

Summary of Annual Revenue Requirement (ARR) & Retail Supply Tariff (RST)
Proposal Submitted by Electricity Distribution Utilities of Odisha for the FY 2017-18

1. Energy Sales and Purchase

A statement of Energy Purchase and Sales by the DISCOM utilities from FY 2015-16 to 2017-18 as submitted by DISCOMs of Odisha namely Central Electricity Supply Utility of Orissa (CESU), North Eastern Electricity Supply Company of Orissa Ltd (NESCO), Western Electricity Supply Company of Orissa Ltd (WESCO) and Southern Electricity Supply Company of Orissa Ltd (SOUTHCO) are given below

Table 1 Energy Sales and Purchase

SALES STATEMENT OF THE DISCOMS					
		EHT	HT	LT	TOTAL
CESU	Actual Sales during 2015-16	1,229.82	1,171.35	3,169.60	5570.77
	Approved Sales for FY 2016-17	966.54	1,234.14	4,398.22	6598.90
	Estimated Sales for FY 2016-17	857.28	1,254.90	3,640.27	5752.45
	Proposed Sales for FY 2017-18	872.63	1354.24	4062.59	6289.46
	Proposed rise over FY 2016-17	1.79%	7.92%	11.60%	9.34%
NESCO	Actual Sales during 2015-16	1733.76	397.88	1675.05	3806.69
	Approved Sales for FY 2016-17	1638.19	421.04	2390.70	4449.93
	Estimated Sales for FY 2016-17	1935.34	398.43	1956.28	4290.05
	Proposed Sales for FY 2017-18	1827.45	382.60	2382.95	4592.99
	Proposed rise over FY 2016-17	-5.58%	-3.97%	21.81%	7.06%
WESCO	Actual Sales during 2015-16	1362.66	1254.14	1981.16	4597.95
	Approved Sales for FY 2016-17	1300.00	1200.00	3168.20	5668.20
	Estimated Sales for FY 2016-17	1200.00	1400.00	2194.00	4794.00
	Proposed Sales for FY 2017-18	1235.00	1450.00	2355.00	5040.00
	Proposed rise over FY 2016-17	2.92%	3.57%	7.34%	5.13%
SOUTHCO	Actual Sales during 2015-16	349.49	208.84	1519.54	2077.87
	Approved Sales for FY 2016-17	356.10	211.99	2017.06	2585.15
	Estimated Sales for FY 2016-17	321.92	213.40	1631.85	2167.17
	Proposed Sales for FY 2017-18	323.06	235.14	1836.52	2394.72
	Proposed rise over FY 2016-17	0.36%	10.19%	12.54%	10.50%
TOTAL	Actual Sales during 2015-16	4675.73	3032.21	8345.34	16053.28
	Approved Sales for FY 2016-17	4260.83	3067.17	11974.18	19302.18
	Estimated Sales for FY 2016-17	4314.54	3266.74	9422.40	17003.68
	Proposed Sales for FY 2017-18	4258.13	3421.98	10637.05	18317.17
	Proposed rise over FY 2016-17	-1.31%	4.75%	12.89%	7.72%

PURCHASE	Actual Purchase 2015-16	23809.69			
	Estimated purchase 2016-17	24589.50			
	Proposed Purchase 2017-18	25877.46			

2. Sales Analysis for FY 2017-18

For projecting the energy sale to different consumer categories, the Licensee had analysed the past trends of consumption pattern for last sixteen years i.e. FY 2001-2002 to FY 2015-16. In addition, the Licensee has relied on the audited accounts for FY 2015-16 and actual sales data for the first six months of FY 2016-17. With this, the four distribution utilities have forecasted their sales figures for the year 2017-18 as detailed below with reasons for sales growth.

Table 3 Sales Forecast

Licensee/ Utility	LT Sales for 2017-18 (Est.)		HT Sales for 2017-18 (Est.)		EHT Sales for 2017-18 (Est.)		Total Sales 2017-18 (Est.) MU
	(MU)	% Rise over FY 16-17	(MU)	% Rise over FY 16-17	(MU)	% Rise over FY 16-17	
CESU	4062.59	11.60%	1354.24	7.92%	872.62	1.79%	6289.45
Remarks	There is substantial increase in Irrigation and Allied Agriculture consumption		There is substantial increase in Irrigation and Allied Agriculture and agri-industrial activity. However, the consumption by mini steel plants is projected to be reducing may be due to industrial slowdown.		Reduction in power consumption by power intensive industries and CPPs.		
NESCO	2382.94	21.81	382.59	(3.97%)	1827.44	(5.57%)	4592.98
Remarks	Increase in demand is due to electrification under RGGVY, BSVY & BGJY and growth in domestic category consumers		Due to recession in steel and mining sector there is no increase in load further one of the HT consumer is shifting to EHT category		Most of the industries are shifting to their own CGPs and some have started drawing power from Open Access. This has resulted in reduction in EHT sales forecasts.		
WESCO	2355.00	7.33%	1450.00	3.57%	1235.00	2.92%	5040.00
Remarks	Impact of electrification of new villages under RGGVY, BSVY & BGJY, growth in domestic category and irrigation consumption		Marginal increase /lower growth because of slowdown and temporary closure in steel & mining industries, shifting of consumers to open access		Marginal increase in EHT sales because industries are depending on their own CPP		
SOUTHCO	1836.518	12.54%	235.14	10.19%	323.060	0.35%	2394.72
Remarks	Impact of BPL & APL consumers from RGGVY, BGJ program, Increase in agriculture and Irrigation consumption from Mega Lift Irrigation project of		Nominal addition in consumption considered based on earlier trend and with addition of one HT consumer of for load 15 MVA for a period of 6		EHT sales remains same because of a major consumer setting its own CGP and other opting for open access		

	GoO and energisation of community LIP/bore well projects of GoO	months		
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3. Rise of BPL Consumers in the state.

