	**EHT**	460.51	551.04	90.53	19.66%	The tariff for HT and EHT category has been calculated based on average tariff.
	HT		552.09	91.58	19.89%	
	LT		368.52	-91.99	-19.98%	
2013-14	**EHT**	466.68	559.18	92.50	19.82%	
	HT		559.69	93.01	19.93%	
	LT		374.66	-92.02	-19.72%	
2014-15	**EHT**	461.07	552.64	91.57	19.86%	
	HT		553.15	92.08	19.97%	
	LT		369.63	-91.44	-19.83%	
2015-16	**EHT**	488.81	572.03	83.22	17.03%	
	HT		575.59	86.78	17.75%	
	LT		396.53	-92.28	-18.88%	
2016-17	**EHT**	480.40	572.36	91.96	19.14%	
	HT		575.86	95.46	19.87%	
	LT		393.36	-87.04	-18.12%	

It may be noted from the above that Commission in line with the mandate of the Tariff Policy have managed to keep cross-subsidy among the subsidised and subsidising category of consumers in the State within + 20%. Commission at this stage would like to make it clear that the above cross subsidy is meant only for Retail Supply Tariff fixation in the state applicable to all consumers (except BPL and agriculture) and not to be confused with cross subsidy surcharge payable by open access consumers to the DISCOM.

Energy Audit

270. Energy audit is the basic tool in the hands of the DISCOMs to assess the health of the business. The Commission have been pursuing with the DISCOMs to undertake enterprise wise energy audit for the last several years. Offlet there has been a visible change in the mind set of the DISCOMs and they have undertaken steps though small in this direction. A review on the progress of Energy Audit by the DISCOMs was conducted by the Commission during the month of Nov 2015 wherein the DISCOMs were asked to submit a road map to complete energy audit in their entire area of operation within a near time frame covering not less than then (10) number of feeders in a month so. The initiatives taken by the DISCOMs as presented during the review are given bellow:

271. **CESU**

CESU has undertaken energy audit for the following feeders to determine loss at various levels in their distribution system.

33KV feeders taken for study – 108 nos (for technical loss based upon empirical formula)

11KV feeders taken for study- 136 nos (for technical loss based upon empirical formula)

LT line loss taken for study – All LT line of CESU (arithmetic calculation)

33KV feeders taken for study – 10 nos (for distribution loss between 33KV to consumers)

11KV feeders taken for study- 333 nos (for distribution loss between 11Kv to consumers)

DT taken for study – 209 nos ((for distribution loss between DT to consumers)

272. **NESCO**

NESCO submitted that they have completed energy audit from DTR consumer level in 11 KV **Sahadevkhuntia feeder** under Balasore division. The LT loss level has reduced to 15% from 35% between July to September, 2015.

273. **WESCO**

WESCO submitted that as an initiative for Energy audit in WESCO area the licensee has undertaken the Energy Audit of 11kv feeders on the following manner:

(A) Total no. Of 11kv feeders in WESCO: 603 nos.

(B) 11kv feeders where meters installed: 547 nos. (91%)

(C) Balance feeders remaining for installation: 56 nos.

(D) Energy Audit already started 354 nos.

WESCO Utility has proposed to conduct full-fledged Energy Audit from 33kv Feeders downward to consumer level in Cheruapada 33kv Feeder in Sambalpur Electrical Division.

274. **SOUTHCO**

SOUTHCO Utility submitted that they have undertaken energy audit in 75 Nos. of 11 KV feeders and remaining feeders to be audited by the end of March, 2016.

From the above status of energy audit it is found that DISCOMs are far away from achieving the target of enterprise level energy audit. Therefore, Rs.32.00 cr. Rs.16.00 cr., Rs.18.00 cr. and Rs.32.00 crore are allowed to WESCO, NESCO, SOUTHCO Utilities and CESU respectively towards additional cost of A&G expenses to meet the expenses towards energy audit and loss reduction related activities.

FINANCIAL ISSUES FOR FY 2016-17

Employees Cost

275. The petitioners WESCO, NESCO, SOUTHCO Utilities and CESU in their ARR and tariff petition for the FY 2016-17 have projected employees cost. A comparison of the approved Employees cost for FY 2015-16 and proposed employees cost by DISCOMS for FY 2016-17 is shown in table below.

Table – 20

(Rs. in Cr.)

EMPLOYEE COST											
Sl.	**Particulars**	**WESCO Utility**		**NESCO Utility**		**SOUTHCO Utility**		**CESU**		Total	
		Approved for FY 2015-16	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**
1	Basic Pay + GP	68.78	59.05	45.65	51.80	43.80	74.68	80.81	214.50	**239.04**	400.03
2	DA	83.23	77.36	55.23	93.37	53.00	97.83	97.78	8.58	**289.24**	277.14
3	Other allowance	2.19	3.22	1.15	4.22	1.28	2.49	4.48	5.02	**9.10**	14.95
4	Bonus	0.06	0.06					0.70	0.24	**0.76**	0.30
5	Outsource Obligation		2.54	1.80	19.48		1.77		2.38	**1.80**	26.17
6	Contractual Obligation	2.31	3.16	5.10	13.26	1.46	19.12	9.98	9.51	**18.85**	45.05
7	Total Emoluments (1 to 6)	**156.57**	**145.39**	**108.93**	**182.13**	**99.53**	**195.89**	**193.75**	**240.23**	**558.79**	763.64
8	Reimbursement. of medical expenses	3.44	2.95	2.28	3.56	2.19	4.23	4.04	10.73	**11.95**	21.47
9	Leave Travel Concession	0.01	0.03	0.30	0.30	0.08	0.09	0.46	0.02	**0.85**	0.44
10	Reimbursement of HR	10.32	10.63	6.85	14.26	6.57	14.19	12.12	25.74	**35.86**	64.82
11	Encashment of Earned Leave	0.02					0.31			**0.02**	0.31

EMPLOYEE COST											
Sl.	**Particulars**	**WESCO Utility**		**NESCO Utility**		**SOUTHCO Utility**		**CESU**		Total	
		Approved for FY 2015-16	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**	**Approved for FY 2015-16**	**Proposed for FY 2016-17**
12	Honorarium	0.06	0.16				0.01			**0.06**	0.17
13	Payment under workmen compensation Act	0.16	0.20	0.20	0.20	0.65	0.65	0.82	1.37	**1.83**	2.42
14	Ex-gratia	0.08	0.08	1.19	2.60					**1.27**	2.68
15	Other Staff Costs		0.50	0.87	0.35	0.29	0.36	3.35	1.21	**4.51**	2.42
16	Total Other Staff Costs (8 to 15)	14.09	14.55	11.69	21.27	9.78	19.84	20.79	39.07	**56.35**	94.73
17	Staff Welfare Expenses	0.68	0.84	0.78	1.28	2.91	3.30	0.10	3.14	**4.47**	8.56
18	Terminal Benefits (Pension + Gratuity + Leave)	107.76	134.08	90.96	85.76	96.95	103.76	135.30	167.95	**430.97**	491.55
19	Total (7+ 17+18+19)	**279.09**	**294.86**	**212.36**	**290.44**	**209.17**	**322.79**	**349.95**	**450.39**	**1050.57**	1358.48
20	Less : Empl. cost capitalized	3.77	3.47	1.50	1.95	0.86	0.97	6.01	16.74	**12.14**	23.13
21	Total Employees Cost	**275.32**	**291.39**	**210.86**	**288.49**	**208.31**	**321.82**	**343.94**	**433.65**	**1038.43**	1335.35
% rise over approved 2015-16		**5.84**		**36.81**		**54.49**		**26.08**		**28.59**	

276. The table above reveals that for the ensuing year the licensees have proposed a rise in employee's cost compared to the approval for the FY 2015-16. WESCO, NESCO, SOUTHCO Utilities and CESU have projected an increase over the approval for the 2015-16 at 5.84%, 36.81%, 54.49% and 26.08%, respectively. The projected enhancements are mainly due to higher estimation towards rise in Basic Pay and Terminal liabilities based on the actuarial valuation appointed by these distribution companies.

277. The audited accounts of all the licensees are now available with the Commission up to the FY 2013-14. Only CESU has submitted the audited accounts for the FY 2014-15 and other three DISCOMS have submitted their provisional accounts for the FY 2014-15 and yet to submit their audited accounts for 2014-15.

278. The Commission allows Employees cost in terms of the MYT principles enunciated for the control period FY 2013-14 to FY 2017-18 in its order dated 20.3.2013. The relevant portion of said order is reproduced below:

" 16.1 Employee Cost

The three DISCOMs, WESCO, NESCO & SOUTHCO submitted to provide employee cost through indexation mechanism linked to CPI during the control period in line with the model FOR MYT Regulations. CESU submitted to take into account the employee cost due to massive RGGVY expansion of network. DISCOMs also submitted that incentive and dis-incentive scheme may be introduced to improve productivity level.

The Commission after considering the submissions has decided to continue with the employee cost allocation in the ARR on the same principles as adopted during the second control period.

Wages and salaries during this control period would include the base year values of Basic pay and Grade Pay escalated for annual salary increments and inflation based on Govt. of Odisha notification. The sixth pay recommendation notified by Govt. of Odisha recommends annual increment @ 3% of the Basic and grade pay. The annual increment would be approved as per such recommendation. Basic Pay and grade pay are to be taken from annual audited accounts of the Licensee. However if as per the Commission's assessment the figures shown in the audited accounts cannot be relied upon, the Commission may take into account the actual payment outgo during the last six months of the year to arrive upon the pay for the ensuing year. Dearness Allowance, HRA and other allowance would be calculated as per rates notified by Govt. of Odisha. Terminal liabilities would be provided based on a periodic actuarial valuation to be made by OERC in line with the prevailing Indian accounting standards. The financial impact of any award by Govt. of India/Govt. of Orissa shall be taken care of in subsequent year in truing up. XXXXXX"

279. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the assessment of number of employees as on 31.3.2016 and 31.3.2017 is essential. On this, DISCOMs have submitted the information on the induction and reduction in the number of employees from year to year in their ARR submissions. The position up to the year ending 2016-17 as proposed by the Licensees is depicted in table below:

Table – 21
Employees Proposed (2016-17)

Employees Proposed (2016-17)	WESCO	NESCO	SOUTHCO	CESU
No. of employees as on 31.03.2015	3610	3050	2766	6264
Add: Addition during 2015-16	317	0	127	0
Less: Retirement/Expired/ Resignation during 2015-16	99	94	46	108
No. of employees as on 31.03.2016	3828	2956	2847	6156
Add: Addition during 2016-17	501	999	860	8
Less: Retirement/Expired/ Resignation during year 2016-17	231	74	138	237
No. of employees as on 31.03.2017	4098	3881	3569	5927

280. Citing different reasons, the DISCOMs have proposed increase in employee's strength. Commission observed in last year's RST order that the efficiency of the employees is below national average. In other words the capacity of the employees have not been fully utilised by the DISCOMs and performance has shown a downward trend. Increase in number of employees may not be a solution for better efficiency as observed in CESU. Moreover, the draft /proposed change in Act and

new tariff policy specify renewed direction and purpose to the DISCOM organisation with possibility of restructuring in future. Therefore, adding more employees at a transition point is not prudent, we feel.

281. Therefore, the Commission decided last year and also at present there shall be no new induction shall take place during the current financial year 2015-16 and also 2016-17. The Commission has revoked the License of the three distribution companies, WESCO, NESCO and SOUTHCO Utilities in case no.55/2013 dated 04.03.2015 which is still pending at the higher forum. Commission has already initiated action on CESU under section 20 of the Electricity Act, 2003. In view of the above developments the Commission directs that no fresh appointment be made for the current year 2015-16 and for the ensuing year 2016-17. Any addition thereafter shall be based on efficiency audit of each employee, formation of service condition and market & efficiency based performance and final outcome of efforts under section 20 and other provisions of the Act. Accordingly Commission approves following number of employees to the DISCOMs for FY 2016-17.

Table – 22
Employees Strength (2016-17)

Employees Approved (2016-17)	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
No. of employees as on 31.03.2015	3610	3050	2766	6264
Add: Addition during 2015-16	0	0	0	0
Less: Retirement/Expired /Resignation during 2015-16	99	94	46	108
No. of employees as on 31.03.2016	3511	2956	2720	6156
Add: Addition during 2016-17	0	0	0	0
Less: Retirement/Expired/ Resignation during 2016-17	231	74	138	237
No. of employees as on 31.03.2017	3280	2882	2582	5919
Average no. of employees for FY 2015-16	3561	3003	2743	6210
Average no. of employees for FY 2016-17	**3396**	**2919**	**2651**	**6038**

282. The Commission in the past have relied on the actual expenses on (as per cash flow) Basic Pay including Grade Pay incurred during the current year, having more authenticity for extrapolation into the coming years. Accordingly, licensees were asked to furnish the information on Basic Pay and Grade Pay for the current year i.e. FY 2015-16 up to November, 2015.

283. The Commission in accordance with the MYT principle allows 3% escalation on Basic Pay and Grade Pay towards normal annual increment on year to year basis. The

same principle shall also continue. The Basic Pay and GP actually paid during last eight months of the current year i.e, FY 2015-16, is averaged and extrapolated for the whole year to arrive at figures for FY 2016-17. The pay for the 2016-17 year is determined by escalating current year's average basic pay and GP @ of 3% and factoring the average number of employees for the current and ensuing year. Table below shows the Basic Pay and Grade Pay for FY 2015-16 on the basis of above discussion.

Table – 23
Basic Pay and GP

(Rs. in Cr.)

	WESCO Utility	**NESCO Utility**	**SOUTHCO Utility**	**CESU**
Average (Basic Pay + GP) per month	5.79	3.78	3.62	6.77
Pro-rated for FY 2015-16	69.45	45.35	43.49	81.18
Approved for FY 2016-17	**68.22**	**45.40**	**43.29**	**81.29**

284. While approving, the Commission is of the view that any financial benefit extended by DISCOMs in shape of increment or promotion to its officers, need to consider the revenue growth achieved, improvement in O & M expenditures, revenue losses reduced, behavior and dealings with consumers, convergence to organization goals and achievements and other parameters outlined by management. The sanctioning authority must satisfy itself that the business developments is much above the expenditure, thus allowed must record so in the order.

285. On the basis of the calculation in the above table, Commission approves Basic Pay and Grade Pay for the ensuing year 2016-17 in respect of four DISCOMs as detailed below:

Table – 24

(Rs. in Cr.)

Name of the DISCOM	**Approved Basic Pay with Grade Pay for FY 2016-17**
WESCO Utility	68.22
NESCO Utility	45.40
SOUTHCO Utility	43.29
CESU	81.29

286. As regards Dearness Allowance the rate of DA revision as per the Govt. of Odisha notified rates for ensuing years is given in the table below:

Table – 25
Dearness Allowance

1.01.15	113%	Approved By Govt. of Odisha
1.07.15	119%	Approved By Govt. of Odisha
1.01.16	125%	Estimated
1.07.16	131%	Estimated
1.01.17	137%	Estimated

287. The DA rate now is 119% with effect from 01.07.2015. The next revisions would have bearing on the DA estimation for FY 2016-17. While doing so the Commission observed that employees transferred under OER Act 1995 needs to be protected at par with State Govt. employees. In case there is insufficient recovery of revenue to cover all costs including power purchase, the management should resort to maintain expenditure on employees at current level without unnecessary borrowing and increasing interest burden on consumers. It can also withhold till there is recovery in revenue. In all cases of salary and DA hike the Govt. guidelines if any, must be followed and approval of Commission, if affecting consumers, should be taken. According to the previous trend and likely future impacts DA rate at an average of 131% for the FY 2016-17 is to be considered. Expenditure projected on account of DA has been calculated at this rate for the ensuing year FY 2016-17 for the purpose of ARR.

288. For the ensuing year 2016-17 Medical Reimbursement has been approved at the rate of 5% over Basic Pay and Grade Pay. House rent allowance is approved at an average rate of 15% of the Basic Pay and Grade Pay instead of 20% considering the fact that many employees are staying in official accommodations. On scrutiny of Audited Accounts, it is also seen that the HRA as a proportion to the Basic Pay and GP is about 15% and hence such rate is allowed towards HRA.

289. DISCOMs have outsourced many activities, to reduce costs and increase efficiency. They were asked to submit the actual expenses on these activities during the current financial year 2015-16. The DISCOMs have accordingly been allowed such cost on contractual obligation and outsource obligation projected by them in the ARR amounting to Rs.8.49 cr. and Rs.30.98 cr. respectively as shown below:

Table – 26
Outsource and Contractual Obligation

(Rs. Crore)

PARTICULARS	WESCO	NESCO	SOUTHCO	CESU	TOTAL
Outsource obligation	2.54	1.80	1.77	2.38	8.49
Contractual obligation	3.16	6.31	12.00	9.51	30.98

290. The Commission during its last performance review analysed the LT loss level of various divisions of DISCOMs as reported by the DISCOMs. This reveals the following picture as per the tables given below:-

Table – 27
LT Performance of CESU for FY 2014-15

Sl. No.	Name of Division	Year	Energy Input(MU) Total	Energy Sold (MU) Total	AT & C LOSS (%) LT	AT & C LOSS (%) Total	Overall Realization Per total Input p/u	LT Realization Per LT Input
1	BCDD-1	2014-15	351.40	305.20	7.7%	12.7%	4.86	4.82
		2013-14	331.33	288.93	6.9%	12.2%	4.91	4.90
2	BCDD-2	2014-15	650.82	548.15	15.9%	16.3%	4.47	4.10
		2013-14	602.48	493.27	21.8%	19.8%	4.29	3.84
3	BED	2014-15	466.38	345.71	26.6%	27.7%	3.69	3.58
		2013-14	434.26	320.94	26.1%	28.1%	3.71	3.65
4	NEDN	2014-15	371.63	126.47	77.1%	78.1%	0.92	0.96
		2013-14	330.53	117.66	77.2%	78.3%	0.95	0.99
5	PED	2014-15	387.48	211.79	51.2%	51.1%	2.05	1.94
		2013-14	359.06	179.80	59.5%	60.0%	1.88	1.82
6	NED	2014-15	209.18	138.33	37.0%	41.3%	2.42	2.56
		2013-14	204.26	130.92	47.1%	50.4%	2.12	2.23
7	KED	2014-15	551.48	372.49	47.6%	36.3%	3.27	2.21
		2013-14	518.90	334.62	57.0%	41.3%	3.14	1.93
8	BEDB	2014-15	226.40	149.62	46.5%	38.3%	2.80	2.03
		2013-14	222.52	131.52	55.2%	45.3%	2.61	1.77
9	CED	2014-15	458.05	208.22	73.5%	63.3%	1.81	1.14
		2013-14	457.63	240.40	78.8%	60.9%	1.97	0.95
10	CDD-I	2014-15	329.35	262.06	17.8%	22.4%	4.06	4.08
		2013-14	324.63	239.98	24.3%	28.1%	3.75	3.77
11	CDD-II	2014-15	412.32	306.05	36.7%	28.2%	3.91	3.11
		2013-14	421.37	317.08	39.1%	28.9%	3.94	3.05
12	AED	2014-15	356.22	172.92	76.9%	61.2%	2.13	0.95
		2013-14	425.67	262.55	79.3%	46.4%	2.76	0.88
13	SED	2014-15	197.54	87.71	76.0%	77.8%	0.94	1.01
		2013-14	176.51	76.24	75.8%	77.7%	0.97	1.05
14	KED-I	2014-15	266.22	140.26	49.7%	53.4%	1.99	2.13
		2013-14	250.50	122.56	55.2%	58.8%	1.81	1.95
15	KED-II	2014-15	99.15	44.87	54.4%	58.1%	1.67	1.80
		2013-14	94.01	37.60	60.3%	63.1%	1.55	1.65
16	PDP	2014-15	579.95	461.03	64.5%	23.4%	4.20	1.49
		2013-14	490.18	384.83	66.3%	22.1%	4.26	1.53
17	JED	2014-15	187.52	103.01	51.5%	55.3%	1.84	1.99
		2013-14	181.20	90.42	57.4%	60.8%	1.66	1.80
18	DED	2014-15	564.26	286.21	69.2%	56.0%	2.23	1.33
		2013-14	558.97	275.56	71.2%	55.4%	2.38	1.31
19	ANED	2014-15	318.04	127.56	65.8%	65.1%	1.69	1.53
		2013-14	299.36	113.90	66.9%	66.5%	1.74	1.62
20	TED	2014-15	1313.95	1,086.59	71.5%	15.5%	4.77	1.26
		2013-14	1289.83	1,053.15	74.1%	18.8%	4.59	1.20
CESU TOTAL		2014-15	8297.34	5484.25	50.6%	37.65%	3.22	2.22
		2013-14	7973.19	5211.93	54.3%	39.44%	3.18	2.13

