

**ODISHA ELECTRICITY REGULATORY COMMISSION  
PLOT NO.4, CHUNOKOLI, SAILASHREE VIHAR,**

**BHUBANESWAR – 751021**

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**Case No. 118/2021/1673  
Dated:24.12.2021**

To

The Chief Executive Officer,  
TP Central Odisha Distribution Limited (TPCODL)  
Power House Square, Unit-VIII,  
Bhubaneswar – 751 012.

**Sub: Publication of public notice in Case No 118 of 2021 in respect of for approval of  
Truing up for the period of FY 2020-21.**

Sir,

With reference to your application dated **30.11.2021** before the Commission in respect of **for approval of Truing up for the period of FY 2020-21**, which has been registered as **Case No.118/2021**, I am directed to say that the Commission has decided to dispose of the above application through a public hearing. Therefore, you are required to publish the Public notice attached here in this letter on or before 25.12.2021. The proof of the above publications in English and Odia dailies shall be furnished to the Commission within seven days of such publications.

**By order of the Commission**

Encl: As above for Publication.

**Sd/-  
SECRETARY**

**ODISHA ELECTRICITY REGULATORY COMMISSION  
PLOT NO.4, CHUNOKOLI, SAILASHREE VIHAR,  
BHUBANESWAR – 751021**

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**PUBLIC NOTICE**

**Case No. 118 of 2021**

**Hearing of Application of TPCODL for approval of Truing up for the period of FY 2020-21.**

TPCODL has submitted its Application to the Odisha Electricity Regulatory Commission on 30.11.2021 for approval of Truing up for the period of FY 2020-21, which has been registered as **Case No.118/2021**. The application has been filed under Section 62 & 86 and other applicable provisions of the Electricity Act, 2003 read with OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004. The Commission has decided to dispose of the case through a public hearing along with the ARR & RST application for FY 2022-23 of the applicant in **Case No.111 of 2021**.

The petition along with all Annexures submitted by M/s. TPCODL in this regard is available in TPCODL's website [www.tpcentralodisha.com](http://www.tpcentralodisha.com) as well as in Commission's website [www.orierc.org](http://www.orierc.org). The Interested persons / organizations those who wants to participate in the above proceeding may file their objections/suggestions, if any, on the present petition of M/s. TPCODL by 17.01.2022 with a copy to TPCODL and TPCODL is directed to file its rejoinder to the objections/suggestions of the Respondents by 27.01.2022 with a copy to the Respondents. Those who are interested to participate in the public hearing through video conferencing should also indicate their e-mail address to the Commission at OERC e-mail ([oerc.vc@gmail.com](mailto:oerc.vc@gmail.com)).

**By Order of the Commission**

Dated: ....12.2021

Sd/-

**SECRETARY**

**N.B.:** The above public notice with list of Organizations/Persons whose objections/suggestions have been admitted by the Commission for hearing is also available in OERC website [www.orierc.org](http://www.orierc.org)



Before the Odisha Electricity Regulatory Commission  
Pot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: \_\_\_\_\_ of 2021

File No TPCODL/Regulatory /2021/104/12447

**IN THE MATTER OF:** An Application for approval of Truing up for FY 2020-21 (June 2020-Mar 2021) under Section 86 (1) of the Electricity Act,2003 and other applicable provisions of the Electricity Act 2003 and in conformity with the Clause 8 and other provisions of OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulation 2004.

**And**

**IN THE MATTER OF:** TP Central Odisha Distribution Ltd. (Formerly CESU), Corporate Office, Power House ,Unit-8, , Bhubaneswar- 751 012 represented by its Chief –Regulatory & Government Affairs.

*...Petitioner*

**And**

**IN THE MATTER OF:** All Stake Holders.

*...Respondents*

**Affidavit**

I, Puneet Munjal, aged about 58 son of late Jagdish Lal Munjal residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief-Regulatory & Government Affairs of TP Central Odisha Distribution Ltd. the Petitioner in the above matter and I am duly authorized to swear this affidavit on its behalf.
2. The statements made in the submission -File No- TPCODL/Regulatory/2021/104/12447 herein shown to me are based on information provided to me and I believe them to be true.

Bhubaneswar.

Dated: 29.11.2021

Chief-Regulatory & Government Affairs



**Before the Odisha Electricity Regulatory Commission  
Pot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021**

**Case No: \_\_\_\_\_ of 2021**

File No TPCODL/Regulatory /2021/104/12447

**IN THE MATTER OF:** An Application for approval of Truing up for FY 2020-21 (June 2020-Mar 2021) under Section 86 (1) of the Electricity Act,2003 and other applicable provisions of the Electricity Act 2003 and in conformity with the Clause 8 and other provisions of OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulation 2004.

**And**

**IN THE MATTER OF:** TP Central Odisha Distribution Ltd. (Formerly CESU), Corporate Office, Power House ,Unit-8, , Bhubaneswar- 751 012 represented by its Chief –Regulatory & Government Affairs.

**...Petitioner**

**And**

**IN THE MATTER OF:** All Stake Holders.

**...Respondents**

In line with Regulation 8 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff ) Regulations, 2014 "Tariff Regulations", Section 86 (1) of the Electricity Act 2003 and relevant Regulations of OERC (Conduct of business) Regulations, 2004, TP Central Odisha Distribution Ltd (TPCODL) is filing the application before the Hon'ble Commission for approval of Truing up of expenditures for the Financial Year 2021-22 (June 2020 –Mar 2021). The submissions from TPCODL are enclosed. Based on the enclosed submission the following is prayed

**Prayers**

TPCODL prays that the Hon'ble Commission may kindly pleased to;



1. Approve the Truing up of performance for the Financial Year 2020-21 (for 10 Months) as proposed by the TPCODL.
2. Permit making additional submission required in this matter
3. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

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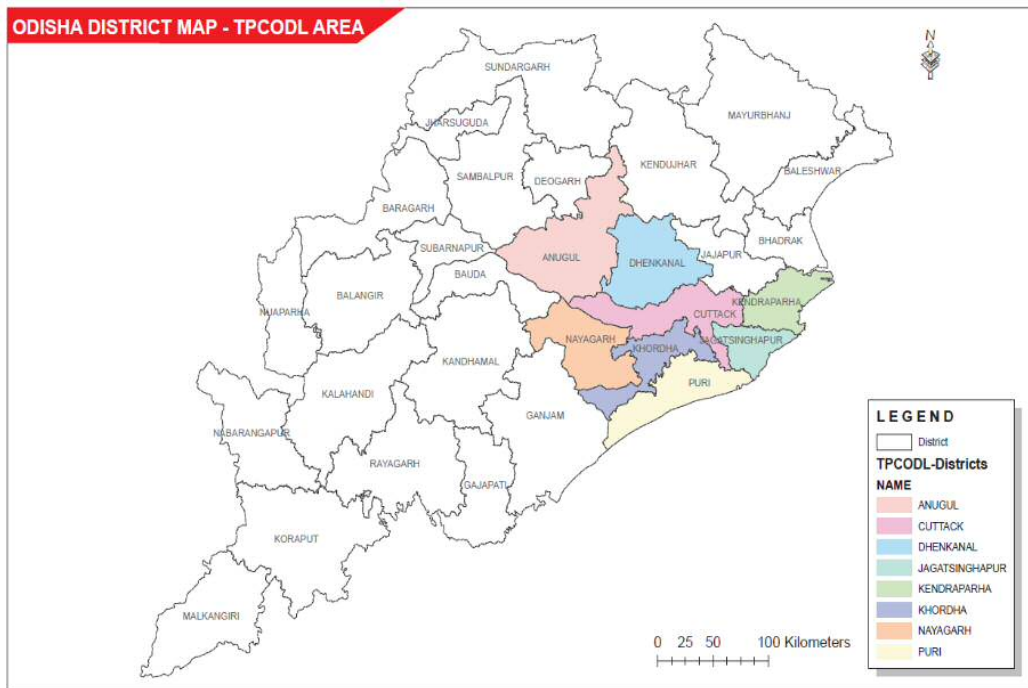
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## **1.1 Introduction of TPCODL**

Tata Power Central Odisha Distribution Limited (TPCODL) is a joint venture of Tata Power (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. TPCODL took over the license to distribute electricity in the central part of Odisha, which was earlier served by erstwhile CESU, after being selected through a competitive bidding process. TPCODL's utility business is being governed by the provisions of license issued by Hon'ble OERC for Distribution and Retail Supply of Electricity in Central Odisha. The Hon'ble OERC regulates the working of the entire power sector of Odisha state, including determination of tariff chargeable to end consumers and establishing performance norms (mainly related to Loss reduction, Safety, Reliability of power supply and Consumer service delivery).

TPCODL's license area is spread over a geography of 29354 Sq.Km and it serves the registered consumer base of about 2.8 million. TPCODL procures power from GRIDCO which is a state owned company, engaged in the business of purchase of electricity in bulk from various generators located inside Odisha and the state share of power from Central generators for supply to all power distribution utilities, including TPCODL. Further, TPCODL receives electrical power at a sub transmission voltage of 33KV from Odisha Power Transmission Company Limited's (OPTCL) 220/132/33 kV Grid Substations and then distributes the power at 33KV / 11KV / 440V / 230V depending on the load of the consumer. For effective operations; license area is divided in 5 circles (covering 8 districts) which is further sub divided in 20 Divisions and 65 Sub-division who manage the commercial and O&M activities in order to serve its consumer. The area belonging to TPCODL is as shown in Figure below

**Figure 1-1: District Presence of TPCODL**



The details of the areas of operations along with the Assets over the various divisions is provided in **Chapter 7 ANNEXURE 1: Statistical Information of TPCODL**

## 1.2 History of formation of TPCODL

In exercise of powers U/s 19 of the Electricity Act, 2003 (the “Act”) the Hon'ble Commission revoked the license of Central Electricity Supply Company of Orissa Ltd. (the “CESCO”) with effect from 01.04.2005. An Administrator was appointed u/s 20(1)(d) of the Act vide Hon'ble Commission’s Order dated 02.04.2005 which was subsequently revised vide their Order dated 18.04.2005.

The Hon'ble Commission thereafter formulated a Scheme called the Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006 (the “Scheme”) u/s 22 (1) of the Act for operation and management of the Utility wherein ‘Utility’ means the utility of CESCO, operated by the Chief Executive Officer & Administrator appointed vide Hon’ble Commission’s order dated 18.04.2005. The utility of CESCO was renamed as the Central Electricity Supply Utility of Orissa (the “CESU”) under this Scheme and the Scheme came into force from 08.09.2006. After the formulation of Scheme, the Hon'ble Commission vide Order dated 27.10.2006, laid down the license conditions for CESU which became applicable with effect from 01.11.2006.



On 24.11.2017 bids were invited as per the terms of a Request for Proposal dated 24.11.2017 (the "RFP") issued by the Hon'ble Commission. As per terms of the RFP, upon completion of sale, the utility of CESU would vest in a special purpose vehicle (the "SPV") in which the successful bidder shall either hold 100% equity shares or the successful bidder shall hold 51% equity shares and the Government of Odisha (the "GoO") shall have the option to hold 49% equity shares either on its own or through any of its undertakings. In case the GoO decides to hold 49% of equity shares, the successful bidder and GoO/GoO designated entity shall enter into a Share Acquisition Agreement and a Shareholders Agreement with the successful bidder. Further, under the RFP, the reserve price of utility of CESU was kept as Rs. 300 crores (Indian Rupee Three hundred crore only).

The Tata Power Company Limited (the "TPC") submitted its bid on 14.09.2018 and the same was accepted by the Hon'ble Commission. The GoO vide its letter dated 13<sup>th</sup> December 2019 conveyed its decision to hold 49% equity shares in the SPV. Further, the GoO vide its letter dated 17<sup>th</sup> February 2020, conveyed that GRIDCO Limited (the "GRIDCO") shall be the entity of the GoO which will hold the 49% equity shares in the SPV on behalf of the GoO.

The Hon'ble Commission then directed GRIDCO to incorporate the SPV to which the utility of CESU would be vested and license of CESU would be transferred. On 06.04.2020, TP Central Odisha Distribution Limited (the "TPCODL") was incorporated as wholly owned subsidiary of GRIDCO with an authorized share capital of Rs. 1000 crores (Indian Rupee One Thousand crores only) and paid-up capital of Rs. 5 lakhs (Indian Rupee Five lakh only). TPC and GRIDCO would hold 51% and 49% equity shares respectively after the completion of sale.

A "Vesting order" dated 26<sup>th</sup> May 2020 in matter of Suo Moto proceedings in Case No 11 of 2020 was passed by the Hon'ble Commission vesting the utility to TPCODL and transferring the Fixed Assets and also other elements of the Balance Sheet at a particular costs to TPCODL along with the accumulated Depreciation in the Fixed Assets. In addition, many of employees of CESU, their terminal liabilities("Employee Liabilities") towards pension, gratuity, leave encashment and provident funds were transferred. Further, security deposits from consumers, deposits from suppliers/contractors and deposits for electrification /service connection was transferred to TPCODL.

It is further submitted Section 21 (a) of the Act states that *"the utility shall vest in the purchaser or the intending purchaser, as the case may be, free from any debt, mortgage or similar obligation of the licensee or attaching to the utility"*. The Hon'ble Commission recognizing that certain current assets & liabilities pertaining to employees, consumers, suppliers and statutory payments, etc. which were not indicated in the opening balance



sheet provided in RFP, were also passed on TPCODL since CESU did not have any revenue to fund the liabilities.

The audit of Accounts as on 31<sup>st</sup> May 2021 (i.e just before the take over on 1<sup>st</sup> June 2020 by TPCODL) of erstwhile CESU was completed on 11<sup>th</sup> June 2021. The audited accounts were subsequently submitted to the Hon'ble Commission for carving out the Opening Balance for TPCODL (i.e as on 1<sup>st</sup> June 2020) out of the accounts closed as on 31<sup>st</sup> May 2020. The Hon'ble Commission passed an order on 30<sup>th</sup> September 2021 on the same and based on the order of the Hon'ble Commission, following is the Opening Balance Sheet that is carved out for TPCODL.

**Table 1-1 : Liabilities of TPCODL as on 1<sup>st</sup> June 2020**

Particulars	CESU	TPCODL	Residual CESU
	As at 31.05.2020	As at 01.06.2020 (Carve out) OERC Order of 30th Sep 2021	As at 01.06.2020 (OERC Order)
	Rupees in Crores	Rupees in Crores	Rupees in Crores
	A	B	C=A-B
<b>I. EQUITY AND LIABILITIES</b>			
Equity Share Capital		300.00	-300.00
<b>1. Capital Funds :</b>			
(a) Capital Funds	72.72		72.72
(b) Reserves and Surplus	-4379.04	0.00	-4379.04
<b>Sub-Total</b>	<b>-4306.32</b>	<b>300.00</b>	<b>-4606.32</b>
<b>2. Non-current liabilities</b>			
(a) Long term borrowings	3423.47	0.00	3423.47
(b) Deferred tax liabilities (Net)	0.00	0.00	0.00
<b>(c) Other Long Term Liabilities :</b>	<b>3280.87</b>	<b>3218.79</b>	<b>62.07</b>
<i>Security Deposit from Consumers</i>	734.72	734.72	0.00
<i>Deposits from Suppliers/Contractors</i>	73.34	73.34	0.00
<i>Deposit For Electrification, Service Connection</i>	299.80	299.80	0.00
<i>Consumers' Contribution under ESA</i>	1523.97	1523.97	0.00
<i>Grants received/Adjustment (Bal.fig)</i>	649.03	586.96	62.07
<b>(d) Long-term provisions</b>	<b>1699.83</b>	<b>54.38</b>	<b>1591.06</b>
<i>P.F.Trust</i>	54.38	54.38	0.00
<i>Pension Trust</i>	1344.21	0.00	1344.21
<i>Gratuity Trust</i>	112.74	0.00	112.74
<i>Leave Encashment</i>	188.49	0.00	188.49
<b>Sub-Total</b>	<b>8404.17</b>	<b>3273.18</b>	<b>5130.99</b>
<b>3. Current Liabilities</b>			
(a) Short-term borrowings	157.54	157.54	0.00
(b) Trade payables	1790.02	225.16	1564.86
<b>(c) Other Current Liabilities</b>	<b>296.04</b>	<b>105.57</b>	<b>190.47</b>
<i>Sundry Creditors</i>	62.56	62.56	0.00
<i>Other Liabilities</i>	1.85	1.85	0.00
<i>Electricity Duty Payable (Subject to realisation from consumer)</i>	190.47	0.00	190.47
<i>Electricity Duty Payable (Collected)</i>	9.11	9.11	0.00
<i>Electric Public Awareness Media campaign Funds</i>	0.14	0.14	0.00
<i>Interest Payable on Security Deposit</i>	31.91	31.91	0.00
<b>(d) Short-term provisions</b>	<b>317.09</b>	<b>203.07</b>	
<i>Short-term provisions</i>	266.24	152.23	114.01
<i>Payable to Franchisee</i>	50.84	50.84	0.00
<b>Sub-Total</b>	<b>2560.68</b>	<b>691.34</b>	<b>1869.34</b>
<b>Total :</b>	<b>6658.52</b>	<b>4264.51</b>	<b>2394.01</b>

**Table 1-2 : Assets of TPCODL as on 1<sup>st</sup> June 2020**



Particulars	CESU	TPCODL	Residual CESU
	As at 31.05.2020	As at 01.06.2020 (Carve	As at 01.06.2020 (OERC
	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>II. ASSETS</b>			
<b>1.Non-Current Assets</b>			
1.(a) Fixed Assets			
(i) Property, Plant and Equipment	2061.67	2053.97	
(ii) Intangible Assets	0.00	0.00	0.00
(iii) Capital Work-in-Progress	460.67	460.67	0.00
(iv) Intangible assets under development	0.00		0.00
<b>Total Fixed Assets</b>	<b>2522.34</b>	<b>2514.64</b>	7.70
1 (b) Non current Investments			
1 (c) Deferred tax assets (Net)			
1 (d) Long term loans and advances	9.32	0.00	9.32
1 (e) Other non-Current assets	350.04	60.24	289.80
1 ( e ) Receivable from franchisees	27.43	27.43	0.00
<b>Total Non-Current Assets</b>	<b>2909.13</b>	<b>2602.31</b>	306.82
<b>2. Current Assets</b>			
(a) Inventory	198.32	198.32	0.00
( b)Trade receivables	2223.22	135.98	2087.24
( c ) Cash and Bank balance	1315.92	1315.92	0.00
(d) Short-term loan and Advance	4.08	4.08	0.00
( e) Other Current assets	7.84	7.84	0.00
<b>Total Current Assets</b>	<b>3749.39</b>	<b>1662.15</b>	2087.24
<b>Total</b>	<b>6658.52</b>	<b>4264.46</b>	2394.06

### 1.3 Approach to filing of the present petition

The broad approach to the present filing would be on the following:

- The opening Balance Sheet as on 01.06.2020 as approved by Hon'ble Commission in its Order dated 30.09.2021 has been taken as opening balance (e.g GFA for depreciation calculation etc.).
- Treatment provided by the Hon'ble Commission in the Vesting Order for various elements
- The Order dated 8<sup>th</sup> September 2020 in Case No 32 of 2020 passed by the Hon'ble Commission in the matter of approval of Capital Investment proposal of TPCODL for FY 2020-21 ("Capex Order)
- The Order dated 14<sup>th</sup> November 2020 in Case No 41 of 2020 passed by the Hon'ble Commission in the matter of approval of Operation and Maintenance (O&M) for FY 2020-21

## Chapter 2. Operational Performance for FY 2020-21 (June 2020 to March 2021)

### 2.1 Total Sales for FY 2020-21 (June-Mar 2021) Actual Vs Approved

FY 2020-21 was a challenging year majorly on account of COVID -19 which adversely impacted the power consumption owing to prolonged shutdown, lockdown, reduced industrial activities, commercial activities being shut etc. The below table depicts the sale (Mus) for the year and comparisons with approved sale and sale of previous year (FY 2019-20).