During the past years Odisha has seen a substantial rise in BPL consumers which in turn is affecting the revenue of DISCOMs as submitted by them while filing their ARR for FY 2017-18. The trend observed during last years is as given below:

Year	CESU			NESCO			WESCO			SOUTHCO		
	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)
2011-12 (Actual)	42,483	18.58	36.45	1,07,593	18.05	13.98	68,418	37.86	46.12	65,104	40.38	51.69
2012-13 (Actual)	1,01,041	45.88	37.84	1,69,264	38.94	19.17	1,43,740	53.78	31.18	1,50,767	99.34	54.91
2013-14 (Actual)	1,64,864	53.19	26.89	1,69,264	124.31	61.20	2,10,608	62.30	24.65	2,63,345	136.65	43.24
2014-15 (Actual)	1,52,862	62.14	33.88	2,15,528	106.91	41.34	3,18,026	128.45	33.66	3,07,803	186	50.32
2015-16 (Actual)	175,671	60.81	28.85	2,09,651	85.07	33.81	2,87,211	143.21	41.55	3,69,028	228	51.46
2016-17 (Estimated)	1,80,309	124.61	57.59	1,79,336	77.68	36.10	2,23,316	114.00	42.54	4,04,454	216	45
2017-18 (Projected)	2,57,821	131.84	42.61	2,93,422	145.75	41.39	3,50,000	126.00	30.00	4,77,804	249	43

4. Losses

The Distribution Loss, Collection Efficiency and AT & C Loss as fixed by OERC and actual attained by the licensees by the four DISCOMs since FY 2014-15 onwards along with their proposal for the ensuing year are given hereunder

Table 2 Loss Statement of the DIDCOMs

Distribution Loss, Collection Efficiency & AT&C Loss (in %)						
	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Approved)	2016-17 (Estimated by the Licensee)	2017-18 (Proposed by the Licensees)
DISTRIBUTION LOSS (%)						
CESU	34.63%	33.90%	33.42%	23.00%	32.16%	30.84%
NESCO	33.84%	31.10%	26.73%	18.35%	25.00%	24.00%
WESCO	36.68%	35.46%	34.82%	19.60%	32.00%	30.00%
SOUTHCO	40.99%	39.00%	34.92%	25.50%	35.11%	32.35%
ALL ODISHA	35.88%	34.46%	32.58%	21.38%	30.85%	29.22%
COLLECTION EFFICIENCY (%)						
CESU	92.56%	94.30%	94.26%	99.00%	97.00%	99.00%
NESCO	96.85%	96.96%	95.72%	99.00%	96.00%	98.00%
WESCO	93.75%	95.37%	93.45%	99.00%	95.00%	96.00%
SOUTHCO	90.85%	90.75%	88.60%	99.00%	94.00%	96.00%
ALL ODISHA	94.02%	94.02%	93.80%	99.00%	95.80%	97.26%
AT & C LOSS (%)						

CESU	39.50%	37.67%	37.25%	23.77%	34.20%	31.53%
NESCO	35.93%	33.19%	29.87%	19.17%	28.00%	26.28%
WESCO	40.64%	38.45%	39.08%	20.40%	35.40%	32.80%
SOUTHCO	46.39%	44.64%	42.34%	26.25%	39.01%	35.06%
ALL ODISHA	36.52%	38.38%	36.76%	22.17%	33.75%	31.16%

Revenue Gap proposed by the DISCOMs

5. The Revenue requirement trend in Odisha DISCOMs as observed since FY 2015-16 is as given below:

POSSIBLE REVENUE REQUIRMENT					
		EHT	HT	LT	TOTAL
CESU	Actual revenue during FY 2015-16	746.27	720.87	1454.51	2921.65
	Approved Revenue for FY 2016-17	561.96	712.71	1829.38	3104.05
	Estimated Revenue for FY 2016-17	532.46	736.24	1545.51	2814.21
	Proposed Revenue for FY 2017-18	541.10	785.40	1701.08	3027.58
	Proposed ARR for FY 2017-18				3886.91
	Proposed gap during FY 2017-18				-859.33
NESCO	Actual revenue during FY 2015-16	1017.27	240.35	681.27	1938.89
	Approved Revenue for FY 2016-17	938.39	239.50	927.93	2105.82
	Estimated Revenue for FY 2016-17	1136.32	231.94	775.20	2143.46
	Proposed Revenue for FY 2017-18	1067.55	223.53	917.59	2208.67
	Proposed ARR for FY 2017-18				2702.09
	Proposed gap during FY 2017-18				-493.42
WESCO	Actual revenue during FY 2015-16	879.91	742.82	809.20	2431.93
	Approved Revenue for FY 2016-17	734.54	692.12	1216.57	2643.23
	Estimated Revenue for FY 2016-17	763.60	804.33	940.83	2508.76
	Proposed Revenue for FY 2017-18	815.38	831.75	1005.63	2652.76
	Proposed ARR for FY 2017-18				3052.15
	Proposed gap during FY 2017-18				-399.39
SOUTHCO	Actual revenue during FY 2015-16	208.07	124.28	634.95	967.30
	Approved Revenue for FY 2016-17	203.82	121.91	736.31	1062.04
	Estimated Revenue for FY 2016-17	187.53	139.80	653.07	980.40
	Proposed Revenue for FY 2017-18	188.46	151.28	721.96	1061.70
	Proposed ARR for FY 2017-18				1606.24
	Proposed gap during FY 2017-18				-544.54
TOTAL	Actual revenue during FY 2015-16	2851.52	1828.32	3579.93	8259.77
	Approved Revenue for FY 2016-17	2438.71	1766.24	4710.19	8915.14
	Estimated Revenue for FY 2016-17	2619.91	1912.31	3914.61	8446.83
	Proposed Revenue for FY 2017-18	2612.49	1991.96	4346.26	8950.71
	Proposed ARR for FY 2017-18				11247.38
	Proposed gap during FY 2017-18				-2296.67

