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

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

**CASE NOs. 69, 70, 71 & 72 of 2014**

**DATE OF HEARING : 16.02.2015, 12.02.2015, 11.02.2015 & 13.02.2015**

**DATE OF ORDER : 23.03.2015**

**IN THE MATTER OF:** **Applications of Distribution Licensees (CESU, WESCO, NESCO & SOUTHCO) for approval of their Aggregate Revenue Requirement and Retail Supply Tariff for the FY 2015-16 under Sections 62 & 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

**AND**

**IN THE MATTER OF:** **Petition of the DISCOMs with regard to OERC (Terms and Condition of Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 published in Extra Ordinary Gazette on 14.11.2014.**

**And**

**Case Nos. 61 (CESU), 62 (NESCO), 63 (WESCO) & 64 (SOUTHCO) of 2014**

**IN THE MATTER OF:** **Applications under Section 42 of the Electricity Act, 2003 read with Regulations 4 (1) (xiv), 2 (vii) & 3 (vi) of the OERC (Determination of Open Access Charges) Regulations, 2006 and other enabling provisions of the OERC (Terms and Conditions of Open Access) Regulations, 2005 of DISCOMs namely CESU, NESCO, WESCO & SOUTHCO for approval of wheeling charges, surcharges and additional surcharges for FY 2015-16.**

## O R D E R

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

**Table – 1**

| Sl. | Name of DISCOMs | Licensed Areas (Districts) | %age area of the State |
|---|---|---|---|
| 1. | CESU | Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur. | 18.9 |
| 2. | WESCO | Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda. | 32.3 |
| 3. | NESCO | Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur. | 18.0 |
| 4. | SOUTHCO | Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri. | 30.8 |
| **Odisha Total** | | | 100.0 |

The Commission initiated proceedings on the filing of Aggregate Revenue Requirement (ARR) and Retail Supply Tariff Applications (RST) for FY 2015-16 of these Distribution Licensees under relevant provisions of the Electricity Act, 2003. In the mean time the aforesaid DISCOMs have also filed applications for approval of wheeling charges, surcharges and additional surcharges in relation to Open Access transaction for FY 2015-16 under relevant Regulations of the Commission. By this common Order, the Commission disposes of the above Aggregate Revenue Requirement (ARR) and RST applications and other related Open Access Charges matter of Distribution Licensees.

## PROCEDURAL HISTORY

As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms & Conditions for Determination of Tariff) Regulations, 2004 the Licensees are required to file their Aggregate Revenue Requirement (ARR) and Retail Supply Tariff Application (RST) for ensuing year on or before 30th November in every year in the prescribed format. Accordingly, all the distribution utilities (CESU, WESCO, NESCO & SOUTHCO) filed their Aggregate Revenue Requirement (ARR) and Retail Supply Tariff (RST) Applications for FY 2015-16 on 29.11.2014 (CESU, NESCO & SOUTHCO) and on 28.11.2014 (WESCO). The Aggregate Revenue Requirement (ARR) and tariff applications of DISCOMs are coming within the prescribed period of limitation.

The said Aggregate Revenue Requirement (ARR) & RST applications were duly scrutinized and registered as Case Nos. 69/2014 (CESU), 70/2014 (WESCO), 71/2014 (NESCO) and 72/2014 (SOUTHCO) respectively.

OERC (Terms and Condition of determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014

As per the direction of the Commission applicants published the Aggregate Revenue Requirement (ARR) & Tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspaper in their area of supply in order to invite objections/suggestions from the general public. The said public notices were also posted in the Commission's website ***www.orierc.org***. The Commission had also directed the applicants to file their respective rejoinder to the objections filed by all objectors.

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

**On CESU's application**

(1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302(B), Beherasahi, Nayapalli, Bhubaneswar-75101, (2) Shri Amar Kumar Jena, S/o. Late Sadhu Charan Jena, C/O: Vedanta Foundation, At-Bajrakabati Road, P.O- Baxi Bazar, Dist.-Cuttack-753001. (3) Shri Kamalakanta Sahoo, S/O- Late Kumarbar Sahoo, At-Charchika Bazar, P.O/Dist.-Jagatsinghpur (4) Shri Anata Bihari Routray, Secretary, M/s. Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001 (Consumer Counsel), (5) Shri Arun Kumar Sahu, Asst. Secretary, M/s. Odisha Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-753002, (6) M/s. Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-753002, (7) M/s. Keonjhar Navanirman Parishad, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-2, (8) Shri Basudev Panda, Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (9) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (10) Shri Manasranjan Swain, S/o-Maheswar Swain, At-Deuligrameswar, Jagatsinghpur-754103, (11) Shri Sarit Mohapatra, S/o-Prakash Mohapatra, Samaj Vikash Mission, Raghunathpur, Jagatsinghpur-754132, (12) Shri Sukadeba Parida, S/o. Baraju Parida, Lokabhasa, At-Paikan, Po- Somepur, Cuttack-754130, (13) Mrs. Manasi Moharana, W/o. Sadasiba Moharana, District Electrical Consumers Association, At- Hansaram Patana, Po-Alanahat, Dist-Jagatsinghpur, (14) Shri Benudhar Naik, S/o. Late Lokanath Naik, At-Atamala, Po/Dist-Jagatsinghpur, (15) Shri Dolagobinda Mohapatra, S/o. Sashikanta Mohapatra, At-Bodara, Kalarabanka, Raghunathpur, Jagatsinghpur-754132, (16) Shri Dillip Kumar Mohanty, S/o. Ramesh Chandra Mohanty, At-Ganesh Bazar, Nimapara, Po-Nimapara, Dist-Puri, (17) Shri Nrusingha Charan Barik, S/o. Niranjan Barik, Debaraj Seva Sangha, at- Deuligrameswar, Jagatsinghpur-754103, (18) Shri Akhya Kumar Dash, s/o-Dhrmanda Dash, Upavoktara Swara, At-Sahada, Po-Chachapada, Via-Kaduapada, Jagatsinghpur, (19) Shri Saroj Naik, S/o. Late Ratnakar Naik,Jagannath Chetana Surakhya Aviyan, At. Sasanpada, Po. Sithalo, Jagatsinghpur, (20) Govinda Ojha, S/o. Narana Ojha, Secretary, Anchalika Khauti Surakhya Sangha, At/Po. Redhua, Nalibar, Jagatsinghpur-754104, (21) Shri Jyotiranjan Parida, At/Po. Sidhala, Kaduapara, Jagatsinghpur, (22) Sri Rabi Mohanty, Sarvodaya Academy, At/Po. Taradapada, Jagatsinghpur-754294, (23) Shri Bishnu Charan swain, S/o. Pranakrushna swain, Anchalika Kishan Club, At/Po. Borikina, Jagatsinghpur-754110,

(24) Shri Kanhu Nanda, S/o. Late Anama Nanda, At/Po. Rambhadeipur, Anakhia, Jagatsinghpur-754102, (25) Shri Pranakrishna Nayak, S/o. Panchu Nayak, At. Karada, Po. Redhua, Nalibar, Jagatsinghpur-754104, (26) Shri Niranjan Barik, S/o. Michu Barik, At/Po. Makundpur, Jagatsinghpur, (27) Shri Sukanta Madeli, S/o. Fakir Madeli, C/o. Alekha Panda, Upavokta Surakhya sangha, at. Utreb Ateswar, Po. Salepur, Cuttack, (28) Shri Sibaprasad Majhi, Advocate, S/o. Dolagobinda Majhi, At/Po. Alipingala, Jagatsinghpur, (29) Shri Banshidhar Acharya, President, Upovokta Surakhya Aviyan, L/41, Housing Board Colony, Baramunda, Bhubaneswar, (30) Shri Prabhakar Dora, Advocate, Vidya Nagar, Co-operative Colony, 3rd Lane, Rayagada, Dist. Rayagada, (31) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB, Plot No.775(Pt.), Lane-3, Jayadev Vihar, Bhubaneswar-751013, (32) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (33) M/s. T. S. Alloys Limited, At. N-3/24, Nayapalli, Bhubaneswar-751015, Khurda, (34) M/s. State Public Interest Protection Council, 204, Sunamoni Apartment, Telenga Bazar, Cuttack-753009, (35) M/s. RSB Transmissions Limited, GAT No. 908, Sanaswadi, Nagar Road, Taluka: Shirur, Pune-412208, (36) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-4751015, (37) M/s. IDCOL Ferrochrome & Alloys Limited, Po. Ferro Chrome Project, Jajpur Road-755020, (38) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (39) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009. (Consumer Counsel), (40) The Chairman-cum-Managing Director, OPTCL, Janpath, Bhubaneswar-22, (41) Sr. GM (PS), SLDC, Mancheswar Railway Colony, Bhubaneswar. All the above named objectors were filed their objections/suggestions and out of the above them the following objector Nos. 2, 3, 5, 6, 7, 10, 12, 13, 14, 15, 16, 17, 19, 22, 24, 25, 26, 27, 28, 30, 33, 34 & 38 along with the Consumer Counsels were absent during hearing. However, their written submissions were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

**On WESCO’s application**

(1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (2) Shri Arun Kumar Sahu, Assistant Secretary, Orissa Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-2, (3) M/s. Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-2, (4) M/s. Keonjhar Navanirman Parishad, At-Chandini Chowka, Dist-Cuttack-2., (5) Shri Ananta Bihari Routray, Secretary, Orissa Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001, (6) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (7) Shri Basudev Panda, Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (8) Shri Ramesh Kumar Agarwal, Director, M/s Bajrang Steel & Alloy Ltd., P-27, Civil Township, Rourkela-769004, Sundargarh, (9) Musafir Jaiswal, Director, M/s D. D. Iron and Steels (P) Ltd., Padajampali, Ps. Rajgangpur, Sundargarh-770017, (10) Shri Ramesh Kumar Agarwal, M/s. Vishal Fero Alloys Ltd., P-27, Civil Township, Rourkela-769004, Dist-Sundargarh, (11) Shyam Bihari Prasad, Director, M/s Top Tech steels (P) Limited, 1st Floor, Mangal Bhawan, Phase-II, Power House Road, Rorkela-769001, (12) Sri Birendra Kumar Sinha, Director, M/s Maa Girija Ispat (P) Limited, BB-2, Civil Township, Rorkela-769004,(13) Sri Ashok Kumar Agarwal, Director, M/s shree Salasar Casting Pvt. Limited, Balanda, Kalunga-770031, Dist-Sundargarh, (14) Shri Binod Kumar Agarwal, Director, M/s. Shri Radha Krishna Ispat Pvt. Limited, Plot No. 19, Goibhanga, Kalunga, Dist-Sundargarh, (15) Shri Sunil Kumar Agarwal, Director, M/s. Jagannath Alloys (P) Limited, Basanti Colony Road, Uditnagar, Rourkela-769012, (16) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Lane, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (17) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-13, (18) Shri Surya Kanta Pati, M/s OCL India Limited, Q.No-101-Utkal Tower-1, OCL West Colony, Po/Ps-Rajgangpur-770017, Dist-Sundargarh, (19) Shri G.N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur-768003, (20) Shri Manoj Ranjan Satpathy, M/s. Sesa Sterlite Limited, 1st Floor, Fortune Tower, Chandrasekharpur, Bhubaneswar-751023, (21) M/s. Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annexe Building, Janpath, Bhubaneswar-751022, (22) M/s. Swain & Sons Power Tech Pvt. Limited, Swati Villa, Surya Vihar, Link Road,

Cuttack-753012, (23) Shri Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Apartment, Telenga Bazar, Cuttack-753009, (24) M/s. Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-4751015,(25) M/s. Larsen & Toubro Limited, Metallurgical & Material Handling, Rourkela Campus, Kansbahal Works, P.O. Kansbahal, Sundargarh-770034, (26) Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003 (Consumer Counsel) (27) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012. (Consumer Counsel), (28) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India. (Consumer Counsel), (29) The Chairman-cum-Managing Director, OPTCL, Janpath, Bhubaneswar-22 and (30) Sr. GM (PS), SLDC, Mancheswar Railway Colony, Bhubaneswar. All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector No. 2, 3, 4, 5, 8, 10, 11, 12, 13, 14, 15, 16, 23, 25 were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

**On NESCO's application**

(1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (2) Shri Babuli Sahoo, At-Balipatna, Po-Samantarapur, Via-Kabirpur, Dist-Jajpur, (3) Nabaghan Sahoo, S/o. Late Sukadev Sahoo, At-Atalpur, Po-Samantarapur, Via-Kabirpur, Dist-Jajpur,(4) Shri Biswa Ranjan Panda, S/o. Late Nanda Kishore Panda, At-Chaka Gopalpur, Po-Pradhama Khandi, Via-Dharmasala, Dist- Jajpur, (5) Shri Arun Kumar Sahu, Assistant Secretary, Orissa Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-2, (6) M/s. Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-2, (7) M/s. Keonjhar Navanirman Parishad, Chandini Chowk,Cuttack-2, (8) Shri Yashowanta Narayan Dixit, S/o. Late Gadadhar Dixit, M/s Dixit Oil Industries, At-Charampa, Po-/Dist-Bhadrak, (9) The North Odisha Chamber of Commerce & Industry Ltd. (NOCCI), At-Ganeswarpur Industrial Estate, Po-Januganj, Dist-Balasore, (10) Sri Basudev Panda, Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (11) M/s. Tata Steel Limited, Plot No. 273, Bhouma Nagar, Unit-IV, Bhubaneswar, Khurda, (12) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (13) Sri M.V. Rao, Resident Manager, M/s Ferro Alloys Corporation Ltd., GD.2/10, Chandrasekharpur, Bhubaneswar-751023, (14) Sri Prabhakar Dora, Advocate, Vidya Nagar, Co-operative Colony, 3rd Lane, Rayagada, Dist. Rayagada, (15) M/s. Emami Paper Mills Limited, Balgopalpur, Rasulpur, Dist-Balasore-756020, (16) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-13, (17) M/s IDCOL Ferro Chrome & Alloys Limited, P.O-Ferro Chrome Project, Jajpur Road-755020, (18) M/s.Visa Steel Ltd., Kalinganagar Industrial Complex, At/P.O- Jakhapura-755026, Dist.-Jajpur, (19) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012,(20) Shri Manmath Behera, M/s Balaramgadi ICE Factory Association, At-Balaramgadi, Cahndipur, Dist-Balasore, (21) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (22) Shri Benudhar Das, S/o. Late Haramohan Das, At-Kumari (Colony-III), Po-Jarka, Via-Dharmasala, Dist-Jajpur-755050, (23) Shri Bijaya Nanda Mohanty, S/o. Late Raghabananda Mohanty, At-Brahmachari Patna, Po-Kamalpur, Via-Ahiraj, Dist-Jajpur-755036, (24) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-4751015,(25) M/s. Odisha Consumers

Association, Balasore-Chapter, C/O- Shri Nilamber Mishra, At/Po- Rudhungaon, Simulia, Balasore. (Consumer Counsel), (26) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India. (Consumer Counsel). All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector No. 4, 5, 6, 7, 9, 14, 21, 25 and 26 were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

**On SOUTHCO's application**

Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(2) Shri Ananta Bihari Routray, Secy, Orissa Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001, (3) Shri Ladi Rama Rao, President, M/s Sasirekha Pani Panchayat, Kotaluguda, Gunupur, Station Road, Gunupur, Dist-Rayagada, (4) M/s. Beverta Agriculture Farm, Soura Pradhaniguda, Challakamba Panchayat, Gunupur, Rayagada, (5) Shri Arun Kumar Sahu, Assistant Secretary, Orissa Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-2, (6) Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-2, (7) M/s. Keonjhar Navanirman Parishad, Chandini Chowk, Cuttack, (8) Shri Judhistir Behera, S/o. Late Kandia Behera, Saheed Laxman Nayak Community Hall, Hillpatna, Po. Berhampur, Dist-Ganjam, (9) Shri Basudev Panda, Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (10) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (11) Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Lane, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (12) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-13, (13) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (14) Shri Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Apartment, Telenga Bazar, Cuttack-753009, (15) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-4751015, (16) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati-761200 (Consumer Counsel), (17) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (18) The Chairman-cum-Managing Director, OPTCL, Janpath, Bhubaneswar-22,(19) Sr. GM (PS), SLDC, Mancheswar Railway Colony, Bhubaneswar,(20) Principal Secretary to Govt., Department of Energy, Govt. of Odisha, Bhubaneswar. Although the above named objectors filed their objections/suggestions out of them the following objector Nos.1, 2, 5, 6, 7, 8, 11, 14, 15, 16 & 17 were absent during hearing. However, their written submissions were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsels and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

**Table – 2**

| Sl. No. | Name of the Organisations /persons with address | Name of the DISCOMs' from where the Consumer Counsel to represent |
|---|---|---|
| 1 | Grahak Panchayat, Friends Colony, Parlakhemundi, Dist : Gajapati | SOUTHCO |
| 2 | Orissa Consumers' Association, Balasore Chapter, Balasore | NESCO |
| 3 | Sambalpur District Consumers' Federation, Balaji Mandir Bhavan, Khetrajpur, Sambalpur | WESCO |
| 4 | Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela | WESCO |
| 5 | Orissa Electrical Consumers' Association, Sibasakti Medicine Complex, Bazrakabati Road, Cuttack-01 | CESU |
| 6 | Secretary, Confederation of Citizen Association, 12/A, Forest Park, BBSR-9. | CESU |
| 7 | The Secretary, PRAYAS Energy Group, Pune | CESU, WESCO, NESCO & SOUTHCO |

All of the above mentioned Consumer Counsels, have furnished their written submission and some of them also participated in the hearing except PRAYAS Energy Group, Pune and their written submissions were considered by the Commission.