**Table 2-1 : Total Sales for FY 2020-21 Actual Vs Approved**

Category	Actual For FY-2019-20	Approved for FY-2020-21	Approved for 10 Months of FY-21 (Pro-rated)	Actual For 10 months FY-2019-20 (June-Mar 2020)	Actual for 10 months of FY 2020-21 (June-Mar 2021)	Actual for 12 Months of FY 2020-21
LT	3939	4794	3995	3195	3332	4000
HT	1294	1560	1300	1071	1086	1254
EHT	1038	938	782	829	808	948
<b>Total</b>	<b>6271</b>	<b>7292</b>	<b>6077</b>	<b>5095</b>	<b>5226</b>	<b>6202</b>

While the performance of TPCODL is presented for a 10-month period, the overall sales for the entire year will be relevant. As can be seen, the Total Sales of FY 2019-20 was 6271 MUs and same for FY 2020-21 was 6202 Mus, resulting in a marginal fall over FY 2019-20 . This fall can be attributed to Covid situation which prevailed in the period from April 2020 to around September 2020. However despite the lockdown imposed by the government and its gradual withdrawal , the, the sale for the 10 month period of 1<sup>st</sup> June 2020 to 31<sup>st</sup> March 2021 was higher at 5226 Mus as compared to the 10 month period in the previous Financial Year when the total sales was 5095 Mus.

Further, the impact of COVID-19 on change in sales mix of FY 2020-21 as compared to FY 2019-20 can clearly be seen. Prolonged Lock down and shutdown for most part of the year, commercial and industrial activities being shut and people remaining confined to their homes and organizations and corporates resorting to ‘Work From Home’ culture resulted into increase in LT sales and reduction in HT and EHT sales. This caused reduction in “Billing Efficiency”. However, TPCODL managed to achieve improved Collection efficiency on account of various initiatives undertaken and explained in other sections in this Chapter led to an improved performance with AT&C loss falling to a level of 29.54 % against 30.44% for FY 2019-20.

### 2.2 Aggregate Technical and Commercial (AT&C) Losses

As per the Vesting Order , TPCODL is required to bring the AT&C losses down from the existing levels to those provided in the order. The loss reduction trajectory as provided in the Vesting Order and after incorporation of the correction on account of the actual loss of FY 2019-20 is as follows:

**Table 2-2 : AT&C Loss Trajectory for TPCODL**

Year-->		0	1	2	3	4	5
As given in the Bid--->	a	34.07%	32.57%	30.07%	26.57%	24.57%	22.57%
	b= an/an-1		95.60%	92.32%	88.36%	92.47%	91.86%
		<b>Revised Target</b>					
Year of Operation-->	Actual	1	2	3	4	5	
	From	01-Apr-19	01-Apr-20	01-Apr-21	01-Apr-22	01-Apr-23	01-Apr-24
	To	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
	c= bx cn-1	30.44%	29.10%	26.87%	23.74%	21.95%	20.16%

**Table 2-3 : AT&C Loss achievement for FY 2020-21**

Sr No	Particulars	Units	From 1st April 2020 to 31st March 2021	From 1st June 2020 to 31st March 2021
1	Energy Inputs	Mus	8370	6961
2	Energy Billed	Mus	6202	5226
3=2/1	Billing Efficiency	%	74.1%	75.1%
4	Amount Billed	Rs Cr	3404	2889
5	Amount Collected	Rs Cr	3237	2865
6=5/4	Collection Efficiency	%	95.1%	99.2%
<b>7=100%- 3 x4</b>	<b>AT&amp;C Loss</b>	<b>%</b>	<b>29.5%</b>	<b>25.5%</b>

As can be seen from the above table, the AT&C loss has been within the loss stipulated under the Vesting Order for the 10 months of Operation

### 2.3 Operational Performance:

Post its commencement of operation on 1<sup>st</sup> June 2020, TPCODL has taken various initiatives to achieve operational excellence. In the humble submission of TPCODL, Operational excellence cannot be achieved without an efficient safety culture implemented across the organization. Safety is the core value of TPCODL and all operational initiatives of TPCODL revolves around safety of its employees, general public at large and safety of stray animals. To create an efficient safety culture, TPCODL has taken numbers of initiatives, glimpses of some are as mentioned below.

#### 2.3.1 Safety Initiatives:

For uniform deployment of Safety culture across the entire organization, TPCODL has put in place a 3-Tier Safety Management Structure as depicted below.

**Figure 2: Safety Management System at TPCODL**



### 2.3.1.1 Initiatives taken for enhancing Public Safety

TPCODL has taken the following initiatives for enhancement of Public Safety.

- Chaupal Meeting
- Gaon Chala Initiatives

- Expediting Execution of Improvement Projects
- Safety Maintenance
- Identification and rectification of unsafe locations
- Creating Awareness through Public Address System, Banners, Posters, Panchayat and RWA meeting.

#### **2.3.1.2 Initiatives taken for enhancing Safety of Employees:**

TPCODL has taken following initiatives for enhancement of Employee Safety.

- Safety Audits and Awareness Sessions.
- Procurement of PPEs and Safety Equipment.
- Reporting of all accidents / Incidents and Near Miss – Its analysis & learning implementation.
- Contractor Safety Management, Competency Assessment.
- Development of **Practice Yards**.
- Hands-on training of all BA and TPCODL new employees in Practice yard.
- **Parivartan**-Behavior based Safety Training for TPCODL employees
- Safety Visits by Felt and Distributed Leadership.
- Safety Theme implementation.

#### **2.3.1.3 Initiatives taken for enhancing Safety of Stray Animals:**

The following initiatives have been taken towards protection of safety towards Stray Animals

- ‘Surakhya Sachetan Rath’ awareness campaign in animal poaching prone areas.
- ‘Chaupadi’ Meetings with villagers at animal poaching prone areas.

#### **2.3.1.4 Initiatives taken for Converting Unsafe to Safe Locations**

As a result of repeated cyclones, Kaal Baisakhi and others coupled with lack of required maintenance over the years, the network at various places was in unsafe conditions owing to several reasons like Low sagging lines, Tilted HT / LT Poles; Missing/ broken stay Long spans leading to lower clearances, Broken and jointed conductors, Defunct LT Protection, Missing guard wires, Inadequate switchgear in Primary Sub stations, lot of circuits are group controlled, Defunct earthing, Missing and damaged fencing of Distribution Sub stations and Broken and missing boundary walls of Primary Sub Stations.

An unsafe network can cause accidents to employees, general publics and stray animals, hence as foremost priority TPCODL has worked extensively to make the network safe by addressing the above issues. Summary of total locations that are converted to 'Safe' from 'Unsafe' is provided in table below.

**Table 2-4 : Locations that were converted from Unsafe to Safe in FY 2020-21**

Division	S/Substation Vegetation Cleaning	11 KV Network Tree Trimming (Spans)	Mid span Pole for conductor Resagging	New Earthing / Repair	Resagging (without Pole)		Replacement of By passed LT protection (Kit Kat)	Stay set/Pole support	Total
					HT	LT			
BCDD-1	470	1043	98	103	3	92	277	33	2119
BCDD-2	1379	4106	214	50	33	168	202	21	6173
BED	717	3557	108	33	2	1017	324	33	5791
NED	1989	6833	95	13	52	3683	0	9	12674
<b>BBSR-I</b>	<b>4555</b>	<b>15539</b>	<b>515</b>	<b>199</b>	<b>90</b>	<b>4960</b>	<b>803</b>	<b>96</b>	<b>26757</b>
KHD	2057	5248	384	69	440	3102	1475	36	12811
NEYD	9064	5497	1160	2	2	2	0	0	15727
BAED	2895	7058	622	6	47	238	0	0	10866
PED	1662	5350	523	12	64	204	430	72	8317
<b>BBSR-II</b>	<b>15678</b>	<b>23153</b>	<b>2689</b>	<b>89</b>	<b>553</b>	<b>3546</b>	<b>1905</b>	<b>108</b>	<b>47721</b>
CDD-1	530	721	135	32	51	285	170	20	1944
CDD-2	403	812	204	0	53	109	95	9	1685
CED	503	1442	553	30	408	1749	291	23	4999
SED	2376	2361	339	57	35	54	26	77	5325
AED	592	772	83	4	112	216	41	0	1820
<b>Cuttack</b>	<b>4404</b>	<b>6108</b>	<b>1314</b>	<b>123</b>	<b>659</b>	<b>2413</b>	<b>623</b>	<b>129</b>	<b>15773</b>
ANED	1804	6279	146	66	198	321	114	57	8985
DED	2526	1646	348	0	219	405	31	2	5177
TED	911	2669	338	0	2	0	81	0	4001
<b>Dhenkanal</b>	<b>5241</b>	<b>10594</b>	<b>832</b>	<b>66</b>	<b>419</b>	<b>726</b>	<b>226</b>	<b>59</b>	<b>18163</b>
JED	1839	7051	710	162	459	818	218	127	11384
KED-1	2025	6190	638	2	779	2644	89	181	12548
KED-2	1268	4371	269	11	112	285	25	28	6369
PDP	1580	5702	308	284	267	106	199	150	8596
<b>Paradeep</b>	<b>6712</b>	<b>23314</b>	<b>1925</b>	<b>459</b>	<b>1617</b>	<b>3853</b>	<b>531</b>	<b>486</b>	<b>38897</b>
<b>TOTAL</b>	<b>36590</b>	<b>78708</b>	<b>7275</b>	<b>936</b>	<b>3338</b>	<b>15498</b>	<b>4088</b>	<b>878</b>	<b>147311</b>

The glimpses of various safety initiatives and practices in TPCODL is given in **Chapter 9 Annexure 3 : Photograph of Safety culture inculcation**

### 2.3.2 Operational Initiatives:

The following are some of the initiatives taken to achieve operational excellence is as provided below.

### 2.3.2.1 Analytics

- Identification of Priority Feeders and Pole to Pole Survey
- Software based study of OPTCL and TPCODL network
- Feeder and DT Load Monitoring
- DT Failure Analysis
- Outage Trend Analysis
- Technical Loss calculation on 33kV feeders across TPCODL Network

### 2.3.2.2 Strategic Maintenance & Condition Monitoring

- Introduction of Sub-transmission and Distribution AMC
- 100 % PM of 33/11 kV Sub Stations.
- Increasing Vertical Clearance of 33 kV Pallahara feeder to provide reliable power supply.
- Extensive De-vegetation drive
- Maintenance of 33 and 11 kV Priority Feeders
- Condition Based Maintenance.
- In-house cable fault locating crew for identification and repair of underground cable.
- Overhauling of Power Transformers ( 10 Nos ) and Load tap Changers (30 Nos).
- Carrying out extensive Preventive maintenance of existing network.
- Monitoring of Transformer Oil level and Break-down voltage to prevent transformer failure.
- Completed technical audits of 81 no's of 33/11 KV Sub-stations.
- Load monitoring of Feeders and distribution transformers.
- Rigorous condition monitoring through Thermography and ultrasonic detection in the cities of Cuttack and Bhubaneswar.
- Safety Maintenance – Replacement / Repair of AB Switch, Installation of Interposing poles, Installation of Kit-Kat fuses

### 2.3.2.3 Strengthening of Support Groups

- **Sub-Transmission Services** : Experienced engineers and field experts have been added to the group to strengthen E& MR activities
- **Distribution Services**: Divisional Co-coordinator for front end handholding and support. Backend team for analysis, support, BA and material Management.
- **Engineering and Quality**: Network Study of existing network and CAPEX planning.
- **Fault Locating Crew**: Dedicated teams for cable fault identification and restoration

- **Enforcement:** Backend analysis and front end support for improving billing efficiency and good input.

**Table 2-5 : Summary of some maintenance carried out in the Network**

Circle	No of AB Switch Repaired / Replaced No's	DTR MAINTENANCE(NO's)			No of KIT-KAT fuse Replaced / Repaired No's
		Less Than 250 KVA	250-500 KVA	Above 500 KVA	
BBSR-1	1799	1292	958	3	776
BBSR-2	1353	1198	419	266	532
Cuttack	592	796	215	35	446
Paradip	1245	971	40	77	986
Dhenkanal	968	584	203	24	473
<b>Total</b>	<b>5957</b>	<b>4841</b>	<b>1835</b>	<b>405</b>	<b>3213</b>

**Table 2-6 : Condition Monitoring through Thermography and ultrasonic detection**

Equipment detail	No's identified	Thermo-scanning done	Hot-spot identified	Hot-spot attended as on 31.03.2021
33 KV O/H Feeders	214	39	23	61
33/11 KV SS	304	53	70	
11 KV feeders (BBSR & CTC)	126	44	777	78
Distribution Transformers		1343		

The photographs providing the glimpse of maintenance activities carried out by TPCODL is given in **Chapter 10 Annexure 4 : Photographs of Operational Practices**

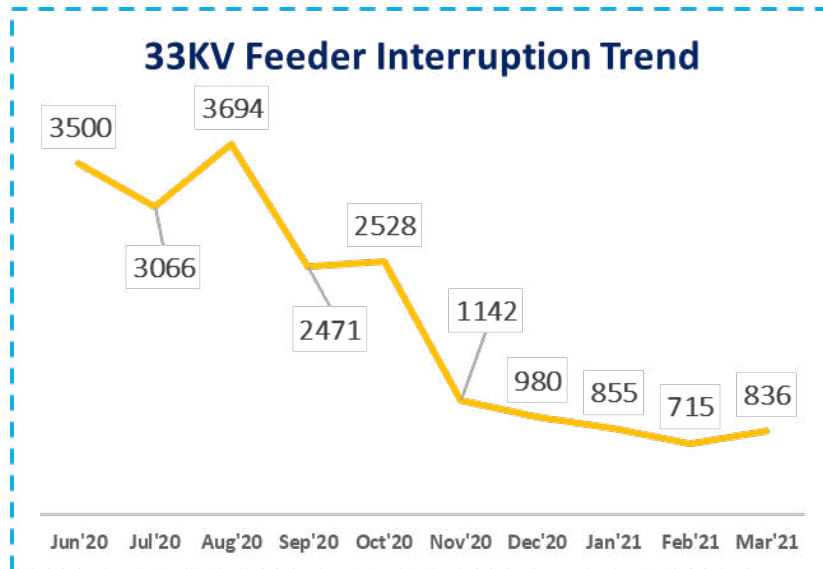
### 2.3.3 Operational Performance

As a result of the various initiatives taken (as explained in above sections), TPCODL was able to achieve improved operational performance. This is a perceptible reduction in the number of trippings of 33 KV feeders, 11 KV feeders, Power and Distribution Transformer. The System Average Interruption Duration Index (SAIDI) for FY 2020-21 was 290.4 Hours. It is submitted that SAIDI was computed for only 6 month period (i.e October 2020 to March 2021) and extrapolated to the 10 months and has been measured for 11 KV network.

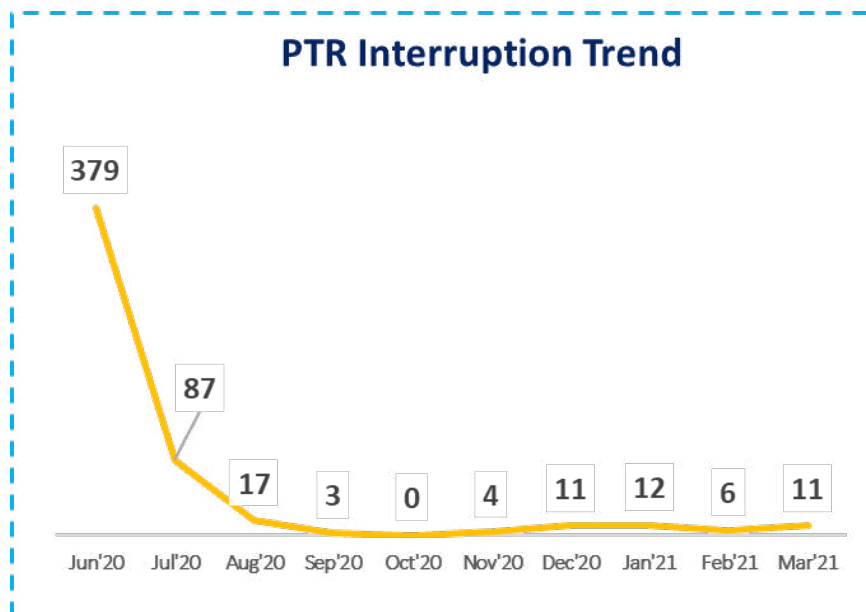


Similarly, the System Average Interruption Frequency Index (SAIFI) was 405 Nos which too has been measured for 11 KV network for a period 6 months. The performance of TPCODL pictorially is presented in the figures given below

**Figure 2-3: 33 KV Feeder Interruption Trend**



**Figure 2-4: Power Transformer (PTR) Interruption Trend**



**Figure 2-5: 11 KV Feeder Interruption Trend**

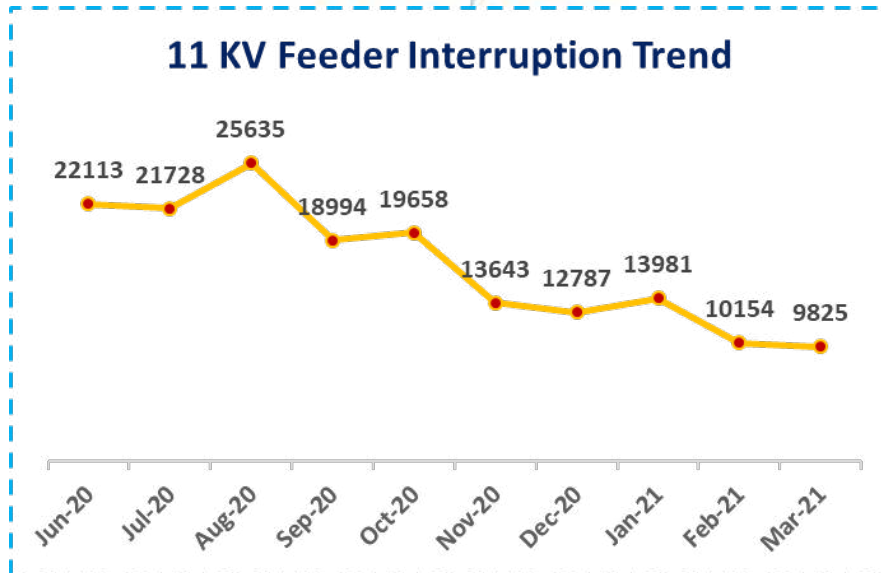
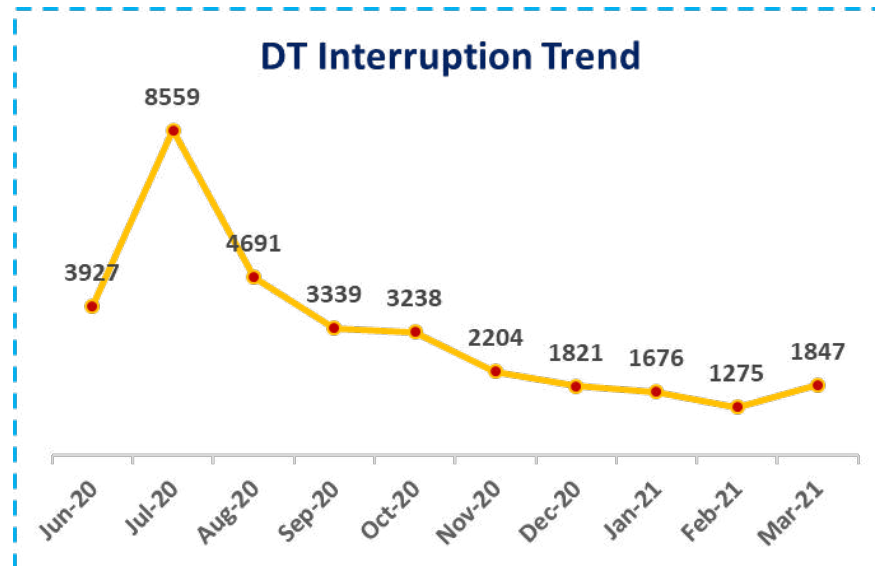


Figure 2-6: Distribution Transformer (DT) Interruption Trend



## 2.4 Commercial Performance:

TPCODL, since its commencement of operation on 1<sup>st</sup> June 2020, has taken various initiatives to improve its commercial performance and has taken numbers of initiatives to provide the consumers an enhanced level of service. Some of the initiatives taken are as mentioned below.