Table – 28
LT Performance Of SOUTHCO Utility for the FY 2014-15

Sl. No.	Name of Division	Year	Energy Input(MU)	Energy Sold (MU)	AT & C LOSS (%)		Overall Realization Per total Input p/u	LT Realization Per LT Input
			TOTAL	TOTAL	LT	TOTAL		
1	Malkangiri	2013 - 14	122.47	45.80	76.85%	73.12%	1.18	0.91
		2014 - 15	128.65	77.37	68.61%	61.54%	1.59	1.12
2	Aska- II	2013 - 14	110.42	32.79	74.78%	76.80%	0.93	1.01
		2014 - 15	118.96	40.82	68.59%	71.10%	1.10	1.20
3	Boudh	2013 - 14	90.53	47.22	65.77%	63.91%	1.36	1.19
		2014 - 15	108.85	72.13	66.73%	64.43%	1.35	1.19
4	Koraput	2013 - 14	276.98	179.48	66.64%	37.60%	3.42	1.39
		2014 - 15	281.63	179.25	66.13%	38.05%	3.38	1.39
5	Nowrangpur	2013 - 14	175.36	97.51	64.59%	58.34%	1.75	1.33
		2014 - 15	180.58	100.65	63.42%	59.28%	1.56	1.27
6	Purusottampur	2013 - 14	127.05	53.81	65.76%	68.50%	1.19	1.30
		2014 - 15	148.12	65.24	60.02%	63.19%	1.37	1.48
7	Chatrapur	2013 - 14	354.19	270.72	63.49%	27.88%	3.47	1.46
		2014 - 15	409.01	298.90	59.74%	32.24%	3.22	1.49
8	Aska-1	2013 - 14	166.36	61.18	65.49%	67.29%	1.32	1.37
		2014 - 15	204.27	77.06	59.71%	62.46%	1.39	1.46
9	Bhanjanagar	2013 - 14	168.56	68.08	61.20%	64.01%	1.45	1.55
		2014 - 15	184.29	76.49	55.99%	59.28%	1.54	1.65
10	Digapahandi	2013 - 14	182.37	85.47	60.84%	62.82%	1.45	1.49
		2014 - 15	216.79	106.22	55.68%	58.15%	1.58	1.64
11	Phulbani	2013 - 14	117.69	64.48	49.89%	53.22%	1.68	1.77
		2014 - 15	135.17	83.55	51.10%	54.50%	1.57	1.67
12	Jeypore	2013 - 14	229.90	150.07	50.98%	37.50%	3.28	2.09
		2014 - 15	219.19	154.71	46.55%	35.74%	3.25	2.18
13	Paralakhemundi	2013 - 14	118.19	66.86	45.95%	49.45%	2.01	2.09
		2014 - 15	126.45	70.65	46.50%	49.84%	1.99	2.06
14	Rayagada	2013 - 14	183.03	139.06	36.27%	30.92%	3.29	2.58
		2014 - 15	182.05	137.55	34.04%	32.20%	3.03	2.50
15	Gunupur	2013 - 14	62.39	43.83	33.90%	37.57%	2.45	2.51
		2014 - 15	71.63	47.51	32.19%	36.39%	2.29	2.34
16	Berhampur- I	2013 - 14	202.88	156.02	25.44%	23.62%	3.91	3.40
		2014 - 15	227.40	178.85	20.14%	20.79%	4.07	3.63
17	Berhampur- II	2013 - 14	135.17	95.65	22.00%	27.92%	3.36	3.58
		2014 - 15	157.62	109.27	18.87%	25.15%	3.39	3.62
18	Berhampur- III	2013 - 14	92.01	62.37	34.95%	37.14%	2.87	2.74
		2014 - 15	92.18	71.52	14.00%	20.80%	3.48	3.56
Actual Total SOUTHCO		2013 - 14	2915.56	1720.36	54.10%	46.39%	2.47	1.85
		2014 - 15	3192.84	1947.73	49.96%	44.64%	2.45	1.93

Table – 29
LT Performance of NESCO Utility for FY 2014-15

Sl. No.	Name of Division	Year	Energy Input (MU)	Energy Sold (MU)	AT & C Loss (%)		Overall Realization Per total Input P/U	LT Realization Per LT Input P/U
			TOTAL	TOTAL	LT	TOTAL		
1	AED, Anandapur	2014-15	176.040	88.143	61.05%	59.63%	163	146
		2013-14	171.560	80.776	66.15%	65.69%	147	133
2	CED, Balasore	2014-15	647.914	531.518	59.37%	19.21%	414	163
		2013-14	633.989	508.148	64.61%	21.04%	407	135
3	BTED, Basta	2014-15	130.414	49.101	56.99%	60.05%	134	140
		2013-14	118.283	45.569	58.07%	60.87%	134	138
4	JTED, Jajpur Town	2014-15	208.494	86.884	56.55%	60.02%	147	160
		2013-14	200.542	81.212	61.11%	64.22%	135	147
5	KUED, Kuakhia	2014-15	237.453	104.209	56.13%	57.81%	180	174
		2013-14	228.515	100.338	62.87%	63.26%	162	149
6	JRED, Jajpur Road	2014-15	960.272	804.126	56.09%	16.89%	490	195
		2013-14	1036.550	864.334	59.22%	16.63%	480	174
7	RED, Rairangpur	2014-15	223.239	119.443	54.06%	54.84%	189	181
		2013-14	218.801	102.022	60.83%	60.97%	153	142
8	BSED, Bhadrak (S)	2014-15	175.583	92.331	54.02%	57.02%	162	170
		2013-14	186.424	79.918	66.11%	68.03%	124	128
9	BNED, Bhadrak (N)	2014-15	395.431	273.324	52.70%	40.26%	300	192
		2013-14	386.495	231.027	59.32%	44.88%	297	169
10	JED, Jaleswar	2014-15	218.039	121.268	50.48%	42.94%	250	159
		2013-14	208.580	111.800	57.15%	46.58%	239	142
11	UED, Udala	2014-15	101.664	51.950	49.00%	53.02%	166	180
		2013-14	99.422	48.220	54.65%	58.13%	135	145
12	BPED, Baripada	2014-15	317.651	177.798	47.63%	49.06%	218	211
		2013-14	298.298	165.178	48.94%	49.99%	207	198
13	SED, Soro	2014-15	185.615	103.097	38.08%	42.44%	228	234
		2013-14	189.816	94.126	45.81%	49.08%	207	210
14	KED, Keonjhar	2014-15	221.241	175.672	33.46%	22.41%	402	274
		2013-14	243.595	176.318	41.78%	27.17%	386	243
15	JOED, Joda	2014-15	545.120	477.765	32.47%	12.49%	540	293
		2013-14	564.530	462.216	45.72%	18.40%	501	245
16	BED, Balasore	2014-15	271.130	198.917	31.04%	24.30%	404	325
		2013-14	259.886	186.628	35.67%	26.86%	390	302
NESCO Total		2014-15	5015.300	3455.546	50.14%	33.19%	344	**198**
		2013-14	5045.286	3337.830	55.85%	35.93%	332	**174**

Table – 30
LT Performance of WESCO Utility for FY 2014-15

Sl. No.	Name Of Division	Period	Energy Input (MU)	Energy Sold (MU)	At & C Loss (%)		Overall Realization Per total Input p/u	LT Realization Per LT Input
			TOTAL	TOTAL	LT	OVER ALL		
1	Bargarh(W)	2014-15	329.80	129.50	81.05%	77.89%	83.46	66.17
		2013-14	313.23	99.88	85.39%	83.23%	73.07	60.72

Sl. No.	Name Of Division	Period	Energy Input (MU)	Energy Sold (MU)	At & C Loss (%)		Overall Realization Per total Input p/u	LT Realization Per LT Input
			TOTAL	TOTAL	LT	OVER ALL		
2	Sonepur	2014-15	255.92	119.66	76.17%	73.12%	102.17	84.55
		2013-14	227.11	93.75	78.97%	75.83%	102.16	83.49
3	Titilagarh	2014-15	311.26	149.33	74.85%	67.02%	147.00	98.32
		2013-14	289.28	128.09	76.12%	68.08%	153.27	102.67
4	Bolangir	2014-15	322.84	120.88	73.87%	71.79%	119.09	102.35
		2013-14	298.72	103.90	76.17%	73.92%	116.33	100.20
5	Nuapada	2014-15	195.04	67.83	72.96%	73.31%	106.77	103.18
		2013-14	166.86	58.19	74.14%	73.74%	120.63	113.37
6	Sambalpur (East)	2014-15	473.55	268.25	72.32%	44.12%	372.30	117.93
		2013-14	420.04	236.26	71.05%	46.64%	298.79	125.18
7	Bargarh	2014-15	492.65	212.91	72.12%	65.27%	156.51	106.88
		2013-14	466.39	180.44	75.20%	68.87%	144.86	99.37
8	Deogarh	2014-15	98.24	38.38	69.60%	73.03%	113.05	116.67
		2013-14	86.89	41.73	71.47%	71.25%	140.59	124.07
9	Sundergarh	2014-15	234.80	109.03	68.60%	59.35%	188.17	124.49
		2013-14	203.65	84.83	71.08%	62.28%	187.34	121.49
10	Kwed	2014-15	170.44	66.26	67.40%	68.88%	128.26	131.20
		2013-14	140.59	54.99	67.92%	69.66%	139.18	144.89
11	Brajrajnagar	2014-15	304.86	216.51	66.15%	32.00%	354.82	142.35
		2013-14	288.47	210.14	67.27%	30.41%	365.77	143.39
12	Keed	2014-15	234.89	108.10	64.78%	61.65%	177.36	138.38
		2013-14	202.07	90.99	68.62%	64.54%	187.07	143.53
13	Sambalpur	2014-15	394.55	248.44	63.52%	46.78%	309.94	167.37
		2013-14	385.25	212.24	68.21%	53.00%	267.77	144.77
14	Jharsuguda	2014-15	857.77	703.09	63.52%	17.33%	489.05	153.71
		2013-14	812.88	688.35	61.94%	20.25%	517.00	166.87
15	Rourkela-Sadar	2014-15	343.72	219.54	54.15%	39.33%	320.57	204.58
		2013-14	343.11	215.60	57.59%	38.53%	327.88	197.15
16	Rourkela	2014-15	938.40	824.25	51.39%	12.18%	510.93	221.34
		2013-14	875.19	760.05	52.33%	13.03%	493.41	221.23
17	Rajgangpur	2014-15	1095.10	950.24	46.66%	12.75%	487.49	240.04
		2013-14	1098.12	941.65	53.85%	15.26%	491.56	219.94
WESCO Total		2014-15	7053.8274	4552.2	67.72%	39.49%	326.6814	131.41752
		2013-14	6617.85648	4201.06	70.13%	41.42%	326.26219	130.3436

291. The above four tables unravel startling loss levels unacceptable on any ground and in spite of the fact that reforms were initiated nineteen years ago. It is really distressing to observe that the average performance of Odisha DISCOMs is much lower than the national average and also lower than other states Gujarat, Karnataka, Maharashtra, Tamil Nadu, West Bengal and Haryana. Average of employees per thousands of consumers in Odisha is higher than the national average. The Commission is constrained to observe that the most important reason for this shoddy performance is

the complete lack of accountability on the part of employees. This is probably due to the misplaced generosity of the DISCOMs in granting the same benefit and condition of service to employees who joined after the unbundling process in 1995. The DISCOMs were not bound to extend such liberal terms to the employees recruited after the unbundling. This appears to be the major reason for the present crisis.

292. The Commission in their query for FY 2015-16 and also reiterated for FY 2016-17 asked the DISCOMs to furnish information relating to employees service conditions, duties assigned to each person/post, annual performance appraisal procedure, promotion rules and redeployment of personal for operation and maintenance. Unfortunately these details were not furnished by the DISCOMs.

293. High loss level persisting in some divisions for a number of years clearly indicates that DISCOMs have not devised any personnel policy to link incentive / disincentives to performance. In view of the above the Commission directs the following:

1. The service condition for the employees shall be submitted by the DISCOMs by 30th June, 2016.
2. This service condition should clearly lay down the following:
    - (i) A system of incentive / disincentive linked to performance so that non performing employees can be taken to task.
    - (ii) All divisions/sections should be declared as strategic business / profit centre units to earn their own revenue.
    - (iii) Re deployment of existing employees after induction of franchisee in metering, billing and collection activities.
    - (iv) Maintenance of proper database for each employee.
    - (v) The DISCOMs have to prepare division wise performance indicators, graphical representation of employees cost vrs. Revenue vrs. AT&C loss trajectory over five year's period.

The service condition above all should put in place mechanism so as to ensure a co-relation between productivity and remuneration of employees.

Terminal Liability

294. The DISCOMs have projected increase in their terminal liability for the ensuing year FY 2016-17 except NESCO Utility. A comparative position of the approved terminal

liability in ARR of FY 2015-16 vis-a-vis projection made by the DISCOMs for FY 2016-17 is given in the following table:

Table – 31

(Rs. Cr.)

Name of the Company	Approved FY 2015-16	Proposed FY 2016-17	Percentage increase (in %)
WESCO	107.76	134.08	24.42
NESCO	90.96	85.76	-5.72
SOUTHCO	96.95	103.76	7.02
CESU	135.30	167.95	24.13

295. WESCO, NESCO and SOUTHCO Utilities in their submission have stated that the estimate on contribution to the pension fund, gratuity fund and leave encashment to be made for the FY 2015-16 is based on the actuarial valuation carried out by M/s. Bhudev Chatterjee as on 31.3.2014. These licensees while computing the contribution to fund the employee trust, have considered the actual investments as on 01.04.2015, estimated investments as on 01.04.2015, income from investments during the year 2015-16 and the payments to the retiring employees during the year 2016-17. CESU in their submission have stated that the terminal benefit has been considered on the basis of actuarial valuation for the FY 2015-16 and projection has been made towards gratuity@ 8% growth, leave salary as 1 month's salary and pension as per actuarial projection.

296. The Commission has been analysing the expected corpus fund available with the DISCOMs taking into account the provision allowed in the successive tariff orders of the Commission. The expected corpus fund liability as per funds approved in the ARRs from FY 1999-00 onwards till FY 2014-15 is stated in the table below:

Table – 32
Expected Corpus Fund Availability

(Rs. in Cr.)

	WESCO	NESCO	SOUTHCO	CESU
OB As on 01.04.99/Fund transfer from GRIDCO to DISTCOs	70.77	68.00	67.39	138.56
Allowed by the Commission				
1999-00	6.71	5.62	7.78	0.00
2000-01	6.27	7.07	7.07	0.00
2001-02	7.92	7.00	6.63	6.09
2002-03	8.08	7.21	6.81	6.27
2003-04	8.96	7.56	7.57	6.90
2004-05	11.30	8.35	9.40	3.25
2005-06	12.06	8.92	10.03	3.51

	WESCO	NESCO	SOUTHCO	CESU
2006-07	12.07	9.55	9.73	13.19
2007-08	16.36	15.30	13.97	18.28
2008-09	37.02	25.16	24.49	48.10
2009-10	37.04	27.19	20.53	49.68
2010-11	51.81	51.13	58.22	75.84
2011-12	55.91	59.86	60.78	131.39
2012-13	66.13	67.88	68.81	149.84
2013-14	93.21	71.21	55.66	210.50
2014-15	95.38	96.53	77.73	122.89
2015-16	107.76	90.96	96.95	135.30
Sub-Total	633.99	566.50	542.16	845.73
Grand Total	**704.76**	**634.50**	**609.55**	**1119.59**

297. The DISCOMs were asked to submit the actual Corpus fund available up to 31st March 2015. As per the information submitted by the DISCOMs the actual corpus fund available is far less than what actually should have been by 31.3.2015. The following table shows the actual corpus fund available:

Table – 33

(Rs. in Cr.)

Actual Corpus Availability as on 31.03.2015			
DISCOM	**Pension Fund**	**Gratuity Fund**	**Total**
WESCO	111.68	29.35	141.03
NESCO	96.78	13.75	110.53
SOUTHCO	30.36	8.10	38.46
CESU	195.05	29.00	224.05

298. The above two tables reveal that the actual corpus fund available is much less than the expected and requirement. This implies that the amounts allowed by the commission in the successive ARRs are not fully transferred to the corpus fund. Such default by the DISCOMS has put the employee's interest in jeopardy resulting in gross violation of the statutory obligation as per the licence condition. The commission in the Last RST order for FY 2015-16 had directed the DISCOMs to submit their action plan to recoup the deficit and to build up the corpus fund adequately by 30.06.2015. No such action plan was submitted by the DISCOMs. The Commission is therefore of the opinion that DISCOMs have no such plan of action to fill the gap in the corpus fund. Commission is therefore not inclined to allow the full amount of Terminal liability projection and instead allow only the liability on the actual cash out go basis. The DISCOMS were asked to submit actual cash outflow on terminal liability up to Nov 2015. On the basis of their submission the actual liability paid up to Nov 2015 has been prorated for the year and a fifteen percent rise is accorded to arrive at the

estimate for FY 2016-17. The details of terminal liability and approval for FY 2016-17 are given in the table below:

Table - 34
Approval of Terminal Benefit FY 2016-17

(Rs. in Cr.)

Cash Outflow of Terminal Liabilities:	WESCO	NESCO	SOUTHCO	CESU
(From April 2015 to November 2015)				
Pension	38.74	37.12	28.33	68.06
Gratuity & PF	3.34	9.46	4.05	7.17
Leave Salary		2.89	3.25	3.17
Employee Rehabilitation	0.33	1.00		
Total	42.41	50.47	35.63	78.40
Prorated for the FY 2015-16	63.62	75.71	53.45	117.60
Estimate for 2016-17 (15% rise)	73.16	87.06	61.46	135.24

299. Commission accordingly allows following amount towards terminal Liabilities of DISCOMs for FY 2015-16.

Table – 35

(Rs. in Cr.)