6. Inputs in Revenue Requirement for FY 2017-18

Power Purchase Expenses

The Licensees have proposed the power purchase costs based on their current BSP, transmission charges and SLDC charges. They have also projected their SMD considering the actual SMD during FY 2015-16 and additional coming in the FY 2016-17 which is as shown in table given below.

Table 4 Proposed SMD and Power Purchase Cost

DISCOMs	Est. Power Purchase in (MU)	Estimated Sales (MU)	Distribution Loss (%)	Current BSP (Paise/Unit)	Estimated Power Purchase Cost (Rs in Cr.) (Including Transmission and SLDC Charges)	SMD proposed MVA
CESU	9094.05	6289.45	30.84	270	2682.69	1752
NESCO UTILITY	6043.408	4592.98	24.00	297	1946.82	1000
WESCO UTILITY	7200.00	5040.00	30.00	296	2312.00	1350
SOUTHCO UTILITY	3540.00	2394.72	32.35	197	786.44	650

Employees Expenses

CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have projected the employee expenses of Rs.593.57 Cr., Rs 392.25 Cr., Rs 399.73 Cr. and Rs 384.17 Cr respectively for FY 2017–18. Out of these proposed employee expenses, Rs 196.29 Cr, Rs.107.87 Cr, Rs 106.63 Cr and Rs 122.75 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2016–17. All the licensees have included the impact of 7th pay commission by multiplying 2.57 factor to (basic pay + Grade Pay) of 2015-16 and considered the arrears from 1.1.2016 to 21.03.2017 and included those arrears in the ensuing years salary cost.

Administrative and General Expenses

CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have estimated the A&G expenses of Rs 99.73 Cr, Rs 75.37 Cr, Rs 84.66 Cr and Rs 59.06 Cr respectively based on expenses till September 2016. The 7% increase is taken on account of inflation on the normal A&G expenses. Apart from this all the licensees have proposed additional A&G expenses for some of the activities.

Repair and Maintenance (R&M) expenses

All the DISCOMs have calculated R&M expenses as 5.4% of GFA including the RGGVY and BGJY assets at the beginning of the year. With regard to the R&M of the assets created through funding of the RGGVY and BGJY schemes, Commission in Para 331 the RST order for FY 2016–17 had allowed an additional sum of Rs. 5.00 Cr to each of the DISCOMs on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. They have prayed to allow the R&M on the RGGVY & BGJY assets so that they can maintain the assets. The details of proposal under R&M expenses for ensuing financial year FY 2016–17 are given below:

Table 5 R&M Costs (Rs in Cr)

DISCOMs	GFA as at 31st March of current FY 2016-17	R&M (5.4% of GFA)	Additional R&M Requested for RGGVY and BGJY assets	Total R&M Requested
CESU	2232.67	120.56	--*	128.55
NESCO UTILITY	1639.44	71.85		88.53
WESCO UTILITY	1264.63	68.29	--*	68.29
SOUTHCO UTILITY	2014.51	47.14	62.64	109.78

(R&M for RGGVY and BGJY assets is included in R&M (5.4% of GFA))

Provision for Bad and Doubtful Debts

CESU has made provision towards bad and doubtful debts as 1% of the revenue (from LT and HT) which is to the tune of Rs.49.3 Cr for FY 2017–18. While NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection inefficiency, therefore they have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2016–17. NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY has requested the Commission to consider the mentioned amounts to enable the petitioner to recover its entire costs after duly considering the performance levels.

Table 6 Provision for Bad and Doubtful Debt

DISCOMS	Collection Efficiency (%)	Proposed Bad Debts (Rs in Cr)
CESU	99%	25.34
NESCO UTILITY	97%	66.26
WESCO UTILITY	96%	52.76
SOUTHCO UTILITY	96%	42.47

Depreciation

All the four DISCOMs have adopted straight-line method for computation of depreciation at pre-92 rate. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2017–18 is projected at Rs.117.95 Cr for CESU, Rs 59.16 Cr for NESCO UTILITY, Rs 45.37 Cr for WESCO UTILITY and Rs 73.08 Cr for SOUTHCO UTILITY.

Interest Expenses including Interest on Security Deposit

CESU, NESCO UTILITY, WESCO UTILITY & SOUTHCO UTILITY have submitted the interest expenses and the interest income for the FY 2017–18. The net interest expenses proposed by these licensees are Rs 266.80 Cr, Rs 82.94 Cr, Rs 104,69 Cr and Rs 47.68 Cr respectively. The major components of the interest expenses of these licensees are as follows:

GRIDCO Loan

Commission in its Order dated 29.03.2012 and 30.03.2012 resolved the dispute on the Power Bond and the amount arrived after the settlement adjustments issued as New Loan to three DISCOMs. NESCO UTILITY and WESCO UTILITY don't have any outstanding payable to GRIDCO towards New Loan while SOUTHCO UTILITY has liability of Rs 5.37 Cr which is included in total interest cost. For CESU, no interest has been calculated on Rs. 174 Cr cash support provided by GRIDCO.