### 2.4.1 Implementation of world class Billing engine- SAP ISU

The SAP ISU implementation ,in addition to a strong ERP solution for the complex business of TPCODL ,brings following key features too.

- Strong Reading Quality Check & Bill Quality Check
- Real Time Monitoring of Reading across TPCODL
- Month end billing concept replaced with continuous billing & invoicing.
- New Simplified bill to Non SBM Consumer
- AMR brought reading directly getting uploaded in SAP, No manual reading intervention.

#### **2.4.2 In-house developed Mobile Collection Application:**

The application has following key features:

- Manual Money receipt abolished. 100 % Collection through mobile application.
- Real time performance monitoring of Bill Collectors.
- Field Staff attendance through mobile application.
- Introduction of Monthly Performance Score Card for Bill Collector.

#### **2.4.3 ‘Gaon Chala’ initiatives for Bill Revision of old cases**

This initiative was introduced to connect with rural consumer and resolve their bill related issues. Approximately 18000 cases of old disputed bills were resolved through this initiative.

#### **2.4.4 Initiatives to reduce provisional billing**

Provisional billing was reduced to 10% from 60 % (June 2020) because of the following initiatives.

- Replaced about 2.55 Lakhs defective meters.
- No defective meters in 3-phase (CD > 5 kW).
- Introduction of Reading Request Intimation (RRI) pasting on premises to reduce house lock cases.

#### **2.4.5 24x 7 Call Center**

A 24 x 7 Call center was established (upgraded and Capacity enhanced) at Kalyani Complex to address the issues faced by the consumers.

#### **2.4.6 Customer Care Center**

Earlier only one Customer Care center was there at BCCD-1. TPCODL has 28 Lakhs consumers spread across 30,000 SQKM, for which only one Customer Care center was inadequate. Five numbers of Customer Care Centers (including 2 all women) have been established at BCCD-1, BED, CDD-2, PED, Nayagarh.

#### **2.4.7 On Line Platform for Roof Top Solar Installation Program**

Online platform was introduced for roof top solar installation program under MNRE Scheme Phase-II.

#### **2.4.8 Demand Side Management**

Collaboration with EESL and Voltas was done for providing Energy Efficient appliances to TPCODL Consumers.

#### **2.4.9 Digital Initiatives**

Various initiatives (as listed below) have been taken for enhancing Online payment, as a result of which the online payment has improved by 103% in FY 2021 as compared to Mar'20.

- Play and Win Scheme for Online Payment
- Collaboration with digital wallets like Amazon, PhonePe, PayTm.
- Posters put in all payment centers encouraging online payment.
- Online Payment Link with Bill Information SMS.

As a result, the number of consumers availing Online payment increased from 1.05 Lakhs in April 2020 to 2.03 Lakhs in March 2021

#### **2.4.10 On line process for new connection**

On line platform was introduced for ease of application, better tracking & workflow and cycle time reduction.

#### **2.4.11 Service under 'Mo-Bidyut'**

New Connection released within 48 hours of receipt of 100% completed application.

#### **2.4.12 Replacement of Defective/ No Meter**



Effective Metering is essential for achieving improved commercial performance. Following are some of the key measures that TPCODL has undertaken in FY-21 in this regard.

- About 2.55 Lakh single Phase Meters were replaced in FY 2020-21 from June 2020 to March 2021.(Defective/No Meter cases).
- All 3-phase defective meters having CD greater than 5 KW have been replaced as on 31.03.2021.
- No Consumer is being billed without meter.
- 18030 consumers with CD > 5 KW have been billed through AMR reading as on 31.03.2021.
- Data of all EHT consumers has been analyzed and found OK.
- Armoured cable has been introduced to stop theft through service line tampering

## Chapter 3. Expenditure towards Power Purchase, Transmission and SLDC Charges

### 3.1 Total Power Purchase Cost

The Power Purchase cost comprises a) Cost of Power purchased from GRIDCO at Bulk Supply Price (BSP) b) Transmission Charges paid to OPTCL and d) SLDC charges. For the purpose of this true up petition which relates to the period 1<sup>st</sup> June 2020 to 31<sup>st</sup> March 2021, we have considered the cost only after the Effective Date i.e from 1<sup>st</sup> June 2020.

Total expenditure towards power purchase cost including Transmission and SLDC charges incurred by TPCODL for the period June 2020 to Mar 2021 is as provided in table below.

**Table 3-1: Total Power Purchase Cost (including Transmission and SLDC Charges ) incurred by TPCODL for FY 2020-21 (June-Mar 2021)**

Cost of Power Purchase including Transmission & SLDC Charges						
Sr No	Particulars	Mus	Rate (Rs./kWh)	Rebate Availed	Amount in Rs. Cr	Remark
A	Power Purchase Cost	6961	2.70		1876.69	Including GRIDCO's Debit & Credit Bill adjustment (net -0.19Cr) and inter-Discom Purchase of 0.07 Cr
B	OPTCL Transmission Charges	6,974	0.25		174.35	
C	SLDC Charges				1.20	
	<b>Total Power Purchase Cost including Transmission &amp; SLDC Charges</b>				<b>2052.24</b>	
D	Less: *Rebate				18.14	
D1	Rebate on GRIDCO Power Purchase Bills			15.17		Rebate for Bill of Feb and Mar were paid in Apr and May , hence booked in FY-22 not in FY-21
D2	Rebate on OPTCL Transmission Charges Bills			2.96		Rebate for Bill of Mar was paid in Apr , hence booked in FY-22 not in FY-21
D3	Rebate on SLDC Bills			0.01		Rebate for Bill of Mar was paid in Apr , hence booked in FY-22 not in FY-21
E= A+B+C-D	<b>Total Power Purchase Cost including Transmission &amp; SLDC Charges</b>				<b>2034.10</b>	

The month wise bills details along with payment made by TPCODL against each invoice for the above expenditure is provided in **Chapter 8 ANNEXURE 2: Details of Monthly Power Purchase for the period 1st June 2020 to 31st March 2021**

### 3.2 Normative Power Purchase Cost for True up as per Vesting Order Directive

The Hon'ble Commission has considered the AT & C loss as provided in Para 44 (b) of the Vesting Order. The observations of the Hon'ble Commission are as under.

*(b) Thereafter, taking into consideration that the handover of utility of CESU to the successful bidder may take place in FY 2021, the Commission provided a revised 10-year AT&C loss trajectory for period FY 2021 to FY 2030 for tariff determination. This is shown in table below:*

Table 6 : 10-year AT&C Loss Trajectory for Tariff Determination

Financial Year	AT&C Loss
FY 2021	23.70%
FY 2022	23.70%
FY 2023	23.70%
FY 2024	22.00%
FY 2025	20.00%
FY 2026	18.00%
FY 2027	16.00%
FY 2028	15.00%
FY 2029	14.00%
FY 2030	13.50%

In our humble submission therefore, for the purpose of estimation of Power Purchase quantum and determination of power purchase cost for true up , we have grossed up the sales by the Normative Loss . Computation of normative distribution loss is depicted in table below.:

**Table 3-2: Billing Efficiency for working out of Power Purchase Cost**

Sr No	Particulars	FY-2020-21
1	AT&C Loss for Tariff determination (as per Vesting Order)	23.70%
2	Collection Efficiency (as approved in FY-21 Tariff Order)	99%
3	Billing Efficiency	77.07%
4	<b>Distribution Loss for working out Power Purchase Cost = 100%-(3)</b>	<b>22.93%</b>

The total actual sales (MU) is grossed up by the above normative Distribution loss for arriving at the Power purchase input (MU) on which Power purchase cost and Transmission Charges are calculate as explained in table below.

**Table 3-3: Total Power Purchase Cost for True up (prior to rebate)**

Total Sales / Mus billed for 10 months	Losses Approved by Hon'ble Commission for Tariff	Normative Input Units (Mus)	*Power Purchase Rate (Rs/kWh)	Transmission Charge Rate (Rs/kWh)	Power Purchase Cost for True Up (Rs. Cr)	Transmission Charges for True Up (Rs. Cr)	SLDC Charges (Actual) in Rs. Cr	Total Power Purchase Cost (Rs. Cr)
A	B	C=A/(1-B)	D	E	F=(C X D)/10	G=(C X E)/10	H	I=F+G+H
5,226.13	22.93%	6,781.02	2.70	0.25	1,829.69	169.53	1.20	2,000.41

\*Weighted Average of BSP Rate of Rs. 2.61 /kWh and Rs.2.77/kWh for applicable months

### 3.3 Treatment of Rebate availed for payment of Power Purchase bills

TPCODL wishes to submit that it has claimed rebates on the Power Purchase (including Transmission Charges and SLDC Charges) made on the basis of the terms provided in the Tariff Orders of Gridco and OPTCL/SLDC for FY 2021-22. In our humble submission, for claiming rebate, TPCODL is required to borrow/earmark money for early payment and has

to pay an interest for the same. In other words, the payment of rebate is a part of Working Capital Management of TPCODL and hence it is entitled to keep the rebate.

However, it is also submitted that in this submission, TPCODL has sought Interest on Working Capital on Normative Working Capital. Further, the norms for Working Capital computation permit one month of Receivables. In other words, the Working capital permitted by the norms effectively include one month of power purchase. Hence if the payment is made after one month from the bill of Power Purchase, it is covered by the Working Capital norm. At present the discount for payment to Gridco or OPTCL/SLDC within one month entitles TPCODL for 1% discount. Accordingly, the Power Purchase with 1% rebate is covered in the norms allowed by the Hon'ble Commission.

TPCODL has considered the applicable rebate (i.e 1 %) which it has availed while making the payment within due date which is one month from raising of the bill.

It is therefore submitted that cost considered in this truing up petition is with the rebate availed and explained above. Based on the same, the normative Power Purchase cost to be considered for Gap working is as given in the table below

**Table 3-4 Normative Power Purchase Cost for FY 2020-21**

Sr No	Particulars	Units	Value
1	Power Purchase Costs Billed (including Transmission Charges and SLDC Charges)	Rs Cr	2052.24
2	Rebate Availed (subject to 1 % maximum)	Rs Cr	-18.14
3	Normative Power Purchase Cost	Rs Cr	2000.4
4= (3/1)*2	Rebate to be considered in Gap Working	Rs Cr	-17.7
<b>5</b>	<b>Normative Power Purchase Costs after rebate</b>	<b>Rs Cr</b>	<b>1982.7</b>



**4.1 Capex initiated in FY 2020-21**

TPCODL has taken over the assets of erstwhile CESU on “as is where is” basis. These assets are not in good operating condition and in a large number of cases the required safety equipment are not in place. After an initial in depth study, TPCODL had identified a number of challenges related to Safety, 33KV/11KV/0.415KV network, Metering infrastructure, Customer Services, and Technology usage. These challenges are being planned to be addressed through a systematic investment plan by TPCODL.

To address the above stated challenges and to safe guard the assets, public and animals from the accident and ensuring statutory compliant network, huge investment is required. Moreover, in order to improve the reliability and reduce the losses, major interventions like network reinforcement, Meter replacement, technology adoption was proposed in so that equipment failure / tripping can be reduced; Reliability, billing & collection efficiency can be improved. Further Business process re-engineering is required to improve the customer services. Technology adoption is also required to provide quality customer services, manage revenue cycle processes for reduction of AT&C losses and efficiently manage to deliver reliable and quality supply in safe manner to its consumer by meeting various standards of operation.

With this objective TPCODL proposed capital investment plan in five major heads viz Statutory and Safety, Reliability, Loss reduction, Load Growth and Infrastructure and Technology. TPCODL had filed a petition (Case No 32 of 2020) for approval of capital expenditure of Rs 344 Crores. The Hon'ble Commission has passed an order on 8<sup>th</sup> September 2020 ("**Capex Order**") in which it had approved the following

**Table 4-1 : Approval of Capital Expenditure for FY 2020-21**

Sl.No.	Major Category	Activity in brief	DPR Cost (Proposed)	Approved Cost (Considering approved Cost data, material availability & not considering the CAPEX for Metering)
			(In Cr.)	(In Cr.)
1	Statutory & Safety	33 kV Network refurbishment to ensure Horizontal/ Vertical clearances	6.37	4.57
		PPEs, FFEs, Safety & Testing Equipment	9.48	9.48
		DSS Refurbishment for safety of Employees, Public and Animals	50.17	47.34
		Establishment of Meter Testing Lab	6.78	6.78
		<b>Total</b>	<b>72.80</b>	<b>68.17</b>
2	Loss Reduction	Meter replacement against burnt/Faulty and Mechanical / No meter	45.24	13.65
		Installation of DT meters for energy accounting	15.36	15.36
		Solution for meter reading and spot billing	3.00	3.00
		Optimize the feeder length / load to reduce technical loss	9.67	7.62
		<b>Total</b>	<b>73.27</b>	<b>39.63</b>
3	Reliability	110 Nos. GSS refurbishment for SCADA operationalisation	26.43	26.43
		Installation of Auto reclosure/ sectionalisers, FPI & RMU	23.88	23.88
		Installation of LV protection at DSS	6.73	6.73
		Replacement of Battery and Battery charger	2.26	2.26
		Installation of AB switches for improving reliability	13.18	13.18
		<b>Total</b>	<b>72.48</b>	<b>72.48</b>
4	Load Growth	Meter installation for all new connection	24.43	0.00
		Network augmentation / addition to meet load growth	9	9.00
		<b>Total</b>	<b>33.43</b>	<b>9.00</b>
5	Infrastructure	Infrastructure for Customer care, call centre, payment centre and section offices	6.36	6.36
		IT and technology for process efficiency and enhanced productivity	67.77	67.22
		Implementation of 1 <sup>st</sup> phase of GIS Roadmap	2.00	2.00
		Security system in central store	3.48	2.92
		Civil upgradation	7.95	7.95
		Ready to use assets for offices	4.90	4.90
		<b>Total</b>	<b>92.46</b>	<b>91.35</b>
		<b>Grand Total</b>	<b>344.44</b>	<b>280.63</b>

The Status of Capital Expenditure, capitalization and Rate Contract (RC) placed (as on 31.03.2021) during the time that was available for execution post receipt of Capex Order amid the challenging times of COVID is as provided in table below.

**Table 4-2: Status of Capex, Capitalization ,RC placed & physical progress as on 31.03.2021**

Sr No	Major Category	Activities	As on 31.03.2021			
			OERC Approved Capex	Actual Capex (excluding Meter)	Capitalisation (Excluding Meters)	RC Placed (Excluding Meters)
1	Statutory and Safety	33KV Network refurbishment to ensure Horizontal/Vertical Clearance	4.6	4.60	2.46	4.60
		PPEs, FFEs, Safety & Testing Equipment	9.48	6.20	2.84	9.48
		DSS Refurbishment for safety of Employees,public & Animals	47.34	7.7	4.55	47.34
		Establishment of Meter Testing Lab	6.78	0.3	0.00	6.78
		<b>Sub Total (1)</b>	<b>68.17</b>	<b>18.84</b>	<b>9.84</b>	<b>68.20</b>
2	Loss Reduction	Meter replacement against Burnt/Faulty & Mechanical/No Meter	13.65	5.61	2.81	13.65
		Installation of DT Meters	15.36	0.00	0.00	0.00
		Solution fo Meter Reading and Spot Billing	3.000	0.00	0.00	0.00
		Optimizing the length of 11KV Feeders (to reduce technical loss)	7.62	1.56	1.56	7.62
		<b>Sub Total (2)</b>	<b>39.63</b>	<b>7.17</b>	<b>4.37</b>	<b>21.27</b>
3	Reliability	110 Nos. GSS refurbishment for SCADA operationalization	26.43	9.93	7.52	25.80
		Installation of Auto reclosure / Sectionaliser,FPI & RMU	23.88	6.58	3.74	15.22
		Installation of LV protection at DSS	6.73	2.06	1.73	6.73
		Replacement of Battery and Battery charger	2.26	1.51	0.42	2.26
		Installation of 11 KV AB and 33 KV switches for improving Reliability	13.18	1.34	1.34	13.18
		<b>Sub Total (3)</b>	<b>72.48</b>	<b>21.42</b>	<b>14.74</b>	<b>63.19</b>
4	Load Growth	Meter installation for all new connection	0		0.00	0.00
		Network augmentation / addition to meet load growth	9	0.16	0.00	9.00
		<b>Sub Total (4)</b>	<b>9.00</b>	<b>0.16</b>	<b>0.00</b>	<b>9.00</b>
5	Infrastructure	Infrastructure for Customer Care , Call Center , Payment Center and Section Offices	6.36	0.15	0.00	6.36
		ERP, MBC, CIS and BI Systems S/w & H/w and User End Devices Laptop,Desktop,Printers	67.22	29.83	30.66	54.22
		Implementation of GIS 1st phase	2	0.84	0.84	1.98
		Security system in Central Store	2.92	0.60	0.61	0.63
		Civil Upgradation	7.95	4.03	4.03	7.20
		Ready to use assets for offices	4.9	1.51	1.51	4.00
		<b>Sub Total (5)</b>	<b>91.35</b>	<b>36.97</b>	<b>37.65</b>	<b>74.38</b>
<b>Total</b>			<b>280.63</b>	<b>84.6</b>	<b>66.6</b>	<b>236.0</b>

The capital expenditure activity, its progress and some glimpses of the work that has been carried out have been presented in **Annexure 6: Status of Capital Expenditure carried out TPCODL from June 2020 to March 2021.**

## 4.2 Total Capitalization for the period June 2020-Mar 2021

In addition to the Capitalization done against TPCODL's own Capex as mentioned in the above section, TPCODL has done following Capitalization in FY 2020-21 (June-Mar 2021).