Name of the DISCOM	WESCO	NESCO	SOUTHCO	CESU
Amount to be charged to ARR	73.16	87.06	61.46	135.24

300. In light of the discussions in the foregone paragraphs, the Employee cost proposed by the DISCOMs vis-à-vis approval by the Commission for FY 2015-16 is shown in the table below:

Table – 36
Employee Cost

(Rs. in Cr.)

Sl. No	Particulars	WESCO			NESCO			SOUTHCO			CESU			Total		
		Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17
1	Basic Pay + GP	68.78	59.05	59.05	45.65	51.80	45.40	43.80	74.68	43.29	80.81	214.50	81.29	239.04	400.03	229.03
2	DA	83.23	77.36	77.36	55.23	93.37	59.47	53.00	97.83	56.71	97.78	8.58	106.49	289.24	277.14	300.03
3	Other allowance	2.19	3.22	3.22	1.15	4.22	4.22	1.28	2.49	2.49	4.48	5.02	5.02	9.10	14.95	14.95

Sl. No	Particulars	WESCO			NESCO			SOUTHCO			CESU			Total		
		Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17
4	Bonus	0.06	0.06	0.06							0.70	0.24	0.24	0.76	0.30	0.30
5	Outsource Obligation		2.54	2.54	1.80	19.48	1.80		1.77	1.77		2.38	2.38	1.80	26.17	8.49
6	Contractual Obligation	2.31	3.16	3.16	5.10	13.26	6.31	1.46	19.12	12.00	9.98	9.51	9.51	18.85	45.05	30.98
7	Total Emoluments (1 to 6)	156.57	145.39	145.39	108.93	182.13	117.20	99.53	195.89	116.25	193.75	240.23	204.94	558.79	763.64	583.78
8	Reimbursement. of medical expenses	3.44	2.95	2.95	2.28	3.56	2.27	2.19	4.23	2.16	4.04	10.73	4.06	11.95	21.47	11.45
9	Leave Travel Concession	0.01	0.03	0.03	0.30	0.30	0.30	0.08	0.09	0.09	0.46	0.02	0.02	0.85	0.44	0.44
10	Reimbursement of HR	10.32	10.63	8.86	6.85	14.26	6.81	6.57	14.19	6.49	12.12	25.74	12.19	35.86	64.82	34.35
11	Encashment of Earned Leave	0.02							0.31	0.31				0.02	0.31	0.31
12	Honorarium	0.06	0.16	0.16					0.01	0.01				0.06	0.17	0.17
13	Payment	0.16	0.20	0.20	0.20	0.20	0.20	0.65	0.65	0.65	0.82	1.37	1.37	1.83	2.42	2.42

Sl. No	Particulars	WESCO			NESCO			SOUTHCO			CESU			Total		
		Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17
	under workmen compensation Act															
14	Ex-gratia	0.08	0.08	0.08	1.19	2.60	2.60							1.27	2.68	2.68
15	Other Staff Costs		0.50	0.50	0.87	0.35	0.35	0.29	0.36	0.36	3.35	1.21	1.21	4.51	2.42	2.42
16	Total Other Staff Costs (8 to 15)	14.09	14.55	12.78	11.69	21.27	12.53	9.78	19.84	9.77	20.79	39.07	18.86	56.35	94.73	54.25
17	Staff Welfare Expenses	0.68	0.84	0.84	0.78	1.28	1.28	2.91	3.30	3.30	0.10	3.14	3.14	4.47	8.56	8.56
18	Terminal Benefits (Pension + Gratuity + Leave)	107.76	134.08	73.16	90.96	85.76	87.06	96.95	103.76	61.46	135.30	167.95	135.24	430.97	491.55	356.92
19	Total (7+ 17+ 18+ 19)	279.09	294.86	232.16	212.36	290.44	218.07	209.17	322.79	191.09	349.95	450.39	362.17	1050.57	1358.48	1003.50
20	Les: Empl. cost capitalize	3.77	3.47	3.47	1.50	1.95	1.95	0.86	0.97	0.97	6.01	16.74	16.74	12.14	23.13	23.13

Sl. No	Particulars	WESCO			NESCO			SOUTHCO			CESU			Total		
		Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17	Approved for FY 2015-16	Proposed for FY 2016-17	Approved for FY 2016-17
	d															
21	Total Employees Cost	275.32	291.39	228.69	210.86	288.49	216.12	208.31	321.82	190.12	343.94	433.65	345.43	1038.43	1335.35	980.37

301. The Commission observes that past defaults shall be met from arrear collections after meeting arrear energy charges unless decided otherwise by Commission. The ratio shall be decided in consultation with GRIDCO for relaxation of escrow.

302. The total employee cost of four DISCOMs approved for FY 2015-16 was Rs.1038.43 crore. DISCOMs have proposed total employee cost of Rs.1335.35 crore for FY 2016-17 The Commission now approves Rs. 981.26 crore as total employee cost for FY 2016-17 against Rs.1038.43 crore approved for FY 2015-16. It is directed that any rise in employee cost other than that approved shall have prior approval of Commission and if Govt. rules existing are satisfied unless Commission decides otherwise.

Administrative and General Expenses

303. The Administrative and General Expenses covers property related expenses, Licence Fees to OERC, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The DISCOMs have projected their estimates for FY 2016-17 in their ARR in the following manner which are compared with approved A&G expenses for previous FY 2015-16.

Table - 37

(Rs. in Cr.)

A&G Expenses	Approved 2015-16			Ensuing year FY 2016-17 (Proposed)		
DISCOM	**Normal A&G**	**Additional A&G**	**Total A&G**	**Normal A&G**	**Additional A&G**	**Total A&G**
WESCO	29.09	6.75	35.84	58.08	12.08	70.16
NESCO	19.45	7.75	27.20	41.23	11.77	53.00
SOUTHCO	16.75	5.75	22.50	30.97	34.76	65.73
CESU	41.93	9.75	51.68	96.72	0.95	97.67

304. WESCO Utility, NESCO Utility & SOUTHCO Utility have submitted that they have forecasted the A&G expenses for FY 2016-17 based on actual expenses till September, 2015 as against the approved A&G expenses including special additional expenditure towards customer care, IT automation for FY 2015-16.

305. The A&G expenses for ensuing year have been forecasted based on estimated expenses to be incurred for the FY 2015-16 in line with the Commission's earlier orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase on account of inflation over the approved A&G expenses for FY 2015-16. They have proposed to undertake following initiatives for the ensuing year to be met under A&G expenses.

NESCO & WESCO Utilities

– Installation of Remote Visual Display Unit (RVDU) – The basic features for such installations would be display of load of major EHT and GRID sub-station, open access drawl, historical drawl data and information regarding shut down and breakdowns. This would also generate required reports of schedule, drawl, frequency, UI, transmission losses and wheeling charges.
– Energy Audit
– IT Automation – NESCO Utility has decided to create own structure towards billing software including hardware and maintenance.
– Cess as per the building and other construction workers (RE&CS Act, 1996)
– Engagement of Franchisee –WESCO Utility proposes to convert all existing franchisee to new model which is revenue based franchisee model.

SOUTHCO Utility

– Annual Inspection Fees of Lines and substations.
– Operational initiatives such as enterprise wise energy audit, installation of AMR for all 3 phase consumers, intensification of vigilance and enforcement activities.
– Demand Side Management
– Cess as per the building and other construction workers (RE&CS Act, 1996)

CESU

– Additional A & G expenses have been proposed towards contribution to distribution franchisee currently in operation in 14 divisions, sharing of BOT model.

306. The Commission in its order on MYT principles for the second Control period FY 2013-14 to FY 2017-18 in its order dated 20.03.2013 have decided to the following effect.

> *"16.3 Commission during the third MYT control period would continue to allow normal A&G expenses at the rate of 7% escalated over the approved base year value of the previous year. Commission may also approve additional expenses in addition to the normal A&G expenses for special measures to be undertaken by the DISCOMs towards reduction of AT&C losses and improving collection efficiency after prudent check."*

307. The Commission observes that A&G expenses is a controllable cost as defined in the MYT order and the DISCOMs would not be allowed more than the approvals in the truing up exercise. The DISCOMs should make efforts to spend A&G expenses prudently and put efforts to curb wasteful and avoidable expenses. The Commission further observes that with the declining employee base, computerized and IT automation, the A&G expenses should be declining over the years. Moreover, the sales have come down in recent years hindering growth in business and restricting further expenditures. Commission in previous ARR approvals have been allowing additional expense towards Customer Care, Expenses on IT automation, inspection fees towards SI Works and compensation for electrical accidents.

308. Commission scrutinised the proposal towards A&G and Additional A&G expenses for the ensuing year i.e. FY 2016-17. An escalation of 7% over the normal A&G expenditure for the last year tariff in terms of the MYT order for the current control period has been considered subject to condition that this shall not be used for payment of salary in any form. All activities should be outsourced. Conveyance expenses need to be brought down till situations improve. Restrictions need to be in place in form of austerity measures to control conveyance and other avoidable expenses.

Energy Police Station (EPS)

309. Commission in its query asked DISCOMs to give a detailed note on the effectiveness of EPS, revenue realised and expenses incurred. DISCOMs have given information which is summarised below:

Table - 38
Energy Police Stations – Efficiency

DISCOMs	No. of police Station	No of Cases Registered during FY 2015-16 up to Nov 2015	Reimbursement claim of Govt. of Odisha against EPS during FY 2014-15	Amount realised due to action of EPS u/s 135 of EA, 2003 for 2014-15.
WESCO	10	40	Nil	Rs.0.05 cr
NESCO	5	94	Nil	Nil
SOUTHCO	10	192	Nil	Rs.0.33 cr
CESU	8	207	Rs.1.01 cr (partly claimed)	Rs.3.78 cr

310. The above table reveals the inadequacy and consequential in-effectiveness of EPS across the all four DISCOMs. The establishment expenses claimed by Govt. of Odisha as reimbursement is higher than the amount realised due to the action under section 135 of the Electricity Act. Moreover the reimbursement is partly claimed by Govt. of Odisha and if claimed fully the establishment cost would be much higher and the revenue realisation due to EPS would be far less. This puts a big question mark on the effectiveness and continuance of EPS contrary to the purpose they were created thereby defeating the spirit of Electricity Act.

311. Commission in its query had also asked DISCOMs to give a brief note regarding functioning of Energy Police Stations in their respective areas. All the DISCOMs have submitted that EPS are not functioning properly even though minimum amenities like higher expenses on vehicle for day to day functioning, office accommodation and A&G expenses are being provided. Most of the EPS are working even less than half of their sanctioned strength. The DISCOMs in their ARR proposal have made suggestions to improve functioning of the EPS like fixation of responsibility and accountability, periodic performance review, provision of adequate manpower, training, exclusive job as per Electricity Act, assisting employees of DISCOMs, achievable target setting, periodical return and many other activities.

- Job responsibilities of the staff posted to Energy Police Stations should be redefined to include

- Assistance to the employees of DISCOMs in overall improvement of revenue
- Extending security to employees while on duty for disconnection, checking de-hooking, theft detection drive etc.
- Village energy inspection improvement drive.
- The CVO of DISCOM may be invited to the monthly crime meeting of District Superintendent of Police to review the performance of Energy Police Station.
- Periodical return (MIS) on various activities of EPS including the roster of duties of the staff may be furnished to a designated officer of DISCOM.
- Targets for registration of cases and collection of revenue in association with the DISCOM employees may be set for each Energy Police Station.

312. In the existing situation, the EPS are in no way accountable to the DISCOMs and cases are not registered for a long time due to absence of staff. Staffs of EPS are regularly engaged in Law and Order duties, VIP duties, festival duties etc. The EPS contribute nothing in the realisation of revenue since whenever any criminal case is registered under section 135 of the Electricity Act, 2003 the amount assessed under section 126 by Executive Engineer / SDOs are collected by DISCOMs staff. The general police stations avoid responsibility on electricity matters due to presence of EPS.

313. Even though all the Energy Police Stations have been activated there is no reduction in AT&C losses. Commission therefore feels that there has to be a radical change in the entire set up of Energy Police Station in order to make them accountable and contribute effectively to loss reduction. Commission has also advised Govt. of Odisha to delink the officials posted in Energy Police Stations from the general law and order duties. These officials must be directly responsible and report to the Licensee and should not be diverted other than prevention of theft of electricity. In this regard the Commission have suggested Govt. of Odisha to create a senior position. Therefore, Commission does not recognize the establishment's contribution to the state consumers and therefore not inclined to load legitimate consumers for inefficiency of EPS. Commission is not inclined to pass on any expenses on EPS in the ARR for the ensuing FY 2016-17.

314. **IT Intervention –** NESCO, WESCO & SOUTHCO Utilities in their ARR submission has stated that after the revocation of the license in these three distribution companies on 04.03.2015, metering, billing activity is still run by erstwhile Reliance Infra through their software. These three distribution companies have now decided to create its own IT structure including hardware, software and maintenance support. This scope of work includes setting up of IT infrastructure for collection of base line energy and renews data. The IT infrastructure would be set up at data centre and other offices of three DISCOM Utilities which would form the platform for subsequent automation. Tenders have already been floated to identify developers but nothing has been finalized as yet.

315. The Commission expressed their displeasure on the non implementation of its order dated 04.03.15 which stated that "All the data bases relating to licensed functions including consumer details, billing, collection, network and asset details, financial transaction shall be taken over by the Administrator both from the CSO Office at Bhubaneswar and Corporate offices at respective Headquarters".

316. The Commission in its letter nearly one year back, dated 23.4.2015 wrote to the Administrator, WESCO, NESCO & SOUTHCO Utilities regarding establishment of independent server/ IT infrastructure for each Utilities to be taken up in a timely manner so as to ensure minimal public inconvenience and utmost care for migration of data / information into the new system/ server. The Commission also stated that a 3rd Party audit/certification to the above effect i.e. 100% migration of user data/information from the old server to the new server and the correct segregation of such consumer data among the three Utilities must be done through the help of an independent auditor / consultant. A detailed time schedule for the above process was also required to be furnished.

317. However, no such compliance with detailed time schedule was furnished by the DISCOMs. During the hearing process also many objectors pointed out to the continuance of the billing software of Reliance Infra even after passage of one year of the revocation period. The Commission again in its letter dated 18.02.2016 directed to submit a report to the Commission by 29th February, 2016 stating the reasons for continuing with the centralized billing server and related software and its further renewal after so many months of revocation of licenses. Inspite of lapse of such dateline no explanation has been given by the DISCOMs.

318. It is hereby therefore directed that pending development of their own software the three DISCOMs (WESCO, NESCO & SOUTHCO Utilities) should immediately de-link themselves from the billing software of Reliance Infra and adopt the existing software of CESU and this process should be positively completed by 31.5.2016. Later the three DISCOMs may decide whether they will continue with CESU software for billing or develop their own software.

319. The Commission is of the opinion that intervention of IT is important to manage information and increase efficiency by eliminating human error. This should be strengthened. On scrutiny of the actual expenses incurred by the DISCOMs on this during the current year up to November, 2015, it is seen that all the DISCOMs have spent very small amount on automation. With emphasis on this sector, Commission allows Rs.2.00 crore to each DISCOM for undertaking various automation and IT initiatives for FY 2016-17 and directs that the amount must be utilised at base level offices to provide advantage to consumers and field officers.

320. **Electrical Accidents -** Commission observes that a number of electrical related accidents and deaths are reported in the various electronic and print media from time to time. Commission also receives large number of petitions of such accidents and compensation related issues regarding related to such accidents. Section 53 of the Act mandates adequate protective measures to be adopted by the licensees. The DISCOMs should take necessary precaution in order to minimise these electrical accidents and compensate the victims quickly as provided in Regulation and Rules. DISCOMs are advised to procure the safety equipment of adequate nos. of sets for each section and insist upon and train their staff to take precautionary measures for electrical safety. They should deploy licensed personnel in installation and insist on valid license copy during career advancements. DISCOMs should take advantage of the trainings conducted for the purpose. The Commission allowed Rs.0.25 crore to each DISCOM towards compensation for electrical related accidents during FY 2015-16 pending issue of guidelines for compensation towards electrical accidents by the State govt. On scrutiny of the actual expenses incurred by the DISCOMs on this account it is seen that DISCOMs have not incurred any expenses on this account. In view of this, Commission allows Rs.0.25 crore to each DISCOMS towards compensation for electrical accidents for the FY 2016-17. The fees on statutory inspections shall be met from the O & M expenses. Alternatively, Govt. may take appropriate decision to

either reduce or waive the fees on inspection and instruct Electrical Inspectorate to bring out the deficiencies in installations for the benefit of public.

321. **AT&C loss reduction activities, pole scheduling, consumer indexing, distribution network mapping including Energy Audit**

The Commission is of the opinion that Energy Audit is a techno commercial activity required to be scrupulously implemented by DISCOMs so that the financial condition of them shall be viable. It is observed that the loss reduction performance of the all the DISCOMs are poor. During the review of performance of the DISCOMs it is seen that none of the licensees have taken energy auditing seriously. The overall AT&C losses are stated to be still hovering around 40%. Commission reiterates its stand on energy audit in all feeders to bring down the losses. The performance of DISCOMs on Energy Audit front needs closer involvement of the Management/Staff's for making the functioning of company viable. To emphasize, the Commission directs that the achievement in energy audit shall be a part of performance indicators of all officers and employees and recorded in personal reports for extension of service related benefits. HR wing of the DISCOMs are to act accordingly.

In order to have an appropriate energy accounting procedure and plug the leakages, Commission has been directing DISCOMs to conduct energy audit in the past orders. In absence of energy audit there is no scope to ascertain losses and sales and particularly controlling theft and commercial losses. In spite of repeated directions to conduct energy audit, the progress of all the four DISCOMs on this account is not upto the mark, more severe in SOUTHCO and WESCO Utilities. The Commission had allowed Rs. Rs.5.00 crore, Rs.6.00 crore, Rs.4.00 crore and Rs.8.00 crore to WESCO, NESCO, SOUTHCO Utilities & CESU respectively in the last RST order. This amount should have been utilized to undertake metering of the feeders and DTRs. The Commission in view of such a lackadaisical approach to conduct energy audit expresses displeasure on the management. The financial viability cost of electricity and quality as mandated under the Act and Tariff Policy of Govt. of India is frustrated due to inaction of the licensees to implement the orders. Therefore, Commission directs that achievement in Energy Audit shall be one of the performance indicators of officers involved in technical and financial activities of DISCOMs. The Commission further directs that the DISCOMs should complete pole scheduling, consumer indexing, distribution network mapping linking with indexed consumer and also ensure that reliable & correct meters are installed at all points of consumption for the purpose of Energy Audit to identify revenue leakage. Commission shall also review progress aggressively and pass suitable directions from time to time if orders are not complied.

In view of the importance of energy audit activity Commission allows Rs.32.00 crore, Rs.16.00 crore, Rs.18.00 crore and Rs.32.00 crore to WESCO, NESCO, SOUTHCO Utilities & CESU respectively towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses as mentioned in the table below.

322. **Training of Personnel out of normal A&G expenditure**

Capacity building of employees and officers are an urgent need for development of the organization. This is more important in view of the fact that knowledge on evolving technologies and best practices being used by the other organizations are efficiency accelerators. Commission, therefore, gives importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities should have a calendar of training schedule for their employees to take their task efficiently. In spite of past orders, no visible action has been taken. Organising training and efficiency improvement of employees' measurement should be an indicator of HR performance. Commission, therefore, provided Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses for FY 2015-16 for the respective DISCOMs. Commission in line with last year's order directs Licensees to earmark Rs. 50 lakh towards training programme for FY 2016-17. The copy of training calendar for the year 2016-17 shall be submitted to the Commission by 31st May, 2016. Failures need to be recorded in the performance of HR Head.