World Bank Loan Liabilities

The Distribution licensees NESCO UTILITY, WESCO UTILITY & SOUTHCO UTILITY have calculated the interest liability of Rs 11.87 Cr, Rs 11.82 Cr and Rs 9.44 Cr respectively against the loan amount at an interest rate of 13% and repayment liability of Rs 9.10 Cr and Rs 7.26 Cr respectively for WESCO UTILITY & SOUTHCO UTILITY.

World Bank (IBRD) Loan

CESU has submitted that the interest on World Bank Loan has been calculated as Rs 154.65 Cr @ 13% as per the subsidiary loan & project implementation agreement with Government of Orissa.

Interest on CAPEX Loan from Govt. of Odisha

WESCO UTILITY & SOUTHCO UTILITY have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 7.50 Cr and Rs 1.92 Cr respectively for the ensuing year.

Interest on APDRP Loan Assistance

About loan from Govt, CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt of Orissa whose interest cost works out to be Rs 21.74 Cr; and borrowed counter funding from PFC amounting Rs 35.52 Cr whose interest cost works out to be Rs 0.18 Cr.

In the ensuing year, NESCO UTILITY, WESCO UTILITY & SOUTHCO UTILITY have estimated nothing to be expended under APDRP scheme. For the assistance already availed by the licensees previously interest @ 12% per annum has been considered for the ensuing year on the existing loan. NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have estimated an interest of Rs 0.76 Cr, Rs 0.66 Cr and Rs 0.76 Cr, respectively on this account.

Interest on SI scheme Counterpart funding from REC for GoO CAPEX

SOUTHCO UTILITY has existing balance of loan of Rs 1.56 Cr taken from REC and the interest on such loan for FY 2017-18 is estimated as Rs 0.22 Cr.

Interest on Security Deposit

CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have submitted that the interest on security deposits for FY 2017-18 have been worked out at 7.75% on the closing balance for 2016-17 based on the bank rate of RBI. This interest on security deposit proposed as Rs 57.65 Cr, Rs.40.98 Cr, Rs.47.18 Cr and Rs.14.23 Cr respectively. However, due to fall in Bank Rate SOUTHCO UTILITY has proposed to reduce the rate of interest of security deposit as per prevailing Bank rate declared by RBI for FY 2017-18.

7. Revenue and Truing up ARR

Non Tariff Income

NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have proposed non-tariff income for FY 2017–18 to the tune of Rs 86.50 Cr, Rs.125.14 Cr and Rs 17.01 Cr respectively. However, NESCO UTILITY and WESCO UTILITY have proposed to exclude the income from meter rent as the same is intended to be used towards replacement of the meters. CESU has proposed non tariff income of Rs.93.17 crore.

Provision for contingency Reserve

NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2017–18. The exposure towards contingency provisions is to the tune of Rs 1.60 Cr, Rs 4.74 Cr and Rs 3.21 Cr respectively.

Return on Equity/Reasonable Return

CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three Licensees submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the Company for improvement of the infrastructure. As it is followed by various Commissions, the Licensees submit that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services. Therefore, NESCO UTILITY, WESCO UTILITY, SOUTHCO UTILITY have assumed reasonable return amounting to Rs10.55 Cr, Rs 7.78 Cr and Rs 6.03 Cr as calculated @ 16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

Truing Up for FY 2016–17

Based on the actual sales, revenue and expenses for the first half of the current year 2016–17 and based on estimates for next half of current year, the uncovered gap for NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY are Rs 195.31 Cr, Rs 291.71 Cr and Rs 334.00 Cr as against the surplus of Rs 2.49 Cr, Rs 6.43 Cr and Rs 7.01 Cr respectively. To avoid tariff shock NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have submitted 1/3rd of uncovered gap i.e. Rs 65.10 Cr, Rs 97.24 Cr and Rs.111.33 Cr respectively for consideration in the ensuing year ARR.

Revenue at Existing Tariff

The Licensees have estimated the revenue from sale of power by considering the sales projected for FY 2017–18 and by applying various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs.3080.97 Cr, Rs 2208.69 Cr, Rs 2638.10 Cr and Rs 1061.70 Cr by CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY respectively.

Summary of Annual Revenue Requirement and Revenue Gap

The proposed revenue requirement of DISCOMs have been summarised below:

Table 7 Proposed Revenue Requirement of DISCOMs for the FY 2017-18 (Rs in Cr)

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY	Total DISCOMs
Total Power Purchase, Transmission & SLDC	2682.88	1946.82	2312.0247	786.44	
Total Operation & Maintenance and Other Cost	1285.56	764.517	755.4968	716.23	
Return on Equity	11.63	10.55	7.78	6.03	
Total Distribution Cost (A)	3980.07	2721.887	3075.3015	1508.7	
Total Special Appropriation (B)	0	66.7038	101.9802	114.45	
Total Cost (A+B)	3980.07	2788.5908	3177.2817	1623.15	
Less: Miscellaneous Receipt	93.17	86.498	125.1359	17.01	
Total Revenue Requirement	3980.07	2,702.09	3,052.15	1,606.14	
Expected Revenue(Full year)	3080.97	2208.6858	2638.1018	1061.7	
GAP at existing(+/-)	(805.93)	(493.41)	(414.04)	(544.44)	

Tariff Proposal

CESU has proposed the change in distribution wheeling tariff from 53.18 Paisa/Unit to 103.12 Paisa/Unit to meet the wheeling business revenue gap of Rs 410.53 Cr. Apart from this CESU has made some proposals on retail tariff. NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have proposed to reduce the revenue gap through revision in Retail Tariff and/or Govt. subsidy as the Commission may deem fit or combination of all above as the commission may deem fit to the extent as given below.