### 4.2.1 Capitalization out of Opening CWIP

TPCODL has capitalized Rs.129.31 Cr out of the opening CWIP inherited from erstwhile CESU. This Capitalization has been done against R-APDRP Part-A Scheme. Out of the total Capitalized amount, Rs. 95.35 Cr has been capitalized against 'IT implementation' work,

Rs.23.01 Cr against SCADA and Rs. 10.94 Cr has been capitalized against the Data Center established at Kalyani Complex.

The 'IT implementation' work was being executed by M/s L&T Electrical and Automation which successfully completed all the requirements of Contract agreement dated 3<sup>rd</sup> Oct 2016 for the "IT implementation under part-A of R-APDRP Project" as on 30<sup>th</sup> Nov 2020 and the Enterprise wise Go-Live was achieved on 1<sup>st</sup> Dec 2020.

The SCADA and data center work was physically completed and operational , however post submission of final invoices by vendors, financial reconciliation and subsequent submission of Utilization certificate the amount was capitalized in FY 2020-21.

#### **4.2.2 Capitalization against 'SAUBHAGYA' Scheme**

Against the 'SAUBHAGYA Scheme' Rs 24.56 Crores of invoices was booked (i.e Capex) in FY 2020-21 (June-Mar 2021) that was submitted by the vendors after all clearances. Out of this, Rs. 13.39 Cr has been capitalized for works that has been put to use. Out of this total Capitalized amount Rs. 6.21 Cr is against Overhead Lines works and Rs.7.18 Cr is towards DT works.

#### **4.2.3 Capitalization against Consumer Contribution**

Capitalization to the extent of Rs. 2.57 Crores has been done under this head in FY 2020-21 (June-Mar 2021).

#### **4.2.4 Total Capitalization for FY 2020-21 (June-Mar 2021)**

Total Capitalization for FY 2020-21 (June-Mar 2021) as booked in the accounts is as given below. However, for the purpose of true up we have considered Capitalization that has been funded by TPCODL only for the purpose of claiming Depreciation and RoE.

**Table 4-3: Total Capitalization for FY 2020-21 and Capitalization for True Up**

Sr No	Particular	Total Capitalization as booked in Accounts	Total Capitalization Claimed in True Up for Depreciation and RoE purpose	Remark	Capex Funded By
<b>Out of Opening CWIP</b>					
1.1	Against R-APDRP Part-A Scheme	129.31	0		Govt Loan
<b>Out of Fresh Capex in June-Mar 2021</b>					
2.1	Against 'SAUBHAGYA' Scheme	13.39	0		Govt Grant
2.2	Against Consumer Contribution	2.57	0		Consumer Contribution
2.3	Against TPCODL's Capex Schemes	88.04	66.13	Capitalization of Rs.21.91 Cr against Meters not claimed in True Up	TPCODL by means of Debt & Equity
<b>Total</b>		<b>233.31</b>	<b>66.13</b>		

#### 4.2.5 Additional Capitalization to compensate the contribution of GRIDCO

The capital expenditure incurred by TPCODL capex Schemes would be required to be financed in the ratio of 70 % (Debt) and 30% (Equity) other than depreciation on existing assets (as mentioned below). Since TPCODL has the shareholding of Tata Power (51%) and GRIDCO (49%), in order to maintain 49% stake in the company, GRIDCO would be required to contribute 49% of such equity.

In this matter, relevant extract of the approved Share Holder's Agreement (SHA) is mentioned below.

*2.1 The amount of issued and paid up capital of OPERATING COMPANY may be varied from time to time as may be determined by the Board of Directors or the Shareholders of OPERATING COMPANY, provided that any issue of new shares shall be offered to GRIDCO and TPCL in a manner so as to ensure that GRIDCO and TPCL shall, at all times, hold 49% and 51% respectively of the issued, subscribed and paid up equity share capital of OPERATING COMPANY. The consideration paid by GRIDCO for subscription of equity shall be in cash, kind or any other form, as decided by GRIDCO and should be in compliance with the provisions of the Companies Act, 2013. In case consideration paid by GRIDCO is in any form other than cash, it should be of such nature that it is allowed by the Commission to be included in the fixed asset base for consideration in ARR. Such consideration may include the assets held in the books of the GoO which are being used by CESU utility and which shall continue to be used by the OPERATING COMPANY*

However instead of contributing such equity, GRIDCO has preferred to contribute such equity in kind. The Extracts from letter of Gridco dated 15<sup>th</sup> April 2021 is as follows:

**Sub:- Issuance of Shares by TPCODL.**

**Ref:- Your Letter No TPCODL/CS/01/2021 dtd.18/02/2021.**

Sir,

With reference to issuance of equity shares for an amount aggregating to Rs.100 Crore having face value of Rs.10 each for the purpose of financing the capital expenditure by TPCODL, we would like to intimate our In-Principle consent to subscribe to the equity in the form of distribution assets created by way of Govt. funding.

It is further submitted that unless the capital expenditure resources are raised to the full in terms of Debt (but limited to 70%) and in terms of Equity, the capital expenditure would not be financed. Hence to maintain the 51% to 49% shareholding ratio between TPCL and GRIDCO in TPCODL and also raise adequate finance to include the shortfall in GRIDCO's share of equity but in kind, this will be capitalized over and above the amount capitalized by assets in TPCODL.

The treatment for contribution of GRIDCO is provided in the Vesting Order and the relevant extracts is as given below.

### ***TREATMENT OF EQUITY INVESTMENT FROM GRIDCO FOR FUTURE CAPITAL INVESTMENT***

*72. Pursuant to GRIDCO's submission as provided in para 28(i) of this order, the Commission orders that the assets transferred to TPCODL in lieu of equity investment by GRIDCO shall be allowed in fixed asset base for determination of tariff, after prudence check, provided that the assets transferred are distribution assets. The Commission, exercising powers conferred to it u/s 86(2) of the Act, advises the State Government to consider providing a one-time approval on transfer of its assets to TPCODL through GRIDCO in lieu of equity investment from GRIDCO as and when such transfer is necessitated.*

To illustrate the grossing up concept, consider the Capital Expenditure of Rs 100 Crore. Based on the same, the Capex/ Capitalisation, Debt and Equity for the purpose of Tariff would be as provided in the table below:

**Table 4-4: Grossing up of GRIDCO Equity**

Sr No	Particulars	Units	Value
a	Capex /Capitalisation of Project	Rs Cr	100
b	Additional Capex/Capitalisation of Asset (in lieu of Equity investment by Gridco)	Rs Cr	17.2
c= a+b	Total Capex/ Capitalisation to be allowed	Rs Cr	117.2
d	Equity contribution by TPC= c x 30% x 51%	Rs Cr	17.9
e	Equity contribution by Gridco= c x30% x 49%	Rs Cr	17.2
f	Equity for Tariff= 30% of c	Rs Cr	35.2
g	Debt for Tariff=70% of c	Rs Cr	82.1

Hence for every Rs One crore of capex/ capitalization incurred/achieved by TPCODL after the Effective date, the Hon'ble Commission is requested to approve Rs 1.172 crores of capex/ capitalization. Out of this, as a contribution of the share towards equity, assets worth Rs 0.172 Crores will be brought into TPCODL by GRIDCO from the assets existing outside TPCODL but which can be used for distribution business.

Accordingly, total capitalization for FY 2020-21 (June-Mar 2021) including GRIDCO's Contribution is as provided in table below.

**Table 4-5: Total Capitalization for True Up including GRIDCO's Contribution**

Sr No	Total Capitalization for FY 2020-21 (Jun-Mar)	Rs Cr
a	Capitalization excluding meters from TPCODL's own capex	66.13
b= 17.2% of a	Additional Capitalization (in lieu of Equity Investment by GRIDCO)	11.37
<b>c=a+b</b>	<b>Total Capitalization for FY 2021-22 (Jun-Mar)</b>	<b>77.50</b>
d	Equity Contribution by TPC = c X 30%X 51%	11.86
e	Equity Contribution by GRIDCO= c X 30%X 49%	11.39
<b>f</b>	<b>Total Equity Addition = 30% of C</b>	<b>23.25</b>

### 4.3 Funding of the Capital Expenditure

It is submitted that the funding of capital expenditure is being achieved in the following ways

- Government Grants
- Consumer Contribution
- Depreciation
- Debt
- Equity

#### 4.3.1 Government Grants and Government Loans

The Government Grants have been considered for funding the Saubhagya Scheme undertaken in FY 2020-21. Similarly, the schemes under R-APDRP Part A have been completed through Loans which have not been transferred to TPCODL as can be seen from the carved out Opening Balance Sheet of TPCODL as on 1<sup>st</sup> June 2020.

Accordingly, the amount from Government Grant and the loans used have not been considered for working out the Gap.

#### **4.3.2 Consumer Contribution**

The Contribution from new Consumers is provided for extension of power supply to them. Such consumers either pay for the connection towards the material, labour and services from the Distribution Licensee or in case the consumer prefers to procure the material and labour on his own, then supervision charges are made applicable for providing such connection. Such contribution is termed as Consumer Contribution. As mentioned earlier, the consumer contribution to the extent of Rs 2.57 Crores has been considered

#### **4.3.3 Depreciation**

As per the Vesting Order, depreciation is allowed to be claimed on existing asset which would be available as fund for the new Capital Investment. The Vesting Order provides the following

##### *47. Depreciation on assets transferred to TPCODL*

*(a) As stated in the RFP, all existing assets (being transferred to TPCODL on the Effective Date) would continue to earn depreciation as per existing depreciation rates approved by the Commission. Since, the depreciation relates to existing assets against which no loan has been availed by TPCODL, the depreciation allowed to be recovered from tariff must be utilised in the manner as provided below:*

*i. For the purpose of determination of Aggregate Revenue Requirement, the depreciation on the opening Gross Fixed Assets of TPCODL, as determined by the Commission subject to prudence check, shall be utilized as per the following priority order:*

- a. Funding of Additional Serviceable Liabilities as per para 54 of this order*
- b. Capital Investment*
- c. Working Capital requirement computed as per Tariff Regulations*



- ii. *The manner of utilization of such depreciation shall be as per the directions of the Commission. TPCODL shall maintain a separate account for such depreciation.*
- iii. *No depreciation shall be allowed to be recovered on assets created out of Government grants irrespective of whether the corresponding grant is transferred to TPCODL or not.*

However, for the purpose of this submission, we have not considered any funding for new capex (i.e incurred by TPCODL from 1<sup>st</sup> June 2020) from Depreciation as at this point of time, the Additional Service Liabilities and the manner of its funding too has not been ascertained and hence it is not clear whether Depreciation as a fund would be available for funding the new Capex.

#### **4.3.4 Debt or Capital loans**

As per the Tariff Regulations, the Debt would constitute 70% of the Capitalization. However in case the loan is higher than 70% (i.e Equity less than 30%) , then such higher loan would be considered for the purpose working out the ARR

#### **Extracts 4-1: Debt as per Tariff Regulations**

**7.43 In case of all new projects, debt-equity ratio shall be 70:30 for determination of tariff. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan:**

**Provided that in case of the projects where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff.**

As can be seen from the Financial Statements of TPCODL, new Equity i.e over and above Rs 300 Crores as on Opening Date has not been subscribed to in FY 2020-21. While there is no fresh equity that has been infused in the FY 2020-21, TPCODL has earned 30% of the Opening Equity of Rs 300 Crores at 16% i.e Rs 40 Crores for ten months. It is submitted that Return on Equity in effect is the contribution of the Share Holders in the business i.e ploughing back of Equity if there is no dividend paid. In our humble submission therefore Return on Equity earned is akin to investment of Equity infusion in the company. The capitalization for the FY 2020-22 (10 months) was Rs 66.1 Crores and the 30% amount works out to Rs 19.8 Crores which is less than the ROE earned. Hence the entire equity that is required can be construed as invested from the RoE itself. The Debt for the Capitalisation therefore works out to Rs 46.3 Crores i.e 70% of the total capitalisation.

#### 4.3.5 Equity

On the above basis, the Debt to Equity considered for funding TPCODL's new capitalization of Rs 66.13 Crores is as follows:

**Table 4-6: Debt and Equity applicable for New Capex**

Capitalization for Funding	Rs. Cr	66		
Add Capitalisation due to Gridco Equity in Kind	Rs. Cr	0.0		
Total Capitalisation	Rs	66.1		
Financed through ----> (As given Below)				
			<b>As per 70:30 Debt Equity ratio</b>	<b>Actual Equity</b>
				<b>Debt and Equity for the True Up period</b>
Debt	Rs. Cr	46.3		46.3
Equity	Rs. Cr	19.8	19.8	19.839
<b>Total</b>	<b>Rs. Cr</b>	<b>66.1</b>	<b>19.839</b>	<b>66.1</b>

Though in **Table 4-5: Total Capitalization for True Up including GRIDCO's Contribution**, we have worked out additional capitalization on account of Gridco Equity in kind, we have in the above table not considered any such capitalization since the Equity is considered to be added through internal accruals.

#### 4.3.6 Funding Pattern of Capitalisation in FY 2020-21

Based on the above the estimated funding for the entire capitalization of Rs **211 Crores** (comprising of Rs 66.13 Crs of new capex of TPCODL without the meters, Gridco Equity in kind and other capex as explained above) is as follows:

**Table 4-7 Funding of Capitalization (Rs Cr)**

Sr No	Source of Funding	Rs Crore
1	Government Grant	13.4
2	Government (RAPDRP)	129.3
3	Consumer Contribution	2.6
4	Debt	46.3
5	Equity	19.8
	<b>Total</b>	<b>211.4</b>

## Chapter 5. Distribution Business Costs

This chapter presents the actual expenditure incurred by TPCODL against various elements of Distribution Cost in the 10 months of FY 2020-21 i.e from 1<sup>st</sup> June 2020 to 31<sup>st</sup> March 2021 along with component wise break up.

### 5.1 Depreciation

As per the Regulation 7.56 and 7.57 of the Tariff Regulations, the depreciation would be worked out as follows:

#### Extracts 5-1: Depreciation as per Tariff Regulations

- 7.56 Depreciation shall be calculated for each year of the Control Period, on the amount of Original Cost of the Fixed Assets :
- Provided that depreciation shall not be allowed on assets funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue) and capital subsidies/grants:
- Provided further that the Licensee shall submit yearwise details of assets retired and disposed of, which shall be removed from the Original Cost of Fixed Assets:
- Provided further that assets shall normally be not retired before completion of the useful life and the Licensee shall take prior approval of the Commission in case of retiring any asset before its useful life:
- Provided further that the Licensee shall submit yearwise details of the assets which have completed its useful life.
- 7.57 Rate of Depreciation for each year of the Control Period shall be allowed on the pre-up-valued assets at pre-1992 rates as notified by the Govt. of India.
- 7.58 On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.

The quantum of Depreciation approved for FY 2020-21 was Rs 94.56 Crores (provided in Annexure C of the Tariff Order dated 22<sup>nd</sup> April 2020). The quantum for 10 months thus works out to **Rs 78.80 Crores**. The depreciation actually incurred for the 10 months is as given in the following paragraphs.

#### 5.1.1 Depreciation on Existing Assets i.e at the time of Effective Date

The audited financial statements as on 31<sup>st</sup> May 2020 was submitted to Hon'ble Commission based on which the Hon'ble Commission in its Order dated 30<sup>th</sup> September 2020 has approved the opening Balance Sheet for TPCODL as on 1<sup>st</sup> June 2020. The Opening Gross block as provided in the approved opening Balance sheet as on 1<sup>st</sup> June 2020 has been used for depreciation calculation for those assets existing on the date of commencement of operation. Further, the depreciation rates applicable would be as existing "pre- 92" rates. Accordingly, the rates as existing in 1992 as given in column 3 in the following table have been applied and the computation of Depreciation is as given in the table below:

**Table 5-1: Depreciation on Opening Assets (Rs Cr) (as in the Books)**

Asset Class in SAP	Asset Description	Dep Rate on Opening Assets	Gross Block (as on 01.06.2020) from approved Opening Balance Sheet	Depreciation on Opening Asset
100100	Office Buildings	1.80%	23.47	0.33
100201	Transformers	3.60%	2,011.54	41.26
100208	Other Plant & Machin		-	0.01
100209	Computers		-	(0.14)
100300	Overhead Lines	3.60%	1,354.47	30.81
100400	Office Equipment	4.55%	10.17	0.03
100500	Furniture & Fittings	4.55%	3.48	0.00
100600	Vehicle LMV	12.86%	0.60	-
<b>Total</b>			<b>3,403.73</b>	<b>72.29</b>

### 5.1.2 Depreciation on Assets created out of opening CWIP

Out of the opening CWIP that TPCODL has inherited from the erstwhile CESU, **Rs.129.31 Crores** has been capitalized against the RAPDRP-A Schemes. The depreciation on these assets has been calculated at same rate that has been used for calculating depreciation on opening assets. The depreciation under this for the period June 2020 to March 2021 works out to **0.40 Crores**. Please refer to **Table 5-3:Total Depreciation booked in the Accounts for FY 2020-21 (June-Mar 2021)** for computation of Depreciation on assets created out of opening CWIP.