In view of the observations as above, the total A&G expenses allowed for FY 2016-17 to the DISCOMs are summarized below:

Table – 39
A & G Expenses Approved for FY 2016-17

(Rs. in Crore)

A & G Expenses Approved for FY 2016-17	WESCO	NESCO	SOUTHCO	CESU
Normal A&G expenses (Escalated @7% over FY 2015-16)	31.13	20.81	17.92	44.87

A & G Expenses Approved for FY 2016-17	WESCO	NESCO	SOUTHCO	CESU
Additional expenses:				
Expenses for Customer Care Centers/ Call Centers	1.00	1.00	1.00	1.00
AT&C loss reduction activities, pole indexing including Energy Audit	32.00	16.00	18.00	32.00
Automation/IT expenses	2.00	2.00	2.00	2.00
Inspection Fee towards SI works	0.25	0.25	0.25	0.25
Compensation for Electrical Accidents	0.25	0.25	0.25	0.25
Total Additional Expenses	35.50	19.50	21.50	35.50
Total A&G expenses	66.63	40.31	39.42	80.37

Repair and Maintenance Expenses

323. The distribution companies in their ARR and tariff petition for FY 2016-17 have proposed higher requirement for R&M over the previous year's approved expenses as follows:

Table – 40
R & M Proposal for FY 2016-17

(Rs. in Cr.)

R&M Proposal FY 2016-17	Approved for FY 2015-16	Proposed for the Year 2016-17	% rise proposed over FY 2015-16 approved figure
WESCO	44.24	58.58	24.48%
NESCO	61.05	73.30	16.71%
SOUTHCO	31.93	103.12	69.04%
CESU	79.64	99.98	20.35%
TOTAL	**216.86**	**334.98**	**35.26%**

324. The Commission has been analyzing the spending in R&M by the Licensees, through the information available in the audited accounts of the companies. The audited figures in respect of all the four DISCOMs up to FY 2013-14 are available with the Commission. Audited accounts for the FY 2014-15 for CESU is available whereas WESCO, NESCO and SOUTHCO Utilities have submitted the provisional accounts for the FY 2014-15. The approved and audited figures under R&M expenses are given in the table below.

Table – 41
R & M Expenses

(Rs. in Cr.)

R&M Expenses	WESCO Utility		NESCO Utility		SOUTHCO Utility		CESU	
Years	Approved	Audited	Approved	Audited	Approved	Audited	Approved	Audited
99-00	14.43	15.90	14.22	16.19	12.63	13.39	19.05	24.01

R&M Expenses	WESCO Utility		NESCO Utility		SOUTHCO Utility		CESU	
Years	Approved	Audited	Approved	Audited	Approved	Audited	Approved	Audited
00-01	14.43	10.25	14.22	11.02	12.63	7.31	19.57	19.92
01-02	13.62	10.12	16.32	7.02	15.57	9.29	23.43	15.6
02-03	15.33	8.04	14.62	5.65	16.82	6.43	22.11	25.04
03-04	16.89	16.27	17.59	8.84	16.38	9.93	24.12	21.22
04-05	17.28	12.85	17.66	11.13	13.25	8.43	31.95	20.27
05-06	21.30	9.61	22.63	11.21	18.55	6.07	33.67	12.26
06-07	24.25	12.44	24.48	12.88	17.35	5.54	41.31	22.09
07-08	23.82	12.37	24.43	13.00	18.38	5.50	43.64	25.11
08-09	25.66	17.90	25.87	20.86	19.08	7.79	41.87	34.79
09-10	27.01	18.01	27.88	22.79	20.73	11.59	40.46	28.45
10-11	34.77	16.56	37.22	19.26	26.11	13.09	51.19	29.38
11-12	36.81	18.04	47.46	16.39	28.47	8.28	56.77	28.92
12-13	40.06	14.71	51.17	17.52	28.28	8.97	57.78	27.12
13-14	51.30	19.73	56.73	16.16	43.53	15.02	81.87	55.55
14-15	44.24	17.68	61.05	19.90	31.93	40.76	79.64	33.14

Note – *The audited accounts for the FY 2014-15 of NESCO, WESCO & SOUTHCO Utilities are provisional*

325. The above table reveals that DISCOMs are spending much less than what is being approved by the Commission in the ARRs. During last few years, the spending on R&M expenses is less than 50% of the amount approved by the Commission. It is to be mentioned that collection of lower revenue is due to their own malady and inaction and there is no way external intervention can remove this. Consumer's trust in protecting and maintaining system is their responsibility. This shows negligence in repair and maintenance activities essential to maintain the network and ensure quality and reliable supply to the consumers. In the current year all the DISCOMs have spent less amount towards R&M. DISCOMs have stated that due to insufficient revenue in the Escrow account, they have not been able to avail the escrow amount due. The following table shows escrow relaxation due and relaxation availed on account of R& M during the year:

Table – 42
Escrow Relaxation on R&M for FY 2015-16

(Rs. in Cr.)

	WESCO Utility	NESCO Utility	SOUTHCO Utility	CESU
Relaxation Due	44.24	61.05	31.93	79.64
Relaxation Availed	22.07	25.40	4.03	0
	Upto sep -15	Upto sep -15	Upto sep -15	Upto sep -15

326. Timely and efficient R&M activities are essential to the availability of the distribution network. Commission expects a better system through higher allocations but the

activities have to be monitored at field level. In case of fulfilment of revenue projection there is no difficulty in adequate ESCROW relaxation to meet R&M, which the DISCOMs should strive.

327. The Commission, therefore, allows the R&M expenses as per MYT order for the second Control FY 2013-14 to FY 2017-18 in its order dated 20.03.2013 and have decided therein to the following:

> *"16.2 In view of the above, the Commission during the third control period would continue to grant R&M at the rate of 5.4% on Gross Fixed Asset added during the year. As regards the R&M expenses for the assets added under RGGVY and BGGY programme Commission may provisionally allow an amount for maintenance of these assets during the third control period.*
>
> *Commission may also allow special R&M during this control period in order to enable DISCOMs to undertake critical activities such as loss reduction, energy audit, Consumer Indexing, Pole scheduling and all such activities deemed necessary for the up-gradation of network."*

328. In the FY 2016-17, WESCO, NESCO, SOUTHCO Utilities and CESU have proposed following amounts towards asset addition.

Table – 43
Proposed addition of Fixed Assets FY 2015-16

(Rs. in Cr.)

Proposed Capital exp. And addition of Fixed Assets FY 2015-16	WESCO		NESCO		SOUTHCO		CESU	
	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition
Land Building Furniture and Fixtures	3.00	3.00	0.97	0.97	2.66	2.66		
RE/LI/MNP		0.23				1.84		
PMU						3.86		
APDRP						0.60		
RAPDRP (A)							13.20	5.28
RAPDRP (B)							24.81	9.92
S.I. Scheme	6.66	6.40	0.50	24.17		3.34		
Deposit work	71.73	35.86	85.20	87.53	9.75	5.44	96.66	91.21
RGGVY	59.59	35.76						
DDUGJY	89.6	44.80			36.73	18.37		
NH					1.8	0.95		
Biju Gram Jyoti							7.72	27.63
Biju Sahar BY							0.20	2.31
DESI (GoO)	7.28		16.11	13.02			23.76	19.12
RLTAP					15.04	7.52		
Capex Plan (GoO)	148.72	76.90	56.22	155.60	92.08	133.84	76.06	50.27
IPDS					21.59	10.80		
ODSSP					33.25	16.63		
School /Anganwadi							5.00	3.83
Cyclone Restoration							15.98	20.53
Elephant corridor					0.69	0.35	9.92	5.54

Proposed Capital exp. And addition of Fixed Assets FY 2015-16	WESCO		NESCO		SOUTHCO		CESU	
	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition
Other works		4.54			41.43	102.11		
Total	**386.58**	**207.50**	**159.00**	**281.29**	**255.02**	**308.31**	**273.31**	**235.64**

329. In order to approve asset addition during FY 2015-16, scheme wise asset addition considered by the Commission are discussed below:

330. **RGGVY & Biju Gram Jyoti Scheme -** The asset addition under these Schemes shall be entirely funded by Govt. of India and Govt. of Odisha and the projects are being implemented by the Central PSUs as per the terms of agreement. Once the assets are handed over to the Licensees they would be responsible to operate and maintain those assets. As regards R&M of the assets, Commission in its tariff order for FY 2009-10 observed that the State Govt. should provide revenue subsidy to the DISCOMs to compensate for undertaking such non remunerative work under RGGVY & Biju Gram Jyoti Scheme. DISCOMs in their present petition for the ARR of FY 2016-17 have submitted that Government of Odisha have not provided any revenue subsidy for undertaking works under RGGVY & Biju Gram Jyoti Scheme. They have further submitted that if such funds are not provided by the State Government, they would not be able to effect proper maintenance of RGGVY and BGJY assets which has been entrusted by the terms of agreements made by the GoO, GoI and DISCOMs. DISCOMs were advised to approach State Government in this regard for obtaining revenue subsidy. DISCOMs have submitted that the provisional additional amount of RS.5.00 cr. to each DISCOM is not enough given the arrear over which the RGGVY assets have been spread out. There would also be addition of RGGVY consumers across all the DISCOMs in the ensuing year.

331. In view of such a stalemate Commission in line with advice in ARR 2012-13, again advises Government of Odisha to share its obligation to provide quality supply to the lifeline consumers as mandated in the Electricity Act 2003. Government of Odisha therefore may consider allocating revenue subsidy in order to enable Licensees to maintain and operate these lines. Commission is not sure of addition of the exact quantum of assets under RGGVY & Biju Gram Jyoti Scheme for the purpose of determination of R&M and depreciation during FY 2015-16. The Commission therefore in order to maintain the assets under RGGVY & Biju Gram Jyoti Scheme,

which continue to be with the Govt. of Odisha, allows Rs. 5.00 each to WESCO, NESCO, SOUTHCO Utilities and CESU respectively.

332. The RE/LI, APDRP, PMU schemes are ongoing schemes. Hence, Commission allows the asset addition as proposed by the licensee.

333. **System Improvement Scheme –** WESCO, NESCO and SOUTHCO Utilities have proposed asset addition of an amount of Rs.6.40 cr., Rs.24.18 cr. and 3.34 cr. respectively under system improvement scheme. In reply to the query, the DISCOMs submitted the actual amount of drawl of SI loan by end of January, 2015 from REC. After discussions with the licensees, Commission allows asset addition on SI ongoing projects. WESCO and NESCO Utilities are accordingly allowed Rs.6.00 cr. and Rs.24.18 cr. as asset addition under S.I. Scheme.

334. **Deposit works -** WESCO, NESCO, SOUTHCO Utilities and CESU have proposed asset addition under deposit work to the tune of Rs.35.86 cr., Rs.87.53 cr., Rs. 5.44 cr. and Rs.91.21 cr., respectively. After discussions with the DISCOMs, Commission allows Rs. 57.38 cr., Rs. 62.65 cr., Rs.2.56 cr and Rs.19.27 to WESCO, NESCO, SOUTHCO Utilities and CESU respectively as asset addition towards deposit works.

335. **Capex Plan (GoO) -** WESCO, NESCO, SOUTHCO Utilities and CESU have proposed asset addition under Capex Plan (GoO) to the tune of Rs.76.90 cr., Rs.155.60 cr., Rs.133.84 cr. and Rs.50.27cr., respectively. After analysis of actual capital expenditure and asset addition, Commission allows Rs.70.00 cr., Rs.108.73 cr., Rs.47.80 cr. and Rs.13.90 cr. to WESCO, NESCO, SOUTHCO Utilities and CESU respectively as asset addition towards Capex Plan (GoO).

336. In view of the discussions above, the asset addition during FY 2015-16 is determined and approved as detailed below:

Table – 44
Approved addition of Fixed Assets for FY 2015-16

(Rs. in Cr.)

Assets	WESCO	NESCO	SOUTHCO	CESU
Land Building Furniture and Fixtures	1.00	0.43	1.10	
RGGVY				
Biju Gram Jyoti				3.08
RE/LI/MNP	0.25			
PMU				
APDRP				

Assets	WESCO	NESCO	SOUTHCO	CESU
System Improvement	6.00	24.18		
Deposit work	57.38	62.65	2.56	19.27
Metering & others				
RGGVY				
Biju Gram Jyoti			18.78	
Biju Saharanchal			1.50	0.1
DESI (GoO)		13.02	1.87	4.53
Capex Plan (GoO)	70.00	108.73	47.80	13.90
Elephant Corridor				
School Anganwadi				0.52
National Highway			2.50	2.82
RLTP			6.55	
Other works (including PMGY)	4.50		4.05	
Total	**139.13**	**209.01**	**86.71**	**44.20**

337. The Gross Fixed Assets as on 01.04.2016 calculated on the basis of the asset addition allowed in the above table is given as below:

Table – 45
Gross Fixed Assets

(Rs. in Cr.)

Gross Book Value	WESCO	NESCO	SOUTHCO	CESU
As on 01.04.1996	139.87	137.89	122.41	188.70
Addition of Fixed Assets (Audited)				
1996-97	13.74	13.54	12.02	18.53
1997-98	16.84	16.60	14.74	22.72
1998-99	0	0	0	0
1999-00	53.32	41.11	37.53	87.16
2000-01	19.90	26.83	13.8	85.09
2001-02	19.58	30.63	20.72	67.25
2002-03	21.31	30.55	7.64	127.01
2003-04	35.14	28.63	12.60	88.42
2004-05	71.74	55.09	39.78	66.26
2005-06	23.52	30.20	13.89	-95.95
2006-07	22.21	30.73	11.10	22.57
2007-08	24.79	32.49	18.91	35.52
2008-09	35.16	92.14	31.85	38.68
2009-10	38.07	101.33	10.70	52.29
2010-11	42.46	64.65	11.46	71.59
2011-12	31.01	59.71	7.32	112.29
2012-13	37.04	75.44	9.00	137.17
2013-14	57.79	60.81	7.58	176.63
2014-15 (*provisional)	*93.41	*76.31	*32.12	273.02
2015-16 (estimated)	139.13	209.01	86.71	44.20
Total upto 2015-16	**936.03**	**1213.69**	**521.88**	**1619.15**

338. The position of Gross Fixed Asset as on 01.04.2015 were computed based on their audited accounts available for the previous years. Taking into consideration the addition of assets during the FY 2015-16 and the position of GFA as on 01.04.2016, the approved R&M for FY 2016-17 is given in the table below:

Table – 46
R&M for FY 2016-17

(Rs. in Cr.)

R&M for FY 2016-17	WESCO Utilities		NESCO Utilities		SOUTHCO Utilities		CESU	
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
Gross fixed asset as on 01.04.2016	1084.80	936.03	1357.42	1213.69	811.13	521.88	1783.38	1619.15
% of GFA	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
R&M on GFA	58.58	50.55	73.30	65.54	43.80	28.18	96.30	87.43
Special R&M for addition of RGGVY and BJGY assets		5.00		5.00		5.00		5.00
R&M for FY 2016-17		**55.55**		**70.54**		**33.18**		**92.43**

339. Over and above normal R&M expenses allowed on the basis of 5.4% of GFA, Commission allows a sum of Rs.5.00 cr. provisionally towards R&M expenses to each of the four DISCOMs on account of asset addition under RGGVY and BGJY in line with the previous year's subject to detailed scrutiny in next tariff proceedings. From the filing it is revealed that no asset under RGGVY or BGJY has been transferred to the Licensees. These assets continue to be with the Government. The Commission in line with the previous orders allows a sum of Rs.5.00 cr. for FY 2016-17 also provisionally towards R&M expenses to each of the four DISCOMs on account of maintenance of assets under RGGVY and BGJY.

Interest on Loan

340. The source-wise loans and interest burden as proposed by the four DISCOMs for FY 2016-17 is given in the table below:

Table – 47
Proposed Interest on Loans for FY 2016-17

(Rs. in Cr.)

Source	WESCO	NESCO	SOUTHCO	CESU
GRIDCO loan	-	-	-	-
World Bank loan	11.82	10.38	8.57	136.35
Gridco New Loan			5.24	
APDRP Net of 50% grant GoO)	0.66	0.76	0.72	19.60
R-APDRP LOAN Counterpart Funding	-	-	-	9.10

Source	WESCO	NESCO	SOUTHCO	CESU
REC/PFC (Counter Part Funding APDRP) and SI Scheme	-	-	0.29	-
Interest on security deposit	50.46	44.51	14.11	48.98
CAPEX (REC)				
Govt. of Orissa Capex loan	7.50	7.37	3.35	9.97
Working Capital Loan				
Other interest including SOD interest and finance charges	37.66	29.52	12.49	-
Total interest before capitalization	108.10	92.54	44.77	224.00
Less: Interest Capitalized	-	-	-	19.31
Total Interest proposed	108.10	92.54	44.77	204.69

World Bank Loan

341. In line with the Commission's previous order, the licensees have calculated the interest on World Bank Loan @ 13%, considering 30% of loan as grant and balance 70% as loan. WESCO, NESCO, SOUTHCO & CESU have proposed interest liability towards World Bank loan of Rs.11.82 cr., Rs.10.38 cr., Rs.8.57. cr. and Rs.136.35 cr. respectively. Besides the WESCO, SOUTHCO and CESU have projected repayment loan liability of Rs.9.10 Cr., Rs.7.26 Cr. and Rs.16.36 Cr., respectively. The loan balance (Net of 30% grant) as projected by the DISCOMs along with the interest for the FY 2016-17 is as follows:

Table – 48

(Rs. in Cr.)

World Bank Loan	Loan as on 31.3.2015	Receipt during 2015-16	Repayment Due in 2015-16	Loan as on 31.3.2016	Receipt during 2016-17	Repayment Due in 2016-17	Loan as on 31.3.2017	Interest for FY 2016-17 (Proposed)	Interest for FY 2016-17 (Approved)
WESCO	90.95	0	0	90.95	0	9.10	81.85	11.82	11.23
NESCO	91.27	0	0	91.27	0	0	91.27	10.38	11.87
SOUTHCO	72.59	0	0	72.59	0	7.26	65.33	8.57	8.96
CESU	204.51			204.51			204.51	136.35	26.59
Total	459.32	0.00	0.00	459.32	0.00	16.36	442.96	167.12	58.65

Accelerated Power Development Reform Programme (APDRP)

342. Licensees in their filling have submitted that no amount has been estimated to be spent under APDRP scheme during the ensuing year FY 2016-17. The interest liability on APDRP has been considered on the adjusting loan only @ 12% for Govt. of Odisha loan and @13.5% on the loan received from REC/ PFC.

343. The interest liability on loans from GoO & REC/PFC is computed on the basis of the actual expenditure of APDRP during the current year and balance expenditure to be

incurred during the ensuing year. The DISCOMs have not projected any receipts on account of APDRP loan from GoO or REC/PFC during the years FY 2015-16 & 2016-17. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2016-17 are tabulated below:

Table - 49

(Rs. in Cr.)