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

In its consultative process, the Commission conducted public hearings at Bhubaneswar in its Premises, on 16.02.2015 for CESU, 12.02.2015 for WESCO, 11.02.2015 NESCO and 13.02.2015 for SOUTHCO. The Applicants, Consumer Counsel, i.e. World Institute of Sustainable Energy, Pune and Consumer Counsels from licensee's area of supply & the Objectors presented their views in the hearing. The Commission heard the Applicants, Objectors, Consumer Counsels and the representative of the DoE, Government of Odisha at length.

The Commission convened the State Advisory Committee (SAC) meeting on 25.02.2015 at 3.30 PM at its premises to discuss about the Aggregate Revenue Requirement applications and tariff proposals of licensees. The Members of SAC, Special Invitees, the Representative of DoE, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

DISCOMs of Odisha had filed their application for wheeling charges, surcharges and additional surcharges for financial year 2015-16 under Section 42 of the Electricity Act, 2003 and in conformity with OERC (Determination of Open Access Charges) Regulation 2006 and OERC (Terms and Conditions of Open Access) Regulation 2005 which were registered as Case Nos. 61, 62, 63 & 64/2014. The Commission had directed the DISCOMs to publish the Public Notice regarding their application in widely circulated Odia and English dallies inviting views/ suggestion of the public. The Commission had also posted a copy of their application in website of the Commission. The following persons have filed their views / objection in response to such public notice.

(i) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-13. (ii) M/s Swain & Sons, Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012. (iii) M/s Facor Power Limited, At/Po-Randia, Dist-Bhadrak-756135. (iv) M/s Visa Steel Limited, Kalinganagar Industrial Complex, At/Po-Jakhapura-755026, Dist-Jajpur. (v) M/s Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annex Building, Janpath, Bhubaneswar-751015. (vi) M/s Sesa Sterlite Limited, 1st Floor, Fortune Tower, Chandrasekharpur, Bhubaneswar-751023. (vii) M/s Jayshree Chemicals Limited, At/Po-Jayashree, Dist-Ganjam-751025. The Commission clubbed Case Nos. 61, 62, 63 & 64/2014 together for analogues hearing as the matter is similar in nature and posted the matter for hearing on 23.02.2015 in the Hearing Hall of its premises at Bhubaneswar with due notice to the applicants and the objectors.

During hearing on Open Access Charges the following persons were present on behalf of applicants and the objectors:-

Shri T.K. Mohanty, GM (Comm.), CESU, Ms. Sasmita Biswal, AGM(Comm.), CESU, Ms. Malacha Ghose, Manager(RA), NESCO, Shri K. C. Nanda, DGM (Fin.), WESCO, Shri Manas Kumar Das, AVP(PT), CSO,WESCO,NESCO & SOUTHCO, Shri Samir Kumar Swain, AVP, SOUTHCO, Shri R. P. Mohapatra for self in the above noted cases, Shri Bibhu Charan Swain, authorized representative of M/s. Swain & Sons Power Tech Private Ltd., M/s. FACOR Power Ltd., M/s. Adhunik Metaliks Ltd., and M/s. Jayashree Chemicals Ltd., Shri Brahmananda Mishra, the Authorised representative of M/s. Sesa Sterlite Limited, Shri Manoj Kumar Panda, M/s. Sesa Sterlite Limited and Ms. Niharika Pattanaik, ALO, DoE, GoO. The filings made by the parties are taken on record.

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

**ARR & RETAIL SUPPLY TARIFF PROPOSAL FOR 2015-16**

The Reliance managed DISCOMs submitted that BSP, Transmission & Retail Supply Tariff for FY 2006-07 are pending for adjudication before the Supreme Court on the appeals preferred by the GRIDCO, OPTCL and the Commission respectively. The Tariff Orders for subsequent years i.e. FY 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 , 2013-14 and 2014-15 have been appealed before Hon'ble APTEL. Hon'ble APTEL has disposed of the appeals pertaining to 2007-08 on 08.11.2010 and for FY 2009-10 on 04.05.2011, for FY 2013-14 on 11.02.2014 and for FY 2014-15 on 31.11.2014. The Reliance managed DISCOMs requested the Commission to consider the findings of the ATE in their Order dated 04.05.2011 while determining revenue requirement of ensuing year 2015-16. The remaining orders/Judgments passed in various appeals by the Hon'ble Trubunal for Electricity on the RST Orders of the Commission different years are challenged by the Commission in several Civil Appeals before the Hon'ble Supreme Court of India and the said Civil Appeals are admitted by the Hon'ble APEX Court and are still pending for final disposal. With regard to the matter of Hon'ble APTEL's directives to for the Commission for re-determining the RST for FY 2010-11 and FY 2011-12 after reviewing the cross subsidy, the licensees have submitted that they reserve the right to claim differential revenue in the event of revision of tariff by the Commission in this regard.

A statement of Energy Purchase, Sale, and Overall Distribution Loss from FY 2010-11 to 2015-16 as submitted by DISCOMs of Orissa 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) is given below:

**Table - 3**
**Energy Sale, Purchase and Loss**

| DISCOMs | Particulars | 2010-11 (Actual) | 2011-12 (Actual) | 2012-13 (Actual) | 2013-14 (Actual) | 2014-15 (Approved) | 2014-15 (Est.) | 2015-16 (Est.) |
|---|---|---|---|---|---|---|---|---|
| CESU | Energy Sale (MU) | 4361.48 | 4491.63 | 4662.96 | 5212.84 | **6960.80** | 5706.99 | 6443.10 |
| | Energy Purchased (MU) | 7069.34 | 7232.91 | 7401.89 | 7973.19 | **9040.00** | 8624.29 | 9451.10 |
| | Overall Dist. Loss (%) | 38.31 | 37.96 | 37.00 | 34.63 | **23.00** | 33.83 | 31.83 |
| NESCO | Energy Sale (MU) | 3435.59 | 3301.53 | 3282.86 | 3337.83 | **4352.95** | 3606.80 | 3886.30 |
| | Energy Purchased (MU) | 5067.40 | 5023.40 | 5045.35 | 5045.29 | **5330.00** | 5296.95 | 5624.57 |

| DISCOMs | Particulars | 2010-11 (Actual) | 2011-12 (Actual) | 2012-13 (Actual) | 2013-14 (Actual) | 2014-15 (Approved) | 2014-15 (Est.) | 2015-16 (Est.) |
|---|---|---|---|---|---|---|---|---|
| | Overall Dist. Loss (%) | 32.20 | 34.28 | 34.93 | 33.84 | **18.35** | 31.91 | 30.90 |
| WESCO | Energy Sale (MU) | 3978.71 | 3775.04 | 3945.34 | 4201.07 | **5483.28** | 4513.00 | 4917.00 |
| | Energy Purchased (MU) | 6510.88 | 6177.74 | 6391.26 | 6634.90 | **6820.00** | 7000.00 | 7500.00 |
| | Overall Dist. Loss (%) | 38.89 | 38.89 | 38.27 | 36.68 | **19.60** | 35.53 | 34.44 |
| SOUTHCO | Energy Sale (MU) | 1323.47 | 1507.53 | 1660.67 | 1720.36 | **2488.30** | 1976.87 | 2259.87 |
| | Energy Purchased (MU) | 2555.64 | 2814.13 | 2929.88 | 2915.56 | **3340.00** | 3250.00 | 3630.00 |
| | Overall Dist. Loss (%) | 48.21 | 46.43 | 43.32 | 40.99 | **25.50** | 39.17 | 37.74 |

**AT&C Loss**

The System Loss, Collection Efficiency and targets fixed by OERC in reference of AT&C Losses of four DISCOMs since FY 2010-11 onwards are given hereunder:

**Table - 4**
**AT&C Losses**

| DISCOMs | Particulars | 2010-11 (Actual) | 2011-12 (Actual) | 2012-13 (Actual) | 2013-14 (Actual) | 2014-15 (Est.) | 2015-16 (Est.) |
|---|---|---|---|---|---|---|---|
| CESU | Dist. Loss (%) | 38.30 | 38.20 | 37.00 | 34.63 | 33.83 | 31.83 |
| | Collection Efficiency (%) | 92.62 | 90.30 | 93.40 | 94.48 | 94 | 97.11 |
| | AT&C Loss (%) | 42.86 | 44.20 | 41.16 | 38.24 | 37.8 | 33.8 |
| | OERC Target (AT&C Loss %) (As per Business Plan) | 26.86 | 24.76 | 23.77 | 23.77 | 23.77 | 23.77 |
| NESCO | Dist. Loss (%) | 32.75 | 34.28 | 34.93 | 33.84 | 31.91 | 30.9 |
| | Collection Efficiency (%) | 92.38 | 93.99 | 91.63 | 96.06 | 96.85 | 98 |
| | AT&C Loss (%) | 37.87 | 38.23 | 40.38 | 36.45 | 34.05 | 32.29 |
| | OERC Target (AT&C Loss %) (As per Business Plan) | 20.09 | 19.22 | 19.17 | 19.17 | 19.17 | 19.17 |
| WESCO | Dist. Loss (%) | 38.89 | 38.89 | 38.27 | 36.68 | 35.53 | 34.44 |
| | Collection Efficiency (%) | 91.32 | 95.33 | 91.91 | 95.30 | 94.5 | 96 |
| | AT&C Loss (%) | 44.20 | 41.75 | 43.26 | 39.66 | 39.07 | 37.06 |
| | OERC Target (AT&C Loss %) (As per Business Plan) | 21.53 | 20.5 | 20.4 | 20.4 | 20.4 | 20.4 |
| SOUTHCO | Dist. Loss (%) | 48.22 | 46.42 | 43.68 | 40.99 | 39.17 | 37.74 |
| | Collection Efficiency (%) | 91.54 | 91.58 | 92.28 | 91.83 | 94.5 | 96 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | AT&C Loss (%) | 52.60 | 50.94 | 48.03 | 45.81 | 42.52 | 40.23 |
| | OERC Target (AT&C Loss %) (As per Business Plan) | 29.26 | 27.24 | 26.25 | 26.25 | 26.25 | 26.25 |

2. The licensees have proposed above AT&C losses in their licensee area and submitted to OERC to consider re-determine opening loss level on realistic basis in the ARR for the FY 2015-16. Licensees mentioned that they have planned various activities for reduction of loss for the ensuring financial year. These initiatives primarily include following activities.

CESU submitted that regarding energy police station the Commission has not provided any provision for the FY 2014-15. But CESU has already incurred expenditure of Rs 3.305 Cr during FY 2014-15 towards energy police station. Further it submitted that Franchisees are operating in 14 divisions of CESU area so substantial amount is spent by CESU towards Franchisees expenses.

Reliance managed three DISCOMs have taken following initiatives towards lowering the losses in their respective service area.

Automated Meter Reading System
Prepaid and Smart Metering Initiative
Energy Audit initiative

Mobile based billing
IT / Automation Module Implementation
Consumer Indexing
Energy Police Stations & Special Courts

Licensees have also asked for additional A&G cost to be approved towards implementation of these activities in their service area.

**Revenue Requirement for FY 2015-16**

**Sales Forecast**

For projecting the energy sale to different consumer categories, Licensees analyzed the trend of consumption pattern for last twelve years from 2001-2002 to 2013-14. In addition, the Licensees have relied on the audited accounts for FY 2013-14 and actual sales data for the first six months of FY 2014-15. With this, the four distribution utilities have forecasted their sales figure for the FY 2015-16 as detailed below with reasons for sales pattern.

**Table - 5**
**Sales Forecast**

| **Licensee/ Utility** | **LT Sales for FY 2015-16 (Est.)** | | **HT Sales for FY 2015-16 (Est.)** | | **EHT Sales for FY 2015-16 (Est.)** | | **Total Sales 2015-16 (Est.) MU** |
|---|---|---|---|---|---|---|---|
| | **(MU)** | **% Rise over FY 14** | **(MU)** | **% Rise over FY 14** | **(MU)** | **% Rise over FY 14** | |
| **CESU** | 3671 | 20.8% | 1120 | 7.3% | 1652 | 1.8% | **6443** |
| **Remarks** | ---- | | ---- | | ---- | | --- |
| **NESCO** | 1960 | 14.7% | 391 | (0.8%) | 1535 | (1.7%) | **3886** |
| **Remarks** | Impact of electrification works of new villages under RGGVY & Biju Gram Jyoti Yojana; and growth from existing & new consumers | | Decline in sales due to recession in steel & mining sector, temporary closure/ disconnection of steel mfg industries | | Reduction in EHT sales because industries are setting their own CPP and some have opted for open access. | | |
| **WESCO** | 2028 | 22.00% | 1214 | 4.7% | 1675 | (0.9%) | **4917** |
| **Remarks** | Impact of electrification of new villages under RGGVY & Biju Gram Jyoti Yojana and growth in domestic category. | | Marginal increase / lower growth because of recession in steel & mining sector, | | Reduction in EHT sales because industries are setting their own CPP | | |
| **SOUTHCO** | 1648 | 18.6% | 211 | 9.9% | 401 | 1.8% | **2260** |
| Remarks | Impact of BPL & APL consumers from RGGVY, BGJ program, Increase in agriculture and Irrigation consumption from Mega Lift Irrigation project of GoO | | Nominal addition in consumption considered based on earlier trend and with addition of one HT consumer of CD of 8 MW | | Slight growth in consumption than that of earlier year is considered | | |

**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 2013-14 and additional coming in FY 2014-15 which is as shown in table given below.

**Table - 6**
**Proposed SMD and Power Purchase Costs**

| DISCOMs | Est. Power Purchase in MU | Est. Sales MU | Distribution Loss | Current BSP Paisa/ Unit | Est. Power Purchase Cost (Rs in Cr) (Including Transmission and SLDC charges) | SMD proposed MVA |
|---|---|---|---|---|---|---|
| **CESU** | 9451 | 6443 | 31.83% | 265 | 2742 | 1656 |
| **NESCO** | 5624 | 3886 | 30.90% | 280 | 1716 | 940 |
| **WESCO** | 7500 | 4917 | 34.44 % | 286 | 2333 | 1200 |
| **SOUTHCO** | 3630 | 2260 | 37.74 % | 185 | 762.84 | 600 |

**Employees' Expenses**

CESU, NESCO, WESCO and SOUTHCO have projected the employee expenses of Rs 358.14 Cr., Rs 254.56 Cr., Rs 287.61 Cr. and Rs 284.46 Cr respectively for FY 2015-16. Out of these proposed employee expenses, Rs 135.30 Cr, Rs 90.96 Cr, Rs 107.75 Cr and Rs 96.95 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2015-16.

**Administrative & General Expenses**

On the basis of scenario of last six months, CESU estimated A&G cost of Rs 89.51 Cr for the current FY 2014-15. Further, CESU has proposed Rs 95.77 Cr towards A&G expenses for FY 2015-16 against approved cost of Rs 41.69 Cr for FY 2014-15. Hence, CESU has estimated 130% increase from approved A&G cost for FY 2014-15 due to sharp increase growth of consumers and exponential growth of consumer service activity. Also addition of new activities has increased proposed expenditures.

As far as NESCO, WESCO and SOUTCO are concerned, the A&G expenses for FY 2015-16 is estimated at Rs 55.18 Cr, Rs 59.39 Cr and Rs 58.28 Cr based on actual expenses till September 2014. While calculating A&G expenses, the licensees have projected the same by considering 7% increase over the estimated A&G cost of for FY 2014-15.

**Proposed Meter Rent for Installation of Prepaid Meters and Smart Meters**

As per the Government of Orissa notification dated 04.02.2013 the licensees were directed to install prepaid meters to all the Govt. establishments including public undertakings, autonomous bodies, urban local bodies, Government Societies etc. by 31.03.2013. The Hon. Commission had also directed the licensees to install such prepaid meters to govt. establishments, to temporary connections and to the consumers who default in payment thrice during the respective financial year vide the RST order for FY 2013-14 and FY 2014-15. In compliance to the Commission's tariff orders in FY 2014-15, CESU installed 48 nos. of smart meters on pilot basis out of ordered quantity of 201 nos. These smart meters cost the licensee approximately Rs 8000 per single phase & Rs 14000 per three phase meter. CESU also submits that the cost of the meter is not fully realized through approved monthly meter rent and instalment structure.

As per filing of three private DISCOMs, 4036 number of consumers (NESCO-2149, WESCO-930, SOUTHCO - 957) were awarded on a pilot basis to M/s JnJ Powercom Systems Ltd. They have installed 1219 nos. (NESCO-423,WESCO-487,SOUTHCO-309) of Smart Prepaid meters in three DISCOMs; & DISCOMs have realized Rs 0.71 Cr (NESCO - 0.30 Cr, WESCO- 0.25Cr, SOUTHCO- 0.16 Cr) through recharge Voucher till date during the pilot Project implementation. M/s Secure Meter Ltd has given their acceptance for WESCO for 1328 nos. of consumer at Sambalpur Circle & Completed the survey & will install the meter shortly. Secure will carry out the Prepaid Metering System in NESCO & SOUTHCO after successful operation at WESCO. Hence all DISCOMs have proposed expenses related to implementation of AMR / Smart and Prepaid Metering to be allowed in the ARR of the FY 2015-16. These proposed expenses by NESCO, WESCO, SOUTHCO are Rs 2.99 Cr, 2.56 Cr and 1.53 Cr respectively.