### 5.1.3 Depreciation on Assets created out of Capex incurred after the Effective date (i.e 1<sup>st</sup> June 2020)

The vesting order under Para 42 (f) permits depreciation at the rates as applicable in the Tariff Regulations. Accordingly, Depreciation on assets created out of the Capex incurred

after the Effective Date has been calculated based on these rates and explained in following sections. The extracts of the Vesting Order are as follows

*(f) The capital investments made by TPCODL shall be allowed recovery of depreciation in line with the rates prescribed in Annexure –3 till the time applicable regulation is notified by the Commission. The depreciation rates specified in regulations shall prevail over the rates specified in Annexure – 3 as and when applicable regulation is notified by the Commission.*

### 5.1.3.1 Depreciation on Assets Created against own Capex of TPCODL

The Depreciation on these assets are calculated at the rates as specified in Annexure-3 of the vesting order. The Computation of the Depreciation on Assets created out of own capex is as given in table below.

**Table 5-2: Depreciation on Assets out of TPCODL’s own Capex(Rs Cr)**

*All Amount in Rs. Crore*

Asset Class in SAP	Asset Description	Depreciation rate on Other Assets Created in Jun-Mar 2021	Asset created from New Capex
100100	Office Buildings	3.34%	0.01
100200	Energy Meters	5.28%	0.10
100201	Transformers	5.28%	0.00
100202	EHV Switch Gears	5.28%	0.00
100203	11KV Switch Gears	5.28%	0.04
100204	LT Switch Gears	5.28%	0.01
100206	SCADA/ Control & Ins	5.28%	0.01
100208	Other Plant & Machin	5.28%	0.05
100209	Computers	15.00%	2.41
100210	Bateries & Batery Ch	5.28%	0.00
100300	Overhead Lines	5.28%	0.03
100400	Office Equipment	6.33%	0.04
100500	Furniture & Fittings	6.33%	0.09
100600	Vehicle LMV	9.50%	0.03
<b>Total</b>			<b>2.83</b>

### SAUBHAGYA ‘Schemes

TPCODL has capitalized Rs.13.39 Cr against ‘SAUBHAGYA’ scheme out of the capex incurred after the effective date of 1<sup>st</sup> June 2020. Deprecation on these assets has been calculated at

the rates as specified in Annexure-3 of the Vesting Order. The Depreciation contribution from the assets created under Saubhagya Scheme **Rs 0.06 Crores**

### ‘Consumer Contribution’

TPCODL has Capitalized assets of worth Rs. 2.57 Cr against Consumer Contribution after 1<sup>st</sup> June 2020. Depreciation on these assets has been calculated at the rates as provided in Annexure-3 of the Vesting Order. The Depreciation contribution from Assets created out of Consumer Contribution is **Rs 0.06 Crores** for the period June 2020 to March 2021

#### 5.1.4 Total Depreciations booked in the Accounts for FY 2020-21 (June- Mar 2021)

The basis of Depreciation Calculation has been explained in above sections, The total depreciation for FY 2020-21 works out **Rs 75.64 Crores** as provided in table below.

**Table 5-3: Total Depreciation booked in the Accounts for FY 2020-21 (June-Mar 2021)**

*All Amount in Rs. Crore*

Asset Class in SAP	Asset Description	Dep Rate on Opening Assets and Assets Created out of opening CWIP	Depreciation rate on Other Assets Created in Jun-Mar 2021	Gross Block (as on 01.06.2021) from approved Opening Balance Sheet	Depreciation as booked in Accounts for June-Mar 2021					Total Booked in Accounts of FY 2020-21 (Jun-Mar)
					Opening Asset	Asset Created out of opening CWIP (RAPDRP-A Scheme)	Asset created from Saubhagya	Asset created from Consumer Contribution	Asset created from New Capex	
100100	Office Buildings	1.80%	3.34%	23.47	0.33	0.00	0.00	0.00	0.01	0.34
100200	Energy Meters		5.28%	-	-	0.00	0.00	0.00	0.10	0.10
100201	Transformers	3.60%	5.28%	2,011.54	41.26	0.00	0.03	0.03	0.00	41.32
100202	EHV Switch Gears		5.28%	-	-	0.00	0.00	0.00	0.00	0.00
100203	11KV Switch Gears		5.28%	-	-	0.00	0.00	0.00	0.04	0.04
100204	LT Switch Gears		5.28%	-	-	0.00	0.00	0.00	0.01	0.01
100206	SCADA/ Control & Ins		5.28%	-	-	0.36	0.00	0.00	0.01	0.37
100208	Other Plant & Machin		5.28%	-	0.01	0.00	0.00	0.00	0.05	0.05
100209	Computers		15.00%	-	(0.14)	0.00	0.00	0.00	2.41	2.27
100210	Bateries & Batery Chargers		5.28%	-	-	0.00	0.00	0.00	0.00	0.00
100300	Overhead Lines	3.60%	5.28%	1,354.47	30.81	0.00	0.03	0.02	0.03	30.89
100400	Office Equipment	4.55%	6.33%	10.17	0.03	0.00	0.00	0.00	0.04	0.07
100500	Furniture & Fittings	4.55%	6.33%	3.48	0.00	0.04	0.00	0.00	0.09	0.14
100600	Vehicle LMV	12.86%	9.50%	0.60	-	0.00	0.00	0.00	0.03	0.03
<b>Total</b>				<b>3,403.73</b>	<b>72.29</b>	<b>0.40</b>	<b>0.06</b>	<b>0.06</b>	<b>2.83</b>	<b>75.64</b>

#### 5.1.5 Total Depreciation claimed in True Up

For the purpose of True up, Depreciation has been claimed only on Assets that have been funded from TPCODL’s own Capex. Also as Metering Capex is to be recovered through monthly meter rents, depreciation on meters has not been claimed for True up. Further ‘Amortization of Consumer Contribution’ which has been booked in the accounts under the head ‘Other Operating Income’ has been deducted to arrive at final Depreciation value for truing up purpose. The summary of total Depreciation for truing up is as provided below.

**Table 5-4: Total Depreciation for Truing Up**

Particular	Approved (Rs Cr)	Amount (Rs. Cr)
Total Depreciation as booked in the Accounts for FY 2020-21 (June-Mar 2021)		75.64
<b>Less:</b> Depreciation on Assets Created against RAPDRP-A Schemes		0.40
<b>Less:</b> Depreciation on Assets Created against SAUBHAGYA Schemes		0.06
<b>Less:</b> Depreciation on Assets Created against Consumer Contribution		0.06
<b>Less:</b> Depreciation on Meters		0.10
<b>Total</b>		<b>75.03</b>
<b>Less:</b> Amortization of Consumer Contribution		60.21
<b>Total Depreciation for Truing up</b>	<b>78.80</b>	<b>14.82</b>

## 5.2 Interest on Capital Loans

As per the Tariff Regulations, the interest rate applicable would be on the basis of the actual loan portfolio at the beginning of each Financial year. The extracts from the Tariff Regulations is as under

### Extracts 5-2: Interest applicable as per Tariff Regulations

- 7.48 The rate of interest on capital loans shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Financial Year :**
- Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:**
- Provided further that if the distribution licensee does not have actual loan, then the rate of interest shall be determined by the Commission from time to time.**

The interest (excluding Interest on Security Deposits) on Capital Loan (Table 62 of the Tariff Order) approved by the Hon'ble Commission for FY 2020-21 was **Rs 31.04 Crores**. Accordingly, the amount approved for the 10 month period works out to **Rs 25.87 Crores**. However, the interest amount approved above has been worked out on the basis of the actual loans taken by erstwhile CESU but the Balance Sheet carved out for TPCODL does not have such loans.

For the purpose of financing the Capital Expenditure, TPCODL has secured term loan from State Bank of India (SBI). The rate of interest for FY 2020-21 works out to 7.98% as worked

out in. Based on the Debt Equity Ratio for the capitalization in FY 2020-21, the Interest on Debt for period June 2020 to March 2021 works out to **Rs 1.45 Crores** as worked out in the table below:

**Table 5-5: Interest computation for Truing Up (June 20 to Mar 21)**

Sr No	Particular	Unit	Approved	Actual
1	Opening Balance	Rs Cr		0
2	Addition	Rs Cr		46.3
3	Repayment = Depreciation	Rs Cr		2.73
4=1+2-3	Closing Balance	Rs Cr		43.56
5=Average(1,4)	Average Balance	Rs Cr		21.78
6	Period	Years		0.83
7	Interest Rate	%		7.98%
8= 5 X 6 X 7	<b>Interest Amount</b>	<b>Rs Cr</b>	<b>25.87</b>	<b>1.45</b>

### 5.3 Interest on Working Capital and associated Financing Costs

As per the Tariff Regulation, the Working Capital and the Interest on Working Capital would be worked out as follows

**7.49 Interest on Working Capital: Working capital shall include—**

- (a) Operation and maintenance expenses for one month;
- (b) Receivables for one month;
- (c) Maintenance spares @ 40% of R&M expenses for one month.

**7.50 The rate of interest for working capital shall be equal to the SBI Base Rate plus 300 basis points as on 1st January of the preceding year for which tariff is determined: \_\_\_\_\_**

**Provided that the Commission while determining the working capital requirement, shall take into account the outstanding receivables with the consumers as per the annual audited accounts of the licensees, and may direct the licensee to fund the requirement of working capital by collection from the outstanding receivables.**

No amount was approved by the Hon'ble Commission under this head for FY 2020-21. The observation of the Hon'ble Commission was as follows:

*412. In view of the fact that all the DISCOMs have huge outstanding receivables from the consumers the commission as per such provision of the Regulation directs the Licensees to fund the requirement of working capital by collection from the outstanding receivables. Therefore, no financing on working capital is allowed to the DISCOMs in the ARR for FY 2020-21.*



In this regard it is important to submit that as per the Vesting Order, the outstanding receivables prior to 31<sup>st</sup> March 2020, after deduction of incentive are passed on to Gridco. Hence such clause and reasoning is not applicable to TPCODL as the receivables cannot be retained by TPCODL. In the humble submission of TPCODL therefore, it is entitled to claim normative interest on Working Capital as worked out below

- **Normative Interest on Working Capital**

The Normative Interest for the period June 2020 to March 2021 is as provided in the table below :

**Table 5-6: Interest on Working Capital**

<b>Interest on Working Capital (Normative)</b>	<b>Approved</b>	<b>Normative</b>
O&M Expenses for One Month	Rs Cr	82.55
Receivable for One Month	Rs Cr	281.65
Maintenance Spare at 40% of R&M expenses for one Month	Rs Cr	5.71
<b>Total Working Capital</b>	<b>Rs Cr</b>	<b>369.90</b>
Period	Years	0.83
<b>Interest On Working Capital @ 8.45 % + 300 bps</b>	<b>Rs Cr</b>	<b>0.00</b>
		<b>35.29</b>

#### 5.4 Interest on Consumer Security Deposits

As per the Odisha Electricity Regulatory Commission Distribution (Conditions of Supply) Code, 2019 (“Supply Code”) the consumer is entitled to an interest on the Security Deposit that he keeps as per the Regulation 57 of the code. As per the code, the interest on the deposit is payable at the SBI Base Rate as on 1<sup>st</sup> April. The extracts of the Supply code is as given

***Interest on Security Deposit payable by the Licensee/supplier***

57. (i) *The Licensee/supplier shall pay interest on security deposit to the consumer, at the bank rate. (SBI Base Rate as on 1st April of the relevant year) provided that*

(ii) *The Commission in its tariff order for the respective financial year may direct the licensee/supplier to pay a higher rate of interest.*

(iii) *The interest accruing to the credit of the consumer shall be adjusted annually in the amounts outstanding from the consumer to the licensee/supplier as on 1st May of every year and the amounts becoming due from the consumer to the licensee/supplier immediately thereafter.*

(iv) The licensee/supplier shall duly show the amounts becoming due to consumer towards interest on the security deposit in the bills raised on the consumer.

(v) The Licensee/supplier shall pay interest at twice the rate specified under sub-Regulation (i) above for the delay in making the adjustments for interest on security deposit

The Tariff Regulations under Regulation 7.2 (g) permits recovery of the Security Deposit to be recovered in the ARR. While the Supply code specifies that Interest on Security Deposit is payable at the Bank rate (which in turn works out 8.45 % p.a), the Hon'ble Commission had declared a rate of 5.4 % p.a on the closing Balance of Consumer Security Deposit as on 31<sup>st</sup> March 2020. The category wise consumer deposits considered and the interest on such Security Deposits is as worked out in the following tables:

**Table 5-7: Details of Category wise consumer deposit**

Sr No	Category of consumer	SD Amount	SD Interest (for the year)	Rs Cr
				SD Interest (for April and May 20)
1	EHT	197.67	7.83	1.15
2	HT	302.54	11.61	1.91
3	LT	194.91	7.01	1.31
<b>Total</b>		<b>695.12</b>	<b>26.45</b>	<b>4.37</b>

The Interest on Security Deposit as approved by the Hon'ble Commission in its Tariff Order of 22<sup>nd</sup> April 2020 was Rs 38.77 Crores for the FY 2020-21. Accordingly the same works out Rs 32.31 Crores for the 10 month period of June 2020 to March 2021. Further based on the computations as provided in the above table, the actual Interest on Security Deposit works out to **Rs 22.00 Crores** as shown in the table below

**Table 5-8: Interest on Security Deposit**

Sr No	Particular	Approved (Rs Cr)	Actual (Rs Cr)
A	Total Int Prov. For FY 2020-21		26.45
B	Int.Liab ( Apr & May)		4.37
C	Actual Int booked SBM		0.17
D=A-B-C	Net Amt		21.91
E	Int.Exp booked through ISU		0.10
F=D+E	<b>Grand Total</b>	<b>32.31</b>	<b>22.00</b>

## 5.5 Return on Equity

As per the Vesting Order, the Return on Equity would be available as follows:

### 56. Return on equity:

*As per the terms of RFP, the Commission shall allow return on equity, as per the Tariff Regulations, to TPCODL on the equity capital of Rs. 300 crore (Indian Rupees Three hundred crore only) which was the reserve price of the utility of CESU specified in the RFP.*

### RELAXATION OF CONDITIONS RELATED TO RETURN ON EQUITY

*68. As provided in para 56 of this order, the Commission shall allow to TPCODL return on equity, as per the regulations, on the equity capital of Rs. 300 crore (Indian Rupee Three hundred crore only) which was the reserve price of the utility of CESU specified in the RFP.*

*69. The above provision of the RFP is not in conformity with clause 7.51 of the Tariff Regulations*

*70. In the RFP, a return on equity on the reserve price of Rs. 300 crores (Indian Rupee Three hundred crore only) is assured in order to encourage investor participation by providing certainty on returns.*

In addition, the Tariff Regulations provide for equity capital invested in the Capitalization. The Return on Equity as per the Tariff Regulations is as follows:

### Extracts 5-3 : Return on Equity as per Tariff Regulations

#### **Return on Equity :**

**7.51 Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulations 7.33 to 7.48.**

- 7.52 The Distribution Licensee shall be allowed a return on equity capital at the rate of 16 per cent per annum (post tax), in Indian Rupee terms, on the amount of equity capital determined in accordance with Regulations 7.33 to 7.48.
- 7.53 In case of foreign currency brought as capital, the Commission may consider a separate rate of return if foreign exchange variation is allowed as a pass through.
- 7.54 The tax only to the extent of the tax on return is provided as pass through.

The Hon'ble Commission in its Tariff Order for FY 2020-21 has approved a RoE of **Rs 11.64 Crores**. Accordingly, the RoE for the 10 month period works out **Rs 9.70 Crores**. However this quantum is based on the Equity of erstwhile CESU of **Rs 72.75 Crores**.

Considering the provisions of the Vesting Order, TPCODL has worked out the Return on Equity (RoE) for the capitalization arising out of the Capex undertaken by TPCODL after Effective Date. Further the applicable Debt : Equity ratio for the capitalization in FY 2020-21 has been explained in **Table 4-6: Debt and Equity applicable for New Capex**. The RoE workings are as follows:

**Table 5-9: Return on Equity Calculations (Rs Cr)**

Sr No	Equity Addition for FY 2020-21 (Jun-Mar)	Approved	Actual
a	Capitalization excluding meters from TPCODL's own capex		66
b= 17.2% of a	Additional Capitalization (in lieu of Equity Investment by GRIDCO)		0.0
c=a+b	Total Capitalization for FY 2021-22 (Jun-Mar)		66.13
d	Equity Contribution by TPC = c X 30% X 51%		10.12
e	Equity Contribution by GRIDCO= c X 30% X 49%		9.72
f	<b>Total Equity = 30% of C</b>		<b>19.84</b>
<b>RoE for FY 2021-22 (Jun-Mar)</b>			<b>Rs Cr</b>
1	Opening Equity		300
2	Addition in FY 2020-21 (Jun-Mar)		19.84
3=1+2	Closing Equity		319.84
4	<b>RoE = Average (1,3) X 16% X (10/12)</b>	<b>9.70</b>	<b>41.32</b>

## 5.6 O&M Expenditure

The O&M Expenditure has been categorized under three major heads viz a) Employee Expenditure b) Repairs and Maintenance (R&M) and c) Administration and General (A & G) .

TPCODL had filed a petition ( Case No 41 of 2020) for approval of Annual Business Plan for FY 2020-21 in pursuant to the direction of the Hon'ble Commission in Case No.11/2020 (Vesting Order) dated 26.05.2020. The Business Plan for FY 2020-21 comprised the Capex proposed and plan for Operation and Maintenance (O&M) expenditure. The Hon'ble Commission vide its order dated 8<sup>th</sup> September 2020 (" Capex Order") approved the capital

expenditure. The O&M Expenditure was approved by the Hon'ble Commission vide its order dated 16<sup>th</sup> November 2020 ("ABP Order"). For the purpose of comparison of actual O&M cost against the approved amount, we have relied upon the Tariff Order for FY 2020-21 dated 22<sup>nd</sup> April 2020 and Opex Order dated 16<sup>th</sup> Nov 2020 for arriving at the approved amount.

## 5.6.1 Employee Expenditure

### 5.6.1.1 Employee Expenses of existing employees

It is submitted that the Hon'ble Commission has been approving the Salaries and Wages for existing employees on the date of takeover on the basis of the revisions made by the Government of Odisha from time to time. Such revisions were incorporated by the Hon'ble Commission in the tariff order passed in April 2020 on the basis of the estimates then made. During the year i.e. FY 2020-21 the quantum of expenditure for the existing employees was different from that approved especially on account of the arrears that have paid towards the 7<sup>th</sup> Pay Arrear as per the Govt's notification.