APDRP	Balance upto FY 2014-15		Receipt during FY 2015-16 & 2016-17		Repayment during FY 2015-16 & 2016-17		Balance upto FY 2016-17		Interest due for FY 2016-17		Total interest approved for FY 2016-17
	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	
WESCO	12.14	-	-	-	-	-	12.14	-	1.46	-	**1.46**
NESCO	6.37	-	-	-	-	-	6.37	-	0.76	-	**0.76**
SOUTHCO	6.63	-	-	-	0.33	-	6.30	-	0.78	-	**0.78**
CESU	37.09	5.49	-	-	-	-	37.09	5.49	4.45	0.66	**5.11**

S I Scheme

344. WESCO, NESCO, SOUTHCO and CESU have not planned to avail any long-term loan during FY 2016-17 for funding the System Improvement Schemes. Till the end of December, 2015 DISCOMs have not received any amount on this. SOUTHCO had proposed to repay loan of Rs.2.11 cr. during FY 2015-16 and Rs.0.18 cr. during 2016-17. Considering the above repayment schedule, Commission allows the following interest on the continuing loan under the System Improvement Scheme to WESCO, NESCO and SOUTHCO to be included in the revenue requirement for FY 2016-17 as indicated below:

Table - 50
SI Scheme

(Rs. in Cr.)

System Improvement scheme	Opening Balance as on 1.04.2015	Proposed Loan for FY 2015-16	Loan received from REC till Dec 15	Anticipated repayment during 2015-16	Balance as on 31.03.2016	Proposed Loan for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Interest for FY 2016-17 (Approved)
WESCO	-	-	-	-	-	-	-	-	-
NESCO	-	-	-	-	-	-	-	-	
SOUTHCO	3.84	-	-	2.11	1.73	-	0.18	1.55	0.22
CESU	-	-	-	-	-	-	-	-	-

CAPEX loan from Govt. of Odisha (4% interest)

345. WESCO, NESCO, SOUTHCO and CESU have shown a balance of Rs.187.50 cr., Rs.154.70 cr., Rs.102.38 cr. and Rs.311.75 cr. respectively towards Capex Loan from Govt. of Odisha. They have proposed to pay an interest of Rs.7.50 cr., Rs.7.37 cr., Rs.3.35 cr. and Rs.9.97 cr. respectively on these amounts. After scrutiny, of the loan which carries 4% interest to Govt. of Odisha, Commission allows Rs.7.50 cr., Rs.6.19 cr., Rs.4.10 cr. and Rs.15.60 cr. to WESCO, NESCO, SOUTHCO and CESU respectively. The detailed position is shown in the table below:-

Table - 51
CAPEX loan (GoO)

(Rs. in Cr.)

Capex (GOo Loan 4%)	Opening Balance as on 1.04.2015	Receipt for FY 2015-16	Anticipated repayment during 2015-16	Balance as on 31.03.2016	Proposed Loan for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Interest for FY 2016-17 (Approved)
WESCO	97.22	90.28	-	187.50	-	-	187.50	7.50
NESCO	98.48	56.22	-	154.70	-	-	154.70	6.19
SOUTHCO	70.34	32.04	-	102.38	-	-	102.38	4.10
CESU	235.69	76.06	-	311.75	156.25	-	468.00	15.60

CAPEX Loan (REC counterpart loan)

346. This loan has only been availed by SOUTHCO and has shown an opening balance of Rs.1.16 cr. as on 31.3.2016. The anticipated repayment during 2016-17 is proposed at Rs.0.51 cr. This loan carries 13.5% interest and Commission after scrutiny allows Rs.0.12 cr. to SOUTHCO towards interest on such account.

Table - 52
CAPEX Loan (counterpart loan)

(Rs. in Cr.)

Capex (REC Counterpart Loan 13.5%)	Opening Balance as on 1.04.2015	Receipt for FY 2015-16	Anticipated repayment during 2015-16	Balance as on 31.03.2016	Proposed Loan for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Interest for FY 2016-17 (Approved)
SOUTHCO	1.67	0.00	0.51	1.16		0.51	0.65	0.12

R-APDRP Loan - Govt. of India (Part –A)

347. CESU has proposed to avail this loan and has shown an opening balance of Rs. 39.66 cr. as on 31.3.2016. It is likely to receive Rs.92.57 cr. during the year 2016-17. The Commission after scrutiny allows an interest of Rs.9.02 cr. to CESU on such account.

Table - 53
R-APDRP Loan

(Rs. in Cr.)

R-APDRP Loan Govt of India (Part-A)	Opening Balance as on 1.04.2015	Receipt for FY 2015-16	Anticipated repayment during 2015-16	Balance as on 31.03.2016	Proposed Loan for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Interest for FY 2016-17 (Approved)
CESU	39.66	-	-	39.66	92.57	-	132.23	9.02

Interest on Security Deposit

348. The Commission in its query asked DISCOMs to furnish the details of the investments made out of the Consumer's security deposits. Accordingly DISCOMs furnished the details which have been tabulated as below:

Table - 54
Security Deposit

Licensee	Security Deposit as per Audited Accounts as on 31.03.2015	Security Deposit actually available	Remarks
WESCO	Rs.538.17cr. (As per provisional Audited Accounts)	Rs. 466.88 cr. as on 31.10.2015	Out of Rs. 466.88 cr., Rs. 432.85 cr. is pledged in banks and Rs. 113.95 cr. is free from any lien.
NESCO	Rs.447.60cr. (As per provisional Audited Accounts)	Rs. 364.86 cr. as on 31.12.2015	Rs. 364.86 is deposited in form of fixed deposits and pledged in banks.
SOUTHCO	Rs.150.08cr. (As per provisional Audited Accounts)	Rs. 44.76 cr. as on 30.11.2015	The entire amount is pledged in banks for availing loan towards payments of salary, BST Bills etc.
CESU	Rs.536.61cr.	Rs. 235.55 cr. as on 30.11.2015	The entire amount is pledged in UBI &PFC for availing loan.

349. It is observed from the above that the security deposits taken from the consumers are not fully available with the DISCOMs. In case of SOUTHCO and CESU major portion of the security deposit has been utilised for some other purposes. In all the cases the funds available with them has been pledged with the banks for availing loan towards payments of salary, BST Bills etc. Under such conditions the DISCOMs pay the interest on security deposits annually to the consumers from the revenue earned which otherwise should have been paid from the earnings on investments made on security deposits.

350. Commission therefore directs the DISCOMs to maintain the security deposit intact so as to meet this liability. Commission further directs the DISCOMs to recoup the deficit of the security deposit through enhanced collection and submit a plan of action by 30.06.2016 for such a programme.

351. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code), 2004. The said regulation provides that The Licensee shall pay interest on security deposit of the consumer at the Bank rate notified by RBI provided that the Commission may direct a higher rate of interest from time to time by notification in official gazette.

352. The prevailing bank rate as on 01.03.2016 as notified by RBI is 7.75% per annum as ascertained from the RBI website. The Commission accordingly allows the interest at the rate of 7.75% on the closing balance on consumer's security deposit as on 31.3.2016 as shown in the table below:

Table - 55
Interest on Security Deposit

(Rs. in Cr.)

Interest on Consumer's Security Deposit	Proposed interest on Consumer's SD for FY 2016-17	Consumer's Security deposit as on 31.03.2016 (Proposed)	Approved interest on Consumer's SD @7.75% for FY 2016-17
WESCO	50.46	574.24	44.50
NESCO	44.51	508.69	39.42
SOUTHCO	14.11	161.19	12.49
CESU	48.98	559.82	43.39

Interest to be Capitalised

353. The Commission examined Interest during construction and allows the same as proposed by the Licensees.

354. Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2016-17 is summarized below:

Table – 56
Total Annual Interest

(Rs. in Cr.)

Interest on Loans of DISCOMs	WESCO			NESCO			SOUTHCO			CESU		
	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17
World Bank loan	11.23	11.82	11.23	10.09	10.38	11.87	8.49	8.57	8.96	26.59	136.35	26.59
NTPC Bond – Differential amount	-	-	-	-	-	-	-	5.24	-	-	-	-
APDRP Net of 50% grant (GoO)	1.30	0.66	1.46	0.76	0.76	0.76	0.76	0.72	0.78	4.45	19.6	4.45
REC/PFC	0.46	-	-	-	-	-	0.24	0.29	0.12	1.49	-	0.66
(Counter Part	-	-	-	-	-	-	-	-	-	-	-	-

Interest on Loans of DISCOMs	WESCO			NESCO			SOUTHCO			CESU		
	Approved 2015-16	**Proposed 2016-17**	**Approved 2016-17**	**Approved 2015-16**	**Proposed 2016-17**	**Approved 2016-17**	**Approved 2015-16**	**Proposed 2016-17**	**Approved 2016-17**	**Approved 2015-16**	**Proposed 2016-17**	**Approved 2016-17**
Funding APDRP)												
R-APDRP Counterpart Funding	-	-	-	-	-	-	-	-	-	-	9.1	9.02
SI Scheme	1.00	-	-	-	-	-	0.66	-	0.22	-	-	-
Interest on security deposit	42.57	50.46	44.50	34.01	44.51	39.42	10.81	14.11	12.49	46.93	48.98	43.39
Gov of Orissa Capex Loan	-	7.50	7.50	-	7.37	6.19	-	3.35	4.10	-	9.97	15.60
Other interest and finance charges	-	37.66	-	-	29.52	-	-	12.49	-	-	-	-
Total interest	56.56	108.10	64.69	44.86	92.54	58.24	20.96	44.77	26.67	79.46	224.00	99.70
Less Interest Capitalised	-	-	-	-	-	-	-	-	-	-	19.31	19.31
Interest chargeable to revenue	**56.56**	108.10	**64.69**	**44.86**	92.54	**58.24**	**20.96**	44.77	**26.67**	**79.46**	204.69	**80.39**

Financing costs of short term loans/cash credits for working capital

355. The Commission in its Order dated 20.3.2013 on MYT principles for the third control FY 2013-14 to FY 2017-18 have set out principle for allowing Financing costs of short term loans/cash credits for working capital in the following manner:

"21. As per the principle in the LTTS order for first control period and MYT order for the second control period, the amount of working capital is the approved shortfall in collection minus amount approved towards bad and doubtful debt. Since the benchmark collection efficiency target is set at 99% for the third control period, the remaining 1% would be treated as Bad and Doubtful debt. Hence there is no allowance for working capital for during the third control period."

In view of the above principle of the MYT no financing on working capital is allowed to the DISCOMs in the ARR for FY 2016-17.

Depreciation

356. DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base plus asset addition after 01.4.1996 for FY 2016-17. The depreciation amounts claimed by the four DISCOMs are given as under.

Table - 57

(Rs. in Cr.)

Year	WESCO	NESCO	SOUTHCO	CESU
FY 2016-17	38.91	48.97	68.62	138.19

357. Hon’ble High Court of Orissa in their judgement dated 28/02/2003 and 14/03/2003 in Misc Case No. 7410 and 8953 of 2002 have directed to calculate the depreciation on the pre-up valued cost of assets at pre-92 rate on the Transmission and Distribution assets as on 01.4.96 apportioned amongst GRIDCO and DISCOMs. Regarding calculation of depreciation the Commission observed following in the RST order for FY 2009-10:

“388. The Commission has extensively dealt with the matter of calculation of depreciation in successive tariff orders and in the last tariff order for FY 2008-09 (para 399 to 406) considering the book value of the fixed asset as on 01.4.1996 at the pre-up valued cost and subsequent asset additions thereof in later years. The Commission adopts the same principle for determination of depreciation for FY 2009-10.”

358. The asset addition from 01.04.1999 has been based on the audited annual accounts of the DISCOMs.

359. The gross book value as on 01.04.1996 and year wise asset addition have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.4.2016 has been depicted in the Table No. 45 under R&M expenses.

360. The depreciation is calculated on the approved asset base as on 1.04.2016 at Pre–92 rate in pursuance to the directive of the Hon’ble High Court. The classification of assets has been done proportionately based on the audited accounts and tariff filling submitted by DISCOMs. Accordingly, the Commission approves the following amount towards depreciation for the year 2016-17.

Table – 58

(Rs. cr)

Depreciation	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Asset value as on 01.04.2016	936.03	1213.69	521.88	1619.15
Depreciation for FY 2016-17	35.47	46.21	20.00	61.27

Provision for Bad & doubtful debts

361. The WESCO, NESCO, SOUTHCO Utilities and CESU have proposed Bad and doubtful debts for the ARR for FY 2016-17 which is shown in the table below:

Table – 59
Bad & doubtful debts

(Rs. cr)

Bad & Doubtful Debt FY 2016-17	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Proposed revenue billed (Rs. in Cr.)	2607.14	2072.22	995.89	2986.63
Proposed Bad and Doubtful debt (Rs. in Cr.)	26.07	62.16	44.82	371.33

362. The commission in its Order dated 20.3.2013 on MYT principles for the third control period from FY 2013-14 to FY 2017-18 have set out principle for allowing bad and doubtful debt in the following manner:

> *"17. The Business Plan order of the Commission dated 20.03.2010 approved collection efficiency of 99% for FY 2011-12 and FY 2012-13. The benchmark of collection efficiency would continue to be at the level of 99% during the third control period also. Accordingly the Bad and Doubtful debt during the third control period would also be allowed @ 1% of the total annual revenue billing in HT and LT sales only."*

363. The Commission in line with the above Order on MYT principles allows on Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only on normative basis. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2016-17 is summarized below. Commission directs that the procedure for classification of an amount under bad and doubtful debt have to be in place prior to such classification.

Table – 60
Bad & Doubtful Debt FY 2016-17

(Rs. in Crore)

Bad & Doubtful Debt FY 2016-17 (Approved)	Proposed		Approved		
DISCOM	Revenue	Bad debt	Total Revenue	Revenue at HT and LT	Bad debt
WESCO	2607.14	26.07	2,643.23	1908.69	19.09
NESCO	2072.22	62.16	2,105.83	1167.43	11.67
SOUTHCO	995.89	44.82	1,062.05	858.22	8.58
CESU	2986.63	371.33	3,104.05	2542.09	25.42

Truing up of DISCOMs

364. The OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 at Regulation 8 provides for the procedure for Truing up. Reg.8.1 provides that "The Distribution Licensee shall file an application each year for Truing up separately by 1st week of October every year along with the audited accounts of the relevant year. The Commission shall pass the Truing up order by 1st week of November. The Licensee shall duly consider the Truing up order up to the previous financial year while filing ARR for the ensuing year."

365. The licensees have not filed any truing up application within the scheduled time therefore, no Truing up is allowed for ensuing year ARR for FY 2016-17.

Return on Equity

366. WESCO, NESCO and SOUTHCO Utilities in their ARR filing have submitted that due to negative returns(gaps) in their ARR and carry forward of huge Regulatory Assets in previous years, the Licensee could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. They have further submitted that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous years.

367. The Commission in its Order towards approval of MYT principles for FY 2013-14 to FY 2017-18 in its order dated 20.3.2013 have enunciated the return all share holder equity in the following manner:

> "*22. The Commission allowed 16% return on equity on the approved equity capital infusion during the first and second control period. The Commission had observed that return on equity incentivises the investor for the equity infusion to the business. A return of 16% suitably covers the risk associated with the distribution business. The Commission would continue to allow 16% return on equity on the approved equity capital infusion during the third control period also. Adjustments on account for variations between the actual and approved values of equity capital shall be made in the ARR subsequently in truing up*".

368. The Commission examined the provisional audited annual accounts of WESCO, NESCO, SOUTHCO Utilities and audited accounts of CESU for FY 2014-15. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

Table – 61
Return on Equity

(Rs. in cr.)

Name of the Company	**Share Capital (Equity Base)**
WESCO	48.65
SOUTHCO	37.66
NESCO	65.91
CESU	72.72

369. From the scrutiny of the audited accounts, it is revealed that there has been no infusion of owner's capital by the DISCOMs and the share capital initially invested while acquiring the distribution Licence by the Licensees remaining unchanged. The Commission thus allows a return of 16% on the equity base (share capital) in terms of MYT principles and approves following amounts against the proposed ROE:

Table - 62

(Rs. in cr.)

Particulars	WESCO	NESCO	SOUTHCO	CESU
Amount proposed by DISCOMs	7.78	10.55	6.03	11.64
Amount approved by the Commission	7.78	10.55	6.03	11.64

370. It may be noted that though accumulated loss of all the DISCOMs have far exceeded the equity base but as per the provision in the MYT, the Commission has been allowing return on actual infusion of equity at time of taking over the management of the DISCOMs.

Miscellaneous receipts

371. The miscellaneous receipts proposed by the licensees for the FY 2016-17 against the approved for FY 2015-16 are given in the table below:

Table - 63

(Rs. in cr.)

	WESCO	NESCO	SOUTHCO	CESU
Amount approved for FY 2015-16	105.25	101.07	39.85	127.39
Amount proposed for FY 2016-17	95.84	68.01	17.14	114.36

372. The miscellaneous receipt of the DISCOMS is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and Reliability surcharge, open access charges, and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOMs is much more than the proposed receipts in the ARR. The audited account is available up to the year 2014-15 in case of CESU only and WESCO, NESCO & SOUTHCO Utilities have submitted provisional audited accounts.

373. Commission observes that the receipts under miscellaneous receipts are of fluctuating nature and the reasonable estimate of future receipts would be on the basis of the analysis of past actual trends. The Commission on analysis has observed that there are many components such as Reliability surcharge; open access charges, wheeling charges etc. have shown wide variations on year to year basis. This needs to be scrutinised and checked prudently. Moreover since WESCO, NESCO and SOUTHCO Utilities have not finalised their audited accounts, a uniform assessment is not possible on this account in the present ARR. The Commission thus allows the same

amount as approved in the ARR 2015-16 towards miscellaneous receipts for FY 2016-17 also as shown in the table below:

Table - 64

(Rs. in cr.)

WESCO	NESCO	SOUTHCO	CESU
105.25	101.07	39.85	127.39

Distribution CAPEX Programme

374. In order to provide quality power at a stable voltage, strengthening the fragile distribution network, reducing high AT & C loss etc, the State Govt. formulated Rs.2400 cr. CAPEX programme in distribution sector with the support of Finance Commission grant of Rs.500 cr.. The investment of Rs. 2400 cr. was envisaged over a period of 4 years starting from FY 2010-11 to FY 2013-14. Out of which Govt. would provide Rs.1200 cr. and DISCOMs would invest Rs.1200 cr. as counter-part funding. Year wise sources of funding are given below:

Table - 65
Annual Financing Pattern

(Rs. in Cr.)

Sl No	Sources		Financial Year				
		2011-12	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**Total**
A	**State Govt. Funding**						
1	Financial Commission Grant (FCG)	125.00	125.00	125.00	125.00	-	500.00
2	1/3rd matching share of State Govt. to FC Grant	20.00	-	73.33	73.34	-	166.67
3	1/3rd matching share of GRIDCO (State Govt. Loan) to FC Grant	20.00	-	73.33	73.34	-	166.67
4	State's own Contribution	255.83	10.00	50.00	50.83	-	366.66
	Sub-total (1+2+3+4)	**420.83**	**135.00**	**321.66**	**322.51**	**-**	**1200.00**
B							
5	1/3rd matching share of DISCOMs to FC Grant	-	-	83.34	83.33	-	166.67
6	DISCOMs own Contribution	-	-	-	133.33	900.00	1033.33
	Sub-total (5+6)	**-**	**-**	**83.34**	**216.66**	**900.00**	**1200.00**
C	**Total (A+B)**	**420.83**	**135.00**	**405.00**	**539.17**	**900.00**	**2400.00**

Out of Rs.1200.00 cr. to be provided by Govt. Rs.666.67 cr. will carry 0% interest which will be converted to grant subject to achievement of AT & C loss target of 3% per annum and after full utilization. The balance Rs.533 cr. will carry 4% interest. The repayment period of loan is 15 years with a moratorium period of 5 years secured through Escrow mechanism.