**Table - 7**

**Proposed Meter Rent** **(Rs in Cr)**

| Licensee | No. of Meters to be Installed | Total expenses to be incurred in 4 years including (1) Meter cost including installation to be paid as lease on monthly for 4 years @ Rs 241 PM for 1ph and Rs 403 PM for 3 ph (2) Vending service charges to be paid on monthly for 4 years @ Rs 68 PM for 1ph and Rs 96 PM for 3 ph | Expenses for FY 2015-16 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| NESCO | 5765 | 10.41 | 2.99 |
| WESCO | 5025 | 9.56 | 2.56 |
| SOUTCO | 7055 | 14.77 | 1.53 |

**Repair & 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. They have also prayed to allow the R&M on the RGGVY & BGJY assets so that they can maintain the assets. They submit that if State Government provides revenue subsidy for R&M of RGGVY & BGJY assets then the R&M for corresponding year may be reduced by the Commission. CESU has requested Rs 37.80 Cr towards special R&M for addition of RGGVY and BJGY assets and special R&M for the Commission monitored schemes.

NESCO, WESCO and SOUTHCO have requested for Rs 31.52 Cr, Rs 38 Cr and Rs 15 Cr towards R&M of Smart Metering which was approved for FY 2014-15 by the Commission but has been deferred to FY 2015-16.

The details of proposal under R&M expenses for ensuing financial year FY 2015-16 are given below:

**Table - 8**

**R&M Costs** **(Rs in Cr)**

| DISCOMs | GFA as at 31st March of Current FY 2014-15 | R&M (5.4% of GFA) | Additional R&M Requested for RGGVY and BGJY assets | Amount towards R&M of Smart Metering | Total R&M Requested |
|---|---|---|---|---|---|
| **CESU** | 1803.63 | 97.67 | 37.80 | --- | 135.47 |
| **NESCO** | 1218.70 | 65.81 | --- | 31.52 | 97.33 |
| **WESCO** | 869.09 | 46.93 | 23.26 | 38.00 | 108.19 |
| **SOUTHCO** | 910.64 | 50.17 | 58.84 | 15.00 | 124.01 |

**Provision for Bad & Doubtful Debts**

CESU has, considering the collection efficiency of 99% for the year 2015-16, made provision towards bad and doubtful debts to the tune of Rs 21.43 Cr. While NESCO, WESCO and SOUTHCO 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 2015-16. Moreover, NESCO has requested for bad debt including additional amount towards LD/PLD consumers.

**Table - 9**
**Provision for Bad & Doubtful Debts**

| DISCOMs | Collection Efficiency (%) | Proposed Bad Debts (Rs in Cr) |
|---|---|---|
| CESU | 99% | 21.43 |
| NESCO | 98% | 36.25 |
| WESCO | 98% | 49.41 |
| SOUTHCO | 96% | 36.88 |

**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 2015-16 is projected at Rs 128.35 Cr for CESU, Rs 44.06 Cr for NESCO, Rs 31.12 Cr for WESCO and Rs 72.5 Cr for SOUTHCO.

**Interest Expenses**

CESU, NESCO, WESCO & SOUTHCO have submitted the interest expenses and the interest income for the FY 2015-16. The net interest expenses proposed by these licensees are Rs 192.21 Cr, Rs 94.07 Cr, Rs 99.95 Cr and Rs 51.59 Cr respectively. The major components of the interest expenses of these licensees are as follows:

**Interest on Capex Loan from Govt. of Orissa**

NESCO, WESCO & SOUTHCO have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 8.73 Cr, Rs 4.27 Cr and Rs 4.37 Cr respectively for the ensuring year.

**World Bank Loan Liabilities**

Rel. managed licensee NESCO, WESCO & SOUTHCO has calculated the interest liability of Rs 10.38 Cr, Rs 11.82 Cr and Rs 8.57 Cr respectively against the loan amount at an interest rate of 13% and repayment liability of Rs 9.13 Cr, Rs 9.10 Cr and Rs 7.26 Cr respectively.

**World Bank (IBRD) Loan**

CESU submitted that the interest on World Bank Loan has been calculated as Rs 126.36 Cr @ 13% as per the subsidiary loan & project implementation agreement with Government of Orissa.

**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 and WESCO don't have any outstanding payable to GRIDCO towards New Loan while SOUTHCO has liability of Rs 2.81 Cr which is included in total interest cost.

**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 16.75 Cr; and borrowed counter funding from PFC amounting Rs 35.52 Cr whose interest cost works out to be Rs 2.29 Cr.

In the ensuing year, NESCO, WESCO & SOUTHCO 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, WESCO and SOUTHCO have estimated an interest of Rs 0.76 Cr, Rs 0.66 Cr and Rs 0.72 Cr, respectively on this account.

**Interest on SI Scheme Counterpart Funding from REC/IDBI for Capex Plan**

NESCO, WESCO & SOUTHCO have estimated the interest at the rate of 13.5% p.a. on counterpart funding for SI Capex scheme which amounts to Rs 4.43 Cr, Rs 3.93 Cr and Rs 20.76 Cr respectively for the ensuing year.

**Interest Capitalized**

CESU has proposed interest to be capitalized during ensuing year works out to be Rs 2.29 Cr. The interest on loan outstanding at the beginning of the year has been considered as revenue expense as a part of ARR. The interest on loan to be drawn during the ensuing year for capital works amounting to Rs 6.58 Cr, Rs 0.81 Cr and Rs 4.15 Cr has been capitalized by NESCO, WESCO and SOUTHCO respectively.

**Interest on Security Deposit**

CESU, NESCO, WESCO and SOUTHCO have submitted that the interest on security deposits for FY 2015-16 have been worked out to be Rs 49.10 Cr, Rs 39.10 Cr, Rs 44.65 Cr and Rs 8.39 Cr respectively.

**Non-Tariff Income**

NESCO, WESCO and SOUTHCO have proposed non-tariff income for FY 2015-16 to the tune of Rs 50.41 Cr, Rs 87.17 Cr and Rs 20.43 Cr respectively. However, they have proposed to abolish meter rent for all categories and hence not considered any income from meter rent.

**Provision for Contingency**

NESCO, WESCO and SOUTHCO have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2015-16. The exposure towards contingency provisions is to the tune of Rs 4.57 Cr, Rs 3.26 Cr and Rs 3.42 Cr respectively. CESU has not proposed for provision for contingency.

**Amortisation of Regulatory Assets and Truing up of Revenue Gap for FY 2013-14 and FY 2014-15**

NESCO, WESCO and SOUTHCO have included the total amortization of Regulatory assets as Rs 1165.95 Cr, Rs 1725 Cr and Rs 1532.65 Cr respectively. Out of the total regulatory assets mentioned above, licensees have requested the Commission to allow part of the Regulatory asset for amortization during the FY 2015-16 which is to the tune of Rs 197.77 Cr, Rs 241 Cr, Rs 230.42 Cr respectively. This includes truing up amount for two FY 2013-14 and FY 2014-15 also.

CESU has not submitted any detail about past losses/regulatory assets to be set off in future year.

**Table - 10**

**Amortization of Regulatory Assets (Rs in Cr)**

| | Regulatory Assets | | Truing Up | | Request Total Amortization Amount for FY 2015-16 (A+B) |
|---|---|---|---|---|---|
| | Total Regulatory Asset till FY 2013-14 | Amortization of Regulatory Asset (10%) (A) | Amount for Truing up till FY 2014-15 | Truing up of Revenue Gap for FY 2014-15 (1/3rd) (B) | |
| NESCO | 818.06 | 81.81 | 347.89 | 115.96 | 197.77 |
| WESCO | 1430 | 143 | 295 | 98 | 241 |
| SOUTHCO | 1202 | 120.2 | 330.65 | 110.22 | 230.42 |

**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, WESCO, SOUTHCO have assumed reasonable return amounting to Rs10.54 Cr, Rs 7.78 Cr and Rs 6.03 Cr as calculated @ 16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

**Revenue at Existing Tariffs**

The Licensees have estimated the revenue from sale of power by considering the sales projected for FY 2015-16 and by applying the various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs 2980.75 Cr, Rs 1812.30 Cr, Rs 2470.47 Cr and Rs 921.91 Cr by CESU, NESCO, WESCO and SOUTHCO respectively.

**Summary of ARR and Revenue Gap**

The proposed revenue requirement of DISCOMs have been summarised as below:

**Table - 11**
**Proposed Revenue Requirement of DISCOMs for the FY 2014-15 (Rs in Cr)**

| | CESU | NESCO | WESCO | SOUTHCO |
|---|---|---|---|---|
| **Total Power Purchase, Transmission & SLDC Cost** | 2742.23 | 1716.35 | 2333.43 | 762.84 |
| **Total O&M and Other Cost** | 998.01 | 581.46 | 635.68 | 631.04 |

| | | | | |
|---|---|---|---|---|
| **Return on Equity** | 11.64 | 10.54 | 7.78 | 6.03 |
| **Total Distribution Cost (A)** | 3751.88 | 2308.35 | 2976.89 | 1399.91 |
| **Total Special Appropriation (B)** | 0.00 | 202.34 | 244.63 | 230.42 |
| **Total Cost (A+B)** | 3751.88 | 2510.69 | 3221.52 | 1630.33 |
| Less: Miscellaneous Receipt | 93.26 | 50.41 | 87.17 | 20.43 |
| **Total Revenue Requirement** | 3658.62 | 2460.28 | 3134.35 | 1609.90 |
| **Expected Revenue (Full year)** | 3047.39 | 1812.30 | 2470.47 | 921.91 |
| **GAP at Existing Tariff (+/-)** | (611.24) | (647.98) | (663.88) | (687.99) |

**TARIFF PROPOSAL**

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

**Table - 12**
**Revenue Gap for Ensuing FY 2015-16 (Rs in Cr)**

| | CESU | NESCO | WESCO | SOUTHCO |
|---|---|---|---|---|
| Revenue Gap with existing Tariff | 611.24 | 647.98 | 663.88 | 687.99 |
| Excess Revenue with Proposed Tariff | 0 | 0 | 0 | 0 |
| Proposed Revenue Gap | 611.24 | 647.98 | 663.88 | 687.99 |

3. **Disaster Mitigation Plan:** Utilities mention that for execution of Disaster Mitigation Plan (DMP), they require huge investment. Apart from the tariff rationalizing measures, all the utilities have proposed additional charge per unit of electricity sold for undertaking measures for execution of disaster mitigation plan. To accomplish the said purpose, Licensee propose additional costs as estimated below, the amount may be allowed over two years in the ARR of DISCOMs as an surcharge of 5 paisa per unit to be collected from the consumers. Hence, utilities have planned to execute the DMP in a phased manner and to execute this first phase plan as per the following measure:

**Table - 13**
**Fund Allocation for Disaster Mitigation Plan**

| | Disaster Mitigation Plan allocation in (Rs in Cr) | Proposed additional charge per unit on the electricity sold to customers (Paisa/ kWh) |
|---|---|---|
| CESU | 60.00 | 1% surcharge on energy charges |
| NESCO | 39.85 | 05 |
| WESCO | 36.95 | 05 |
| SOUTHCO | 39.85 | 05 |

**Tariff Rationalization Measures Proposed By The Licensees:**

**Proposal of CESU**

CESU proposed to meet the revenue gap of Rs 611.24 Cr by the way of revision of retail tariff as per the proposed tariff schedule and/or Government subsidy as the Commission may deem fit or a combination of proposals suggested on RST. Proposal on retail tariff ensuing year & issues that need to be addressed in the proceedings are discussed as under:

**Over Drawl by Existing HT/EHT Category Consumers:** These consumers pay over drawl penalty only for quantum of load over and above 120% of contract demand in off-peak hours and 100% of contract demand for peak hours. By such over drawl consumer load factor goes up and he gets incentive as per the graded slab structure. Over drawl also leads to Grid indiscipline warranting deviation settlement. So part of penalty is passed on to the consumer as higher load factor incentive. Utility has no control on such over drawl and in ABT environment Utility has to pay BST plus deviation settlement on implementation.

CESU proposed that over drawl penalty should be levied on both demands as well as energy charges.

**Steps for Flattening of Load Curve:** CESU submits that presently it witnesses a demand surge of 500MW in peak hours in comparison to off-peak period. Similarly, Orissa Grid faces peak/off-peak demand difference of 1600 MW. Industrial demand comprises 50% of total demand of the Licensee. Under such circumstances migration of industrial load only can contribute to flattening of load curve. The incentive measures so far given in the tariff orders have no compelling effect on industrial consumers. Rather they take advantage of the incentives and overload the network both in peak and off-peak hours.

Hence it is proposed that the peak hour load drawl by HT/EHT industries/ consumers may be de-incentivized by formulating higher demand as well as energy charges.

**Temporary Higher Demand by the HT/EHT Consumers due to Seasonal Factors:** CESU submits that from analysis of last three years demand scenario of some HT/EHT industries, it is found that reasonably some industries require temporary surge of load during the agreement period. Sales projections for these consumers are based on past year's consumption pattern. So, any sudden rise in demand puts the Utility to over drawl situation with unscheduled costing.

So, provision may be allowed in the Tariff Order for HT/EHT consumers having loads of 1 MVA & above to draw temporary excess demand by paying higher energy & demand charges for drawl of over & above estimated demand during the tariff period. This provision may also be applicable to new industries who intend to avail supply during tariff year and who are not included in the tariff proceedings.

**Monthly Minimum Fixed Charges for Consumers of Contract Demand less than 110 KVA excluding Single-phase Consumers:** CESU submits that all three-phase consumers whose contract demand is less than 110 KVA are provided with static meters having facility for record of demand during bill period. Prior to FY 2013-14 these consumers were paying MMFC based on contract demand. The Commission vide Tariff Order for Financial Year 2013-14 allowed to levy MMFC based on recorded Maximum Demand. CESU loses substantial revenue from MMFC as these consumers generally available lower demand than their contract demand. CESU as a licensee has to keep the infrastructure ready and in healthy condition to meet their contract demand incurring fixed cost. MMFC is meant for meeting the fixed cost to make the demand available to the consumer. So, when the consumer is paying MMFC based on recorded Maximum Demand, the required fixed cost is not recovered fully.

Hence, it proposes consumers having contract demand less than 110 KVA may be charged MMFC based on contract demand.

**Reliability Surcharge:** Reliability surcharge is presently levied on HT/EHT consumers availing supply through dedicated feeders from the EHT Grid Substations or Primary Substations of the Utility. There are many other industries that also get reliable and quality power who are not connected through dedicated feeder.

So, reliability surcharge should be applicable to all HT/EHT consumers when the required reliability index is achieved by the licensee.

**Power Factor Penalty for Three-phase Consumers having Contract Demand less than 110 KVA:** CESU mentions that many three-phase consumers in this load range particularly industrial ones are availing their load at lower power factor than normal. Such behaviour puts extra burden on the distribution network and also leads to higher technical loss. This aspect has been verified from actual data also. There is no de-incentive measure in the tariff order for these consumers to enhance their average power factor by installing capacitor bank.

So, it proposed that power factor penalty may also be extended to all three-phase consumers having contract demand less than 110 KVA which will put indirect pressure on them to install capacitor banks to improve their power factor.

**Interest on Security Deposit:** From FY 2014-15, interest on Security Deposit was enhanced in the tariff order to 8.75% equalizing to RBI notified bank interest. The licensee will have to park entire Security Deposit realized in long term deposits to meet the interest burden leaving no money for working capital of the licensee. Besides when a consumer either exits or enters in agreement in a mid-year approved interest on SD is not realized during the exit or entry year.

Hence CESU proposed that interest rate should be reduced to previous level leaving working capital for the Licensee. CESU will pay proportionate rate of interest as applicable for the period of SD held by the licensee.

**Enhancement of Meter Rent for Smart Meters:** CESU submits that in compliance to the Commission’s tariff orders in FY 2014-15, it has already installed 48 no of smart meters in pilot basis out of ordered quantity of 201 nos. These smart meters cost the licensee approximately Rs 8000 per single phase & Rs 14000 per three phase meter. The cost of the meter is not fully realized through approved monthly meter rent and instalment structure.

Hence CESU proposed that meter rent and instalment structure may be approved for smart meters and prepaid meters.

**Measure for Encouraging Prompt Payment from Singe-phase Domestic & General Purpose Consumers:** It is observed that present rebate or DPS rate applicable to single phase domestic and general purpose consumers is not encouraging for timely payment of current electricity bill particularly in rural areas. Combine benefit of rebate and DPS may be substantial and encouraging to bring more consumers to regular and timely payment fold. Most of the consumers billed in first & second slab in the above two category are found to defaulters.

So, it is proposed that rate per unit in first two slabs may be enhanced above the proposed rate by one rupee and the same amount may be allowed as rebate if the consumer pays in time. Proposed incremental tariff has nil effect on a regular payee consumer.

**Creation of Contingency Fund to Meet Expenses arising out of Natural Disasters like Cyclone, Flood & Earthquake etc.:** CESU mentions that it very often faces natural calamities like cyclone & flood. Due poor financial health of the Utility restoration work getting delayed for want of funds. To expedite the restoration work without waiting for the Govt. assistance it is proposed to create a disaster management fund to the tune of Rs 60 Cr by levying 1% surcharge on energy charges for coming two years. Surcharge will be lifted once the requisite fund is created.