Table 8 Revenue Gap for Ensuing Year 2016-17 (Rs in Cr)

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY
Revenue Gap with existing Tariff	805.93	493.41	414.04	544.54
Excess Revenue with Proposed Tariff	410.53	0	0	0
Proposed Revenue Gap	395.40	493.41	414.04	544.54

Allocation of Wheeling and Retail Supply Cost

All the licensees have submitted the allocation of wheeling and retail supply cost of their total ARR based on the Hon. Commissions Regulations on Bifurcation of Wheeling and Retail Supply Business.

8. Tariff Rationalization Measures proposed by Licensees:

TARIFF RATIONALIZATION MEASURES PROPOSED BY NESCO, WESCO, SOUTHCO

1. BPL/ Kutir Jyoti Consumers – Minimum fixed monthly charge of Rs. 100/-

Para 8.3.1 of the National Tariff Policy, 2016 also states that consumers below poverty line who consumes below a specified level will pay atleast 50% of the average cost of supply. Accordingly, to bridge the revenue gap, Hon'ble Commission may kindly consider fixed monthly charge of Rs. 100/-per month. It is also proposed that the Utility may be allowed to bill bimonthly to such category of consumers while allowing those consumers to pay on monthly basis @ Rs 100/- per month if they desire so. In case these consumers consume in excess of 30units per month, they should be billed like any other domestic consumers depending on their consumption and will lose their BPL status.

2. Domestic Consumers

The three licensees also proposes that the domestic consumers shall be billed for minimum of Rs 130/- p.m. towards energy charges when their monthly consumption is less than 50 Kwh irrespective of actual consumption to recover the fixed expenses made by the licensee for metering, billing, collection activities alongwith the fixed charge. The above proposal is made to avoid disparity among Kutirjyoti consumer's vis-à-vis consumers under Domestic category who are consuming less than 50 KWH p.m. & also paying less than Rs 80/- per month. The licensee has also proposed to increase tariff of Domestic category of consumers in the following manner.

Tariff	Existing (paise/ kwh)	Proposed (paise/ kwh)
0-50 KWH	250	260
51 to 200 KWH	420	450
201 to 400 KWH	520	550
>401 KWH	560	575

3. Billing to Irrigation Category of Consumers

Presently due to difficulty in putting meters in case of irrigation category of consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same the licensee may be permitted to bill such category of consumers on L.F. basis with L.F. of 30%.

4. Levy of Demand Charges

Consumers with contract demand 110 KVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the

consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee.

The existing method of billing to the consumer with the Demand Charge with Contract Demand of < 110 KVA is on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. In view of the same it is proposed that for adequate recovery of such fixed cost incurred by the Utility, the monthly demand charges may be permitted to recovered on the basis of 85% of the CD or MD whichever is higher.

5. Additional Rebate of 1% to LT category of Consumers

Presently the country is experiencing shortage of currency notes due to demonetization effect. Government has also permitted to collect the old currency of Rs 500 denomination till 15th of December 2016 from individuals for payment of current & arrear electricity dues.

In view of the above to supplement and reduce the pressure on currency notes and to move towards cash less economy the utilities have also own responsibility to promote collection of revenue through plastic money. Hence, it is proposed to extend additional rebate of 1% over and above normal rebate to LT category of consumers who shall be paying their current energy charges in full.

6. Levy of Meter Rent on Smart, Prepaid Meters

NESCO, WESCO and SOUTHCO prayed that in view of the revenue deficit in the Utilities & for smooth operation of Prepaid metering system following suggestions may be considered by the Hon, ble Commission.

- The Meter Rent fixed for the LT Single Phase and Three Phase AMR / AMI Compliant meters need to be reviewed by Hon'ble Commission and the Meter rent for the AMR / AMI Based Meters and Pre-paid type single Phase Meters should be Rs 300/- Per Month and three Phase Meters Rs 500/- Month. Or
- Since the existing meter rent recovered by the Utility from the consumers are negligible Hon'ble Commission may kindly allow difference in such recoveries and recurring costs
- The additional rebate of Rs 0.25 per unit allowed in smart metering scheme may be withdrawn
- Adjustment of outstanding arrears along with its part payment may be allowed by the Commission before implementation of Prepaid metering system.

7. Introduction of KVAH Billing in place of Power factor Penalty

Hon'ble Commission in its RST order for FY 2016-17 orders for continuance of the power factor penalty as a percentage (%) of Monthly demand Charge and Energy Charges on the following HT & EHT consumers :

- Large Industries
- Public Water Works (110 KVA and Above)
- Railway Traction

- Power Intensive Industries
- Heavy Industries
- General Purpose Supply
- Specific Public Purpose (110 KVA and above)
- Mini Steel Plant.
- Emergency Power Supply to CGP.

It is worthy to mention that in compliance to the above direction of Hon'ble commission vide Para-246 of RST Order dtd 22.03.2014 for FY-2014-2015, regarding readiness of the utilities in implementation of KVAH billing, the Utilities have submitted the required data for consumers with 20 KW load and above before the Hon'ble commission During month of Nov'2014.

It has been verified that all the 3-phase meters, especially those installed for consumers having Contract Demand 20KW and above in the DISCOMs are enabled with all the energy parameters and storing dump record of 35 days. All such meters show instantaneous Power Factor and monthly average Power Factor can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOMs are fully equipped to implement KVAH billing in respect of all those consumers in place of existing KWH Billing.

In case the above proposals of DISCOMs are not considered by the Hon'ble Commission for implementation due to any reason, DISCOMs pray for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation till the KVAH billing is made applicable.