Progress Status:

From the date of notification of this CAPEX programme, the following progresses have been achieved till the end of February 2016:

(a) DISCOMs have floated tender of worth Rs.929.03 cr. (WESCO - Rs. 187.69 Cr., NESCO- Rs. 192.37 cr. SOUTHCO- Rs. 165.40 cr. and CESU – Rs.383.57 cr.) for supply as well as turnkey projects.

(b) Purchase Orders worth Rs.521.82 cr. have been placed for procurement of materials such as Power Transformers, A.B. Cable, Conductor, VCB and D.T etc. and turnkey Works orders worth Rs.368.44 cr. have been placed for execution of erection works. In total Rs. 890.26 cr. orders have been placed.

(c) Govt. of Odisha has released **Rs.755.83 cr.,** out of which **Rs.628.00 cr.** have been spent by DISCOMs towards procurement of equipments and erection works till 29.02.2016. The details are furnished below:

Table - 66

Fund Released by Govt.		Amounts Spent by DISCOMs	
Financial Year	**Amts(Rs. Cr)**	**DISCOMs**	**Amts(Rs. Cr)**
2010-11	205.00	CESU	267.42
2011-12	215.83	WESCO	128.06
2012-13	135.00	NESCO	131.16
2013-14	125.00	SOUTHCO	101.36
2014-15	75.00		
Total	**755.83**	**Total**	**628.00**

Physical Progress

Table - 67

Scope	Unit	Target	Completed Work	Work in progress
33/11 KV sub-station – New + Upgradation	Nos.	194	179	15
33 KV line – New + Upgradation	Kms.	2414	1508	906
11 KV line – New + Upgradation	Kms.	5290	2960	2330
DTR	Nos.	3440	2586	854
AB Cables	Kms.	7103	3766	3337
Meter	Nos.	588531	296034	292497

(d) As per the revised scheme the first phase of the CAPEX work was limited up to 2013-14 for Rs.960.83 cr. leaving the balance to be spent in the second phase. Subsequently, the scheme i.e. IPDS & DDUGJY were launched with better financial support from the Central Govt., with the similar objective for system improvement in the distribution sector. The CAPEX scheme therefore found to be redundant and decided to be pre-closed after first phase of operation.

(e) In the Expenditure Finance Committee (EFC) held on 14.5.2015 under the Chairmanship of ACS (Finance), it has been decided to close the programme at the level of funding provided by the State Govt., till the end of 2014-15. The outstanding liability if any relating to the programme is to be met by arranging counterpart funding by the DISCOMs.

Out of the total provision of Rs.960.83 cr. till FY 2013-14 the counterpart funding of DISCOMs comes to Rs.83.34 cr. The balance amount of Rs.877.79 cr. are funded by Govt. Of Odisa. Till date Govt. has released Rs.755.83 cr.. The balance amount of Rs.121.66 cr. is to be released by Govt. towards payment of outstanding bills for procurement of materials and turnkey works for which work order have been placed by DISCOMs and materials has been received or turnkey work is in progress

Receivables from DISCOMs and Others

Securitized Dues

375. GRIDCO in its filing submitted that the DISCOMs have defaulted payment of Rs.2085.33 cr. by 31.03.2015 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOM wise default is given below:-

Table – 68

Particulars	Unpaid as on 31.03.2015
WESCO	294.70
NESCO	303.37
SOUTHCO	259.98
CESU	1227.28
Total	**2085.33**

376. GRIDCO requested the Commission to direct DISCOMs for making regular payment of the securitized dues along with the defaulted dues for improving the cash flow. The securitization order of the Commission dtd.01.12.2008 finalised the amounts outstanding as on 31.03.2005 to be discharged by the respective DISCOMs to

GRIDCO in 120 monthly (maximum) equal instalments starting from financial year 2006-07 and ending in 2015-16. Therefore GRIDCO submitted to the Commission to give suitable direction to the DISCOMs so that the dues will be realized within the terminal year 2015-16 in line with the Commission's order dtd.01.12.2008.

377. The Commission dealt the issue in the BSP as well as RST tariff orders of previous years. A statement showing the amount approved by the Commission in the ARR amount due as per the securitization order the amount paid by the utilities over and above the 100% current BST bills, adjustment against the securitized amount and balance default amount is given in Table below:

Table - 69
Dues as per OERC Order Dt. 01-12-2008 and Actual Payment

(Rs. crore)

Sl No	Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	Grand Total
1	**BST**						
	OB 01-04-99	46.18	41.66	26.50	114.34	80.16	194.50
	From 01-04-99 to 31-03-05	118.41	194.83	47.19	360.43	605.20	965.63
	Sub total	164.59	236.49	73.69	474.77	685.36	1,160.13
2	**DPS on Above**	58.72	87.20	32.02	177.94	526.41	704.35
3	**Loan**						
	Principal	138.46	94.64	134.36	367.46	307.61	675.07
	Interest	60.31	41.05	58.43	159.79	162.86	322.65
	Sub total	**198.77**	**135.69**	**192.79**	**527.25**	**470.47**	**997.72**
4	**Outstanding as on 31-03-2005 vide OERC Order Dated 01-12-2008 (1+2+3)**	422.08	459.38	298.50	1,179.96	1,682.24	2,862.20
5	**Average per month**	3.52	3.83	2.49	9.84	14.02	23.86
6	**Due from 2006-07 to2014-15 as per securitisation order**				-		
	2006-07	42.24	45.96	29.88	118.08	168.24	286.32
	2007-08	42.24	45.96	29.88	118.08	168.24	286.32
	2008-09	42.24	45.96	29.88	118.08	168.24	286.32
	2009-10	42.24	45.96	29.88	118.08	168.24	286.32
	2010-11	42.24	45.96	29.88	118.08	168.24	286.32
	2011-12	42.24	45.96	29.88	118.08	168.24	286.32
	2012-13	42.24	45.96	29.88	118.08	168.24	286.32
	2013-14	42.24	45.96	29.88	118.08	168.24	286.32
	2014-15	42.24	45.96	29.88	118.08	168.24	286.32
	Total	**380.16**	**413.64**	**268.92**	**1062.72**	**1514.16**	**2576.88**
7	Excess BSP paid by						

Sl No	Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	Grand Total
	DISTCOs to be adjusted against securitised dues						
A	Downward Revision of BST in 2007-08	88.31	3.32	11.07	102.70	93.37	196.07
B	Payment by DISCOMS over and above the current						
	2006-07	36.83	41.36	-	78.19	-	78.19
	2007-08	4.40	41.36	9.53	55.29	-	55.29
	2008-09	-	65.00	5.86	70.86	32.47	103.33
	2009-10	2.00	-	9.69	11.69	80.50	92.19
	2010-11	-	-	-	-	-	-
	Total B	**43.23**	**147.72**	**25.08**	**216.03**	**112.97**	**329.00**
C	Total (A+B)	**131.54**	**151.04**	**36.15**	**318.73**	**206.34**	**525.07**
8	**Short fall up to 31.3.2015 (6-8 C) as per securitization order**	**248.62**	**262.60**	**232.77**	**743.99**	**1307.82**	**2051.81**

378. The Commission in its Business Plan order dated 21.3.2014 stated the following:-

> *53. The three Reliance managed DISCOMs have not submitted in detailed action plan for liquidation of the arrears of GRIDCO as per Commission's direction dated 01.12.2008. CESU in its submission stated that it will start paying its outstanding dues of GRIDCO from the FY2015-16 and it may liquidate all its outstanding by FY 2020-21.*
>
> *The Commission vide para 26 of the order 01.12.2008 had mentioned the following:-*
>
> *"We order that DISTCOs shall repay the outstanding loans including interest along with securitized BST dues as at 31st March, 2005 in 120 monthly (maximum) equal installments starting from the FY 06-07 ending in 2015-16. They shall also continue to pay the monthly BST dues regularly through LC as per the bulk supply arrangement."*
>
> 54. *Every year the Commission in its tariff order gives direction to the DISCOMs to pay the outstanding arrears of GRIDCO as per the schedule given by the Commission. But the DISCOMs made continuous default and have not carried out the direction of the Commission. Commission therefore, directs the licensee to clear the dues of GRIDCO by the end of 2015-16 as per the order of the Commission. The Commission shall take a review after FY 2014-15 and may pass necessary directions in this regard to the DISCOMs.*

379. In spite of the direction of the Commission as mentioned above, the DISCOMs defaulted in payment of the securitized dues to the GRIDCO. The term of the

securitization order is going to be completed by 31.03.2016. The Commission directs all the DISCOMs to submit their action plan for liquidisation by 01.05.2016.

400 cr. NTPC Bond dues

380. GRIDCO submitted that the DISCOMs have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 against the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the erstwhile REL managed DISCOMs to pay Rs.50 Crore by the end of April 2012 and at least @Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The erstwhile R-Infra managed DISCOMs have paid Rs.62 Crore by 31-10-2014, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.195.36 Crore. On this issue the Commission have given direction to both GRIDCO and DISCOMs several times for compliance of the order. The Commission again reiterates the same and directs both GRIDCO and DISCOMs to comply the order dtd.29.03.2012 in case No.107 of 2011.

Non-payment of BSP dues and Year End Adjustment Bills of DISCOMs

381. Apart from the outstanding securitized dues as mentioned in the above para, GRIDCO submitted that the FY 2011-12 onwards the DISCOMs have started defaulting in payment of current BSP bill in addition to the yearend adjustment bills payable to GRIDCO. Because of such failure of DISCOMs the revenue deficit faced by GRIDCO has widened leading to cash crunch. Therefore GRIDCO prays the Commission to prevail upon the DISCOMs for making regular payment of BSP and other dues of GRIDCO. A table showing outstanding dues of BSP and year end adjustment payable by DISCOMs is given as under.

Table - 70
Outstanding Dues relating to Current BSP and Year end Adjustment bills of DISCOMs payable to GRIDCO

(Amount Rs. Crore)

Particulars	WESCO	NESCO	SOUTHCO	CESU	TOTAL
BSP Bills- 2011-12	210.48	53.74	5.52	-	269.74
BSP Bills- 2012-13	265.06	324.95	-	-	590.01
BSP Bills- 2013-14	22.43	57.87	40.01	-	120.31
BSP Bills- 2014-15	17.42	13.66	94.94	-	126.02
BSP Bills- 2015-16 (upto Sept-15)	-	-	82.6	58.18	140.78
Sub Total	515.39	450.22	223.07	58.18	1246.86
Year end Adj. Bills- 2008-09	69.08	-	36.72	58.14	163.94

Particulars	WESCO	NESCO	SOUTHCO	CESU	TOTAL
Year end Adj.Bills-2009-10	-	87.47	32.81	43.94	164.22
Year end Adj.Bills-2010-11	46.80	22.65	60.24	167.32	297.01
Sub Total	115.88	110.12	129.77	269.40	625.17
Grand Total	**631.27**	**560.34**	**352.84**	**327.58**	**1872.03**

382. The Commission directs the DISCOMs to settle the issue with GRIDCO and submit a signed joint reconciliation statement by 31.05.2016 after paying the outstanding dues of GRIDCO in full.

Revenue Requirement

383. In the light of above discussion, the Commission approves the revenue requirement of 2016-17 of four DISCOMs, as shown in **Annexure-A**.

384. A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2016-17 by the Commission is given below:

Table - 71

(Rs. in Cr.)

DISCOM	Revenue Requirement FY 2016-17		Expected Revenue FY 2016-17		Gap (-)/Surplus(+)	
	Proposed	Approved	Proposed	Approved	Proposed	Approved
WESCO	3108.91	2636.79	2607.14	2643.23	-501.77	6.44
NESCO	2482.13	2108.32	2072.22	2105.83	-409.91	-2.49
SOUTHCO	1560.95	1055.05	995.89	1062.05	-565.06	7.00
CESU	4071.85	3099.05	2986.63	3104.05	-1085.22	5.00
Total	11223.84	8899.21	8661.88	8915.16	-2561.96	15.95

Segregation of wheeling and retail supply business

385. OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014 at Reg. 3.1 mandates that "In accordance with the principles laid out in these Regulations, the Commission shall determine the tariff for : (a) wheeling of electricity, i.e. Wheeling Tariff, (b) Retail sale of electricity i.e., Retail Supply Tariff". Further, Reg. 3.2 provides that the Commission shall determine the Aggregate Revenue Requirement (ARR) and Tariff for (a) Wheeling Business and (b) Retail Supply Business. The Reg.4.3 further provides that "the distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business.

386. The proviso to the Reg.4.4 states that "provided that for such period until accounts are segregated, the licensee shall prepare an allocation statement to apportion cost and

revenues to wheeling business and retail supply business and submit it along with its ARR for approval of the Commission.

The DISCOMs in their ARR submissions have proposed allocation statement of wheeling and retail supply cost.

Table - 72
Allocation of Wheeling and Retail Supply Cost

Sl No.	Cost/Income Component	Ratio for consideration in Wheeling Business	Ratio for consideration in Retail Supply Business
1	Cost of Power	0%	100%
2	Transmission Charges	0%	100%
3	SLDC Charges	0%	100%
	Total power purchase cost *		
	O&M		
4	Employee Cost	60%	40%
5	Repair & Maintenance Cost	90%	10%
6	Administrative & General Expenses	40%	60%
7	Bad & Doubtful Debt including Rebate	0%	100%
8	Depreciation	90%	10%
	Interest on Loans		
9	for Capital loan	90%	10%
10	for Working capital	10%	90%
11	Interest on Security Deposits	0%	100%
12	Return on Equity	90%	10%
	Special Appropriation		
13	Amortization of Regulator Assets	25%	75%
14	True Up of Current year GAP 1/3rd	25%	75%
15	Other, if any-Contingency Reserve	90%	10%
	Grand Total		
	Miscellaneous Receipt		
16	Non-Tariff Income - Wheeling	as per actual assumption	as per actual assumption
17	Non-Tariff Income - Retail Business	as per actual assumption	as per actual assumption

387. The distribution licensees are yet to segregate the accounts of their licensed business into wheeling and retail supply business as provided in the OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission therefore, based on the above uniform allocation matrix allows cost towards Retail Supply business and Wheeling business in the following manner.

Wheeling Business

388. As per the OERC Tariff Regulation "Wheeling Business" means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of Distribution Licensee. As such the apportioned cost towards wheeling business has been considered while determining Aggregate Revenue Requirement and wheeling charges. As regards the Miscellaneous receipts for the wheeling business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals have only been considered out of the total approved Miscellaneous receipts in this order. This has been shown in the given table:

Table - 73
Miscellaneous Receipts- Wheeling Business

(Rs. in cr.)

Miscellaneous receipts	WESCO	NESCO	SOUTHCO	CESU
a. Wheeling charges from HT consumer	3.45	8.17		
b. Supervision charges	16.92	3.78	0.88	
c. Service line rental				17.20
TOTAL (a+b+c)	20.37	11.95	0.88	17.20

389. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the ARR for wheeling business for WESCO, NESCO, SOUTHCO Utilities and CESU is approved at Rs. 250.58 cr, Rs. 265.35 cr, Rs. 195.02 cr and Rs. 404.32 cr respectively. The wheeling charges (per unit) for WESCO, NESCO, SOUTHCO Utilities and for CESU has been accordingly determined at 57.36 paise/unit, 94.37 p/u, 87.49 p/u and 71.79 p/u. The details of the Wheeling Business cost allocation and determination of wheeling charges is shown in the following table:

Table – 74
Allocation of cost towards Wheeling Business – FY 2016-17

(Rs. In crore.)

	Ratio out of Total approval	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
Expenditure	**(%)**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**
Employee costs	60	228.69	137.22	216.12	129.67	190.12	114.07	345.43	207.26	980.37	588.22
Repair & Maintenance	90	55.55	49.99	70.54	63.49	33.18	29.86	92.43	83.19	251.70	226.53
A & G Expenses	40	66.63	26.65	40.31	16.12	39.42	15.77	80.37	32.15	226.73	90.69
Depreciation	90	35.47	31.92	46.21	41.58	20.00	18.00	61.27	55.14	162.94	146.65
Interest on capital Loan	90	20.19	18.17	18.82	16.94	14.18	12.76	37.01	33.31	90.20	81.18
Return on equity	90	7.78	7.00	10.55	9.50	6.03	5.43	11.64	10.48	36.00	32.40
Gross Total			**270.95**		**277.30**		**195.90**		**421.52**		**1165.67**

	Ratio out of Total approval	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
Expenditure	**(%)**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**
Less: Miscellaneous receipts			**20.37**		**11.95**		**0.88**		**17.20**		**50.40**
Total wheeling Cost			**250.58**		**265.35**		**195.02**		**404.32**		**1115.27**
Total MU approved for LT & HT consumers			5750.00		3811.81		3113.90		7603.46		20279.17
Wheeling charges (P/U)			**43.58**		**69.61**		**62.63**		**53.18**		**55.00**

Retail Supply Business

390. As per the OERC Tariff Regulation "Retail Supply Business" means the business of sale of electricity by Distribution Licensee to the category of consumers within its area of supply in accordance with the terms of the Licence for distribution of electricity. As such the apportioned cost towards Retail Supply business has been considered while determining Aggregate Revenue Requirement. While considering the Miscellaneous receipts for the retail business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals have been excluded from the total approved Miscellaneous receipts. This has been shown in the given table:

Table- 75
Miscellaneous Receipts- Retail Supply Business

(Rs. in cr.)

Miscellaneous receipts	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
a.Total Misc. receipts approved	105.25	101.07	39.85	127.39
b. Misc. receipts from wheeling business	20.37	11.95	0.88	17.2
Misc. receipts from retail business (a-b)	84.88	89.12	38.97	110.19

391. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the retail supply cost for WESCO, NESCO, SOUTHCO Utilities and for CESU is approved at Rs. 126.06cr, Rs. 87.22 cr, Rs. 89.15 cr and Rs. 165.25 cr respectively for FY 2016-17. The details of retail supply cost allocation are shown in the following table:

Table - 76
Allocation of cost towards Retail Business – FY 2016-17

(Rs. in crore.)

	Ratio out of Total approval	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
Expenditure	(%)	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling
Cost of power purchase	100	2086.80	2086.80	1618.65	1618.65	683.59	683.59	2313.90	2313.90		0.00
Transmission Charges	100	176.25	176.25	136.25	136.25	86.75	86.75	214.25	214.25		0.00
SLDC Charges	100	1.10	1.10	0.85	0.85	0.54	0.54	1.33	1.33		0.00
Employee costs	40	228.69	91.48	216.12	86.45	190.12	76.05	345.43	138.17	981.26	392.50
Repair & Maintenance	10	55.55	5.55	70.54	7.05	33.18	3.32	92.43	9.24	311.70	31.17
A & G Expenses	60	66.63	39.98	40.31	24.19	39.42	23.65	80.37	48.22	151.73	91.04
Bad and Doubtful debt	100	19.09	19.09	11.67	11.67	8.58	8.58	25.42	25.42	64.83	64.83
Depreciation	10	35.47	3.55	46.21	4.62	20.00	2.00	61.27	6.13	162.94	16.29
Interest on Capital Loan	10	20.19	2.02	18.82	1.88	14.18	1.42	37.00	3.70	90.19	9.02
Interest on security deposit	100	44.50	44.50	39.42	39.42	12.49	12.49	43.39	43.39	139.80	139.80
Return on equity	10	7.78	0.78	10.55	1.06	6.03	0.60	11.64	1.16	36.00	3.60
Gross Retail Supply Cost			206.94		176.34		128.11		275.44		748.25
Less: Miscellaneous Receipts			84.88		89.12		38.97		110.19		323.15
Net Retail Supply Cost			122.06		87.22		89.15		165.25		425.10

392. The Commission hereby directs that all the DISCOMs need to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The compliance in this regard by the Licensee shall be submitted by 31st July 2016.