**Supervision Charge:** As per the OERC Distribution (Conditions of Supply) Code-2004 vide section 13.1) Appendix-I, when a consumer is asked to bear the capital work, the estimated cost shall be calculated on the aforesaid basis. The licensee is entitled to collect the requisite supervision charge for checking and ensuring that the capital works have been done as per the standards and in addition, the inspection fees for inspection pertaining to safety and security as notified by the Government of Orissa from time to time. The licensee should ensure inspection of works by the Electrical Inspector.CSU proposes for enhancement of security Deposit as follows:

Justification for enhancement of Supervision Charge to 10% of the estimated Cost:

1) Above scope of work directly attracts the involvement of the Man days.
2) The employees cost has gone up after the introduction of 6th Pay Revised scales.
3) There is a considerable rise in fuel and vehicle used for the above said work.

4) Existing 6% supervision charge has not been enhanced since more than 10 years.

5) For the above scope of work, the Supervision Charge introduced in other states is quite high.

| | | | |
|---|---|---|---|
| a. | Gujrat | : | 15% |
| b. | Karnatak | : | 10% |
| c. | Uttapradesh | : | 15% |
| d. | Paschim Banga | : | 15% |
| e. | Kerala | : | 10% |

**CESU proposes that following provisions may be mandated in the ensuing tariff order for better acceptance by the consumers and impact.**

A. Licensee wants to roll out a KYC data build up for better communication/ service to the consumers. To roll out such provision the licensee requests commission to pass a mandate in the tariff order in the ensuing year for better impact on the consumers and compliance on KYC.

B. Considering the security accepts in cash handing it proposes that necessary regulatory mandate may be issued in the tariff order covering all high value consumers.

C. Around 40% single phase consumers are defaulter in paying their regular energy bills. Disconnection of these entire consumer following regulatory provisions is difficult process for the Licensee. This consumer enjoys the interest on security deposit without paying their energy bills. The licensee proposes to adjust their security deposit against the outstanding energy bills.

**PROPOSAL OF NESCO, WESCO AND SOUTHCO**

The licensees have proposed to bridge the revenue gap through combination of increase in Retail Supply Tariff, reduction in Bulk Supply Tariff and grant/subsidy from State Government in an appropriate manner.

**Tariff Rationalization Measures and related proposals of NESCO, WESCO and SOUTHCO**

**Levy of Meter Rent on Smart, Prepaid Meters**

For smooth operation of prepaid metering system following suggestions are submitted by DISCOMs to be considered by the Commission.

The Meter Rent fixed for the LT Single Phase and Three Phase AMR / AMI Compliant meters need to be reviewed by the Commission. Further the direction of the Commission to not to charge for rent for prepaid meter be withdrawn 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)

The existing meter rent recovered by the Licensee from the consumers are negligible and the leasing as well as vending service charges are high enough as a result, there is a huge difference. Accordingly, the Commission may kindly allow difference in such recoveries and recurring costs.

Licensees suggested that the present slab wise rate tariff is simplified for ease of consumers opting out for the same. The additional rebate of Rs 0.25 per unit allowed in smart metering scheme may be withdrawn.

A principle may be approved by Commission for adjustment of outstanding arrears along with its part payment before implementation of Prepaid metering system.

Further licensees submitted that the Govt. of Orissa notification, for all govt. offices to stop paying regular electricity dues beyond 1.4.2013 after instalment of prepaid meter is a matter of concern for the licensee since it is difficult to cover all such govt. consumers with prepaid meters, within a period of 57 days, more so when the technical specifications was also not available. Hence this direction may be withdrawn or modified suitably.

**Introduction of KVAH Billing**

All three DISCOMs have requested for introduction of either kVAh billing or implementation of Power Factor penalty on consumers with contracted demand of more than 20 kW.

They submitted that the Commission in its RST Order dtd 22.03.2014 for FY-2014-2015 had given the following directions to the DISCOMs vide Para-246. The Commission directed the Distribution Licensees to prepare a detailed sales containing category wise and consumer wise contracted load / connected load and their month wise consumption for the latest three years ending 31st March, 2014. They were required to submit the complete information in this regard latest by 30th September, 2014.

In compliance to the above direction of the Commission NESCO & WESCO have submitted the above required data of 20 KW and above Consumers before the Commission during month of Oct'2014 while SOUTHCO has submitted the data in Nov' 2014. They have verified that all the 3-phase meters, especially those installed for consumers having Contract Demand 20KW and above in the DISCOMs are enabled to meet the requirements of kVAh billing parameters. With the above submissions, DISCOMs requested the Commission to allow kVAh billing from the ensuing FY 2015-16.

DISCOMs further submitted that in case above proposal of is not considered by the Commission for implementation due to any reason, there should be 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 Sewerage Pumping > 22 KVA

**Applicability of Power Factor Penalty**

The licensees have proposed that, the Commission in its RST order for FY 2014-15 orders allowed power factor penalty as a % of Monthly Demand Charge and Energy Charges to some category of consumers. Hence, to bring more efficiency in Power System Operation and till such time the kVAh billing approach is adopted, the licensees have proposed Power Factor Penalty and Incentive structure to following additional category of consumers in order to bring more efficiency in Power System Operation.

LT Category: (LT industries Medium Supply, Public Water Works and Sewage pumping > 22 kVA)

HT Category: (Specified Public Purpose, General Purpose < 110 kVA, HT Industries (M) Supply).

**Verification of CGP Status of Power Plants**

All three Licensees submitted that, as per the relevant provisions of the Electricity Act 2003 read with Indian Electricity Rules, 1956, the CGPs are mandated to maintain utilize at least 51% of power for self consumption per annum. Thus there should be annual verification of the status of the industries operating as CGPs. Because if in any year an industry having the CGP status fails to utilize minimum 51% of the power generated from the CGP, then that industry would lose the status of CGP for that particular year, thereby attracting levy of cross subsidy surcharge by the Licensee. This being the well settled principle of law, the Licensees want to draw the attention of Commission to the fact that till date the status of the industries owning CGP is not being verified annually, for which a reasonable apprehension would occur about the real status of the CGPs.

**Emergency Power Supply to Captive Power Plants (CPPs)**

Licensees mentioned that normally the Emergency/Start-up power requirement of Captive generators are very less but 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. But as per retail supply tariff for FY-2013-14, no demand charges are payable by industrial consumers availing Emergency power supply having contract demand of 100% of the rated capacity of largest Unit.

Licensees requested Commission to for amendment of Para-15 of OERC Distribution (condition of supply) code. It is suggested that for consumption in excess of 10 % load factor, the demand charge should be charged at double the normal rate and that the Industries should execute agreement with Distribution Licensees. In light with the ‘emergency’ nature of the supply it is suggested that there should be provisions for disconnection of supply in case the consumption is in excess of 10% of the load factor for two consecutive months. The licensees’ suggested introduction of Demand Charges of Rs 250 / KVA in addition to Energy Charges for Start-up power.

To justify their requirement, licensees have come up with an example of such practice being adopted in the state of Chhattisgarh where, there is a two part tariff for start-up power for generators at 400/220/132/33/11 KV approved for FY 2012-13.

The Licensees submitted the Commission to consider Tariff for start-up power for IPP/CGPs proposed for state of Orissa the proposal of the Licensee is as under:

**Proposed Tariff**

Although all three DISCOMs have asked for tariff applicable for start-up power but SOUTHCO has not given any tariff rate; while NESCO and WESCO have proposed rate charge as under:

**Table - 14**
**Proposed Demand and Energy Charges**

| Category of Consumers | Demand Charges (Rs/ KVA/ Month) | Energy Charges (Rs/ kWh) |
|---|---|---|
| EHT Consumers | 250 | 6.95 |
| HT Consumers | 250 | 7.00 |

4. **Proposed Condition for Start-up Power Supply to CGP**

**(a)** Industries having CGPs to avail Start-Up power their Contract Demand should not exceed 12% of the capacity of the highest capacity Generating units of the CGP. Consumers have to enter into an agreement with the concerned DISCOMs subject to technical feasibility and availability of required quantum of power/ energy.

**(b)** Drawl of Power shall be restricted to within 10% of load factor based on the contract demand and actual power factor in each month. If the load factor in a month is recorded beyond 10% the demand charge shall be charged at double the normal rate. Supply can also be disconnected if the monthly load factor exceeds 10% in any two consecutive months.

**(c)** This tariff shall also be applicable to such generator(s) for startup purpose prior to their COD.

**(d)** Start-up power shall also be made available to the generator connected to CTU grid with proper accounting done in monthly Regional Energy Accounting prepared by ERPC. (New IPPS are coming in future, which may also be connected to CTU grid directly).

**Exclusion of Meter Rent as misc Revenue in DISCOMs ARR**

The DISCOMs have submitted that, inclusion of meter rent as miscellaneous income/ revenue receipts in the ARR ought to be discontinued as expenditure on purchase of meters is treated as a capital expenditure. On several instances, the DISCOMs have been asked to provide for meters in social welfare schemes such as Mega Lift Irrigation points, which taking into account the precarious financial position is difficult. The Commission has also suggested the utilization of meter rent for procurement of meters. Accordingly, the meter rent which is allowed to be recovered up-to the cost of the meter is proposed to be used for purchase of new meters. Further, the cost of the meter has not been included as a cost to the Annual Revenue Requirement on the basis of the State Commission’s policy. Therefore, the meter rent ought not to be treated as revenue in the Annual Revenue Requirement. To support this, the licensees have referred to the judgement of the APTEL under Appeal No 52, 53 and 54 of 2007-Clause 27.

**MMFC for Consumers with Contract Demand <110 kVA**

Licensees submitted that as per the current tariff structure, the Monthly Minimum Fixed Charges are to be levied to consumers with contract demand less than 110 KVA on the recorded demand rounded to nearest 0.5 kW requiring no verification irrespective of the agreement. For billing purposes this adversely affects the Licensee in case of the recorded demand is lower than the contract demand/ connected load. As the licensee is reserving the contracted capacity for the consumers at the same time they are also liable to pay the MMFC/ Demand charges on the basis of CD or MD whichever is higher as like of consumers with CD of >110 KVA. The Licensee proposed that the Monthly Minimum Fixed Charges for such consumers should be levied at Contract Demand or Maximum Demand whichever is higher.

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

Licensees submitted that as per current tariff structures the consumers in the above category who are availing power supply in HT are required to pay demand charges of Rs 250 and Rs 150 per KVA respectively. In para 341 of RST order (FY 2013-14) Demand charges are meant for consumers with contract demand of 110 KVA and above. In absence of clear-cut guidelines for billing of demand charges to the above two category availing power supply in HT supply are raising disputes in various forums and demanding that they are required to be billed as per para 344 of RST order FY 2013-14.

**Para 344 says**

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

Further Licensees mention here that consumers with CD of more than 110 KVA are paying Demand charges on the basis para 342 of RST order FY 2013-14, as the licensee is reserving capacity for them to the extent of their CD. In similar line consumers with CD of <110 KVA are also liable to pay the Demand charges on the basis of CD or MD whichever is higher.

**Demand Charges and Monthly Minimum Fixed Charges**

The Licensee mentioned that 90% of the Distribution costs are fixed cost in nature. The distribution cost of the License which is a fixed cost has increased many folds during the recent years, the said cost normally required to be recovered from the Demand Charges. The fixed cost of the power procurement by way of payment towards capacity charges has also increased during last few years. In view of the above, the Licensees request 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.

**Applicability of Reconnection Fees and Reliability Surcharge**

Licensees submitted that the reliability surcharge is applicable for HT and EHT consumers, availing power supply through dedicated feeders, with other pre-conditions. However in absence of clarity in the definition of 'dedicated feeder' the licensees are facing difficulties for proper implementation of the same. In view of the above they suggested that as the consumers those who are fulfilling other two pre-conditions for levy of reliability surcharge and also connected with dedicated shared industrial feeders should also be liable to pay reliability surcharge. DISCOMs request that the prevailing system of applicability of reconnection fees and reliability surcharge may be continued with the above modifications.

**Rebate on Prompt Payment**

In the BSP Order for the financial year 2014-15, the Hon`ble Commission directed that the Licensee 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% is paid within 30 days. Further, the Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

With this, licensees have requested the Commission to approve the rebate of 2% to the licensee 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.

They also submitted that when licensees are extending rebate on prompt payment to consumers on the current bill (excluding all arrears), they are not being allowed rebate on prompt payment of current BSP bill on the pretext of arrears which are disputed. The licensees urged for parity in treatment regarding rebate on prompt payment on current bill (excluding arrears).

**Tariff Schedule**

The Reliance Managed DISCOMs have not proposed any changes in the existing tariff structure of the State. However, CESU has proposed tariff schedule as given bellow:

**Table - 15**

**Retail Supply Tariff Proposed by CESU to be Effective from 1st APRIL, 2015**

| Sl. No. | Category of Consumers | Voltage of Supply | Demand Charge (Rs/KW/ Month) / (Rs/KVA/ Month) | Energy Charge (P/ kWh) | Customer Service Charge (Rs/ Month) | Monthly Minimum Fixed Charge for first KW or part (Rs) | Monthly Fixed Charge for any additional KW or part (Rs) | Rebate (P/ kWh) (OR) DPS |
|---|---|---|---|---|---|---|---|---|
| | **LT Category** | | | | | | | |
| 1 | Domestic | | | | | | | |
| 1.a | Kutir Jyoti < 30 Units/month | LT | FIXED MONTHLY CHARGE-> | | | 100 | | |
| 1.b | Others | | | | | | | DPS/ Rebate |
| | (Consumption <=50 units/month) | LT | | 300 | | 50 | 50 | |
| | (Consumption >50, <=200 units/month) | LT | | 470 | | 50 | 50 | |
| | (Consumption >200, <=400 units/month) | LT | | 530 | | 50 | 50 | |
| | (Consumption >400 units/month) | LT | | 560 | | 50 | 50 | |
| 2 | General Purpose < | | | | | | | DPS/ |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 110 KVA | | | | | | | Rebate |
| | (Consumption <=100 units/month) | LT | | 560 | | 80 | 80 | |
| | (Consumption >100, <=300 units/month) | LT | | 670 | | 80 | 80 | |
| | (Consumption >300 units/month) | LT | | 690 | | 80 | 80 | |
| 3 | Irrigation Pumping and Agriculture | LT | | 130 | | 30 | 30 | DPS/ Rebate |
| 4 | Allied Agricultural Activities | LT | | 140 | | 40 | 40 | DPS/ Rebate |
| 5 | Allied Agro-Industrial Activities | LT | | 470 | | 100 | 100 | DPS/ Rebate |
| 6 | Public Lighting | LT | | 580 | | 60 | 60 | DPS/ Rebate |
| 7 | L.T. Industrial (S) Supply | LT | | 580 | | 100 | 100 | DPS/ Rebate |
| 8 | L.T. Industrial (M) Supply | LT | | 580 | | 100 | 100 | DPS/ Rebate |
| 9 | Specified Public Purpose | LT | | 580 | | 100 | 100 | DPS/ Rebate |
| 10 | Public Water Works and Sewerage Pumping<110 KVA | LT | | 580 | | 100 | 100 | DPS/ Rebate |
| 11 | Public Water Works and Sewerage Pumping >=110 KVA | LT | 200 | 580 | 30 | | | DPS/ Rebate |
| 12 | General Purpose >= 110 KVA | LT | 200 | 580 | 30 | | | DPS/ Rebate |
| 13 | Large Industry | LT | 200 | 580 | 30 | | | DPS/ Rebate |
| | **HT Category** | | | | | | | |
| 14 | Bulk Supply - Domestic | HT | 50 | 460 | 500 | | | DPS/ Rebate |
| 15 | Irrigation Pumping and Agriculture | HT | 40 | 120 | 500 | | | DPS/ Rebate |
| 16 | Allied Agricultural Activities | HT | 50 | 130 | 500 | | | DPS/ Rebate |
| 17 | Allied Agro-Industrial Activities | HT | 100 | 460 | 500 | | | DPS/ Rebate |
| 18 | Specified Public Purpose | HT | 275 | As indicated in the notes below | 500 | | | DPS/ Rebate |
| 19 | General Purpose >70< 110 KVA | HT | 275 | | 500 | | | DPS/ Rebate |
| 20 | General Purpose > 110 KVA | HT | 275 | | 500 | | | DPS/ Rebate |
| 21 | H.T .Industrial (M) Supply | HT | 175 | | 500 | | | DPS/ Rebate |
| 22 | Public Water Works & Sewerage Pumping | HT | 275 | | 500 | | | DPS/ Rebate |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 23 | Large Industry | HT | 275 | | 500 | | | DPS/ Rebate |
| 24 | Power Intensive Industry | HT | 275 | | 500 | | | DPS/ Rebate |
| 25 | Mini steel Plant | HT | 275 | | 500 | | | DPS/ Rebate |
| 26 | Railway Traction | HT | 275 | | 500 | | | DPS/ Rebate |
| 27 | Emergency Supply to CPP | HT | | 785 | 500 | | | DPS/ Rebate |
| 28 | Colony Consumption | HT | | 460 | | | | DPS/ Rebate |
| | **EHT Category** | | | | | | | |
| 29 | General Purpose | EHT | 275 | As indicated in the notes below | 1000 | | | DPS/ Rebate |
| 30 | Large Industry | EHT | 275 | | 1000 | | | DPS/ Rebate |
| 31 | Railway Traction | EHT | 275 | | 1000 | | | DPS/ Rebate |
| 32 | Heavy Industry | EHT | 275 | | 1000 | | | DPS/ Rebate |
| 33 | Power Intensive Industry | EHT | 275 | | 1000 | | | DPS/ Rebate |
| 34 | Mini steel Plant | EHT | 275 | | 1000 | | | DPS/ Rebate |
| 35 | Emergency Supply to CPP | EHT | | 780.00 | 1000 | | | DPS/ Rebate |
| 36 | Colony Consumption | EHT | | 450.00 | | | | DPS/ Rebate |
| **Note: Energy Charges for HT & EHT Consumers** | | | | | | | | |
| | Load Factor (%) | **HT** | **EHT** | | | | | |
| | up to 60% | 565 p/u | 560 p/u | | | | | |
| | >60% | 420 p/u | 415 p/u | | | | | |

**Proposal of DISCOMs on Open Access Charges (In Case Nos. 61, 62, 63 & 64/ 2014)**

The DISCOMs have calculated Open Access Charges for the year FY 2015-16 and sought for approval of the Commission. The details of charge are given as under:

**Table – 16**
**Surcharge and Wheeling Charge Proposed by the Licensees for Open Access consumer for FY 2014-15**

| Name of the Licensee | Open Access Surcharge for EHT Consumer (P/U) | Open Access Surcharge for HT Consumer (P/U) | Wheeling Charge at HT (P/U) |
|---|---|---|---|
| **CESU** | 206.00 (405.00 for Emergency Supply to CGP consumer) | 190.00 (389.00 for Emergency Supply to CGP consumer) | 104.00 |
| **NESCO** | 255.00 | 117.00 | 145.00 |
| **WESCO** | 283.00 | 118.00 | 111.00 |

| | | | |
|---|---|---|---|
| **SOUTHCO** | 339.00 | 188.00 | 199.00 |

**OBJECTIONS & QUERIES RAISED DURING THE HEARING**

Hearing on ARR and Tariff application of all the DISCOMs for the FY 2015-16 started with a Power Point Presentation of ARR submission by the applicant to the Commission. This was followed by a presentation by World Institute of Sustainable Energy, Pune who has been appointed as consumer counsel by Commission. They presented the gist of the submissions made by the licensee, analysis of the ARR and made certain observations and submissions on ARR.