HT Category

Specified Public Purpose

General Purpose < 110 KVA

HT Industries (M) Supply

LT Category

LT industries Medium Supply

Public Water Works and Swerage Pumping > 22 KVA

8. Verification of CGP Status of Power Plants :

The Hon'ble Commission under para 334 of Tariff order for the FY 2015-16 has agreed to the suggestion of the DISCOMs that Chief Electrical Inspector (Generation) should be authorized to verify the CGP status of the Captive Generators since that office gets information on generation and self consumption of the industries from their CGPs for calculation of Electricity Duty to be levied by the Government.

However, no information has been notified regarding CGP status, even after almost two financial years are over. Therefore, Hon'ble Commission is requested to kindly consider a time bound mechanism for evaluation and notification of CGP status for a particular financial year

9. Emergency Power Supply to Captive Power plants

DISCOMs submitted that normally the Emergency /Startup power requirement of Captive generators are very less whereas as per OERC Distribution (Condition of Supply) Code regulations-2004 Chapter – VIII ,Para-15 the emergency assistance shall be limited to 100% of the rated capacity of the largest unit in the Captive power plant of Generating Stations. As per retail supply tariff for FY-2015-16, no demand charges are payable by industrial consumers availing Emergency power supply having contract demand of 100% of the rated capacity of largest Unit

They further submitted that the quantum of energy to be used for emergency supply for start up loads should be scientifically determined based on the age of the industrial plant, size of the industrial plant, technology of the unit. It has been estimated that the start-up power required for CPPs is around 10 to 12 % of the rated capacity of highest unit and Hon'ble Commission is requested to frame norms/ guidelines for estimation of such requirement. As observed by them in case of shut down or low generation the CGP's are requested to avail startup power for emergency requirement maximum up to 15% of their lowest rated unit.

In view of the above it is proposed to have demand charges in addition to Energy Charges to such category of consumers. The consumers should keep CD of 15% of lowest unit of CGP with the distribution Licensee.

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

Repetition of same Prayer as during the previous year. The utilities are requesting for levy of demand charges on the basis of MD recorded or 80% of the CD whichever higher for both consumers with CD of < 110 KVA and higher than > 110 KVA supply.

11. MMFC for Consumers with Contract Demand <110 KVA

Repetition of the same logic as during the previous year. The distribution cost of the License which is a fixed cost has increased many folds during the recent years, which is required to be recovered from the Demand Charges. The revenue recovery on account of the demand charges and monthly minimum fixed charges is approximately Rs.312 crore for the ensuing year at the existing tariff whereas the fixed distribution cost is around Rs.532 crore (Employee cost, R&M, A&G and Interest cost) which is more than ½ half of the amount of recovery.

In view of the above, the Utilities propose to recover the full fixed distribution costs by suitably revising the Demand charges and monthly minimum fixed charges as proposed in earlier section , as applicable to the respectively category during the ensuing year.

12. Continuation of bi-monthly billing

Presently monthly billing in rural areas is not cost effective considering the rate being charged by billing agency per bill vis-à-vis the amount billed to such subsidized category of consumers. Sometimes meter readers are trying to generate bills without moving to consumer premises which is also not solving the basic purpose of monthly billing.

Therefore, to avoid such practices, the utility may be allowed to declare Sub-divisions in rural areas as **Rural Sub-divisions** and adopt bi-monthly billing in those sub-divisions to ensure effectiveness of billing and also to save the extra A&G cost.

The utility may also be allowed to adopt bi-monthly billing for BPL consumers as the billing amount for these consumers is low. However, in such cases the consumer may make advance payment of Rs.100/- .

13. Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer.

Presently, the utility is having outstanding of more than Rs.1500 crores under LT non industrial category as on 30th Sep-2016. Out of the same more than Rs.500 crs are under disconnected category. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC).

Considering the same, NESCO, WESCO and SOUTHCO submitted before Hon'ble commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly instalments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS. As a result cash flow of the Utility will improve and able to clear its outstanding dues to GRIDCO as well as Employees terminal liabilities.

14. Rebate on Prompt Payment

In the BSP Order for the financial year 2014-15, the Hon'ble Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% if paid within 30 days. Further, the Hon'ble Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

Considering the above, it is prayed before the Hon'ble Commission to approve the rebate of 2% to the Utility for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to the extent of payment made within 30th day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

15. Overdrawal beyond contract demand and charges thereof

The DISCOMs have submitted that during assessment proceeding primarily against industrial and GP consumers, under Section 126, some core issues have emerged which requires detail deliberation urging suitable intervention of Hon'ble Commission. Those issues are as highlighted below;

- A. Whether during the pendency of assessment procedure, the Consumer can be allowed for enhancement of Contract Demand without payment of the assessment dues?

- B. Whether a Consumer will be entitled for continuous overdrawl of energy thus leading to successive assessment procedure?
- C. Whether the method of computation of assessment adopted by the Utility is just and proper?

The views of the Utility to the above enraging issues are placed below.

A. Whether during the pendency of assessment procedure, the Consumer can be allowed for enhancement of Contract Demand without payment of the assessment dues?

Views of Utility: As per Reg.73 of the OERC Distribution (Conditions of Supply) Code, 2004 permission for load enhancement can not be allowed if the consumer is in arrear of electricity dues. The assessment dues of the consumer, if remains un-paid, gets into the account of the consumer, thus showing arrear dues and prohibiting the Utility for permission of load enhancement. Further if the consumer files appeal u/Sec.127 of the Electricity Act, 2003 by paying 50% of the assessment dues, Utility is constraint to allow for load enhancement even with pending litigation.