Further, the Hon'ble Commission has approved addition of 8% of total proposed manpower (i.e. 497=8% of 6219) in FY 2020-21 and accordingly, TPCODL's has recruited the required and approved manpower in FY 2020-21. The extracts in the ABP order are as follows:

*27. TPCODL have inherited on its rolls 4917 number of regular employees and 435 number of contractual employees as on 31.05.2020. TPCODL has proposed total manpower strength of 6219 number of regular employees and 435 numbers of contractual employees. TPCODL has stated that the existing manpower available with TPCODL has 618 Nos. of Executives and 1302 additional employees in the executive cadre need to be inducted under 14 departments. As per the petition the inductions will be made under the level as Head, HOD, HOG, Team Leader and Lead Engineer/Lead Associate. The maximum number of Executives will be positioned in the Lead Engineer/Lead Associate level totaling to 989 numbers. They have further proposed to position 620 Nos. of Team leader, 115 Nos. of HOG, 111 Nos. of HOD and 45 Nos. of Chief/Head. Out of these numbers, after bringing in the existing staff of TPCODL balance numbers will be inducted*

*32. The Commission however, observes that the induction of 1367 new employees in executive cadre in one year will have a huge impact on the employees cost and consequently on tariff. The Commission is also aware that in the DISCOMs no new significant recruitments have been made during last 10 years and DISCOMs have appreciable shortage of required manpower. The ratio of the employees vrs consumers*

has also widened over the years and bringing in new employees will bridge this gap for efficient functioning of the DISCOMs. The Commission is not averse to allowing employee cost which is just and as per the present norms of the relevant industry. At the same time, the Commission is not inclined to fill all the required personnel/ vacancies in one year. Such a large scale recruitment in a short period is bound to choke the career growth over the years besides causing tariff shock. Instead, it should be spread over a longer period.

33. The Commission now allows 8% of the total proposed manpower in the current year and stipulates that the new recruitments be made as per the operational requirements. The proposed expense on HR operation may also be accordingly adjusted.

- **Treatment of Employee Liabilities of erstwhile CESU employees**

As per the Vesting Order of 26<sup>th</sup> May 2020 , the following is treatment in the ARR of TPCODL.

50. Treatment of employee liabilities

...

(b) The CESCO Employees Pension Trust, CESCO Employees Gratuity Trust, CESCO Employees Provident Fund Trust and CESCO Rehabilitation Trust (the “Trusts”) are managing funds against pension, gratuity, provident fund and rehabilitation liabilities respectively.

(c) At present, by the end of each month, respective Trusts except CESCO Employees Provident Fund Trust raise a requisition to CESU to disburse the balance amount required towards Employees’ Liabilities for such month after deducting the interest earned by the Trust on its investments. The contribution towards provident fund is remitted by CESU without the requirement of any requisition from the CESCO Employees Provident Fund Trust. CESU remits such amount to the respective Trusts for disbursal to the beneficiaries covered under the Trusts. The same mechanism shall continue from the Effective Date and TPCODL shall be responsible to remit such amounts to the Trusts towards Employees’ Liabilities.

...

...

(e) The Trusts, their investments as well as Employees’ Liabilities shall be dealt with in the manner specified below:

- i. *All the Trusts shall continue to exist, and investments made by the Trusts shall not be liquidated without prior approval of the Commission.*
- ii. *TPCODL shall disburse the Employees' Liabilities to Trusts as per the mechanism specified in point (c) above.*
- iii. *Of the total Employees' Liabilities disbursed by TPCODL as per point ii above, the Commission shall allow as part of the Aggregate Revenue Requirement the actual cash out go for TPCODL for every year on account of pension, gratuity, leave encashment and rehabilitation liabilities.*
- iv. *For provident fund liabilities, the Commission shall allow as part of the Aggregate Revenue Requirement, only the Employer's contribution towards provident fund made to CESCO Provident Fund Trust.*
- v. *Except as provided in (iii) and (iv) above, no amount shall be allowed in Aggregate Revenue Requirement of TPCODL for contribution to the Trusts for increasing their corpus fund or investments.*
- vi. *Investments made by the Trust shall be appropriately disclosed in the accounts of TPCODL as per the applicable accounting standards*

Based on the above treatment for expenses to be permitted in the ARR, TPCODL has reworked the Employee Costs as given in the table below for 10 month of FY 2020-21.

**Table 5-10: Erstwhile CESU employees' Employee Costs**

Sr No	Particulars	Units	Rs Cr	Rs Cr
1	Employee Cost of erstwhile CESU Employees	Rs Cr		428.62
2	Less Pension Liability (Acturial Valuation)	Rs Cr	-97.86	
3	Less Gratuity Liability (Acturial Valuation)	Rs Cr	-13.79	
4	Less Leave Encashment (Acturial Valuation)	Rs Cr	-17.51	
5	Total Provisions as per Acturial Valuation	Rs Cr		-129.16
6	Add Cash flow to Pension Trust	Rs Cr	134.95	
7	Add Cash flow to Gratuity Trust	Rs Cr	32.39	
8	Add Cash Flow for Leave Encashment	Rs Cr	17.17	
9	Add Cash flow to Trusts	Rs Cr		184.52
10	Add Cashflow to Pension Trust and Gratuity Trust - For payment related to March 2021 but was given in April 2021 due to late invoicing	Rs Cr		18.0
<b>11= 1+5+9+10</b>	<b>Amount to be considered for Truing up</b>	<b>Rs Cr</b>		<b>501.98</b>

#### 5.6.1.2 Outsourced Employee Costs

The cost of Outsourced Employees for the 10 months under consideration was Rs 50.81 Crores.

#### 5.6.1.3 Employee Expenses of Additional Employees

The expenditure towards the new employees along with their Operational Costs works out to Rs 48.36 Crores. As can be seen from the order of the Hon'ble Commission in this regard, the Hon'ble Commission has allowed 8% of the proposed manpower i.e 8% of 6219 = 497 No to be recruited. In accordance with the same, TPCODL has recruited 497 executives in FY 2020-21.

In addition, TPCODL has recruited 50 trainees and 71 No JE Commerce for meeting the requirement of work. The recruitment of trainees is part of Long Term Planning. Further such trainees are recruited in advance with a view to provide some time for their training and eventually for absorption in the area of work. In addition, it is submitted that TPCODL had recruited the JEs through a process which last over a period of time. In other words, the recruitment of 71 Nos shown though has taken place in FY 2020-21, the same has taken place towards the end of the FY 2020-21 i.e the impact of such recruitment is felt only for a month or so. Similarly, the joining of Trainees was also towards the end of FY 2020-21. In summary the cost of such manpower (i.e 50 trainees and 71 JEs) in FY 2020-21 was only about Rs 0.50 Crores

#### 5.6.1.4 Summary of the Employee Expenditure



The summary of total actual employee cost incurred in FY 2020-21 (June –Mar 2021) against approved is as provided in table below.:

**Table 5-11: Total Actual Employee Cost for FY 2020-21 (Jun-Mar 2021) Vs approved**

	Approved Employee Cost				Actual Employee Cost		
	Emp Cost Approved in Tariff Order FY 2020-21	*Emp Cost approved for June-Mar (Prorated)	Employee Cost approved for additional TPCODL Employees in Opex Order dated 16.11.2020	Total Employee Cost approved for June-Mar 2021	\$ Actual Emp Cost for Existing Employees for June-Mar 2021	Actual Emp Cost of additional TPCODL employees for June-Mar 2021	Total Actual Emp Cost for June-Mar 2021
	<b>622.2</b>	<b>522.2</b>	<b>48.36</b>	<b>571</b>	<b>552.78</b>	<b>48.4</b>	<b>601.1</b>
Less: Capitalization	<b>15.4</b>			<b>2.73</b>			<b>2.73</b>
Net Emp Cost (O&M)	<b>606.8</b>			<b>567.8</b>			<b>598.4</b>

\* Rs.22.5 Cr approved against 7th Pay Arrear has been taken 100% for June-Mar 2021 i.e not prorated to 10 Months  
 \$ Includes Actual cost of Outsourced Employees (Rs. 50.81 Cr ) also

### 5.6.2 R&M Expenditure

In the ABP Order, the Hon'ble Commission had approved a cost of **Rs 142.63 Crores** for the 10 months of FY 2020-21.

*39. The Commission in the last tariff order has approved the total Repair and Maintenance cost of Rs.139.62 crore to the erstwhile CESU for FY 2020-21. The petitioner has proposed the total cost of Rs.142.63 crore for the balance 10 months of the year. The petitioner has proposed that through these additional expenses there will be appreciable benefits and improvement to the system. Notably there would be reduction in interruptions/ outage duration leading to early identification and restoration of RTU or communication failure, improvement in system reliability by reducing SAIDI and SAIFI, higher availability of SCADA/ DMS system and saving in AMC cost.*

*40. In view of the fact that the Repair and Maintenance aspect is critical to the overall improvement of the distribution system, the Commission now approves the total cost of Rs.142.63 crore for the ten months (June, 2020 to March, 2021).*

On the basis of the above approval, the comparison between actual expenditure and that approved is as given in the Table below:

**Table 5-12: R&M Costs for 10 Months of FY 2020-21**

Particulars	Rs Cr	
	Approved	Actuals
Repairs and maintenance to buildings and civil Works		3.55
Repairs and maintenance to plant and machinery		136.18
Repairs and maintenance to furniture, vehicles, etc		2.61
<b>Total</b>	<b>142.63</b>	<b>142.33</b>

### 5.6.3 A&G expenditure

In the ABP Order the Hon'ble Commission had approved the following:

46. The Commission in the last ARR for FY 2020-21 has approved total A&G of Rs.70.82 crore. In the present petition the petitioner has submitted that the provisional expenditure for previous year i.e FY 2019-20 under A&G head is about Rs.159.38 crore which includes payment of 111.73 crore towards Distribution Franchisee Sharing BOT. This year no expenditure is planned in the Distribution Franchisee Sharing BOT as no franchisee has been engaged and therefore no expenditure is proposed in the current petition under this head. As analysed from the petition another major expenditure is on the Insurance which is about Rs.10 crore.

47. In light of the above submissions the Commission observes that the expenditure in the A&G is a controllable expense and as per the OERC Tariff Determination Regulation additional expenses are allowed in this head for specific measures towards reduction of AT&C losses and improving collection efficiency. We find that the proposals mainly relates to the improving metering management and services and customer services which are vital elements in reducing AT&C losses. The TPCODL is a new operating company and we believe that they have planned out their activities diligently for improving the overall distribution business. At this stage we agree to the proposal of the petitioner and allow the additional A&G expenses of about sixty percent of the proposed Rs.63.09 crore for FY 2020-21. However, the petitioner is directed to produce the required justifications of such additional expenses under the head A&G expenses incurred in the truing up petition for FY 2020-21. The expenses under this head will accordingly be allowed after prudence check

On the basis of the above , the approved A&G expenditure for 10 month period between June 2020 and March 2021 works out to as follows

**Table 5-13 A&G Expenditure approved for FY 2020-21 (June 2020 to March 2021)**

Sr No	Particulars	Units	Value
1	A and G Expenditure approved in Tariff Order for erstwhile CESU-12 Months	Rs Cr	70.82
2	A and G Expenditure approved in Tariff Order for erstwhile CESU -10 Months	Rs Cr	59.02
3	Additional A&GA approved in the ABP Order- 10 Months	Rs Cr	37.80
<b>4</b>	<b>Total A&amp;G approved for 10 months</b>	<b>Rs Cr</b>	<b>96.82</b>

As against the same, the actual A&G expenditure for FY 2020-21 (10 Month period) is **Rs 84.72 Crores**. The breakup of the same is as follows:

**Table 5-14 Actual A&G Expenditure for FY 2020-21 (June 2020 to March 2021)**

Particulars	Rs Cr	
	Approved	Actuals
Rental of land, buildings, plant and equipment, etc		3.41
Electricity consumption expenses		3.44
Telephone expenses		1.32
Foods and conveyance		2.33
Bank & other charges		1.10
Office expenses		5.40
Travelling expenses		11.97
Insurance premium		1.13
Legal and professional charges		5.76
Software expenses		1.65
Other expenses		3.53
Advertisement & marketing expenses		0.92
Corporate Social Responsibility expenses		0.0
Metering and billing expenses		41.09
Printing and stationary		1.58
Miscellaneous expenses		0.09
<b>Total</b>	<b>96.82</b>	<b>84.72</b>

It is submitted that while the actual expenditure under the A&G expenditure is much lower than the amount approved for 10 month of FY 2020-21 as considerable amount of expenditure particularly for Metering and Billing Expenses were incurred through outsourcing where the contract was placed much later than the commencement of operations.

The O&M Expenditure for the period June 2020 to March 2021 and comparison with the amount approved is summarized as follows:

**Table 5-15 Summary of the O&M Expenditure**

Sr No	Head of Expenditure	Approved	Actual
1	Employee Expenditure/Salaries	567.8	598.4
2	R&M Expenditure	142.6	142.3
3	A&G Expenditure	96.8	84.7
	<b>Total</b>	<b>807.3</b>	<b>825.5</b>

For the purpose of this Truing up petition, we have considered the Actual Expenditure for working out the Gap as in the humble submission of TPCODL, the operations for the first 10 months were yet to be stabilized and the actual expenditure would be a true reflection of the situation. However, it is also submitted that such amounts should not be used to determine the norms for the future period as they do not represent the expenditure during stabilized operations.

### 5.7 Provision for Doubtful Debts

The Tariff Regulations allow the distribution licensee like TPCODL to claim Provision for Doubtful Debts as an expense in working out the ARR. The Tariff Regulations stipulate the following for Provision for Doubtful Debts

**Provision for bad debts :**

7.55 The Commission shall allow a provision for bad debts as a prudent commercial practice in the revenue requirement of the licensee. This provision for bad debts will be established as a percentage of sales revenue as determined by the Commission from time to time. Before establishing a provision for bad debts, the Commission may direct the licensee to audit the receivables so that there will be no financial burden on genuine consumers due to inappropriate provision.

The provision has been worked out on the quantum of revenue billed for the 10 months under consideration The quantum of the provision to be made is as follows:

**Table 5-16 Provision for doubtful debts**

Sr No	Particulars	Unit	Value
1	Revenue from Power Supply	Rs Cr	2,837.3
2	Less Open Access Revnue	Rs Cr	-20.8
3	Net Revenue from Power Supply	Rs Cr	2,816.5
4	Provision for Doubful Debts	%	1%
5	<b>Provision for Doubful Debts</b>	<b>Rs Cr</b>	<b>28.16</b>

### 5.8 Income Tax or Tax on Income

The Tariff Regulations permit the quantum of Income Tax to be recovered in the ARR. As per the Tariff Regulations, the following is permitted

#### Extracts 5-4: Tax on Income

##### Tax on Income :

- 7.63 Income tax of the Distribution Licensee shall be recovered from the beneficiaries. This will exclude income tax on other income streams (non-distribution business).
- 7.64 The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

No Income Tax has been paid or provided for by TPCODL for the period June 2020 to March 2021. However, it is the submission of TPCODL that such nil income tax is on account of Taxable losses and not due to lack of profits as such. We therefore have proposed an Income Tax on the RoE by grossing up the same for Income Tax Rate<sup>1</sup>. The Income Tax proposed is follows:

**Table 5-17 : Computation of Income Tax for FY 2020-21**

Sr No	Particulars	Units	Amount
1	RoE	Rs Cr	41.32
2	Tax Rate Applicable	%	25.17%
3	Tax Claimed	Rs Cr	13.90

## 5.9 Non-Tariff Income

As per the Tariff Regulations, the Non-Tariff Income shall comprise as provided in the extracts below

#### Extracts 5-5: Elements of Non Tariff Income

Sr No	Particulars	Value	
1	Basic Rate	22%	
2	Surcharge	10%	
3	Education Cess	4%	
1	4	Effective Tax Rate	25.17%

7.60 The Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with his application for determination of tariff. The indicative list of various heads to be considered for Non-Tariff Income shall be as under —

- (a) Income from rent of land or buildings;
- (b) Income from sale of scrap;
- (c) Income from statutory investments;
- (d) Interest on advances to suppliers/contractors;
- (e) Rental from staff quarters;
- (f) Income from hire charges from contractors and others;
- (g) Income from advertisements, etc.;
- (h) Meter/metering equipment/service line rentals;
- (i) Service charges;
- (j) Revenue from late payment surcharge;
- (k) Recovery for theft and pilferage of energy;
- (l) Miscellaneous receipts;
- (m) Prior period income

Based on the above, the Non- Tariff Income for the 10 month period as well as the quantum to be considered for truing up of the same period is as given in the table below

**Table 5-18 : Non Tariff Income for FY 2020-21 (10 Months)**

Sr No	Head of Income	Amount (Rs Cr)	Considered for Truing up (Rs Cr)	Remarks
1	Meter Rent	31.87	28.67	Note A
2	Incentive on Past Arrear Collection	18.46	0.00	Note B
3	Income from Open Access	20.79	20.79	
4	Interest on Term Deposit with Banks	26.69	26.69	
5	Delayed Payment Charges	10.18	3.39	Note C
6	Rentals from Staff Quarters and from Contractors	0.28	0.28	
7	Sale of Tender forms	0.34	0.34	
8	Penalties recovered from Supervisor and Contractor	0.33	0.00	Note D
9	Sale of Scrap	5.38	5.38	
10	Cheque Bounce Return Charge	0.10	0.00	Note D
11	Other Income relating to prior period Misc Revenue	-0.06	-0.06	
12	Miscellaneous charges – Reconnection Charges	0.27	0.27	
13	Miscellaneous charges – Service connection Charges	3.22	3.22	
14	Miscellaneous charges – Customer Charges & Others	3.21	3.21	
15	Customer Service Charge	1.39	1.39	
16	Reconnection Charges	0.00	0.00	
17	Processing Fee	0.10	0.10	
18	Service Connection Charge	1.11	1.11	
19	Meter Testing Fees	0.00	0.00	
20	Receipts from consumers relating to prior periods	0.00	0.00	
21	Amortisation of Revenue Grant	2.44	2.44	
22	Misc Receipts	2.79	2.79	
23	<b>Total</b>	<b>128.89</b>	<b>100.03</b>	

## A. Note on Meter Rent

The Hon'ble Commission has been permitting recovery of Meter cost through Meter Rent. Further the Meter Costs has not been forming a part of Capital Expenditure approved by the Hon'ble Commission. However, some of the meter rent considered as Non Tariff Income is on account of Meters installed prior to commencement of operation of TPCODL i.e prior to 1<sup>st</sup> June 2021 and some of the Meter Rent is arising out of Meters installed prior to 1<sup>st</sup> June 2021. The estimation of meter rent from the meters installed after 1<sup>st</sup> June 2020 is as follows

**Table 5-19 Meter Rent from Meters installed after 1<sup>st</sup> June 2020**

3 Phase...		Monthly Meter Rent							150	
		Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Total
Cumulative Meters Installed	Nos	10	291	507	863	1341	1834	2546	3756	
Rent	Rs	1500	43650	76050	129450	201150	275100	381900	563400	1672200
1 Phase		Monthly Meter Rent							40	
		Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Total
Cumulative Meters Installed	No	3714	19278	40180	67527	105914	143631	175481	201981	
Rent	Rs	148560	771120	1607200	2701080	4236560	5745240	7019240	8079240	30308240
<b>Rent (3 Phase and 1 Phase)</b>		<b>Rs Cr</b>								<b>3.20</b>

Accordingly, the Meter Rent to be considered as Non Tariff Income in the computations of the truing up for the period June 2020 to March 2021 works out to Rs 28.67 Crores out of Rs 31.87 Crores considered in FY 2020-21.