Different consumers association as well as individual consumers in their written submission have raised several issues against the proposal of DISCOMs. The Commission has considered all the issues raised by the participants in their written as well as oral submissions during the public hearing. Some of the objections were found to be of general nature whereas others were specific to the proposed Revenue Requirement and Tariff filing for the FY 2015-16. Based on their nature and type, these objections have been categorized broadly and discussed in detail as below:

**Performance Related Issues**

**Distribution Loss**

Many of the objectors submitted that in spite of enhancing benchmarks for the distribution loss abnormally by OERC during last 10 years, DISCOMs have not reduced losses but projecting fictitious loss figures ending up with increased losses year after year.

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

**Billing and Collection Efficiency**

An objector submitted that the licensees should produce the list of outstanding dues with the Govt. depts. and PSUs till January 2015. Further, licensees should give the list of HT and EHT consumers and status report on how many outstanding dues from these consumers have been settled through OTS process up to FY 2014-15.

At most objectors submitted that none of the licensees have improved the billing and collection efficiency as per their earlier submitted business plan. The Commission shouldn't approve billing and collection efficiency as per their current status rather they should be penalized for not performing in a long tenure of 15 years.

Referring to Enzen Global operating as franchisee, an objector asked CESU to mention the facts about their efficiency before the Commission. Penal / extra bills are raised against the consumer in the name of past dump data, meter slow due to carbon in the CT wiring & with other reasons. For such matters first the officers of the system should be auctioned, and then action against such consumers, if such is based on facts.

**Energy Audit and Demand Side Management**

Several objectors submitted that none of the licensees have been able to conduct proper energy audit. Moreover, they are not able to spend the fund approved against energy audit activities yet they ask for approval of more funds. Objectors also asked DISCOMs to submit the actual status of energy audit being implemented and submit the data and finding of energy audit conducted so far.

**Implementation of Agricultural Tariff in NAC areas of the state.**

Some objectors pointed that the present amended Regulation 80 (5) (i) relates to supply of power for pumping of water in lift irrigation, flow irrigation and for lifting of water from wells/ bore wells, dug-wells, nallahs, streams, revulets, exclusively for agricultural purpose in areas other than areas coming under Municipality/ NAC limit of this State. This category is applicable to pumping capacity of less than 15 HP in aggregate for a single consumer.

The above Regulation framed by the Commission has deprived the poor literate agricultural consumers of the State those have their agricultural lands under the NAC/ Municipality though they have cultivate their lands only for agricultural purpose but not for any other like Hotel/ Motel or commercial purposes and thereby the said Regulation violates the principles of natural justice and deprived the poor farmers by violating Articles 12, 14, 19 & 21 of the Constitution of India.

**Metering and Billing and Misuse of Section 126, 127 and 135 of EA 2003**

Some objectors submitted that DISCOMs are penalizing consumers under section 126 of EA 2003 for defective meter and they don’t replace meter in timely manner.

An objector submitted that other State Regulatory Commissions have long before addressed the manner and procedure of assessment under section 126 and 135, the OERC has remained silent on the subject throwing the responsibility on GoO thereby complicating the assessments and allowing the disputes to grow. The tariff should be addressed with specific guidelines till framing a separate regulation.

Some objectors submitted that undue enrichment by DISCOMs should be stopped under application of Section 126 of Indian Electricity Act 2003 and a Consumer Awareness Fund be created to utilize in favour of consumers.

An objector requested that the consumers should have the right to verify the quality of meters in laboratories approved by the government.

**Franchisee Operations**

An objector mentioned that in CESU area, the only work of the franchisee operating in franchisee area is to collect Revenue U/S 126 of EA 2003. There is no possibility of reduction of T&D and AT&C losses in such area as DF are not investing anything for improvement of T&D loss.

Some objectors submitted that status report of franchisee operations and performance and revenue earned from franchisees since 2012-13 to till date should be produced.

**Issues Related to HT / EHT Consumers**

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

Against NESCO, an objector submitted that Demand Charges for General Purpose > 70 KVA < 110 KVA and HT Industrial (M) Supply may be treated as the same for LT Industrial (M) Supply or less.

Same objector submitted that NESCO doesn’t give the printout data record of the static meter relating to MD, PF, number & period of interruptions etc. The Commission may please direct licensee to follow the directive given in Para XVI of Annexure- B of last year’s RST order.

**Over Drawl by Existing HT/EHT Category Consumers**

An objector submitted that proposal by CESU to levy over drawl penalty both demands as well as energy charges for more than 100% and 120% of CD during peak and off-peak period is not justified at all. One objector suggested, there should be truing up at the end of the financial year relating to the average SMD of the year vis – a – vis the approved SMD.

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

An objector in reference of NESCO, WESCO and SOUTHCO submitted that there is an equivalent tariff / demand charge for both regular and seasonal industries in vague, which burden the seasonal industries and they fail to compete the market. Hence there should be concessional seasonal tariff in order to promote the seasonal industries.

CESU proposed for higher Energy & Demand charges for drawl of over & above estimated demand during the tariff period by HT/EHT consumers who have loads of 1 MVA & above to draw temporary excess demand. CESU proposed this provision may also be applicable to new industries who intend to avail supply during tariff year and who are not included in the tariff proceedings. Alternately overdrawl charges may be extended to the consumers with CD < 110 KVA.

In objection to proposal of CESU, an objector submitted that in case of HT/EHT consumers >110 KVA at present pay overdraw charges and such overdraw is also compensated by low drawl by consumers of CD<110 KVA & other consumers. If such proposal of CESU is to be accepted then for such period such consumers are availing less power, they should be fixed with less separate tariff for those period.

**Demand Charge / MMFC Payable on CD Vs MD**

An objector submitted that there is a mandate for billing for MMFC for single phase consumers on MD but the licenses still continuing the old practice of billing on CD instead of MD. Same consumer submitted that the regulation classifies consumers' load as per KVA whereas the tariff designed in kW.

**Imposition of Reliability Surcharge on all HT/EHT Consumers**

Some of the HT/EHT consumers submitted that unlike tariff orders none of the DISCOMs are providing reliability index calculation as well as voltage variation report along with energy bill if reliability surcharge is to be charged.

Many of the objectors submitted that in the matter of HT / EHT consumers, DISCOMs have no role in supplying reliable power as most of these consumers are connected to EHV grid stations and DISCOMs are not paying anything extra to OPTCL for maintaining such reliability.

Further more consumers submitted that if a reliability surcharge is payable by consumer to licensee for achieving a certain level of performance on “availability” and “voltage of supply”, a penalty should have been prescribed for not achieving these standards.

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

All three private DISCOMs have requested for introduction of either kVAh billing or implementation of Power Factor penalty on consumers with contracted demand of more than 20 kW. Moreover, CSEU proposed KVAH billing for consumers having CD<110 KVA.

Objectors submitted that licensees are not interested in improving the system performance and they just want financial benefit arising out of billing.

Many of the objectors submitted that if KVAH billing is adopted, the SI, MI & other consumers who are not under PF folder, will be affected badly which is intention of the licensees.

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

**Rate of Interest on Security Deposit**

Many consumers submitted that interest on security deposit on consumer's security as on 31/03/2013 should be paid as per then bank rate of 8.75% declared by the RBI. Moreover, interest on security deposit for FY 2012-13 and FY 2014-15 should also be paid as per then bank rate 9.5% and as per current bank rate 9% respectively declared by the RBI.

**Creation of Contingency Fund to Meet Expenses towards Disaster Management**

East Coast Railway submited that charge for disaster management fund should be abolished as tariff is already on higher side. Moreover, DISCOMs are getting reliability surcharge of 20 paisa which they don't deserve at all.

**Emergency Power Supply to Captive Power Plants (CPPs)**

Many objectors submitted that there is no justification for introducing a Demand Charge particularly when the drawl of emergency power is limited to much less than 660 hours (720 hr - 60 hr) which is minimum hours of drawl for charging full Demand Charges vide Regulation 85 (iii) of the OERC Distribution Code, 2004. Moreover regarding drawl of emergency power resulting in to increase of SMD of the discom beyond the permissible limits, the CGPs either opt to pay higher energy charges or bear the penal demand charges.

Further, objectors submitted that "Emergency Power Supply" category provided under Regulation 80(15) is to meet not only requirement of start up of the unit but also to meet their essential auxiliary and survival requirements in the event of failure of their generation capacity that up to 100% of rated capacity of largest unit of CPP.

**Calculation of Load Factor**

Many consumers (especially HT/EHT) submitted that Load Factor should be calculated as per Regulation Y of OERC Distribution Code 2004.

Many consumers have submitted for reintroduction of three slabs based graded tariff.

**Reintroduction of Power Factor Incentive**

Some consumers prayed before the Commission for reintroduction of power factor incentive by the Commission. They submitted that the Commission vide Para-193 of the RST order for FY 2013-14 has deleted the provision of incentive for higher power factor on the ground that many industries have been able to run with a power factor of 95% or more and this has already stabilise the system. The incentive was deleted on the ground that the consumers become conscious of keeping their power factor hike for their own benefit. However, the huge expenditure incurred by power incentive industries to install capacitor banks for improvement of power factor upto 99% and more has been overlooked by the Commission. Hence they prayed for re-introduction of power factor incentives.

**Calculation of Transformer Loss in Case of LT Metering**

Some of the consumers submitted that in case of LT side metering of HT consumer, transformer loses are added in the bill. Although 30 days have been provided in regulation for replacement of meters, HT metering units are not being replaced for years together as a consequence of which consumers are burdened to pay ASSUMED LOSS units not consumed by them though the responsibility rests with Licensee to replace the MUs timely. As per Regulation 54 of the Code 370 units computed loss in 100 KVA transformers is an inheritance from erstwhile OSEB which is impractical.

A consumer against NESCO submitted that below 70 KVA, GPS consumers being supplied at HT, the licensee is adding transformer loss which is illegal.

**Change in TOD Off-peak Period from 00:00 Hrs to 06.00 Hrs of Next Day to 22.00 Hrs to 06.00 Hrs of the Next Day**

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

**GENERAL ISSUES RELATED TO ARR OF DISCOMS**

**Legal Issue**

An objector submitted that the application filed by the licensee is not in accordance with the law and also not tenable under law as such the same is liable to be rejected. DISCOMs have not complied with directions of Hon'ble Orissa High Court so issued in W.P. (C) No. 8409 of 2011 dated 30.3.2012 & direction of OERC issued in tariff orders passed in different years earlier & findings of CAG in its reports of different years. So ARR should be rejected.

**Energy Sales Forecast and Addition of BPL & LT Consumers**

Many objectors submitted that the sales projections made by the licensee are not realistic and are overestimated; and submitted that DISCOM needs to project the power purchase requirement after considering the effect of energy efficiency and DSM on energy sales.

Many objectors submitted that the proposed addition of BPL consumers in ensuing year is highly exaggerated. By proposing higher addition of BPL consumers DISCOMs want to reap the undue benefit of subsidy from state government.

**Cross Subsidy**

Some of the HT consumers submitted that DISCOMs knowingly project high purchase and sales of energy under LT category which ultimately leads to more cross subsidy to be paid by HT / EHT consumers. Consumers also objected increasing HT and EHT tariffs and submitted that the State Government should give tariff subsidies to BPL/ domestic consumers and the cross subsidy burden on HT and EHT consumers be reduced.

**Review of Inefficient Operations and Quality of Power Supply**

Many of the individual objectors and consumer associations submitted that, DISCOMs are not serious about the Standard of Performance (SoP). Data of consumer satisfaction is not real and is fabricated. Further, Licensees have failed in every front, be it reduction of distribution losses or collection of revenue or adhering to the SoP and in liquidating the arrears dues. Objectors requested Commission to revoke the license and make interim arrangement for operation of the distribution system.

**Audit of Books of Accounts**

Some objectors submitted that account of the licensee has not been audited for FY 2013-14 & 2014-15. In view of non availability of audited statements the licensee's prayer for revenue requirement should be rejected as it is based on the false statements and manipulated facts and figures.

**Consumer Awareness and Consumer Grievances**

Some objectors submitted that there is lack of unawareness among consumers about GRF and Ombudsman. Moreover, no information is accessible to consumers and no display at different office/ sections of DISCOMs.

Some objectors submitted that under RTI Act, DISCOMs are not providing the information particularly at sub division and section office level.

Another objector submitted that undue enrichment by DISCOMs should be stopped under application of Section 126 of Indian Electricity Act 2003 and a Consumer Awareness Fund be created to utilize in favour of consumers.

One objector submitted that GRFs are not acknowledging the grievance petition of the Petitioners and not dispatching orders to the petitioners. Same objector also submitted that the GRF and Ombudsman can't adjudicate the cases u/s 126 and 135 of the EA 2003 but the GRF and Ombudsman should adjudicate as to whether a case is coming under purview of section 126 of EA 2003 or not.

**Energy Police Station**

Some objectors submitted that licensees should produce the list of cases, FIRs filed in different courts and police stations since FY 2009-10 to FY 2014-15. Also produce detail of expenditure on EPS and Special Courts since FY 2004-05 to 2014-15.

**Tax Deduction from Interest on SD, and Duration for Deposit of SD**

Some objectors submitted that the licensees deduct the tax on interest of security deposit but don’t furnish the TDS certificate in time even if in demand for which the consumer has to suffer income tax problems year after year.

Some objectors have requested Commission for fixing a time limit to refund the excess amount of SD to the consumer and enhance the time limit for payment of additional SD by consumer from 30 days to 60 days.

**Electrical Accidents and Death of Animals & Human Beings**

An objector submitted that licensees have not paid any compensation for the deaths of animals & human beings due to electrical accidents and the licensees should produce the details of the same since FY 2004-05 to 2014-15.

**Issue of Retail Supply Tariff**

An objector submitted that RST during last year was increased and consumers are also paying their last year dues in 8 instalments hence tariff should not be increased this year.

**Issue of Non-dissemination of Information by Licensee to Consumers**

In the matter of NESCO, an objector submitted that licensee doesn’t give the printout data record of the static meter relating to MD, PF, number & period of interruptions etc. Therefore, the Commission may please direct licensee to follow the directive given in Para XVI of Annexure- B of last year’s RST order.

**RST Vs BST of DISCOMs**

Many of the objectors submitted that the ratio between BST and RST of DISCOMs is 1:2 while DISCOMs’ 80% cost is on towards power purchase from GRIDCO. Hence, there is high inefficiency in the operation of DISCOMs and they are gold-plating the RST requirement.

**Matter of Supreme Court Judgement for Dues of Previous Owners**

Against NESCO, an objector submitted that the aforesaid amendment regarding “Supreme Court Judgment for Dues of Previous Owners” needs modification in line with the Supreme Court Order with restoration of clause 13(10)(b) and requests the Commission to pass necessary orders.

**6% on Service Connection Estimate**

Same objector against NESCO submitted that when the construction of infrastructure is undertaken by the consumer themselves, the 6% estimate cost should not be applicable. Otherwise, NESCO may collect the entire estimate amount from the consumer including 6% estimate and get the work done by themselves through contractor within time bound manner with penal provision for delay.