Therefore in order to ease of the process the Utilities suggest that, if Hon'ble Commission approves, permission for load enhancement shall be given by the Utility on payment of 50% of the assessment dues by a Consumer, without prejudice to the right of the consumer to take appropriate legal recourse against such assessment.

B. Whether the Consumer can be entitled for continuous over drawl of energy thus leading to successive assessment procedure?

Views of The Utility: In some cases it is observed that, inspite of issuance of warning letter the Consumer is indulging in continuous over drawal of energy, thus attracting successive assessment proceedings which has eventually led to series of legal disputes pending before different Court(s)/Forum(s). Therefore the Utility suggests that, if after first assessment proceeding, the Consumer indulges into continuous overdrawal of energy, the licensee should be entitled to disconnect the power supply of the consumer u/Sec.56 of the Act, 2003, after giving sufficient notice to the Consumer.

C. Whether the method of computation of assessment adopted by the Utility is just and proper?

Views of the Utilities: The utility is of the opinion that when the consumer is drawing power beyond its contract demand the quantum of excess energy drawn over and above the standard energy as calculated with 100% LF may be treated as overdrawal and needs to be paid at double the rate like demand charges.

Presently a consumer is paying ODP for excess drawal of demand, Utilities feels that such consumer has to pay for the excess energy also along with Over Drawl Penalty.

That it is further submitted that, many consumers have applied for enhancement of contract demand which are pending before the Utility. Due to pending assessment dues against such consumers, the Utilities are constrained to permit enhancement of load due to outstanding of assessment amount.

Hence the Utility suggests that, if the aforesaid proposal is approved by the Hon'ble Commission, same may be adopted for the existing consumers.

It is pertinent to mention here that Chatisgarh State Electricity Regulatory Commission in Para 14.1.11 (II) of RST order for the F.Y. 2016-17 provides clear guideline in this regard.

In view of the above it is once again submitted before Hon'ble Commission for suitable direction in the tariff order for levy of additional energy charges for overdrawal beyond permitted CD.

TARIFF RATIONALIZATION MEASURES PROPOSED BY CESU

16. Individual power supply to different categories in Residential-cum -Commercial Complexes.

CESU submitted that presently, some consumers/ society having residential cum commercial complex avail/intends to avail power supply under Bulk Supply-Domestic category. With present regulation allowing up to 20% of power drawn on commercial basis they are they are misusing the said provision by availing that 20% power on domestic basis .If such consumers will be allowed to avail power supply on Bulk Supply-Domestic then its 20% connected load will be a significant load and will result a revenue loss for CESU. Hence, it is proposed that 20% non domestic load may be allowed on commercial basis only in case of individual house and not to the apartment having commercial complex. More specifically if there is a commercial load in a composite apartment (Domestic & Commercial) then they should avail two separate power supply connection (Single Point) one for domestic and one for commercial/other purpose load.

17. Electricity charges according to the consumption in Agro Industrial/ GPS/Industrial Category.

CESU proposes that the present system of limiting the connected load to 20% of the total processing and feed unit in case of Allied Agricultural Consumers and Allied Agro-industrial Consumers to avail tariff rebate should be modified for benefit of the licences. Instead of 20% it is proposed that consumer having food processing unit attached with cold storage should pay the energy charge on the basis of consumption at the ratio of the connected load for food processing unit to the total connected load in General Purpose tariff and in Allied Agro Industrial tariff at the ratio of connected load for cold storage unit to total connected load.

18. Modification of Estimated cost in Make-In-India Programme.

Govt. of India is making a platform to carry out business simple under "Make-in-india" programme. Accordingly the Principal Secretary, Department of Energy, Govt. Of Odisha vide letter No-4546 dt 19.05.2015 has issued a guideline and approved a fixed cost amounting to Rs 6000/- per KVA on contract demand if the new industry is coming up within the industrial Estate/ Urban Area where the infrastructure is available and Rs 11,300/- per KVA on contract demand outside the industrial Estate/ Urban Area where the infrastructure has to be created for giving power supply to new industry.

CESU submitted that as per Regulation-12 of the OERC Distribution (Conditions of Supply) Code-2004, the consumer shall pay in full the cost of laying the service line as per estimate prepared by the

engineer. Further As per Regulation-13(i) of the OERC Distribution (Conditions of Supply) Code-2004, the supply of power shall be made, if it is available in the system, technically feasible and remunerative as per the norms fixed at Appendix I(OERC condition of supply code 2004) by the Commission and in case the scheme of supply is not remunerative, the applicant shall be required to bear the portion of charges to make the scheme remunerative.

In view of the above CESU prayed for necessary instructions and guidance in the RST order for FY 2017-18 to take care of the concern of the licensee.

19. Reliability surcharge.

CESU submitted that the collection from Reliability Charges was Rs 1950. 013 lacks during FY 2014-15, Rs 889.071 Lacks during FY 2015-16 with shared feeder concept @ 10 paise per unit and Rs 478.64 lacks during FY 2016-17 so far. Hence, it is proposed to levy reliability surcharge @ 20 paise per unit (which was prevailing in the FY 2014-15) alongwith shared feeder concept applicable for EHT or HT consumer so as collect sizeable amount for maintenance and infrastructure for reliable power.

20. Termination of Agreement for Supply of Power.

As per Regulation 16(1) of OERC (Condition of supply code) 2004 “If power supply to any consumer remains disconnected for a period of two months for non payment of charges or dues or non-compliance of any direction issued under this Code, and no effective steps are taken by the consumer for removing the cause of disconnection and for restoration of power supply, the agreement of the licensee with the consumer for power supply shall be deemed to have been terminated on expiry of the said period of two months, without notice, provided the initial period of agreement is over.” Accordingly the licensee is unable to terminate the agreement, if the power supply of a consumer has been disconnected for non-payment of charges during the regime of initial period of agreement. In such eventuality the licensee claims the demand charge/MMFC till initial agreement period without terminating the agreement in the intervening period. CESU submitted before the Commission to bring in necessary amendment so as to empower the licensee to act even in case of initial period of Agreement.