## **B. Note on Incentive on Past arrears**

The Hon'ble Commission in the Vesting Order dated 26<sup>th</sup> May 2020 for TPCODL has allowed TPCODL to retain the incentive on past arrears. The extracts of the Vesting Order in this regard is as given below:

### ***RELAXATION OF CONDITIONS RELATED TO PROFIT SHARING***

*64. As per the RFP, the gains accruing to TPCODL on account of better performance in reducing AT&C loss and incentive on past arrear recovery shall be allowed to be retained in full upto FY 2030 by TPCODL. This would be over and above the return on its equity allowed by the Commission as part of Tariff Regulations and shall not be adjusted as other income or in any way appropriated through any truing up process or future Aggregate Revenue Requirement process.*

Accordingly, this amount has not been considered as Non Tariff Income in the computation of truing up for the period June 2020 to March 2021

## **C. Note on Delayed Payment Charges or Surcharge (DPC or DPS)**

The Delayed Payment Charges are leviable @ 1.25 % per month on consumers who do not make payment with in the Due Date allowed for payment. This compensates the Utility for the additional interest cost that gets incurred on the additional working capital requirements due to non-payment for timely payments of such dues by the consumers by the respective due dates. Consequently, the same should not be treated as part of Miscellaneous or Non Tariff Income as is provided in the Tariff Regulations.

It is submitted that DPS is a penal provision to recover the interest part due to delay in payment by the consumer. Further for some of the consumers, there is no DPS that is applicable. However, at the same time, DPS is at 15 % p.a while Interest on Working Capital is provided in the Tariff Regulations at about 10-11%. Consequently, TPCODL has offered proportionate DPS amount as part of Miscellaneous (Non Tariff) Income to the extent of the DPS Rate being higher than the Working Capital Borrowing Cost allowed by the Commission, viz. 1/3<sup>rd</sup> of total DPS as against approx.. 10% borrowing cost for Working Capital allowed by the Hon'ble Commission, the DPS rate is 15%.

The above principle has been upheld by the Hon'ble APTEL in many of its judgements where it has clarified that the Licensee is entitled to the cost of financing the entire outstanding principal amount that attracts LPSC at prevalent market lending rates. This is imperative because the Petitioner is required to finance working capital requirement arising out of delayed payment throughout the year.



#### **D. Note for treatment of Penal Charges**

As these are penal charges which in effect compensate the interest that is due to TPCODL, they have not been offered as Non Tariff Income.

#### **5.10 Revenue from Cross Subsidy Surcharge**

As per the Electricity Act, in case any consumer sources power from other than the distribution licensee or through captive route, then Cross Subsidy Surcharge (CSS) i.e on Open Access is required to be paid by such consumer. The CSS has been determined by the Hon'ble Commission for a period from 1<sup>st</sup> May 2020 to 30<sup>th</sup> September 2020 at a rate of Rs 1.498 per Kwh and was raised to Rs 1.524 per Kwh thereafter for EHT consumers. The OA Charges booked by TPCODL for FY 2020-21 (10 months) is Rs 20.79 Crores and the same has been considered for Truing up

#### **5.11 Aggregate Revenue Required (ARR)**

As per the tariff regulations, the ARR of the retail supply business would comprise the following:

##### **Extracts 5-6 : Components of ARR**

- 7.2 The Aggregate Revenue Requirement for the Retail Supply Business of the Distribution Licensee shall contain the following items :—
- (a) Power Purchase Expenses (including Bulk Supply price, intra-state transmission and SLDC charges and Wheeling Charges);
  - (b) Operation and Maintenance expenses;
  - (c) Interest and Finance Charges;
  - (d) Depreciation;
  - (e) Return on Equity;
  - (f) Income Tax;
  - (g) Interest on Consumer Security Deposit;
  - (h) Provision for bad debts;
  - (i) Other allocation of expenses considered appropriate by the Commission such as rebate etc;
  - (j) Less: Non-Tariff Income;
  - (k) Less: Income from Other Business; and
  - (l) Less: Receipts on account of cross subsidy surcharge from open access customers.

Based on the explanation provided in the earlier sections, the ARR for the FY 2020-21 (10 Months) is computed and presented as given below:

**Table 5-20 ARR for TPCODL for 10 month operations (June 2020 to Mar 2021)**

Sr No	Particulars	Approved Costs (Pro-rated for 10 months)	Actual Amount
1	Cost of Power Purchase	1982.73	1982.73
2	Emp Cost	567.84	598.41
3	A&G Cost	96.82	84.72
4	R&M Cost	142.63	142.33
5	Interest Long Term Debt	25.87	1.45
6	Interest on Working Capital	0.00	35.29
7	Depreciation	75.64	14.82
8	Return on Equity	9.70	41.32
9	Income Tax	0	13.90
10	Interest on Security Deposit paid	32.31	22.00
11	Provision for Bad Debts	28.12	28.16
<b>Less</b>			
13	Non Tariff Income	-149.15	-79.24
14	Receipts on account CSS	Embedded in Sr No 13	-20.79
<b>15</b>	<b>Total ARR</b>	<b>2812.50</b>	<b>2865.11</b>

- **Note on ARR with approved costs**

TPCODL in this petition has presented the approved costs for various elements of expenditure in the respective sections. In the computation of the ARR with approved costs, TPCODL has considered the Power Purchase Costs as equal to Actual Costs (worked out Normative Losses) as the same is dependent on the Sales.

Further, the Provision for Doubtful Debt which is dependent on the Revenue has also been considered the same as that as actuals.



## Chapter 6. Revenues earned and Gap Calculation

This section presents the estimated revenues from Existing Tariffs and resultant gaps for the period June 2020 to March 2021. Further for the purpose of working out the Gap, the actual Power Purchase expenses have been reworked for arriving at the value with a normative loss. This has been explained in **Table 3-4 Normative Power Purchase Cost for FY 2020-21**. Based on the same, the resultant gap is considered for enhancing the Tariff

### 6.1 Revenues at the prevailing Tariff

For FY 2020-21, the Hon'ble Commission revised the tariff upward from 1<sup>st</sup> October 2020 onwards i.e the tariff applicable for the consumers H2 of FY 2020-21 is different from the tariff applicable for H1 of FY 2020-21. Considering the tariffs applicable, the Revenue Billed is as follows:

**Table 6-1: Revenues for 10 month period in FY 2020-21**

Sr No	Particular	Amount (in Rs. Cr)
1	Revenue from Sales of Power -LT	1,429.8
2	Revenue from Sales of Power -HT	866.5
3	Revenue from Sales of Power -EHT	557.4
<b>4=sum(1:3)</b>	<b>Sub Total</b>	<b>2,853.7</b>
5	Less: Electricity Duty	39.5
6	Add: Revenue From Sale of Power-Inter DISCOMS	0.2
7	Add: Penalty for theft of power	0.0
8	Add: Penalty received from consumers	0.7
9	Add: Misc. Charges From Cons.-Reliability Surchar	0.4
10	Add: Over drawal Penalty	0.9
<b>11 =</b>	<b>Total Revenue from Sale of Power</b>	<b>2,816.5</b>
<b>4-5+sum(6:10)</b>		
12	Less: Cash Disount	24.9
<b>13 =11-12</b>	<b>Net Revenue from Sales of Power</b>	<b>2,791.6</b>

Note: The cash discount availed by consumers for making payments within the stipulated period is as stipulated in the Tariff Order. As per the Tariff Order certain customer are allowed discount of 10 paise per Kwh if paid on Due Date and some others allowed a discount of 1% if paid within 3 working days from the presentation of the Bill. Considering an average tariff of about Rs 5.50 per KWh, the rebate of 10 paise per KWh works out to a discount of 1.81% . The 1 % discount for 4 days translates into a very high effective rate of 91 % p.a and the discount of 1.81 % also translates into a very high rate.

Clearly these rates are much higher than the rate of Working Capital allowed by the Hon'ble Commission (about 10% to 11%). Hence the Discounts offered are not commensurate with

the Rates of Working Capital and should not be passed on and be retained by TPCODL. Hence a Revenue of **Rs 2,791.6 Crores** has been considered for Gap Computations

## 6.2 Gap in Revenue with respect to ARR

We have also in the table below presented the Gap for the 10 month period June 2020 to March 2021

**Table 6-2: Revenue Gap for the period June 2020 to March 2021**

Sr No	Particulars	Unit	With Approved Amounts	Value
1	ARR for 10 Months of FY 2020-21	Rs Cr	2812.5	2865.1
2	Revenue Billed	Rs Cr	2791.6	2791.6
<b>3=1-2</b>	<b>Gap</b>	<b>Rs Cr</b>	<b>-20.9</b>	<b>-73.5</b>

The Hon'ble Commission is requested to permit the above Gap along with the Carrying cost to be carried forward to the FY 2022-23 for the tariff determination of that year.

The Gap computation for 2 months i.e April 2020 and May 2020 of Operation of erstwhile CESU is presented in **Chapter 12 Annexure 7: Gap projection (April and May 2020) of erstwhile CESU Operation**

## Chapter 7. ANNEXURE 1: Statistical Information of TPCODL

TPCODL operational area is spread across 29354 Square km covering 9 Revenue Districts of Odisha State, namely: Cuttack, Puri, Dhenkanal, Angul, Khurda, Kendrapara, Nayagarh, Jagatsinghpur and part of Jajpur. For effective operations; the entire license area is split into 5 circles which is further divided into 20 Divisions, 65 Sub divisions and 251 Sections. Most of the commercial and O&M activities are managed by sub-divisions and Sections which are interface points for customers. The Overall snapshot is as given in the table below

**Table 7-1: Statistics of TPCODL Area (as on 31<sup>st</sup> March 2021)**

	Units	BBSR 1	BBSR 2	Cuttack	Paradeep	Dhenkanal	Total
Area	Sq Km	2183	9422	2754	4430	10565	29354
Input Energy	Mus	2077	1568	1864	911	1952	8370
AT&C Loss	%	17.65%	34.52%	37.41%	31.36%	30.19%	29.54%
No of Consumers	No	548935	685969	545611	527021	485237	2792773
No of 33/11 KV Substations	No	62	74	66	55	62	319
<b>33/11 KV Transformer</b>							
No	No	147	170	148	116	136	717
Capacity	MVA	1147	933	926	580	681	4267
<b>33/415 V Transformer</b>							
No	No	105	76	71	51	43	346
Capacity	MVA	54	11	9	6	9	89
<b>11/415 V Transformer</b>							
No	No	11418	13667	9631	9490	10393	54599
Capacity	MVA	1519	942	986	584	614	4645
<b>11/230 V Transformer</b>							
No	No	2486	1846	3091	3690	4106	15219
Capacity	MVA	37	28	55	62	51	232
<b>33 KV Lines</b>							
33 KV Line (OH-Ckt Km)	Ckt-Km	569	790	569	570	801	3300
33 Kv Line (U/G Ckt Km)	Ckt-Km	141	116	70	3	8	339
<b>11KV Lines</b>							
11 KV Line (O/H - Ckt Km)	Ckt-Km	4920	9310	5642	7856	9468	37195
11 Kv Line (U/G- Ckt Km)	Ckt-Km	236	217	81	12	15	562
<b>LT Lines</b>							
LT Line (Bare - Ckt Km)	Ckt-Km	2059	2883	3149	5014	3886	16991
LT Line (ABC- Ckt Km)	Ckt-Km	4381	8071	6266	5684	6641	31043

**Chapter 8. ANNEXURE 2: Details of Monthly Power Purchase for the period 1<sup>st</sup> June 2020 to 31<sup>st</sup> March 2021**

The tables in this Annexure provides the monthly power purchase details, payments to OPTCL for Transmission Charges and payments made to SLDC

**Table 8-1 Details of GRIDCO BSP Bills and Payment made by TPCODL**

All Amount in Rs. Crore

Details of Bill raised by GRIDCO for the F.Y.2020-21										Details of GRIDCO Bill paid by TPCODL for the F.Y.2020-21			
Month	Bill no	Scheduled MU Billed by GRIDCO	Over drawal/ (Under drawal) MU billed by GRIDCO	Total MU Billed by GRIDCO	Bill value @261P Per kWh From Oct-20 @277 Per kWh	Debit Bill GRIDCO Ltd	Credit bill GRIDCO Ltd	Total Bill raised by GRIDCO	TCS @ 0.075% (0.1% in Mar)	Rebate availed @1%	Actual payment to GRIDCO	TCS Paid	Date of Payment
For June 2020 to Mar 2021		A	B	C=A+B	D	E	F	G=D+E-F	H	I=1% of G	J=G-I	K	
Jun-20	Sr.GM-PP-42/2020/1931 dt.07.07.20	775.78	(0.23)	775.55	202.42	-	-	202.42		2.02	200.39		Paid on 06.08.2020
Jul-20	Sr.GM-PP-42/2020/2195 dt.05.08.2020	799.09	29.97	829.06	216.39	-	-	216.39		2.16	214.22		Paid on 04.09.2020
Aug-20	Sr.GM-PP-42/2020/2454 dt.07.09.2020	775.48	9.85	785.33	204.97	-	-	204.97		2.05	202.92		Paid on 07.10.2020
Sep-20	Sr.GM-PP-42/2020/2680 dt.06.10.2020	798.62	17.10	815.72	212.90	-	-	212.90	0.16	2.13	210.77	0.16	Paid on 05.11.2020
Oct-20	Sr.GM-PP-42/2020/2902 dt.06.11.2020	705.20	26.43	731.64	202.66	-	-	202.66	0.31	2.03	200.64	0.31	Paid on 04.12.2020
Nov-20	Sr.GM-PP-42/2020/3141 dt.04.12.2020	583.93	17.66	601.59	166.64	-	-	166.64	0.12	1.67	164.97	0.12	Paid on 02.01.2021
Dec-20	Sr.GM-PP-42/2020/25 dt.06.01.2021	540.83	9.08	549.92	152.33	-	-	152.33	0.11	1.52	150.80	0.11	Paid on 05.02.2021
Jan-21	Sr.GM-PP-42/2020/195 dt.05.02.2021	573.92	(1.77)	572.16	158.49	-	-	158.49	0.12	1.58	156.90	0.12	paid on 07.03.2021
Feb-21	Sr.GM-PP-42/2020/555 dt.05.03.2021	535.07	-	535.07	148.21	0.03	0.22	148.03	0.11	1.48	146.55	0.11	paid on 03.04.2021
Mar-21	Sr.GM-PP-42/2020/717 dt.05.04.2021	764.59	-	764.59	211.79	-	-	211.79	0.21	2.12	209.67	0.21	paid on 05.05.2021
<b>Total</b>		<b>6,852.53</b>	<b>108.09</b>	<b>6,960.62</b>	<b>1,876.80</b>	<b>0.03</b>	<b>0.22</b>	<b>1,876.61</b>	<b>1.146</b>	<b>18.77</b>	<b>1,857.85</b>	<b>1.146</b>	

**Table 8-2: OPTCL Transmission Charges Bills and Payment made by TPCODL for FY 2020-21 (Jun-Mar 2021)**

Details of OPTCL bill for the F.Y.2020-21 and Payment by TPCODL							
All Amounts in Rs. Crore							
Month	Bill no	MU Billed by OPTCL	Transmission Charges @ Rs. 0.25 Per Unit	Rebate Amount on OPTCL Bill @2%	Net OPTCL Bill (Payable after Rebate)	Actual payment to OPTCL including TDS	Payment Date
		A	B	C= B x2%	D=B-C	E	
<b>For June 2020 to Mar 2021</b>							
Jun-20	RT&C-Bill-02/2020-21/249 dt.07.07.20	775.21	19.38	0.39	18.99	18.99	09.07.20
Jul-20	RT&C-Bill-02/2020-21/287 dt.06.08.20	828.80	20.72	0.41	20.31	20.31	10.08.20
Aug-20	RT&C-Bill-02/2020-21/345 dt.07.09.20	784.99	19.62	0.39	19.23	19.23	09.09.20
Sep-20	RT&C-Bill-02/2020-21/411 dt.06.10.20	817.05	20.43	0.41	20.02	20.02	06.10.20
Oct-20	RT&C-Bill-02/2020-21/466 dt.05.11.20	731.64	18.29	0.37	17.93	17.93	07.11.20
Nov-20	RT&C-Bill-02/2020-21/550 dt.16.12.20	602.42	15.06	0.30	14.76	14.76	18.12.20
Dec-20	<b>Provisional MU Booked as per GRIDCO</b>	549.92	13.75	0.14	13.61	13.61	10.02.21
	<b>Differential Bill RT&amp;C-02/20-21/70(5) dt 11.02.21</b>	2.42	0.06	0.00	0.06	0.06	12.02.21
Jan-21	<b>RT&amp;C-02/20-21/70(5) dt 11.02.21</b>	575.25	14.38	0.29	14.09	14.09	12.02.21
Feb-21	RT&C-Bill-02/2020-21/107 dt.08.03.2021	535.58	13.39	0.27	13.12	13.12	10.03.21
Mar-21	RT&C-Bill-02/2020-21/154 dt.05.04.2021	770.82	19.27	0.39	18.89	18.89	07.04.21
<b>Total</b>		<b>6,974.09</b>	<b>174.35</b>	<b>3.35</b>	<b>171.00</b>	<b>171.00</b>	

For Dec-20 ,Rebate @ 1%

**Table 8-3: SLDC Charges and Payment made by TPCODL for FY-2020-21(Jun-Mar)**

Details of SLDC bill for the F.Y.2020-21								
All Amount in Rs. Lakhs								
Month	Bill no	SLDC Charges	Rebate on SLDC	Net SLDC Bill	Actual payment to SLDC including TDS	TDS on SLDC	Net Payment	Payment Date
<b>For June 2020 to Mar 2021</b>								
Jun-20	CLD-REV-9-26/2018-2049 dt.30.06.20	12.03	0.12	11.91	11.91	0.18	11.73	28.07.20
Jul-20	CLD-REV-9-26/2018-2464 dt.31.07.20	12.03	0.12	11.91	11.91	0.18	11.73	26.08.20
Aug-20	CLD-REV-9-26/2018-2964 dt.31.08.20	12.03	0.12	11.91	11.91	0.18	11.73	30.09.20
Sep-20	CLD-REV-9-26/2018-3343 dt.30.09.20	12.03	0.12	11.91	11.91	0.18	11.73	29.10.20
Oct-20	CLD-REV-9-26/2018-3752 dt.02.11.20	12.03	0.12	11.91	11.91	0.18	11.73	23.11.20
Nov-20	CLD-REV-9-26/2018-4085 dt.01.12.20	12.03	0.12	11.91	11.91	0.18	11.73	30.12.20
Dec-20	CLD-REV-9-26/2018-4409 dt.31.12.20	12.03	0.12	11.91	11.91	0.18	11.73	29.01.21
Jan-21	CLD-REV-9-26/2018-143 dt.01.02.21	12.03	0.12	11.91	11.91	0.18	11.73	01.03.21
Feb-21	CLD-REV-9-26/2018-143 dt.01.02.21	12.03	0.12	11.91	11.91	0.18	11.73	26.03.21
Mar-21	CLD-REV-9-26/2018-143 dt.01.03.21	12.03	0.12	11.91	11.91	0.18	11.73	29.04.21
<b>Total</b>		<b>120.29</b>	<b>1.20</b>	<b>119.09</b>	<b>119.09</b>	<b>1.79</b>	<b>117.30</b>	