**TOD Benefit**

Against CESU an objector submitted that CESU is not extending TOD benefit to all of their consumers yet. Some plea or other, CESU is avoiding to extend such relief such consumers, particularly that of less than 110 KVA.

**Submission of Railways**

Separate and Reduced Tariff Category

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

Not to Implement kVAH Billing

Railways requested Commission not to introduce kVAh billing method or to reduce the rate of energy charges if kVAh billing is introduced with giving sufficient times.

Reduction in DC and EC

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

Determine Voltage wise Cost of Supply and Remove the Cross Subsidy

It requested Commission to Determine Voltage wise cost of supply and remove the cross subsidy for railway traction tariff.

**Further Railway requested Commission to**

- So that billing for railway can be done as per meter provided in the traction substations.

- Remove the Reliability Surcharge.
- So that ignorance of exceeded demand can be done by DISCOM in case of a feed extension of one TSS of a DISCOM over another TSS of other DISCOM due to fault of OPTCL.
- To withdraw Over Drawl penalty as applicable in nearby supply authority such as JUVNL.
- There is delay for Revision of Contract Demand from DISCOMs' side.
- Allow Off Peak Period Energy Discount @ 10 Paisa/kWh.
- To introduce PF incentive facility for improvement in power factor above 0.95.
- For fixing a time limit to refund the excess amount of SD to the consumer and enhance the time limit for payment of additional SD by consumer from 30 days to 60 days.

**OBJECTIONS ON PROPOSALS ON OPEN ACCESS SURCHARGE**

The respondents/ objectors have submitted the following points on the proposed Open Access before the Commission for consideration.

- ➢ Computation of cross subsidy surcharge for EHT consumers is to be made based on the methodology provided under para 8.5.1 of National Tariff Policy and as per Electricity Act, the Cross subsidy Surcharge should be gradually reduced every year. For that a road map is to be made by the Commission for reduction of same.
- ➢ Due to very high cross subsidy surcharge in SOUTHCO, the total cost of the energy is very high and no consumer in SOUTHCO area can afford to purchase power through open access.
- ➢ The calculation "C" needs to be changed and it should be the avg of top 5 % of costliest power procured by GRIDCO instead of the present method of taking BSP of a respective DISCOM in to consideration for calculating Cross Subsidy Surcharge.

- The Commission vide its para 17 of its order dt.30.09.2014 in Case No.16 to 18 and 23 of 2014 on open access surcharge for FY 2014-15 considered reduction of cross subsidy surcharge by reducing to 80% of the computed amount. Such principle of calculating cross-subsidy surcharge contravenes the provisions of statue issued by Govt. of India. Rather the cross subsidy surcharge should have been reduced to 20% of its opening level (i.e. FY 2006-07) by FY 2010-11 in accordance to the National Tariff Policy notified by Govt. of India.

- Further as per Regulation 4(2)(vi) of the OERC (Determination of Open Access Charges) Regulations, 2006 provides that the surcharge in cross-subsidy shall be progressively reduced and eliminated in the manner laid down by the Commission from time to time keeping in view of the approved LTTS and Business Plan for the DISCOMs. In the present context considering the level of Open Access Charges as determined by the Commission from the first time for FY 2008-09, the Surcharge should have been reduced to 20% of this value latest by the FY 2013-14 i.e. within 5 years.

- Commission is adopting dual policy for calculating cost of supply while calculating Cross Subsidy and Cross Subsidy Surcharge.

- There is no ground to limit the quantum of open access power beyond its contracted capacity for the existing consumer till no new consumer starts drawing power from the network otherwise it will lead to poor utilization of Network.

- For the purpose of determination of wheeling charge at HT, the applicable cost for the HT distribution system is to be taken into account instead of the total cost of distribution system.

- The Commission should lay down a clear cut formula for calculation of differential BSP in the state of Odisha.

- One objector suggested for the cross subsidy surcharge based on National Tariff Policy and OERC Tariff order is given below:

**Table – 17**

| | |
|---|---|
| Average tariff as applicable to the EHT consumers as per OERC Tariff (normal energy charge >60% = 395 P/U) and | 434 |

| | |
|---|---|
| demand charge at 100% load factor. | |
| Tariff of top 5% energy to be procured by GRIDCO including PGCIL, OPTCL tr. Charge, ERLDC & SLDC charge (P/U) | 483.31 (422.85 + 34.8 +25.0 + 0.5 + 0.16) |
| Surcharge (P/U) (Considering formula laid down in NTP, wheeling charge & system loss as 0%) | - 50.00 |

- It may be noted that for any energy intensive industries operating with more than 60% load factor like SSL the cross subsidy surcharge is negative. So there should not be any cross subsidy surcharge for these industries.

- The existing open access charges and proposed open access charges of DISCOMs in Odisha is high compared to the other states, due to which consumer is generally disinterested to purchase power from other sources, therefore, very purpose of open access is defeated.

- Further there should not be any open access charges i.e. no cross subsidy surcharge, no transmission charges and no wheeling charges applicable to any obligated entity procuring renewable and cogeneration energy from other sources for meeting its Renewable & Co- generation purchase obligation.

- There should not be any additional surcharge when the open access consumer is availing power supply through dedicated transmission line constructed at its own cost of the consumer.

- M/s. Sesa Sterlite Ltd. Submitted that WESCO is constrained in terms of capacity to supply the required quantum of power to SSL for running its smelter and associated facilities. That is why WESCO has neither projected the requirement of power demand from M/s. SSL in its Annual Revenue Requirement application for FY 2015-16 nor GRIDCO / WESCO has made any arrangement with large generator for supply of same capacity of power to M/s. SSL. Further, WESCO has also made any investment for development of transmission and distribution system for supply of power to M/s. SSL. Thus in such a situation it will be forced to procure power from other sources to operate its smelter and associated facilities. In such an event the levy of such high cross subsidy surcharge to M/s. SSL is unfair and not justified.

- In view of the above no cross subsidy surcharge should be levied on the open access customer for procuring extra power from third party for the quantum beyond its contract demand at the beginning of a financial year.

- Further, in case a DISCOM is not able to supply power due to Power Regulation or shortage of power then in such case the industries should be allowed to source from the third party through open access without payment of cross subsidy surcharge.

**REJOINDER BY THE LICENSEES TO THE OBJECTIONS RAISED DURING HEARING**

In response to written and oral objections/ submission/ suggestions during hearing the licensees submitted their written rejoinders to the objections. Reliance managed three DISCOMs have submitted objector wise rejoinder but CESU has submitted rejoinder on the contentious issues of several objectors. As a result of which some issues have been left out by CESU and went unanswered in concrete manner.

Some of the issues raised by the objectors are general in nature whereas certain issues are specific to the licensees. The rejoinders of the licensees can be better appreciated if it is presented issue-wise in this order. The rejoinders are accordingly summarized issue-wise as follows:

**Rejoinder by DISCOMs towards Performance Related Issues**

**Distribution Loss**

In reply to objection raised by objectors, DISCOMs submitted that Commission is approving the distribution loss of the licensee on normative basis without considering the ground reality. While complying the ARR, the licensee has adopted the loss reduction trajectory of Ministry of Power, Govt. of India communicated through Govt. of Orissa for the FY 2014-2022. The T&D loss target is need to be re- determined considering the detail submission made by the licensee in its ARR application.

**Billing and Collection Efficiency**

Regarding improving Billing and Collection Efficiency NESCO submitted that it has engaged various service providers for easy payment option to the consumers for payment of Energy Bill through offline / online mode which would enhance the overall collection efficiency.

WESCO submitted that Govt. outstanding as on 31.12.2014 under LT category is Rs 47.71 Cr and HT & EHT category is 3.72 Cr. Apart from this, OTS benefit availed by EHT & HT consumers prior to 31.03.2013 is Rs 2.62 Cr when OTS scheme was prevailing.

SOUTHCO submitted that the outstanding dues of Govt. Dept. and PSUs as on 30th Sep, 2014 is of Rs 40.94 Cr. Actions are being taken for recovery of the arrear. All the Govt. Dept. arrear has been cleared up to FY 2012.

SOUTHCO further submitted that two nos. of HT and EHT consumer have availed OTS with a concession of Rs. 37.84 Lakhs against outstanding of Rs. 71.82 Lakhs.

**Energy Audit and Demand Side Management**

Licensees submitted that Energy Audit in certain areas has been started and data regarding the same is being submitted to Commission. All the DISCOMs are at various stages of consumer tagging and 11 kV feeders tagging. Some DISCOMs submitted that metering system of some DTs have failed in meanwhile whose replacement is also being undertaken.

**Metering and Billing and Misuse of Section 126, 127 and 135 of EA 2003**

Regarding Section 126 NESCO submitted that it is imposing penalty as per the Electricity Act 2003. The penalty is for the escaped energy and the charges thereof. That's why it is to be kept as the collection amount; and regarding consumer awareness fund, the licensee has already taken no. of steps for consumer awareness.

SOUTHCO submitted that Commission may address the manner of calculation of Assessment U/s 126 and Penalty U/s 135 like other SRCs as suggested by the objector.

Regarding Right to verify the quality of meters, SOUTHCO submitted that the meters are duly tested through accredited testing laboratory before their installation along with the manufacturers testing certificates complying with the CEA and OERC Regulations.

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

NESCO in reply submitted that for the said consumers' category also, the licensee is reserving capacity to the extent of their CD. In similar line consumers with CD <110KVA are also liable to pay the Demand charges on the basis of CD or MD whichever is higher.

Therefore the licensee has submitted that these two categories of consumers availing power supply in HT category and liable to pay Demand charges in KVA should also be billed on the basis of CD or MD whichever is higher irrespective of their connected load.

**Over Drawl by Existing HT/EHT Category Consumers**

CESU submitted that demand over drawl by a consumer means over drawl beyond the agreed contractual load. Such over drawl always destabilizes otherwise a balanced demand network system. Over drawl also leads to deviation of discom’s drawl schedule as per OGC; warranting deviation charges. So, any over drawl beyond agreed load is against Grid discipline which should be discouraged by levy of penalty. As per supply code provisions, EHT/HT consumers choose their contract demand. They should not get a free hand to draw load as per sweet will.

Further, CESU submitted that over drawl penalty is a discouraging factor and penal amount is not considered as revenue from sale of energy. Cross subsidy inbuilt into the retail tariff is estimated on the approved sales which does not include estimation for any future over drawl. Over drawl penalty on demand is in force. Petitioner’s appeal for penalty on proportionate energy charge is justified because over drawl by a consumer leads to deviation of Petitioner’s scheduled drawl from the Bulk Trader and such deviation charge is applicable on energy drawl by the Petitioner.

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

Only SOUTHCO submitted that the Commission may think of about the seasonal tariff as suggested by the objector.

CESU replied that estimated sales projection for existing & upcoming consumers for the ensuing year is based on average load factor during past years. Sales for new consumers expecting supply in ensuing year are estimated based on average load factor of intending category. Existing consumers sometimes approach for additional load requirement for seasonal requirements; so also for new consumers whose drawl estimation does not include in ARR proposal, approach for additional/ new load. To meet such demand, Petitioner’s demand exceeds the schedule demand leading to levy of deviation charges in BST. The proposal is intended for these unscheduled sales where extra bulk purchase cost as well as deviation charge if any could be met.

The proposal is to meet extra cost likely be borne by the CESU to meet the demand; otherwise such demand can be denied by the Licensee which will not be considered an industrial friendly proposition. Existing consumers are not overburdened by this proposal.

**Demand Charge / MMFC Payable on CD Vs MD**

DISCOMs submitted that, Regulation stipulates that connected load is the contract demand for consumers having CD <110 KVA and accordingly as per RST order demand recorded would be treated as contract demand for billing purpose which requires no verification. Intention of RST order is not that, when a consumer having CD of 90 KW & demand recorded in a month is 25 KW and hence billing would be done on 25 KW. The obvious meaning is CD or MD whichever is higher for billing of MMFC.

Further, CESU submitted that Capital is infused for improvement of system network and capacity is created to adequately meet contractual demand under a transformer. Monthly minimum fixed charge (MMFC) is basically recovery of capital cost to meet the contractual load demand. Fixing MMFC on average demand record of a consumer instead of contractual demand leads to under recovery of capital cost. The consumer does not pay MMFC for the capacity created for him: also this creates disparity vis-à-vis a consumer with load of more than 110 KVA. So, MMFC should be recovered based on contract demand and not on maximum demand and may be payable at least up to the end of the agreement period.

**Imposition of Reliability Surcharge on all HT/EHT Consumers**

NESCO submitted that it is charging reliability surcharge @20paise/unit, when the reliability index is more than 99%. The surcharge is claimed after calculating the interruption duration and the voltage variation from the dump data. Due to the voluminous data involved, the voltage profile was not given, however steps are taken to provide the same through e-mail.

Private DISCOMs submitted that imposition of Reliability Surcharge is made only when the basic conditions as directed by the commission has been fulfilled. A consumer paying reliability for a particular month may not pay in subsequent month. Regarding operational issues as indicated by the objector due to load regulation by SLDC/OPTCL, it is to submit that, in the given instances the licensee is losing for an avoidable cause, which otherwise have been saved.

In reference of applicability of Reliability Surcharge DISCOMs further submitted that nowhere in section 62(3) of Electricity Act, 2003 levy of reliability surcharge has been denied.

CESU in this reference submitted that the supply network consists of EHT, HT and LT consumers. More than 95% of the consumers are availing supply in LT and rest 5% are only availing supply in HT and EHT. Reliable surcharge is levied to customers who draw load in HT or EHT through dedicated feeder. CESU always intends to maintain reliable supply by adequate maintenance of the network and timely capacity addition.

CESU further submitted that when HT and EHT supply network is maintained efficiently, then only more reliable power will be available in the LT. So, a consumer availing supply in a dedicated feeder enjoys quality and reliable power. This surcharge is levied only when the required reliability index is achieved by the CESU.

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

NESCO in this reference submitted that the KVAh billing takes into account both the KWh and the power factor component. In case the PF will be low the KVAh of the consumer will shoot up and the consumer will have to bear higher charges. Therefore, in case of adoption of KVAh billing, the consumer has to maintain better power factor, which will in turn help in maintaining system stability. NESCO proposed for KVAh billing however, till adoption of KVAh billing PF penalty provision is to be continued.

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

WESCO submitted that, the licensee is continuously insisting for KVAH billing since last 3 years with details of its implication in the ARR application. The information as desired by the Commission in para-216 of RST order for FY 2014-15 has been submitted by WESCO vide letter No. WESCO/FIN/MD/238 dated 07.11.2014.

**Rate of Interest on Security Deposit**

NESCO submitted that it has paid / credited the interest @ 8.75 % on the Security Deposit for the FY 2013-14 which is credited / paid to the consumers' bill during the Month of May 2014.

NESCO has paid / credited the interest @ 6 % to the consumers' bill during May 2013 for the FY 2012-13 as per the rate prescribed by the Commission in its RST 2012-13. The licensee has not defaulted in crediting the interest for the FY 2012-13.

NESCO pays the interest to the consumers at the rate announced by the Commission. The contention of the objector that the licensee earns interest more than it pays is wrong.

WESCO submitted that the consumer is getting interest @ 8.75% p.a. on the available SD which is much higher than the interest given in saving bank account.

SOUTHCO in this reference submitted that interest on SD has been provided to the consumers on 1st May of every year as per Regulation 21 of Code, 2004. During the current year SOUTHCO has provided Rs 8.01 Cr as interest on SD to the consumers.

CESU submitted that Interest on SD was enhanced from 6% per annum to 8.5% with effect from FY 2013-14. This uniform rate of interest irrespective of period of Security held with the licensee is at disadvantage to the licensee because the licensee doesn't recover such high rate of interest by parking the security in a bank for less than a year

**Creation of Contingency Fund to Meet Expenses towards Disaster Management**

WSECO submitted that the reason of surcharge of 5 Paisa per kWh towards disaster management has already been submitted in the ARR application of the licensee which may kindly be considered. Moreover, present method of levy of reliability surcharge are being done only when the basic conditions as provided in the RST order is fulfilled. There are no such instances without fulfillment of basic pre conditions reliability surcharge has been imposed.

SOUTHCO submitted that it has experienced super Cyclone Phailin and Hudhud continuously for the last 2 years during the month of October. OERC may consider the request of the Licensee.

**Emergency Power Supply to Captive Power Plants (CPPs)**

DISCOMs submitted that objector has misinterpreted the regulation that 660 Hours of use is the required minimum hours of drawl for charging full Demand charge vide Regulation 85(iii). Regulation 85(iii) provides, if a consumer is not able to avail power for more than 60 hrs in a month due to statutory power cuts imposed by the licensee - Demand charge is to be prorated. However that does not envisages 660 hrs as the normative hours for availing power supply.

DISCOMs further submitted that in the matter of Regulation 80 (15) of OERC Distribution (Condition of Supply) Code 2004 the contention of the objector is not true. The power supply under Emergency Supply is meant to start up the Generator(s) and to provide the essential survival loads not to maintain the plant operation like production.

DISCOMs submitted that the Commission after hearing both the application as well as the objections may accept the submission of the applicant or the objector which ever will be considered genuine.

**Calculation of Load Factor**

NESCO submitted that the Graded Tariff and calculation of Load factor on billing norms have been proposed by the Industries Association themselves during hearing of ARR for FY 2012-13. Accordingly the matter has been decided and remains without challenge.