393. While making the allocations, the Commission intends to demonstrate its commitment towards a more pragmatic approach towards distribution retail business and supply of power to consumers. The allocations so made are likely to move in the direction of more realistic parameters in times to come for accurate and competitive tariff determination in the interest of the consumers.

DETERMINATION OF TARIFF

394. The Commission has been determining Retail Supply Tariffs after examination of all details on the usage and consumption pattern of the different categories of consumers and factors ensuring efficient use of resources. Prudency of licensees' expenses on cost of supply has been checked based on the ARR filings, queries for additional information and subsequent records submitted by the licensees. It is found that Licensees would be able to recover their cost without any Retail Supply Tariff rise for FY 2016-17.

The present tariff structure

395. In line with the prevailing practice of tariff design, the Commission has decided to continue with the prevailing practice of single part, two part and three part tariffs for the ensuing year. While single part tariff is applicable to consumers covered under Kutir Jyoti, the other categories of consumers are covered under two part and three part tariffs.

396. Two part tariff under LT supply covers consumers with connected load/contract demand less than 110 kVA having demand charges (based on Rs. /kW or KVA) and energy charges (Rs. /kWh). Most of the categories under LT supply, where the concept of connected load (in kW) is regarded as contracted demand, are based on Monthly Minimum Fixed Charge (MMFC in Rs. /kW) in place of demand charge.

397. Three part tariff under HT and EHT supply is applicable to consumers with contract demand of 110 kVA and above having demand charges (based on Rs./kVA), energy charges (Rs./kWh) and customer service charge (Rs./month).

Single Part Tariff

Kutir Jyoti consumers: Fixed Monthly Charge (Rs./Month) for consumption upto 30 units per month.

Two Part Tariff - LT Supply less than 100 kW/110 kVA

All classes of consumers other than Kutir Jyoti

(a) Energy Charge (Paise/unit)

(b) Monthly Minimum Fixed Charge (MMFC) (Rs./kW/Month)

Three Part Tariff - LT consumers with connected load 110 kVA and above

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/unit)

(c) Customer Service Charge (Rs./Month)

HT Consumers

(a) Demand Charge (Rs./kVA, Rs./kW)

(b) Energy Charge (Paise/Unit)

(c) Customer Service Charge (Rs./Month)

EHT Consumers

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/Unit)

(c) Customer Service Charge (Rs./Month)

398. In addition, certain other charges like power factor penalty, prompt payment rebate, meter rent, delayed payment surcharge, over drawal penalty/incentive, other miscellaneous charges, etc. are payable in cases and circumstances mentioned in the later part of this order.

399. The details of charges applicable to various categories of consumers classified under OERC Distribution (Conditions of Supply) Code, 2004 are discussed hereafter.

(a) Tariff for Consumers availing Power Supply at LT

400. The consumers availing power supply at LT with CD less than 110 kVA have to pay MMFC and energy charges as described below:

(a) The MMFC is payable by the consumers with contract demand less than 110 kVA who are supplied power at LT. This is intended to meet a component of the fixed cost incurred in the system for meeting the consumer's load and also to recover the expenses on maintenance of meter, meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts.

(b) The Commission decides that rate of MMFC determined for FY 2015-16 shall continue to apply for FY 2016-17 except LT (M) industries.

Table – 77
MMFC for LT consumers

Sl. No	Category of Consumers	Monthly Minimum Fixed Charge for first KW or part (Rs.)*	Monthly Fixed Charge for any additional KW or part (Rs.)
		Approved For FY 2014-15	
	LT Category		
1.	Domestic (other than Kutir Jyoti)	20	20
2.	General Purpose LT (<110 kVA)	30	30
3.	Irrigation Pumping and Agriculture	20	10
4.	Allied Agricultural Activities	20	10
5.	Allied Agro-Industrial Activities	80	50
6.	Public Lighting	20	15
7.	LT Industrial (S) Supply	80	35
8.	LT Industrial (M) Supply	100	80
9.	Specified Public Purpose	50	50
10.	Public Water Works and Sewerage Pumping <110 kVA	50	50

* When agreement stipulates supply in kVA this shall be converted to kW by multiplying with a power factor of 0.9 as per Regulation 2 (j) of OERC Distribution (Conditions of Supply) Code, 2004.

401. Some consumers with connected load of less than 110 kVA might have been provided with simple energy meters which record energy consumption and not the maximum demand. But the OERC Distribution (Conditions of Supply) Code, 2004, Regulation 64 provides that "contract demand for loads of 110 kVA and above shall be as stipulated in the agreement and may be different from the connected load. Contract Demand for a connected load below 110 kVA shall be the same as connected load. However, in case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 kVA, the above shall form the basis. The licensees are directed to follow the above provision of Regulation strictly.

Energy Charge (Consumers with Connected Load less than 110 kVA)

Domestic

402. The Commission is aware of the paying capability of our BPL consumers. Therefore, the Kutir Jyoti consumers will only pay the monthly minimum fixed charge @ Rs.80/- per month for consumption upto 30 units per month. In case these consumers

consume in excess of 30 units per month, they will be billed like any other domestic consumers depending on their consumption and will lose their BPL status from that month onward.

403. The Commission is also conscious of affordability of non-Kutir Jyoti consumers. Keeping this in view the Energy Charge for supply to domestic consumers availing low tension supply is determined for FY 2016-17 which are given below:

Domestic consumption slab per month	**Energy charge**
Upto and including 50 Units	250 paise per unit
From 51 to 200 units	420 paise per unit
From 201 to 400 units	520 paise per unit
Balance units of consumption	560 paise per unit

404. In accordance with the provision under the OERC Distribution (Condition of Supply) Code, 2004, initial power supply shall not be given without a correct meter. Load factor billing has been done away w.e.f. 1st April, 2004, as stipulated in the Commission's RST order for FY 2003-04. As such licensees are directed not to bill any consumer on load factor basis.

General Purpose LT (<110 kVA)

405. The Commission reviewed the existing tariff structure and also decided to modify the rates for GP LT category of consumers.

Table - 78

Slab	Revised Energy charge (P/U)
First 100 units	530
Next 200 units	640
Balance units	700

Irrigation Pumping and Agriculture

406. The Commission decides that the Energy Charge for this category shall be modified to 150 paise per unit for supply at LT. Consumers in the irrigation pumping and agriculture category availing power supply at HT will pay 140 paise per unit.

Allied Agricultural Activities

407. The Commission decides to modify the tariff of this category to 160 paise per unit at LT and 150 paise per unit at HT.

Allied Agro-Industrial Activities

408. The Commission decides to modify the tariff of this category to 420 paise per unit at LT and 410 paise per unit at HT.

Energy Charges for Other LT Consumers

409. The Commission, in keeping with its objective of rationalisation of tariff structure by progressive introduction of a cost-based tariff, has linked the Energy Charge at different voltage levels to reflect the cost of supply. The following tariff structure is determined for FY 2015-16 for all loads at LT except domestic, Kutir Jyoti, general purpose, irrigation pumping, allied agricultural activities and allied agro-industrial activities.

Voltage of Supply	Energy Charge
LT	560 paise per unit

The above rate shall apply to the following categories:

1) Public lighting
2) LT industrial(S) supply <22 KVA
3) LT industrial(M) supply >=22 KVA <110 KVA
4) Specified Public Purpose
5) Public Water works and Sewerage pumping < 110 KVA
6) Public Water works and Sewerage pumping >= 110 KVA
7) General Purpose >= 110 KVA
8) Large Industries >=110 KVA

Tariff for consumers availing power supply at LT with contract demand of 110 kVA and above are given hereunder.

Customer Service Charge at LT

410. As explained earlier these categories of consumers are required to pay three part tariff. The existing customer service charge for consumers with connected load of 110 kVA and above shall continue for FY 2016-17.

Table - 79

Category	**Voltage of Supply**	**Customer Service Charge (Rs. per Month)**
Public Water Works (=>110kVA)	LT	30
General Purpose (=>110kVA)	LT	30
Large Industry	LT	30

Demand charges at LT

411. The Commission examined the existing level of Demand Charge of Rs.200/kVA/month payable by the consumers with a contract demand of 110 kVA and above and decides not to revise it. This shall include Public Water Works and Sewerage Pumping, General Purpose Supply and Large Industry of contract demand of 110 kVA or more.

Voltage of Supply	**Demand charge**
LT (110 kVA & above)	Rs.200/ kVA/month

(b) Tariff For HT & EHT Consumers

(i) Customer Service Charge for consumers with contract demand of 110 kVA and above at HT & EHT

412. All the consumers at HT and EHT having CD of 110 kVA and above are liable to pay customer service charge. This charge is meant for meeting the expenditure of the licensees on account of meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts etc. The licensee is bound to meet these expenses irrespective of the level of consumption of the consumer. The customer service charges as existing shall continue as per details in the table below:

Table – 80

Category	Voltage of Supply	Customer service charge (Rs./month)
Bulk Supply (Domestic)	HT	Rs.250/- for all categories
Irrigation Pumping and Agriculture	HT	
Allied Agricultural Activities	HT	
Allied Agro-Industrial Activities	HT	
Specified Public Purpose	HT	
General Purpose (HT >70 kVA <110kVA)	HT	
HT Industrial (M) Supply	HT	
General Purpose (=>110kVA)	HT	
Public Water Works and Sewerage Pumping	HT	
Large Industry	HT	
Power Intensive Industry	HT	
Mini Steel Plant	HT	
Emergency Supply to CGPs	HT	
Railway Traction	HT	
General Purpose	EHT	Rs.700/- for all categories
Large Industry	EHT	
Railway Traction	EHT	
Heavy Industry	EHT	
Power Intensive Industry	EHT	
Mini Steel Plant	EHT	
Emergency Supply to CGPs	EHT	

(ii) Demand charge for HT & EHT consumers

413. The Commission examined the existing level of Demand Charge of Rs.250/kVA/month payable by the HT and EHT consumers and Rs 150 for HT Industrial (M) Supply consumers only (>=22 kVA and less than 100 kVA) and decides not to revise the same. The class of consumers and the voltage of supply to whom this charge shall be applicable are listed below.

HT Category

Specified Public Purpose
General Purpose (>70 kVA <110 kVA)
General Purpose (>=110 kVA)
Public Water Works and Sewerage Pumping
Large Industry
Power Intensive Industry

Mini Steel Plant
Railway Traction
HT Industrial (M) Supply (>=22 kVA and less than 100 kVA)

EHT Category

General Purpose
Large Industry
Railway Traction
Heavy Industry
Power Intensive Industry
Mini Steel Plant

414. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. To arrive at that cost the Commission studied the pattern of demand recorded by the demand meters of all such consumers of the licensee for the period from April, 2015 to September, 2015. The Commission after taking into consideration this aspect

has decided that the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue. The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2004. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.

415. As per the OERC Distribution (Conditions of Supply) Code, 2004, for contract demand above 70 kVA but below 555 kVA, supply shall be at 3-phase, 3-wire, 11 kV. However, these consumers connected prior to 01.10.95 may be allowed to continue to receive power at LT. But there are some consumers in the categories of Bulk Supply Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities, who have availed power supply at HT. For such types of consumers the Commission have decided to allow the existing Demand Charges to continue. Accordingly, the rates applicable to all such consumers who are to pay demand charges are given below:

Table - 81

Category	(Rs./KW/month)
Bulk Supply Domestic	20
Irrigation pumping	30
Allied Agricultural Activities	30
Allied Agro-Industrial Activities	50

416. However, the billing demand in respect of consumers with Contract Demand of less than 110 kA having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.

(iii) Energy Charge for HT and EHT consumers

417. The Commission, aiming at rationalisation of tariff structure by progressive introduction of a cost-based tariff, has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining Energy Charge, the principle of higher rate for supply at low voltage and gradually reduced rate as the voltage level goes up has been adopted. However, the Commission has made certain exceptions to the above provisions in respect of Domestic, Irrigation Pumping, Allied Agricultural

Activities and Allied Agro-Industrial Activities consumers availing power at HT. Similarly, Emergency supply to CGPs and Colony consumption at both HT and EHT level have also been exempted.

418. For domestic HT bulk supply consumers the energy charges has been fixed at 430 paise per unit.

Graded Slab Tariff for HT/EHT Consumers

419. Considering more and more industries are running in higher load factor the Commission has decided to modify the present Graded slab tariff for HT and EHT consumers where the Demand charges are billed on kVA basis as given below:

Table – 82
Slab rate of energy charges for HT & EHT (Paise per unit)

Load Factor (%)	HT	EHT
= < 60%	525	520
> 60%	420	415

420. Load factor has to be calculated as per Regulation 2 (y) of OERC Distribution Code, 2004. However, in calculation of load factor, the actual power factor of the consumer and power-on-hours during billing period shall be taken into consideration.

421. Power on hours is defined as total hours in the billing period minus allowable power interruption hour. The allowable power interruption hours should be calculated by deducting 60 hours in a month from the total interruption hour. In case power interruption is 60 hours or less in a month then no deduction shall be made.

HT Supply for Irrigation pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities Consumers

422. The Commission has modified the present tariff in respect of Irrigation pumping, Allied Agricultural/Agro-Industrial Activities availing power at HT. The Energy Charge applicable to them has been fixed as follows:

Category		Energy Charge
Irrigation Pumping	-	140 paise per unit
Allied Agricultural Activities	-	150 paise per unit
Allied Agro-Industrial Activities	-	410 paise per unit

Industrial Colony Consumption

423. Since the purpose of incentive scheme is to encourage higher consumption by the EHT & HT consumers, the Commission after reviewing the scheme, directs that, the units consumed for the colony shall be separately metered and the total consumption shall be deducted from the main meter reading and billed at 470 paise per unit for supply at HT and 460 paise per unit at EHT. For the energy consumed in colony in excess of 10% of the total consumption, the same shall be billed at the rate of Energy Charge applicable to the appropriate class of industry.

Emergency power supply to CGPs/Generating stations

424. Industries owning CGPs/ Generating Stations have to enter into an agreement with the concerned DISCOMs subject to technical feasibility and availability of required quantum of power/energy in the system as per the provision under the OERC Distribution (Condition of Supply) Code, 2004. For them, (i) a flat rate of 720 paise/kwh at HT and (ii) 710 paise/kwh at EHT would apply. The industry owning CGP and having zero contract demand can draw power supply for its CGP from the Grid maximum upto the capacity of the highest unit of its CGP. If the industry draws more than highest unit of its CGP the energy rate of power supply as allowed would cease and normal industrial two part tariff with payment of demand charge at highest MD for the full financial year shall apply.

Peak and Off-Peak Tariff

425. Section 62(3) of the Electricity Act, 2003 mandates as follows:

"The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required."

426. Further, in accordance with the provision of Para 7(a) (i) of OERC (Terms and Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. Accordingly, the Commission decides to continue off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a

memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 20 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

i) Public Lighting Consumers

ii) Emergency supply to captive power plants

Charges for Overdrawal

Penalty for overdrawal

427. Demand charge shall be calculated on the basis of 80% CD or actual MD whichever is higher during other than off peak hour. Any overdrawal more than 120% of CD during off-peak hours, the overdrawal penalty shall be charged on the excess of demand over the 120% CD. The penalty rate is Rs.250/KVA. In case there is overdrawal during other than off peak hours, no off peak benefit will be available. In that case, the overdrawal penalty @ Rs.250/KVA shall be charged over the excess drawal of demand over CD irrespective of hours it occurs. This penalty for overdrawal in any case shall be over and above the normal demand charges.

428. When Maximum Demand is less than the Contract Demand during hours other than off peak hours then the consumer is entitled for over drawal benefit limited to 120% of Contract Demand during off peak hours. If MD exceeds 120% of CD during off peak hours then the consumer is liable for overdrawal penalty only on the excess demand recorded over 120% of CD @ Rs.250/- per KVA per month. If Maximum Demand exceeds the Contract Demand during hours other than off peak hours then the consumer is not entitled to get off peak hour over drawal benefit even if the drawal is more than the contract demand but within 120% of CD.

429. Thus the overdrawal penalty shall be Rs.250/KVA/Month for overdrawal during hours other than the off-peak hours and off-peak hours.

Incentive for Overdrawal

430. As per the existing Commission's Order all the consumers who pay two-part tariff with > 110 KVA are allowed to draw upto 120% of contract demand during off peak hours on payment of demand charge as per the 80% of the contract demand or

maximum demand drawn during other than off peak hours whichever is higher where drawal of maximum demand is within CD.

431. The Commission has decided to continue with the existing tariff provisions wherein there is no penalty for overdrawal during off-peak hours upto 120% of the contract demand. The off-peak hours is defined as 12 Midnight to 6 AM of the next day. However, any consumer overdrawing during hours other than off-peak hours shall not be eligible for overdrawal benefit during off-peak hours. In case of Statutory Load Regulation deemed contract demand shall be the restricted contract demand.

Eligibility for availing overdrawal benefit during off peak hours

432. HT and EHT consumers are allowed for 120% overdrawal benefit only if, their maximum demand drawn during other than off peak hours remains within the contract demand. In case the consumer overdraws than contract demand during other than off peak hours, but within 120% of contract demand during off-peak hours, no overdrawal benefit shall be allowed to such consumer. In that case the demand charge will be calculated as per the recorded maximum demand, irrespective of hours of its drawal.

Charges for Power Factor

433. The Commission has re-introduced the incentive for maintenance of high power factor from FY 2015-16 and it will continue for the ensuing year for FY 2016-17. Penalty for lower power factor shall continue as usual.

Power Factor Penalty

434. The Commission also orders for continuance of the power factor penalty as a percentage of monthly Demand Charge and Energy Charge on the following HT/EHT categories of consumers:

(i) Large Industries
(ii) Public Water Works (110 KVA and above)
(iii) Railway Traction
(iv) Power Intensive Industries
(v) Heavy Industries
(vi) General Purpose Supply
(vii) Specified Public Purpose (110 KVA and above)
(viii) Mini Steel Plants
(ix) Emergency supply to CGP

435. The penalty for Power Factor below 92% is given as under:

Table - 83

Below 92% upto and including 70%	0.5% penalty for every 1% fall from 92% upto and including 70% plus
Below 70% upto and including 30%	1% penalty for every 1% fall below 70% upto and including 30% plus
Below 30%	2% for every 1% fall below 30%

(Pro-rata penalty shall be calculated and the power factor shall be calculated upto four decimal points). The penalty shall be on monthly demand charge and energy charge of the HT and EHT industries as prescribed above.

However, the licensees may give a 3 months' notice to install capacitor for reduction of reactive drawl failing which licensee may disconnect the power supply if the power factor falls below 30% as provided in the Regulations.

There shall be no power factor penalty for leading power factor recorded in the meter.