## Photographs 9-1 : Culture of Safety Oath



## Photographs 9-2 : Usage of PPE and Safety Equipment



## Photographs 9-3 : Practice Yard





**Photographs 9-4 : Vegetation drive : Before and After**



### Photographs 10-1: Overhauling of Power Transformer



Overhauling of Power Transformer

### Photographs 10-2 : Maintenance of DT and Substation Equipment



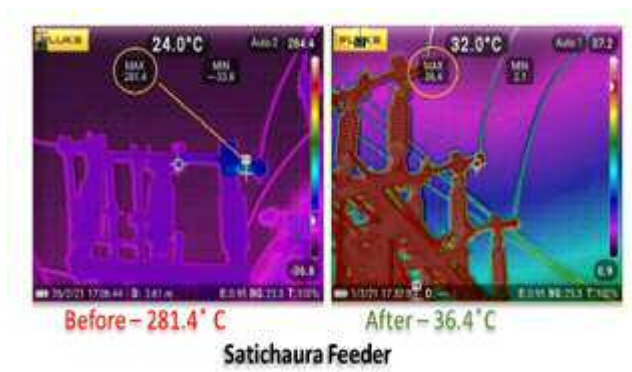
Maintenance of DT & Sub-station Equipment

### Photographs 10-3 : Technical Audit of 33 KV Substations



Technical Audit of 33/11 KV Sub-stations

### Photographs 10-4 : Condition Monitoring through Thermography ultrasonic detection



**Chapter 11. Annexure 6: Status of Capital Expenditure carried out TPCODL from June 2020 to March 2021**

**Progress of Capital Expenditure**

**Table 11-1: Status of Capex Capitalization RC Placed and Physical Progress Status as on 31.03.2021 –Part 1**

*All Amount in Rs. Crores*

Sr No	Major Category	Activities	As on 31.03.2021				Physical Progress Status as on 31.03.2021
			OERC Approved Capex	Actual Capex (excluding Meter)	Capitalisation (Excluding Meters)	RC Placed (Excluding Meters)	
1	Statutory and Safety	33KV Network refurbishment to ensure Horizontal/Vertical Clearance	4.6	4.60	2.46	4.60	Work completed for 21.3 KM of network, work is in progress for 36 KM of Network.
		PPEs, FFEs, Safety & Testing Equipment	9.48	6.20	2.84	9.48	Following major equipment procured and being used at sites. Fire Extinguishers- 2689 Nos, Neon Tester-622, Discharge Rod-135, Full Body Safety Harness-1000, Safety Hand Gloves-2000, Safety Helmet-8000, Safety Shoes-8000, FRP Ladders-120, Traffic Cones-1500
		DSS Refurbishment for safety of Employees, public & Animals	47.34	7.7	4.55	47.34	DSS Refurbishment completed at 112 Locations, work is in progress at 111 locations. FRP fencing completed at 278 locations, work in progress at 44 locations.
		Establishment of Meter Testing Lab	6.78	0.3	0.00	6.78	Order has been placed for procurement and installation of bench. Civil works in MRT Office is in progress.
		<b>Sub Total (1)</b>	<b>68.17</b>	<b>18.84</b>	<b>9.84</b>	<b>68.20</b>	
2	Loss Reduction	Meter replacement against Burnt/Faulty & Mechanical/No Meter	13.65	5.61	2.81	13.65	2.25 Lac meters have been replaced, balance 25K cases are being installed and will be completed by June 2021.
		Installation of DT Meters	15.36	0.00	0.00	0.00	Technical evaluation for this tender has been completed. Further process for award of Contract is under progress.
		Solution for Meter Reading and Spot Billing	3.000	0.00	0.00	0.00	
		Optimizing the length of 11KV Feeders (to reduce technical loss)	7.62	1.56	1.56	7.62	Work Completed for 30.83 Km of Network, work is in progress for 12.69 Km of network.
		<b>Sub Total (2)</b>	<b>39.63</b>	<b>7.17</b>	<b>4.37</b>	<b>21.27</b>	



**Table 11-2: Status of Capex Capitalization RC Placed and Physical Progress Status as on 31.03.2021 –Part 2**

Sr No	Major Category	Activities	OERC Approved Capex	Actual Capex (excluding Meter)	Capitalisation (Excluding Meters)	RC Placed (Excluding Meters)	Physical Progress Status
3	Reliability	110 Nos. GSS refurbishment for SCADA operationalization	26.43	9.93	7.52	25.80	Grid Earthing Completed at 363 locations, work in progress at 19 locations. VCB: Completed at 41 locations, in progress at 4 Locations. Fire Detection System: Completed at 67 Grids, in progress at 30 Grids. Boundary Wall: Completed at 2 Grids , in progress at 8 Grids. Managed 2 Mbps MPLS/VPN Connectivity of Airtel: 50 % Complete, rest in progress. Existing SCADA-DMS Systems Up-gradation of Bhubaneswar And Cuttack Control Centre.: SCADA upgradation 100% Complete, substation integration is in progress. Configuration of RTU, Protection IEDs and LDMS to integrate ODSSP Sub-stations with the existing SCADA System: 50 % work completed.
		Installation of Auto reclosure / Sectionalizer,FPI & RMU	23.88	6.58	3.74	15.22	Auto Reclosure installation completed at 28 Locations, work in progress at 15 locations. RMU installation complete at 38 locations, work in progress at 17 locations.
		Installation of LV protection at DSS	6.73	2.06	1.73	6.73	Completed at 411 locations, in progress at 72 locations.
		Replacement of Battery and Battery charger	2.26	1.51	0.42	2.26	Completed at 29 Grids, in progress at 8 Grids.
		Installation of 11 KV AB and 33 KV switches for improving Reliability	13.18	1.34	1.34	13.18	Completed at 292 locations, in progress at 50 locations.
		<b>Sub Total (3)</b>	<b>72.48</b>	<b>21.42</b>	<b>14.74</b>	<b>63.19</b>	

**Table 11-3: Status of Capex Capitalization RC Placed and Physical Progress Status as on 31.03.2021 –Part 3**

Sr No	Major Category	Activities	OERC Approved Capex	Actual Capex (excluding Meter)	Capitalisation (Excluding Meters)	RC Placed (Excluding Meters)	Physical Progress Status
4	Load Growth	Meter installation for all new connection	0		0.00	0.00	Meter Installation planned for FY 2020-21 has been completed.
		Network augmentation / addition to meet load growth	9	0.16	0.00	9.00	
		<b>Sub Total (4)</b>	<b>9.00</b>	<b>0.16</b>	<b>0.00</b>	<b>9.00</b>	
5	Infrastructure	Infrastructure for Customer Care , Call Center , Payment Center and Section Offices	6.36	0.15	0.00	6.36	Call Center upgraded to 50 Seater at Kalyani Complex, Customer Care Center opened at 5 Locations
		ERP, MBC, CIS and BI Systems S/w & H/w and User End Devices	67.22	29.83	30.66	54.22	51% Work Completed, Balance in Progress
		Laptop,Desktop,Printers					
		Implementation of GIS 1st phase	2	0.84	0.84	1.98	
		Security system in Central Store	2.92	0.60	0.61	0.63	High Mast Lights installed at all 12 Locations.
		Civil Upgradation	7.95	4.03	4.03	7.20	51% Work Completed,balance in progress.
		Ready to use assets for offices	4.9	1.51	1.51	4.00	31% work Completed,Balance in progress.
		<b>Sub Total (5)</b>	<b>91.35</b>	<b>36.97</b>	<b>37.65</b>	<b>74.38</b>	
<b>Total</b>		<b>280.63</b>	<b>85</b>	<b>67</b>	<b>236.0</b>		

## **Capital Expenditure incurred by TPCODL**

### **11.1 Statutory and Safety**

#### **11.1.1 Increasing Vertical Clearance**

<b>Work on Vertical Clearance</b>	<b>Work status</b>
33KV Parjang Feeder, Division TED Chaipal	Work Completed
33KV INS Chillika Feeder, Division Balugaon	Work Completed
33KV Kanas Feeder, Division Puri	Work Completed
33KV Kujang Feeder, Division Paradeep	Work Completed
33KV Kania Feeder, Division TED Chainpal	Work in Progress ( Targeted to be completed in December 2021)
33KV Khandisi-Ranpur Feeder, Division Balugaon	Work in Progress ( Targeted to be completed in December 2021)

**Photographs 11-1: Increasing Vertical Clearance**



#### **11.1.2 DSS Refurbishment:**

Status as on 31.03.2021 : Fencing done for 278 Nos. of DSS along with replacement of faulty AB Switches, DD Fuse, damaged cables etc. for 112 DSS and work is in progress in another 111 DSS.

Status as on 15<sup>th</sup> Nov 2021 : Refurbishment completed at 490 Nos of DSS and Fencing Completed for 389 Nos of DSS.

## Photographs 11-2 : DSS Refurbishment



## 11.2 Reliability

### 11.2.1 LV Protection

Status as on 31.03.2021 : About 411 Nos. of LV Protection have been installed across TPCODL.

Status as on 15<sup>th</sup> Nov 2021: 664 Nos of LV Protection have been installed.

## Photographs 11-3 :LV Protection



### 11.2.2 RMU Installation

About 38 Nos. of 3 Way RMU and 08 Nos. of 4 Way RMU commissioned across TPCODL. Work is in progress for another 15 Nos. of RMU.



## Photographs 11-4 RMU Installation



### 11.2.3 VCB Retrofitting

Status as on 31.03.2021 : VCB for 33KV feeders installed in 22 GSS. VCB for 11KV feeders installed in 20 GSS.

Status as on 15<sup>th</sup> Nov 2021 : 49 Completed out of total scope of 55.

## Photographs 11-5 :VCB Retrofitting



### 11.2.4 SCADA Enabled FDS

Status as on 31.03.2021 : SCADA enabled Fire detection system installed in 72 GSS. Work is in progress for another 28 GSS.

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Status as on 15<sup>th</sup> Nov 2021 : Work is 100% Complete.

**Photographs 11-6 : SCADA Enabled FDS**



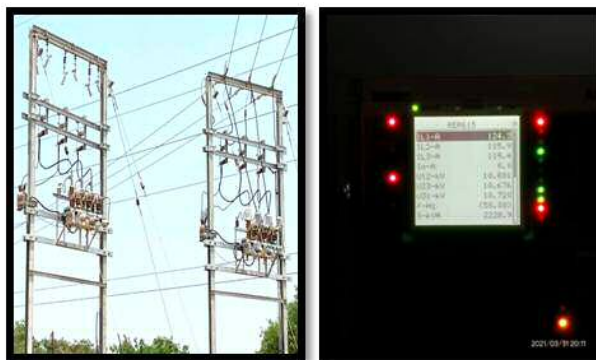
## 11.2.5 Auto Reclosures /Sectionalisers

Status as on 31.03.2021 : 31 Nos. of Auto Reclosures/ Sectionalisers installed PAN TPCODL.

Work is in progress for another 12 Nos. of Auto Reclosures/ Sectionalisers

Status as on 15<sup>th</sup> Nov 2021 : Total 91 Nos of Auto Reclosures/ Sectionalisers have been installed out of total scope of 112.

**Photographs 11-7 : Auto Reclosures / Sectionalisers**



## 11.2.6 Grid Earthing and Boundary Wall

Status as on 31.03.2021 : 363 Nos. of Earthing have been done in 85 Nos. of Grids. Another 19 Nos. earthing is in progress. Also Boundary wall for 2 Grids have been completed and another 9 is in progress.

Status as on 15<sup>th</sup> Nov 2021 : 465 Nos of Grid Earthing completetd.

## Photographs 11-8 : Grid Earthing and Boundary Wall



### 11.2.7 AB Switches

Status as on 31.03.2021 : 292 Nos. of AB Switches have been installed PAN TPCODL. Work is in progress for another 50 Nos.

Status as on 15<sup>th</sup> Nov 2021 : Total 375 Nos of AB Switches have been installed.

## Photographs 11-9 : AB Switches Installation



### 11.2.8 Battery Bank and Chargers

Status as on 31.03.2021 : 38 Nos. of Battery Bank and Chargers have been commissioned PAN TPCODL. Work is 100% Complete.

#### Photographs 11-10 : Commissioning of Battery Bank and Chargers



### 11.3 Loss Reduction

## 11.3.1 Optimizing 11 kV Feeders

Status as on 31.03.2021 :11 KV Line have been laid for 30.83 Km in all divisions of TPCODL, also work is in progress for another 12.69 Km. Works for approx. 6.17 Km is being taken up.

Status as on 15<sup>th</sup> Nov 2021: 100% work is complete against the WIP for 12.69 KM. Against the work of 6.17 km , work for 3 km has been completed ,balance will be completed as soon as the ROW and others issues are cleared.

### Photographs 11-11 : Optimizing 11 kV Feeder



## 11.3.2 Infrastructure

Various activities have been taken up for infrastructure improvement. Installing High Mast lights at various stores of TPCODL was also taken up under the head of infrastructure improvement and 12 nos of High mast lights have been installed as on 31.03.2021.

### Photographs 11-12 : Installation of High Mast lights at Stores



### 11.3.3 Meter Replacement

Below is the status of Meter Replacement –Defective/No Meter replaced (Single Phase)

**Table 11-4: Replacement of Meters (Defectives/No Meters)**

Month	Total No & Defective Meters	Single Phase Defective Meter Cases Replaced/Resolved	Pending
20-Jun	256000	0	256000
20-Jul	256000	2572	253428
20-Aug	253428	9492	243936
20-Sep	243936	23126	220810
20-Oct	220810	23654	197156
20-Nov	197156	28876	168280
20-Dec	168280	38625	129655
Jan-21	129655	45226	84429
Feb-21	84229	41749	42480
Mar-21	42480	42480	0

Glimpses of the activities carried out:

- All 3-phase defective meters having CD greater than 5 KW have been replaced.
- No Consumer is being billed without meter.
- 18030 consumers with CD > 5 KW have been billed through AMR reading.
- Data of all EHT consumers has been analysed and found OK.
- Armoured cable has been introduced to stop theft through service line tampering.

**Chapter 12. Annexure 7: Gap projection (April and May 2020) of erstwhile CESU Operation**

This Appendix presents the Gap computation for the period of April 2020 to May 2020 (i.e two months) based on the Audited Balance Sheet of CESU as on 31<sup>st</sup> May 2020. The computations and the Back up calculations is as presented in the Tables below.

The Computations are as under

**Table 12-1: Gap for the Period Apr 2020 to May 2020**

Sr No	Particulars	Actual (Rs Cr) Apr- May 2020
1	Cost of Power Purchase	403.45
2	Employee Costs	164.43
3	A&G Costs	28.15
4	R&M Costs	6.49
5	Less Costs Capitalised	-0.67
6	Interest on Long Term Debt	43.56
7	Interest on Working Capital	6.57
8	Depreciation	5.81
9	Return on Equity	1.94
10	Income Tax	0.00
11	Interest on Security Deposit Paid	7.96
12	Provision for Bad Debts	4.87
	Less	
13	Non Tariff Income	-23.53
14	ARR	649.03
	<b>Gap</b>	
15	ARR Required	649.03
16	Revenues Earned	487.39
<b>17</b>	<b>Gap</b>	<b>-161.64</b>

**12.1 Detailed Computation Tables**

**Table 12-2: Employee, R&M and A&G Expenditure (Rs Cr)**

SrNo	Particulars	Amt (Rs Cr)
1	Employees	164.43
2	R&M Expenditure	6.49
3	A&G Expenditure	28.15
4	Less Expenditure Capitalised	-0.67
<b>5</b>	<b>Total O&amp;M Expenditure</b>	<b>198.40</b>

**Table 12-3: Interest on Long Term Debt**

Sr No	Interest	Amt in Accounts (Rs Cr)	Whether to be included in ARR calculations(Y=1/N=0)	Amount for Truing up (Rs Cr)
1	- IBRD Loan	38.98	1	38.98
2	- PFC Loan	0.00	0	0.00
3	- APDRP loan	4.58	1	4.58
4	- R APDRP Loan	3.67	0	0.00
5	-CAPEX Loan	1.53	0	0.00
<b>6</b>	<b>Total</b>	<b>48.75</b>		<b>43.56</b>

Note: The Loans considered by the Hon'ble Commission in the Tariff Order has been presented

**Table 12-4: Interest on Security Deposit**

SrNo	Particulars	Rs Cr
1	Interest on Security Deposit	7.96

**Table 12-5: Depreciation**

Sr No	Particulars	Amt (Rs Cr)
1	Depreciation	28.92
2	Less Depreciation due to Consumer Contribution	-23.12
<b>3</b>	<b>Net Depreciation</b>	<b>5.81</b>

**Table 12-6: Interest on Working Capital (Normative)**

Sr No	Particulars	Units	Amt
<b>Working Capital Elements</b>			
1	Receivables	Rs Cr	243.70
2	O&M Expenditure	Rs Cr	99.20
3	Spares	Rs Cr	1.30
<b>4</b>	<b>Total</b>	<b>Rs Cr</b>	<b>344.19</b>
<b>Interest Workings</b>			
5	Rate of Interest	%	11.45%
6	Interest on Working Capital	Rs Cr	6.568

**Table 12-7: Non Tariff Income**



Sr No	Elements as per Audited Account	Amount (Rs Cr)	Whether to be included in ARR calculations (Y=1/N=0)	Amount (Rs Cr)
1	Interest on Loans to Staff	0.00	1	0.0
2	Interest on advance to suppliers	0.00	1	0.0
3	Delayed Payment Surcharge & Over Drawal Penalty	15.33	1	15.3
4	Miscellaneous Receipts	1.15	1	1.1
5	Income from investment- FD with banks	7.05	1	7.0
6	Meter Rent/ Service Line Rental	17.39	0	0.0
<b>7</b>	<b>Total</b>	<b>40.91</b>		<b>23.5</b>

**Table 12-8: Return on Equity**

Sr No	Particulars	Units	Value
1	Equity of CESU for FY 2020-21	Rs Cr	72.72
2	Return on Equity (2 Months)	%	1.94

**Table 12-9: Revenue Earned**

Sr No	Category	Units	Amount
1	EHT	Rs Cr	251.7
2	HT	Rs Cr	122.0
3	LT	Rs Cr	89.9
4	MMFC	Rs Cr	23.8
5	Total	Rs Cr	487.4