It further submitted that the concept of reliability surcharge is based on 99% availability and is in accordance with the concept power availability and costs a responsibility on the licensee and not others.

WESCO submitted that it is following regulation & applicable tariff order for FY 2014-15 while calculating load factor. As regards to allowable power interruption it has mentioned in para 433 of RST order that, when the interruption is less than 60 hours then no deduction has to be made. Accordingly, the standard of 720 hours cannot be treated as 660 hours for calculation of load factor, when the interruption hour is less than 60 hours in a month.

SOUTHCO submitted that it has projected collection efficiency of 96% during FY 2015-16 and is achievable against the target of 99%. Licensee is not going for power interruption deliberately in its area of supply. Para -432 & 433 of the tariff order FY 2014-15 is for the calculation of Load Factor in case of power off hours if it is more than 60 hours. Moreover SOUTHCO submitted that Commission has modified the Graded slab tariff during FY 2013-14 considering more and more industries are running in higher load factor. So, further reintroduction of 3 slab graded incentive tariff during FY 2015-16 is not at all correct.

**Calculation of Transformer Loss in Case of LT Metering**

CESU submitted that OYT consumers when install transformer of adequate capacity which conform to standard metering unit ratings; HT metering is done with no transformer loss add up. When transformers are lower in size; LT metering is done and transformer loss is added to consumption considering the tariff order directions and provisions of regulations.

Further CESU submitted that in some cases, HT consumers are provided with LT metering due to non-availability of required capacity of HT metering unit. In such cases the consumer is given an opportunity to procure the required capacity of HT metering unit since this type of metering unit is a non-standard and non-customized items are generally not procured by CESU. A metering cubicle is installed as per direction in tariff orders.

**Change in TOD Off-peak Period from 00:00 Hrs to 06.00 Hrs of Next Day to 22.00 Hrs to 06.00 Hrs of the Next Day**

Private DISCOMs submitted that there is no justification in changing the TOD tariff timing from 10PM to 6AM of the next day. The existing practice of TOD timing from 12 midnight to 6AM next day should continue.

CESU submitted that it has proposed for total withdrawal of TOD benefit as it does not help in flattening of load curve. So, further extension of TOD benefit hours should not be accepted.

**General Issues Related to ARR of DISCOMs**

**Legal Issue**

NESCO and SOUTHCO submitted that the petitioner has filed the Annual Revenue Requirement and Retail Tariff Application for the FY 2014-15 under Section 62 and other applicable provisions of Electricity Act 2003 and in conformity with the provisions of OERC (Terms and Conditions for determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations 2004.

WESCO submitted that the audited account as per format prescribed by the Commission for the year FY 2013-14 has already been filed with the commission on 24.10.2014 and the licensee has filed ARR for the year FY 2015-16 based on audited accounts of FY 2013-14, and actual expenditure till Sep, 2014.

DISCOMs submitted that the direction issued in WP(c) no.8409 of 2011 dt. 30.03.2012 by Hon'ble High Court has been complied by the different authorities including the Licensee. Licensee is also complying duly the order of OERC issued from time to time.

**Energy Sales Forecast and Addition of BPL & LT Consumers**

DISCOMs submitted that for projecting the consumption of different categories, the Licensee has analyzed the past trends of consumption pattern for last ten years i.e. FY 2003-04 to FY 2013-14. In addition, the Licensee has relied on the audited accounts for FY 2013-14 and actual sales figure for the first six months of the FY 2013-14. While projecting the sales of domestic category the Licensee has factored in the impact of electrification of new Villages under RGGVY, Biju Saharanchal Vidyutikaran Yojana and Biju Grama Jyoti Yojana. The growth in Domestic LT category has been estimated in 2015-16 as 16%.

WESCO submitted that the projection of EHT & HT Sales is being made considering actual consumption of last 18 month of the industries. Similarly LT sale is being projected considering audited figure of FY 2013-14 & actual till Sep, 2014. When sale under EHT & HT are projected industry wise, to curb overall distribution loss the license has to improve billing efficiency in LT sector and the obvious effect is increase of LT Sales.

**Cross Subsidy**

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

Further DISCOMs submitted that as per prevailing regulation 7(c) (iii) cross subsidy is the difference of average tariff applicable to all categories of consumers and cost of supply incurred to serve all categories of consumers. The major component to derive cost of supply is the Bulk Supply Price which is being dealt in the single buyer model through GRIDCO. The licensee can't differentiate the source of energy which is meant for different category of consumers like EHT, HT & LT. Hence, the present method adopted by Commission is correct, which may kindly be continued.

**Review of Inefficient Operations and Quality of Power Supply**

DISCOMs submitted that quality of power supply has been drastically improved as compare to past period. Voltage condition has improved due to SI work, up gradation of Sub-station and replacement of old conductors. Augmentation in Net work assets has also been made due to capacity addition on account of RGGVY scheme, CAPEX etc.

DISCOMs also submitted that they are carrying out R&M activities of Substations and lines periodically and also maintain the Standard of performance. The monthly and quarterly report relating to the Standard of performance is being submitted Commission. Due to addition and up gradation of lines and substations the consumers are getting better voltage. Action is also being taken under CAPEX for further System Improvement. The consumers are getting required voltage except in certain areas where there are grid constraints.

**Audit of Books of Accounts**

DISCOMs submitted that Annual Accounts up to March 2014 have been audited as per Companies Act and copies of the audited accounts have already been submitted to the Commission. The Licensees have relied upon the Audited Accounts up to March 2014 and actual data up to Sep 14 for compilation of data and preparation of ARR for FY 2015-16.

**Consumer Awareness and Consumer Grievances**

DISCOMs submitted that they are now conducting consumer awareness programme at even larger scale and in different forms. Further DISCOMs submitted that they are also covered under the RTI Act; and any information, facts and figures is also available to the general public as and when asked for. The licensees are always law abiding and implement the orders of the Hon'ble High Court and Commission in true spirit.

DISCOMs further submitted that it is imposing penalty as per the Electricity Act, 2003. The penalty is for the escaped energy and the charges thereof. That's why it is to be kept as the collection amount. Regarding consumer awareness fund, the licensee has already taken no. of steps for consumer awareness.

SOUTHCO also submitted that it has complied 5159 nos. of GRF cases against the receipt of GRF order of 5368 nos. as on Sept-14.

**Energy Police Station**

WESCO submitted that it has incurred Rs.38.08 Lakh during FY 2013-14 and Rs.17.55 Lakh till Sep 2014 of current year towards energy police station.

SOUTHCO submitted that at present 10 nos. of energy police stations are operating in the licensee's area. But, the EPSs are yet to be fully functional as the requisite no. of personnel has not been recruited. 696 nos. of FIR have been lodged in different energy police stations. Due to delay in opening of EPS and lack of adequate man power the theft of energy could not be controlled.

**Tax Deduction from Interest on SD, and Duration for Deposit of SD**

NESCO submitted that it is depositing the taxes deducted from the interest on security deposit in time and also issue tax deduction certificates to the consumers within the prescribed time. Moreover, one can see the Tax Credit Statement (Form 26AS) i.e. amount of income earned /paid and taxes deducted /deposited in their account from the TRACES and Income Tax e-filing website to vindicate their claims.

NESCO further submitted that the objector's contention to accept the Security Deposit other than cash is not acceptable. Since the inception of paying interest on Security Deposit, the licensee has to be invested in the interest earning asset to pay back the interest on Security Deposit to the consumers. More over other mode of accepting security deposit cannot generate revenue.

WESCO submitted that as per regulation the licensee is carrying out review for requirement of additional security deposit once in every year, preferably after tariff revision / notification. Wherever excess SD is available with licensee the same is being refunded on application of the consumer and where ever additional SD is required to be deposited by the consumer, the same is being demanded.

CESU also submitted that it is following the Regulation and the RST Orders and Review of Security is done on yearly basis as per provisions of regulations.

**Electrical Accidents and Death of Animals & Human Beings**

Only WESCO submitted that it has already filed the details of fatal & non fatal accident in its ARR application. The actual for FY 2013-14 is 28 Nos. & for current year till Sep, 2014 it is 49 Nos.

**Issue of Retail Supply Tariff**

DISCOMs submitted that they have not proposed any tariff hike in RST itself. The licensee has prayed before Commission to bridge the revenue requirement through tariff hike, Reduction in BST, Govt. Subsidy or combination of all along with some tariff rationalization measures which is beneficial to the licensee as well as to the consumer also.

**Issue of Non-dissemination of Information by Licensee to Consumers**

NESCO submitted that the power supply to the objector's unit is disconnected since Phailin in October-2013 due to faulty electrical installation and he was intimated to submit the electrical inspector report before reconnection which he has not submitted till date. In absence of power supply, meter report cannot be provided.

**RST Vs BST of DISCOMs**

DISCOMs submitted that they have not proposed any exorbitant upward increase in the tariff as cited by the objectors, rather some tariff rationalization measures have been proposed with proper justification.

Further DISCOMs submitted that there has been exorbitant hike in price of all the commodities, which will definitely have an impact on the cost of generation, cost of distribution of electricity. In spite of the above, in the Annual Revenue Requirement and Retail Supply Tariff Application of DISCOMs for the FY 2015-16 some tariff rationalization measures with proper justification have been proposed.

In addition to this, DISCOMs submitted that the contention of the objectors about power procurement cost of GRIDCO relates to ARR of GRIDCO.

**6% on Service Connection Estimate**

NESCO submitted that the construction work is done under the supervision of NESCO, for which the supervision charge is claimed. However, the consumers are opting for executing work themselves by engaging licensed contractors.

**TOD Benefit**

CESU submitted that it is extending TOD benefit to all consumers wherever the meter has facility to record TOD energy. CESU is also installing meters in phased manner having TOD facilities for all three phase consumers.

**Submission of Railways**

**Separate and Reduced Tariff Category**

DISCOMs submitted that Railway is paying at par with other HT & EHT consumers where loss component is nominal. Accordingly the average cost of supply Vs average tariff realization is well within the permissible limit. All Consumers categories in EHT pay equal tariff basing on their load factor. Therefore, a separate reduced tariff for railways at EHT is contrary to the tariff principle and request of railway in this regard is not acceptable. Moreover an appeal on this matter was made by the objector before Hon'ble ATE (Appeal No. 153 0f 2012) and the same has been dismissed by Hon'ble ATE on 29.01.2014.

Further DISCOMs submitted that the tariff fixation by the Commission is guided by the principles, Electricity Act, National Electricity Policy and National Tariff Policy. Any deviation is being challenged before higher forum. The Commission has also upheld in the previous tariff hearing that, the nature of use become less important, in case consumers under different classifications under the same voltage are able to maintain the high load factor and can avail the benefits for higher consumption. The tariff of the electricity in Odisha is the lowest if we compare with other States. Moreover, the railways are not availing the LF incentive due to lower LF i.e. within 50% of LF.

**Non to Implement kVAH Billing**

DISCOMs submitted that Railway's contention is that they are maintaining power factor above 90% & requesting for reduction of tariff. A consumer who is maintaining power factor of more than 90% is automatically compensated in shape of non-applicability of power factor penalty on account of KVAH Billing.

**Reduction in DC and EC**

WESCO submitted that it has not asked for any higher tariff. The prevailing tariff of Rs 250 per KVA as demand charges, Rs 5 per kWh up to 60% L.F. & Rs 3.95 per kWh > 60% L.F. is continuing as per RST order FY 2014-15.

SOUTHCO also submitted that there is no higher demand and energy charge as pointed out by the Railways. Railway can avail the benefit of graded slab tariff for maintenance of high load factor

**Determine Voltage wise Cost of Supply and Remove the Cross Subsidy**

WESCO submitted that as per prevailing regulation 7(c) (iii) cross subsidy is the difference of average tariff applicable to all categories of consumers and cost of supply incurred to serve all categories of consumers. The major component to derive cost of supply is the Bulk Supply Price which is being dealt in the single buyer model through GRIDCO. The licensee can't differentiate the source of energy which is meant for different category of consumers like EHT, HT & LT. Hence, the present method adopted by Commission is correct, which may kindly be continued.

Further WESCO submitted that Railway has contemplated that they are to be treated as deemed distribution licensee as per approval of ministry of power and accordingly cross subsidy for railway should be eliminated. In view of the same it is submitted that, this aspect is not coming under section 62 of Electricity Act, 2003 and may kindly be separately dealt through separate application.

SOUTHCO also submitted that Commission has amended the Regulation and also calculating the Cross Subsidy as per the Sec 61(g) of the EA 2003 considering recovering the cost of supply of the Distribution Licensees.

**More submission of DISCOMs against Railways' plea**

**Billing as per Traction End Meter**

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

CESU submitted that the objector's contention is not based on facts and regulatory provisions. Meters are installed for them at point of supply as done with other EHT consumers having dedicated lines. Electricity distribution supply policies or regulations are based on individual metering for all points of supply.

**Remove the Reliability Surcharge**

WESCO submitted that the present method of levy of reliability surcharge are being done only when the basic conditions as provided in the RST order is fulfilled. There are no such instances without fulfilment of basic pre conditions reliability surcharge has been imposed. Further, providing dump data, the same has never been denied when requisite fees are being deposited. However, the dump can only be given when it is available.

SOUTHCO and CESU submitted that, as there is a compensation for not providing reliable and uninterrupted power supply, so there should be reliability surcharge on getting 99% Reliability Index**.**

**Ignorance of Maximum Demand during Feed Extension**

WESCO submitted that when feed extension is from other TSS of another DISCOM, then the benefit of feed extension can’t be given. OPTCL may ignore but individual licensees are separate entity & the BST is different.

SOUTHCO submitted that the maximum demand is ignored during feed extension as per the direction of OERC in the tariff order and accordingly the tripartite agreement is made.

CESU also submitted that the feed extension is allowed to the Railways between traction points within a Licensee’s area of operation which is regularly allowed to the objector.

**Withdraw Over Drawl penalty**

WESCO submitted that to combat from problems like shooting up of demand due to reasons as mentioned by the objector, the only recourse is to enhance the contract demand.

CESU submitted that the DISCOM is also a public utility body which does not receive any benefit for serving public causes from any source. So reciprocation on this ground is not justified.

**Delay for Revision of Contract Demand**

All DISCOMs submitted that as soon as the application of traction or any other EHT/HT (Dedicated) consumer is received in complete shape, it is forwarded to SR GM (TP&C), OPTCL for system study and release of load. NESCO has never intentionally delayed the procedure of revision of CD.

**Off Peak Period Energy Discount @ 10 Paisa/kWh**

All DISCOMs submitted that in RST order for FY 2013-14 in Para 178 the Commission has clearly mentioned that: "normally Railway traction sub-station draw unbalanced load (132 KV, 2 phase) and generate higher harmonics in the system. Truly speaking, the traction tariff should have been higher than that of any balanced EHT, 3 phase load. But, the Commission has not done so but has ordered that as Railway traction not being a 3 phase balanced supply is not entitled for ToD benefit". If TOD benefit to railway would be given then the purpose of Regulation 7(a) of OERC (Terms & Conditions for determination of Tariff) Code 2004 would be defeated.

**Incentive facility for Improvement in PF above 0.95**

DISCOMs submitted Commission after due analysis has withdrawn the incentive for improvement of power factor as the consumers are duly getting indirect benefit when they are improving their power factor. The higher consumption beyond 60% L.F. is being billed at just Rs 3.95 per kWh. Improvement of power factor leads to increment of system stability etc.

**Refund of Additional SD and Enhancement for SD Deposit from 30 to 60 Days**

DISCOMs submitted that as per regulation the licensees are carrying out review for requirement of additional security deposit once in every year, preferably after tariff revision / notification. Wherever excess S.D. is available with licensee the same is being refunded on application of the consumer and where ever ASD is required to be deposited by the consumer, the same is being demanded.

Further DISCOMs submitted that the Security Deposit is meant to cover two months electricity charges. As per the Regulation, the interest on SD is also being passing on to the consumers on 1st May of the every year. As per the Regulation 20 of the Code 2004, the demand of ASD is being made to the consumer.

**REJOINDERS ON OBJECTIONS ON OPEN ACCES SURCHARGE**

In reply to the objection raised by the Objector, the DISCOMs have submitted the rejoinder on the proposed Open Access Charges of DISCOMs for the year 2015-16 which are as follows:

- Regarding calculation of 'C', they submitted that to consider average power purchase cost of top 5% of GRIDCO may not be correct in the present scenario as the DISCOMs are not purchasing power from the Generator directly to distribute the same to the consumers. GRIDCO is sourcing the power from different generator as a Trading Licensee under Single Buyer Model in Odisha.

- The calculation suggested by M/s. Sesa Sterlite is only the rate for the consumption above 60% LF and the rate for the consumption upto 60% of LF has not been considered. Tariff at 100% LF means the average rate for consumption upto 60% and consumption more than 60% which would be Rs.4.58/- P/U instead of Rs.3.95/- P/U. Apart from the demand charges other charges like reliability surcharge, customer service charges, P.F. penalty if any etc. are also part of tariff. Hence while calculating tariff of any HT and EHT category the entire components have also required to be factored in.