21. Submission of Generation Data In case of CGPs:

CESU submitted that the CGPs under its territory are not submitting the generation data for identification of their CGP status. Hence CESU proposed to the Hon’ble commission to direct the CGPs to submit both the captive consumption data and generation data to the DISCOMs particularly by the CGPs under the Licensee area and the captive consumption share availing by the consumptions through open access power from CGPs. (CGP are situated in two different DISCOM’s licenses area).

22. Demand Side Management (Time Of Day):

CESU proposes to undertake Demand Side management with incentives instead of any type of penalty. Accordingly CESU proposes further incentive in the form of additional rebate of 10 paisa per unit to all the HT consumers for the consumption of power during off-peak hour, instead of relaxing overdrawal penalty.

23. Guideline For Collection of Revenue from Rooftop Solar.

Commission has allowed third party owned Rooftop PV Net metering /bidirectional arrangement in its order dated 26/11/2014 and 10.8.2016 on net metering / Bi-directional Metering and their Connectivity with respect to the Solar PV Projects. Accordingly, Project Implementation Agreement (PIA) for installation of 4 MW Roof Top Solar in Govt Buildings around Bhubaneswar and Cuttack has been signed between GEDCOL (providing leased premises to private operator to set up roof top project), CESU and Project Developer, M/s Azure Power India Pvt Ltd.

As per this Agreement, the meter reading, both net meter and solar generation meter shall be taken by the Distribution licensee and shall form the basis for commercial settlement. CESU shall continue to bill the consumer against its total consumption i.e. summation of energy from solar generation (i.e. Solar Consumption) and from grid energy from CESU (i.e. Grid Consumption) as per the applicable OERC Regulations and tariff order and also collect the dues from consumers against its total consumption. After the collection of revenue, CESU will reimburse the Energy Charges collected against the solar generation from the consumers to GEDCOL for payment to Private Operators and retain the remaining amount of energy charges, fixed charges and misc. charges.

CESU prays Hon'ble Commission to approve the aforesaid mechanism of commercial settlement between CESU, GEDCOL and M/s Azure Power for installation of Roof Top Solar in Government Buildings.

Prayer

CESU has following prayers to the Commission:

1. Admit the accompanying Aggregate Revenue Requirement and Retail business for 2017-18.
2. Approve the Aggregate Revenue Requirement (ARR) for Retail business of the Utility for the Financial Year 2017-18 as proposed by the Utility.
3. To consider the tariff related proposals submitted along with the application and approve the same.
4. To consider actual distribution and AT&C loss while approving the ARR application for FY 2017-18.
5. To direct Government to provide subsidy because of lower tariff in case of BPL customers, as nos. of BPL customer will be substantially high by the end of FY 2017-18
6. Consider the projected T&D loss of 30.16% for the FY2017-18.
7. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

NESCO, WESCO & SOUTHCO has following prayers to the Commission:

1. Take the ARR application and Tariff Petition on Record
2. Approve the Annual Revenue Requirement for FY 2017-18 truing up of 1/3rd of the revenue gap for FY 2016-17

3. Bridge the Revenue Gap for the FY 2016–17 through increase in Retail Supply Tariff, reduction in Bulk Supply Tariff (BST) wherever possible; grant of subsidy from the Government of Odisha as per Section 65 of the electricity act 2003.
4. To consider the AT&C Loss Trajectory accepted by Ministry of Power, GoI (SOUTHCO)
5. To do away with Intra State ABT till generators are involved (SOUTHCO)

Allow the following Tariff rationalization measures as proposed

1. Tariff of Rs.100 per month for kutirjyoti category of consumers
2. Rs.150/- per month for consuming less than 50 units in Domestic tariff category and increase in Slab Tariff of Domestic consumers as proposed.
3. Introduction of L.F. Billing for irrigation and agriculture category of consumers.
4. Levy of monthly Demand charges for consumers having CD of 110 kVA and above @ 85% of CD or MD whichever is higher instead of existing level of 80% CD.
5. Additional rebate of 1% to LT Single phase category of consumers over and above normal rebate if payment made through online, credit card, debit card etc.
6. Introduction of kVAH Billing
7. Applicability of Power Factor Penalty
8. Two part tariff be made applicable in respect of Emergency power supply category to Captive Power Plants (CPP).
9. Introduction of MMFC for Consumers with Contract Demand <110 kVA on the basis of MD recorded or connected load whichever is higher.
10. Applicability of Demand Charges for GP> 70kVA and < 110kVA and HT Industrial(M) supply
11. Rate of Tariff for LT Medium Industry and HT Medium Industry
12. Demand charges to be in kVA only instead of kVA/kW.
13. Continuation of bi-monthly billing in case of rural consumers where the billing and collection coverage is very low.
14. Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer.
15. 2% Rebate be allowed on payment of current monthly BST bills (excluding all arrears) within 3 days time instead of 2 working days and also to allow rebate on part payment of BST bills.
16. Consider the consumers like NALCO as the consumer of the Utility being situated in the Utility area.
17. Looking to the geographical area and the consumer mix, the cheap cost of power may be allocated to the Southco Utility while finalizing the BSP.
18. Allow the Utility to submit additional documents, modify the present petition, if so required, during the proceeding of this application.