Power Factor Incentive

436. Similarly, the power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

Metering on LT side of Consumers Transformer

437. As per Regulation 54 of OERC Distribution (Conditions of Supply) Code, 2004 Transformer loss, as computed below has to be added to the consumption as per meter reading.

Energy loss = (730 X rating of the transformer KVA) /100.

Loss in demand = 1% of the rating of the transformer in KVA (for two part tariff)

* (The consumer shall select optimum size of the transformer during installation)

Incentive for prompt payment

438. The Commission examined the existing method of incentive and its financial implications. The Commission has decided to grant incentive for early and prompt payment as below:

a) A rebate of 10 paise/unit shall be allowed on energy charges if the payment of the bill (excluding all arrears) is made by the due date indicated in the bill in respect of the following categories of consumers.

LT: Domestic, General purpose <110 KVA, Irrigation Pumping and Agriculture, Allied Agricultural Activities and LT Industrial (S), Public Water Works and Sewerage Pumping.

HT: Bulk supply Domestic, Irrigation Pumping and Agriculture, Allied Agricultural Activities, General purpose >70 <110 KVA, Public Water Works and Sewerage Pumping.

b) Consumers other than those mentioned at Para 'a' above shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding all arrears), if payment is made within 3 working days of presentation of the bill.

439. **Special Rebates**

a. Hostels attached to the Schools run by SC/ST Dept. of Govt. of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT/HT).

b. All Swajala Dhara consumers shall get 10% special rebate on total bill (except electricity duty and meter rent) in addition to other rebates they are otherwise eligible if the electricity bill is paid within the prescribed due date of normal rebate.

c. Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual / Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. They will continue to be LT consumers with appropriate tariff category. In addition licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOMs. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.

d. A special rebate of 25 paise/unit (including the regular rebate in vogue) shall be provided to the consumers covered under Commission monitored smart metering scheme if they pay their bills within due date for availing the rebate.

Reconnection Charge

440. The Commission decided that existing re-connection charges shall continue as follows:

Table - 84

Category of Consumers	Rate Applicable
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
HT & EHT consumers	Rs.3000/-

Delayed Payment Surcharge

441. The Commission has examined the present method and rate of DPS and has decided that if payment is not made within the due date, Delayed Payment Surcharge shall be charged for every day of delay at 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as mentioned below:

i. Large industries
ii. LT/HT Industrial (M) Supply
iii. Railway Traction
iv. Public Lighting
v. Power Intensive Industries
vi. Heavy Industries
vii. General Purpose Supply >=110 KVA
viii. Specified Public Purpose
ix. Mini Steel Plants
x. Emergency supply to CGP
xi. Allied Agro-Industrial Activities
xii. Colony Consumption

442. There is a tendency among the category of LT Domestic, General Purpose and HT Bulk Supply Domestic etc. consumers who don't pay delayed payment surcharge to be negligent towards bill payment once the due date is over. But the licensees are to disconnect those consumers after giving them required notice.

443. The Commission after careful consideration of this serious issue has decided that DISCOMs shall charge DPS to the defaulting consumers for every two months of such defaults as per the flat rates shown in the following table:

Table – 85

Category of Consumers	**Amount of Arrears**	**Rate Applicable**
LT Single Phase Domestic Consumer	Any amount	Rs.50/-
LT Single Phase other consumers (except Kutir Jyoti Consumers)	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.200/-
LT 3 Phase consumers	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.300/-
HT & EHT consumers	Less than Rs.10000/-	Rs.500/-
	Rs.10000/- & above	Rs.2000/-

* No DPS shall be charged on Kutir Jyoti Consumers

The tariff as determined above is reflected in Annexure-B. For any discrepancy Annexure-B is final.

Rounding off of consumers billed amount to nearest rupee

444. The Commission directs for rounding off of the electricity bills to the nearest rupee and at the same time directs that the money actually collected should be properly accounted for.

Charges for Temporary Supply

445. The tariff for the period of temporary connection shall be at the rate applicable to the relevant consumer category with the exception that Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection. Connections, temporary in nature, shall be provided as far as possible with pre-paid meters to avoid accumulation of arrears in the event of dismantling of the temporary connection etc.

New Connection Charges for LT

446. Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges.

Fuel Surcharge Adjustment Formula

447. The Commission has already prescribed a fuel surcharge adjustment formula for the distribution licensees in the OERC (Conduct of Business) Regulations, 2004, which shall continue to be valid.

Meter Rent

448. As discussed in earlier para wherever Commission monitored smart meters are provided, no meter rent for such meter with remote disconnection/reconnection facilities shall be charged. For other consumers, existing meter rent shall continue as follows:

Table - 86

Type of Meter	Monthly Meter Rent (Rs.)
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOMs henceforward shall be collected for a period of 60 months only.

Effective date of Tariff

449. The tariff schedule attached to this order shall be made effective from 01.04.2016. In order to simplify the procedure, we stipulate that if the metering and billing date falls within 15^{th} of April'16 (including 15th), the bill for the consumers will be prepared on pre-revised rate i.e. tariff applicable for the FY 2015-16. If the billing and metering date falls on or after 16^{th} of April, 2016 the bill will be prepared at the revised tariff rate i.e. Tariff applicable for 2016-17. The DISCOMs should ensure that the billing cycle of any consumer should not be disturbed due to the above stipulations.

450. Erstwhile Licensees such as WESCO, NESCO & SOUTHCO in Appeal Nos. 77, 78 & 79 of 2006 in respect of RST Order for FY 2006-07, Appeal Nos. 52, 53 & 54 of 2007 in respect of RST Order for FY 2007-08, Appeal Nos. 26, 27 & 28 of 2009 in respect of RST Order for FY 2008-09, Appeal Nos. 160, 161 & 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149/2011 for RST Order of FY 2011-12, Appeal Nos. 193, 194 & 195 of 2012 for RST Order of FY 2012-13 before

the Hon'ble ATE raised several issues such as those concerning distribution loss, mode of calculation of estimated sales and income and truing exercises etc. The three DISCOMs challenged the Truing up Order dated 19.03.2012 of the Commission passed in Case Nos.29, 30, 31 of 2007 and 6, 7 & 8 of 2012 before the Hon'ble ATE in Appeal No.196 of 2012. The Hon'ble ATE has set-aside the said Orders of the Commission vide its Judgment dated 03.07.2013 passed in Appeal Nos.160,161,162 of 2010 in respect of RST Order for FY 2010-11,Appeal Nos. 147, 148, 149 of 2011 for RST Order of FY 2011-12 and also Appeal Nos. 193, 194 & 195 of 2012 for RST Order for FY 2012-13. The Hon'ble ATE has also set-aside both the Truing up Orders dated 19.03.2012 of the OERC passed in Case Nos.29, 30, 31 of 2007 and 6, 7 & 8 of 2012 in Appeal No.196 of 2012 preferred by the R-Infra Managed DISCOMs. Hon'ble APTEL in their order dated 30.11.2014 has set aside the RST order for FY 2014-15 and has directed the Commission to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15). The Commission has filed an appeal against this order before the Apex Court in CA No. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter. In the meantime the Commission have revoked the Licences of erstwhile DISCOMs such as NESCO, WESCO & SOUTHCO in Case No. 55/2013. Now distribution utilities are being managed through the Administrator appointed by the Commission under Section 20 (1) (d) of the Electricity Act, 2003. The erstwhile DISCOMs have challenged the licence revocation order dated 04.03.2015 in Appeal No. 64/2015 before Hon'ble APTEL. The matter is subjudice before the said Hon'ble Tribunal.

451. The revised Retail Supply Tariff as stipulated in the order shall be effective from 1st April, 2016 and shall be in force until further orders.

452. The applications of NESCO Utility bearing Case No.57/2015, WESCO Utility bearing Case No.58/2015, SOUTHCO Utility bearing Case No.59/2015 and CESU bearing Case No.60/2015 are disposed of accordingly.

(A. K. DAS)	(S. P. SWAIN)	(S. P. NANDA)
MEMBER	**MEMBER**	**CHAIRPERSON**

ANNEXURE- A

REVENUE REQUIREMENT OF DISCOMs FOR THE FY 2016-17

	WESCO Utility			NESCO Utility			SOUTHCO Utility			CESU			TOTAL DISCOMs		
Expenditure	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17	Approved 2015-16	Proposed 2016-17	Approved 2016-17
Cost of Power Purchase	2278.50	2,277.40	2086.80	1585.50	1,686.10	1618.65	684.00	710.02	683.59	2502.30	2515.57	2313.90	7,050.30	7,189.09	6,702.94
Transmission Cost	183.75	183.50	176.25	131.25	139.58	136.25	85.50	88.75	86.75	219.50	243.41	214.25	620.00	655.24	613.50
SLDC Cost	1.20	1.20	1.10	0.85	0.85	0.85	0.56	0.54	0.54	1.43	1.71	1.33	4.03	4.30	3.82
Total Power Purchase, Transmission & SLDC Cost(A)	2,463.45	2,462.10	2,264.15	1,717.60	1,826.53	1,755.75	770.06	799.31	770.88	2,723.23	2,760.69	2,529.48	7,674.33	7,848.63	7,320.26
Employee costs	275.32	294.86	228.69	210.86	288.49	216.12	208.31	322.82	190.12	343.94	433.66	345.43	1,038.43	1,339.83	980.37
Repair & Maintenance	44.24	58.58	55.55	61.05	73.30	70.54	31.93	103.12	33.18	79.64	99.98	92.43	216.86	334.98	251.70
Discount to consumers											48.81		-	48.81	-
Administrative and General Expenses	35.84	70.16	66.63	27.20	53.00	40.31	22.50	65.73	39.42	51.68	97.67	80.37	137.22	286.56	226.73
Provision for Bad & Doubtful Debts	18.58	26.07	19.09	11.37	62.16	11.67	8.19	44.82	8.58	23.04	371.33	25.42	61.19	504.38	64.76
Depreciation	27.51	38.91	35.47	39.48	48.97	46.21	19.05	68.62	20.00	52.27	138.19	61.27	138.32	294.69	162.94
Interest Chargeable to Revenue including Interest on S.D	60.38	108.10	64.69	52.16	92.55	58.24	27.74	44.75	26.67	91.30	224.24	80.39	231.58	469.64	230.00
Sub-Total	461.88	596.68	470.11	402.13	618.47	443.09	317.73	649.86	317.98	641.88	1,413.88	685.31	1,823.61	3,278.89	1,916.50
Less: Expenses capitalised		3.47						0.97					-	4.44	-
Less: interest Capitalised														-	-
Total Operation & Maintenance and Other Cost	461.88	593.21	470.11	402.13	618.47	443.09	317.73	648.89	317.98	641.88	1,413.88	685.31	1,823.61	3,274.45	1,916.50
Return on equity	7.78	7.78	7.78	10.55	10.55	10.55	6.03	6.03	6.03	11.64	11.64	11.64	36.00	36.00	36.00
Total Distribution Cost (B)	469.66	600.99	477.89	412.68	629.02	453.64	323.76	654.92	324.01	653.52	1,425.52	696.95	1,859.61	3,310.45	1,952.50
Amortisation of Regulatory Asset													-	-	-
True up of Past Losses		137.59			89.50			120.82					-	347.91	-
Contingency reserve		4.07			5.09			3.04					-	12.20	-
Total Special Appropriation (C)		141.66	-		94.59	-		123.86	-	-	-	-	-	360.11	-
Total Cost (A+B+C)	2,933.10	3,204.75	2,742.04	2,130.28	2,550.14	2,209.39	1,093.81	1,578.09	1,094.89	3,376.75	4,186.21	3,226.43	9,533.94	11,519.19	9,272.76
Less: Miscellaneous Receipt	105.25	95.84	105.25	101.07	68.01	101.07	39.85	17.14	39.85	127.39	114.36	127.39	373.55	295.35	373.55
Total Revenue Requirement	2,827.85	3,108.91	2,636.79	2,029.21	2,482.13	2,108.32	1,053.97	1,560.95	1,055.05	3,249.36	4,071.85	3,099.05	9,160.39	11,223.84	8,899.21
Expected Revenue(Full year)	2842.6	2,607.14	2643.23	2038.32	2,072.22	2105.83	1058.14	995.89	1062.05	3258.04	2,986.63	3104.05	9,197.10	8,661.88	8,915.16
GAP at existing(+/-)	14.75	501.77	6.44	9.11	409.91	(2.49)	4.17	565.06	7.00	8.68	1085.22	5.00	36.71	2561.96	15.95
														Saleable Units	**Avg cost (paisa/unit)**
												Approved 16-17		**19,302.18**	**480.40**

Annexure – 'B'

RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST APRIL, 2016

Sl. No.	Category of Consumers	Voltage of Supply	Demand Charge (Rs./KW/ Month)/ (Rs./KVA/ Month)	Energy Charge (P/kWh)	Customer Service Charge (Rs./Month)	Monthly Minimum Fixed Charge for first KW or part (Rs.)	Monthly Fixed Charge for any additional KW or part (Rs.)	Rebate (P/kWh)/ DPS
	LT Category							
1	Domestic							
1.a	Kutir Jyoti <= 30 Units/month	LT	FIXED MONTHLY CHARGE-->			80		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		**250.00**		20	20	
	(Consumption >50, <=200 units/month)	LT		**420.00**				
	(Consumption >200, <=400 units/month)	LT		**520.00**				
	Consumption >400 units/month)	LT		**560.00**				
2	General Purpose < 110 KVA							10
	Consumption <=100 units/month	LT		**530.00**		30	30	
	Consumption >100, <=300 units/month	LT		**640.00**				
	(Consumption >300 units/month)	LT		**700.00**				
3	Irrigation Pumping and Agriculture	LT		**150.00**		20	10	10
4	Allied Agricultural Activities	LT		**160.00**		20	10	10
5	Allied Agro-Industrial Activities	LT		**420.00**		80	50	DPS/Rebate
6	Public Lighting	LT		**560.00**		20	15	DPS/Rebate
7	L.T. Industrial (S) Supply <22 KVA	LT		**560.00**		80	35	10
8	L.T. Industrial (M) Supply >=22 KVA <110 KVA	LT		**560.00**		100	80	DPS/Rebate
9	Specified Public Purpose	LT		**560.00**		50	50	DPS/Rebate
10	Public Water Works and Sewerage Pumping <110 KVA	LT		**560.00**		50	50	10
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	**560.00**	30			10
12	General Purpose >= 110 KVA	LT	200	**560.00**	30			DPS/Rebate
13	Large Industry	LT	200	**560.00**	30			DPS/Rebate
	HT Category							
14	Bulk Supply - Domestic	HT	20	**430.00**	250			10
15	Irrigation Pumping and Agriculture	HT	30	**140.00**	250			10
16	Allied Agricultural Activities	HT	30	**150.00**	250			10
17	Allied Agro-Industrial Activities	HT	50	**410.00**	250			DPS/Rebate
18	Specified Public Purpose	HT	250	**As indicated in the notes below**	250			DPS/Rebate
19	General Purpose >70 KVA < 110 KVA	HT	250		250			10
20	H.T Industrial (M) Supply	HT	150		250			DPS/Rebate
21	General Purpose >= 110 KVA	HT	250		250			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	250		250			10
23	Large Industry	HT	250		250			DPS/Rebate
24	Power Intensive Industry	HT	250		250			DPS/Rebate
25	Mini Steel Plant	HT	250		250			DPS/Rebate
26	Railway Traction	HT	250		250			DPS/Rebate
27	Emergency Supply to CGP	HT	0	**720.00**	250			DPS/Rebate
28	Colony Consumption	HT	0	**470.00**	0			DPS/Rebate
	EHT Category							
29	General Purpose	EHT	250	**As indicated in the notes below**	700			DPS/Rebate
30	Large Industry	EHT	250		700			DPS/Rebate
31	Railway Traction	EHT	250		700			DPS/Rebate
32	Heavy Industry	EHT	250		700			DPS/Rebate
33	Power Intensive Industry	EHT	250		700			DPS/Rebate
34	Mini Steel Plant	EHT	250		700			DPS/Rebate
35	Emergency Supply to CGP	EHT	0	**710.00**	700			DPS/Rebate
36	Colony Consumption	EHT	0	**460.00**	0			DPS/Rebate

Note:

Slab rate of energy charges for HT & EHT (Paise/unit)

Load Factor (%)	HT	EHT
=< 60%	525	520
> 60%	420	415

(i) The reconnection charges w.e.f. 01.4.2015 shall continue unaltered

Category of Consumers	Rate Applicable
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
All HT & EHT consumers	Rs.3000/-

(ii) Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection in respective categories.

(iii) The meter rent w.e.f. 01.4.2016 shall remain unaltered as follows:

Type of Meter	Monthly Meter Rent (Rs.)
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOMs shall be collected for a period of 60 months only. Once it is collected for sixty months meter rent collection should stop.

(iv) A Reliability surcharge @ 10 paise per unit will continue for HT and EHT consumers availing power irrespective of nature of feeder. This surcharge @ 10 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit. (For details see the order)

(v) Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges.

(vi) A “Tatkal Scheme” for new connection is applicable to LT Domestic, Agricultural and General Purpose consumers.

(vii) In case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis.

(viii) The billing demand in respect of consumer with Contract Demand of less than 110 KVA should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification.

(ix) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @ 20 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as **12 Midnight to 6 AM** of next day.

(x) Hostels attached to the Schools recognised and run by SC/ST Dept., Govt. of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT / HT) which shall be over and above the normal rebate for which they are eligible.

(xi) Swajala Dhara consumers under Public Water Works and Sewerage Pumping Installation category shall get special 10% rebate if electricity bills are paid within due date over and above normal rebate.

(xii) During the statutory restriction imposed by the Fisheries Department, the Ice Factories located at a distance not more than 5 Km. towards the land from the sea shore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period.

(xiii) Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. If the connected load of the attached feed unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be.

(xiv) The food processing unit attached with cold storage shall be charged at Agro-Industrial tariff if cold storage load is not less than 80% of the entire connected load. If the load of the food processing unit other than cold storage unit exceeds 20% of the connected load, then the entire consumption by the cold storage and the food processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be.

(xv) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from **12 Midnight to 6.00 A.M.** of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged over and above the 120% of contract demand. When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.

(xvi) General purpose consumers with Contract Demand (CD) < 70 KVA shall be treated as LT consumers for tariff purposes irrespective of level of supply voltage. As per Regulation 76 (1) (c) of OERC Distribution (Conditions of Supply) Code, 2004 the supply for load above 5 KW upto and including 70 KVA shall be in 2-phase, 3-wires or 3-phase, 3 or 4 wires at 400 volts between phases.

(xvii) Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual/Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. In such a case licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOM utilities. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.

(xviii) Power factor penalty shall be

i) 0.5% for every 1% fall from 92% upto and including 70% plus

ii) 1% for every 1% fall below 70% upto and including 30% plus

iii) 2% for every 1% fall below 30%

The penalty shall be on the monthly demand charges and energy charges

There shall not be any power factor penalty for leading power factor. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

(xix) The power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

(xx) The printout of the record of the static meter relating to MD, PF, number and period of interruption shall be supplied to the consumer wherever possible with a payment of Rs.500/- by the consumer for monthly record.

(xxi) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.4.2016. However, for the month of April, 2016 the pre-revised tariff shall be applicable if meter reading / billing date is on or before 15.4.2016. The revised tariff shall be applicable if meter reading/billing date is on 16.4.2016 or afterwards. The billing cycle as existing shall not be violated by the DISCOM utilities.

(For detail please see the complete order)

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