- Regarding the contention of M/S SSL that Average Cost of Supply "to serve all the consumers of the state" may be taken against "C" for calculation of CSS WESCO submitted that it will not be correct as the average cost of supply includes all other costs like Employee cost, R & M cost, interest expenses, Depreciation, provision for Bad & Doubtful debts etc. along with BST, transmission and SLDC charges. The licensee would no way stop incurring the other costs except BSP in case a consumer chooses to avail power supply under open access mechanism. Then recovery of other costs would require to be levied to the category of consumers not eligible for open access. Therefore, consideration of average cost of supply for calculation of CSS is not correct as it will defeat the purpose of recovery of CSS.

- They further submitted that the approved cost under different head in Tariff Order should be taken for determination of wheeling charge instead of actual cost as per audited accounts as suggested the objectors. This is because the actual cost is trued up subsequently with respect to approved cost which is finally passed on to the consumers.

**OBSERVATION, ANALYSIS AND RECOMMENDATIONS OF CONSUMER COUNSEL "WISE" ON ARR SUBMISSION OF DISCOMS**

**Submission of ARR as per New Regulation**

DISCOMs filed their ARR petition as per OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations, 2004 within stipulated time till 30th November, 2014.

OERC has issued the “OERC (Terms and Conditions of Determination of Wheeling Tariff and Retail Supply Tariff), 2014” and directed the Discom to submit their revised ARR as per new regulations.

WISE observed that none of the Reliance managed DISCOMs filed ARR as per new regulation. CESU has submitted ARR as per new Regulation but requested Commission to consider earlier ARR in case of any need towards data verification.

WISE submitted that Commission may take the further course of necessary step as it deems fit.

**Allocation Vs Utilization of Funds under A&G and R&M Activities by DISCOMs**

WISE submitted that none of the DISCOMs have been able to spend funds under certain expenditure heads approved by Commission in recent years. Audited figures during recent years itself reflect that DISCOMs are not spending even 50% of approved fund under these heads but request increment of more than 100% of previous year’s approved amount which is unfair until DISCOMs in actual spend amount on the activities approved for.

**Addition of LT and BPL Consumers and Corresponding Energy Sale Forecast**

It has been observed that the licensees usually project high energy demand forecast in case of LT and BPL category consumers initially while filing the ARR application but subsequently end up with figures of low consumption than the projected. The Consumer counsel has substantiated this fact with the demand projection and audited actual energy consumption data available with regard to LT/BPL category under ARR 2013-14 (audited) and ARR 2015-16 (projections) respectively. The consumer counsel requested the Commission to scrutinize the data before approving energy demand projections of DISCOMs.

**Energy Audit Related Activities and Expenditure Incurred**

WISE submitted that DISCOMs have not been implementing Energy Audit activities in a channelized way. It suggested that at initial stage DISCOMs should identify certain feeders to be carried out with Energy Audit and get them complete metering done at all DTs and consumers. Only then Energy Audit activity can be carried out in true spirit and the outcome may be worth of use for further taking the loss reduction measures.

Further, WISE submitted that the expenditure incurred by DISCOMs on the activity is not in line at all with approved amount by Commission.

**Expenditure on R&M Activities**

WISE submitted that the DISCOMs are projecting asset addition under RGGVY and BGJY schemes on a much higher side but spending too little amount out of fund approved for R&M of assets. Moreover, every year DISCOMs request for increment of more than 50% of previous year's approved amount for the said activity.

WISE further submitted that DISCOMs in actual, spend hardly any amount in first six months of current FY but project much higher amount to be spent during next half of current FY which is not acceptable and needs proper justification from DISCOMs.

**Submission Related to 11 kV and 33 kV Feeders and Metering Status**

NESCO has projected very exorbitant figure related to Energy Audit to be carried out at 11 kV feeders and distribution transformer level during ensuing FY 2015-16 while WESCO and CESU have projected ambiguous figures and this issue was pointed out during hearing also.

Some of the DISCOMs submitted that the metering of feeders had been completed long back, but in course of time number of metering unit has failed which could not be replaced due to paucity of funds. WISE submitted that there on an average life of a feeder/DT meter is 10 years and manufacturer generally offers warranty/guarantee for 5-6 years. Then, why is the quality of meter compromised on the performance front by DISCOMs? Further WISE requested Commission to ask DISCOMs, if meters become faulty at such an early stage then how does the licensee follow up with supplier regarding meter repairing/ replacement? WISE further submitted that Commission should not approve cost for replaced meters if it doesn't work for its normal life period.

**Period for Collection of Meter Rent**

WISE submitted that the life of a meter is 10 years. Against this, the DISCOMs are allowed to meter rent within a period of 60 months to recover the cost of meter. Thereafter, a consumer should not be charged for meter rent in case of failure a meter till the life of the meter. In such cases the manufacturer should be asked to replace the meter without any burden to consumers. Similarly, in case of adoption of new technology in metering, the licensees should replace it from its own fund to suit its own business strategy.

WISE submitted that PF penalty for consumers having CD above 110 kVA is already implemented. Comparatively, consumption of consumers of CD<110 kVA is minimal in nature and subject to seasonal variation; and consumers hardly have financial capability to bear the cost of capacitor bank.

Further WISE submitted that the overall system PF of DISCOMs is is already maintained above 97%. Therefore, DISCOMs shouldn't be given additional financial advantage by implementing kVAH billing or PF penalty on small consumers.

WISE submitted that CPPs are already paying special higher tariff that is 700 paisa per unit by HT and 695 paisa per unit by EHT category during FY 2014-15. Although Demand Charge is not applicable to CPPs yet they are indirectly paying fixed cost to discom because of higher tariff.

Further, WISE submitted that DISCOMs pay deviation charges only for extra unscheduled energy drawl. Therefore it will not be justified to bind CPPs to sign an agreement for Demand Charges.

WISE submitted that the said category (<110 kVA) are small consumers and pay demand charge as per meter reading while DISCOMs pay single part tariff to GRIDCO which already covers the demand charge as well. Therefore, DISCOMs' concern about the Connected Load and Contracted Demand of consumer is not justified.

The Commission approved cash flow statement of DISCOMs in FY 2008-09. DISCOMs submitted that it was based on only the source and application for the year only and opening cash balance was not considered which was negative on 1st April 2008.

WISE submitted that negative cash flow is a result of inefficient operation of DISCOMs. Therefore Commission should not address the opening balance of cash flow be it positive or negative. Further WISE submitted that if DISCOMs are really interested to run the business on fair and commercial principle it must take care of equity infusion from their side also.

WISE submitted that Commission vide Para 220 of RST for FY 2014-15 has already directed that Contract Demand for consumers >70 kVA and <110 kVA will be taken in accordance with Para 329 and 344 of RST for 2013-14.

WISE submitted that over drawl penalty is already two times of normal Demand Charge. In this way, Commission has already taken care of concern of DISCOMs. Therefore, there is no proper justification for implementing penalty on both DC and EC.

WISE submitted that Demand and Energy charges are already too high and HT and EHT industries cross subsidize well to small consumers. In case of further increment of Demand and Energy Charges, they may be forced to go for Open Access or Captive Power which will be direct commercial loss to DISCOMs itself.

WISE submitted that DISCOMs are not involved in power supply to HT/EHT consumers who are connected from EHV grid substation irrespective of dedicated feeder. Therefore DISCOMs shouldn’t be given undue financial advantage of Reliability Surcharge by putting more burden on consumers.

**OBSERVATION OF STATE ADVISORY COMMITTEE (SAC)**

The State Advisory Committee (SAC) was convened on 25.02.2015 to discuss about the proposed ARR and Tariff Applications of different utilities in the state for FY 2015-16. The members of the SAC deliberated on the various issues and gave following observations /suggestions to the Commission in this regard.

- It was observed that OPTCL and GRIDCO had proposed marginal rise in tariff where as there is an alarming arise in the tariff of the DISCOMs. The proposed stiff rise in administrative and general expenses, bad debts, depreciation and interest need to be clarified.
- The proposed rise in tariff of DISCOMs may not be accepted as there is no marked improvement in the efficiency of the system and consumers can not be burdened because of such inefficiency.
- It was suggested that the new tariff for the ensuing year should be linked with prescribed quality of power of supply, efficiency and services. Any rise in tariff would tantamount to rewarding licensee for their inefficiency as there has been negligible improvement in loss levels.
- The Standard of Performance of the licensees remains poor and it should begin by setting up a single model division where standard of performance are fully observed. The expected improvement in quality of power has not happened inspite of huge investment by GoO in the distribution sector.
- It was observed that reduction of AT & C loss may be achieved after CAPEX work is completed but the challenge remains to curb the menace of theft. The functioning of energy police stations is a matter of concern and they have been

ineffective in complementing licensee with loss reduction activities. There has also been no pro-active action by the licensee to arrest theft and improve performance.

- It was observed that the figures submitted by DISCOMs in the ARR cannot be relied upon unless proper energy audit and accounting is done.
- It was observed that the distribution loss in Odisha is higher than the national average. The states like A.P. and Tamil Nadu are providing heavy subsidy for reducing tariff by 39 -42 paise/unit and in Odisha average tariff remains high as there is no subsidy from State Govt. There is no justification for increase in tariff when Odisha has ample hydro power and also coal prices are falling in the national market.
- DISCOMs are not making adequate effort in billing, collection and arrear collection aggressively and consequently there is now huge gap between normative and actual loss shown by DISCOMs.
- The concerns were raised regarding the recent orders of Hon'ble APTEL for reopening of the tariff for the previous years from FY 2006-2007 to 2012-2013 entailing extra burden of Rs.4200 Cr. on state consumer. In absence of proper audit of DISCOMs it would be difficult for the Commission to present the case before the Supreme Court. It was also observed that people of the state are agitated about such consequences.
- It was observed that it becomes difficult for common consumers to participate in the hearing conducted by Hon'ble APTEL at New Delhi and also there is a prohibitive cost of Rs.1.00 lac for registration of case at ATE. It was pointed out that all the objectors in the original hearing should be made parties when an appeal is filed against any order. It was suggested that a resolution may be adopted requesting the state legal aide authority to take up the case in ATE as well as in the Hon'ble Apex Court.
- The order of the Hon'ble APTEL cannot be complied without proper audit of DISCOMs and as such the ARR now presented by the DISCOMs for 2015-16 may be rejected.

- Suggestions to obtain details of security deposit of consumers prior to take over of DISCOMs. GoO may be asked for utilisation of electricity duty for improvement of system.
- It was observed that since GRDICO is a deemed trader and therefore it shall be allowed only a trading margin. GRIDCO shall recover its huge outstanding dues from DISCOMs which would reduce its borrowing from financial institutions to meet to shortfall.
- The Commission should not allow escrow relaxation to DISCOMs and BST should be fully recovered first and DISCOMs should bring additional funds of their own to meet their obligations in case they do not operate with due efficiency.
- The cross subsidy for other DISCOMs is not within ± 20% except in case of WESCO and it should be further down at least ±15% for 2015-16. Introduction of KVAH billing may be reviewed separately and comparison with other states may be undertaken before its introduction. It would be difficult for common domestic consumers to provide LT capacitor banks due to cost. For industrial consumers with CD of more than 20 KW Power Factor penalty and incentive may be provided and there shall be extensive programme to educate such consumers allowed installation of capacitor banks.
- The imposition of reliability surcharge is causing disruption of power supply to LT consumers in order to maintain uninterrupted power supply to EHT and HT consumers having dedicated feeders. This needs to be reviewed.

**VIEWS OF GOVT. OF ODISHA ON TARIFF ISSUES**

Govt. of Odisha communicated its suggestions/views/comments on various issues involving tariff setting for the year 2015-16 including subsidy / subvention and other important matters having a direct bearing on fixation of tariff for the year 2015-16 vide their letter No.1808 dated 28.02.2015.

**Tariff for Kutir Jyoti/BPL category of consumers**

The practice of fixing of tariff below 50% of average cost of supply should be continued. The difference between average cost of supply and tariff for this category is being adjusted through cross subsidy. These consumers may be granted 30 units (or so as may be fixed) at subsidized rate as fixed earlier and beyond that at normal tariff. Appropriate monitoring of metering/consumption etc., may be made by DISCOMs for these consumers.

**Keeping in abeyance of upvaluation of assets, moratorium of debt services etc.,**

**(a) Zero coupon bond (convertible bonds) of OHPC**

The convertible bonds worth Rs.766.20 crore issued to Govt. of Odisha which shall not carry interest upto 2014-15 (50% of the bond shall be converted to equity from 2015-16 and 50% shall remain as loan carrying interest @ 7% per annum w.e.f. 2015-16 until repayment). The interest impact of the zero coupon bond in respect of different old power stations should be considered in ARR of 2015-16.

(b) **Moratorium of Debt Services**

As regards moratorium of debt services of OHPC, Govt. has allowed the same for repayment of loan and payment of interest for UIHEP Govt. loan as per notification dt.06.01.2010. The Commission may include both payment of interest and repayment of principal in the ARR of UIHEP. Interest for the period 2006-07 to 2014-15 may be kept as regulatory asset of OHPC to be paid in future tariff.

**Tariff for Irrigation, Pumping and Agriculture**

Govt. has been doing huge investment in the form of ODAFF and DDUGJY for agricultural consumers. Hence, there should not be any separate and special subsidy for class of consumers. Barring of some cultivators in NAC areas from coming into agriculture category may be examined again by the Commission. The practice of allowing tariff below 50% of average cost of supply and adjusting the revenue deficits by way of cross subsidy to these consumers should be continued.

**Issue of State Govt. loan to UIHEP**

Govt. desires to restructure the amount of Govt. investment in UIHEP as Rs.821.47 crore including IDC as on 31.3.2001 and OHPC has considered the same as revised baseline figure in tariff application for 2015-16. Approved project cost at Rs.1194.79 crore of UIHEP however remain fixed and equity and loan components have been adjusted accordingly and submitted in ARR of 2015-16 by OHPC. The same may be considered.

In addition, Govt. wanted following issues to be discussed during the hearing.

1. Govt. has sent the performance report of Energy Police Stations in different DISCOMs areas.
2. Govt. wants that exemption of electricity duty granted to CGP under IPR, 2007 should be verified by Electrical Inspectors and certify status of CGP.
3. Govt. has sent a brief status on CAPEX Phase –I, according to which out of total tender floated for Rs.861.68 crore, out of which Rs.680.83 crore is released and Rs.434.05 crore is utilized as on 31.12.2014.
4. Govt. has requested GoI for de-allocation of Barh-I and II NTPC power to Odisha.
5. Cold storage may come under Allied Agricultural Activities (AAA) category instead of Allied Agricultural Activities (AAIA) category.

**COMMISSION’S VIEWS AND ORDER**

All the DISCOMs had filed their ARR and RST applications for ensuing financial year in pursuance to Regulation 5 (1) (a) of OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 within 30th November, 2014. In the meantime the Commission has published OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 on 20.12.2014 in official Gazette. The Commission in its letter dated 05.01.2015 has asked the DISCOMs to submit the amended application relating to ARR and Tariff as per OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014. WESCO, NESCO & SOUTHCO in their reply dated 22.01.2015 have expressed their difficulties in implementing Regulation 4.3 and 4.4 of the new Tariff Regulation 2014. They have pointed out that Electricity (Amendment) Bill, 2014 has already been introduced in the Parliament which would bring about segregation of distribution business into two parts such as wires and supply business. Since cost allocation methodology as per Regulation 4.4 shall remain consistent throughout the control period it requires more deliberation on the subject. Therefore, they have prayed for relaxation of those two Regulations such as Regulations 4.3 and 4.4 for the ensuing year. CESU has submitted the amended petition as per OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 on 19.01.2015 but CESU has failed to submit the justification of methodology adopted for segregation of wheeling and retail supply business. In addition to that DISCOMs have failed to adhere to Regulation 7.10 - 7.13 of 2014 Regulation on determination of distribution loss. Considering the above inability of DISCOMs to segregate their cost the Commission in exercising power under Regulation 9.4 relax OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 for ensuing year i.e. FY 2015-16 and continue with old Regulation of 2004 so that DISCOMs would get sufficient time to develop a methodology for apportionment of cost or segregation of their accounts into retail supply and wheeling business for future filings.

During the pendency of the Tariff proceeding the licences of DISCOMs (NESCO, WESCO & SOUTHCO) has been revoked under Section 19 of the Electricity Act, 2003 and CMD, GRIDCO has been appointed as Administrator under Section 20 (1) (d) of the said Act. The ARR and tariff application filed by NESCO, WESCO & SOUTHCO after due scrutiny and prudence check has been considered while determining the final ARR and Tariff application for FY 2015-16.

**Determination of Distribution Loss**

While determining the tariff the Commission shall be guided inter alia by Section 61(c) of the Act which provides for encouragement of competition, efficiency, economical use of resources, good performance and optimum investment. The most crucial component, therefore, of distribution business operation is minimization of distribution loss. The Commission for last three control periods has been prescribing distribution loss target to DISCOMs but in none of the year DISCOMs have been able to achieve that target. The erstwhile Reliance-Infra managed DISCOMs (WESCO, NESCO & SOUTHCO) have approached Hon’ble APTEL alleging that the Commission has been fixing unattainable distribution loss figure for them. But from the table below showing approval of distribution loss by other Commission’s it can be inferred that their allegation is without any basis and a ploy to mislead the Hon’ble APTEL.

**Table- 18**

**Distribution loss approval of some Commissions**

| DISCOMs | FY 2013-14 | FY 2014-15 |
|---|---|---|
| **Maharashtra** | | |
| MSEDCL | 15.03% | 14.53% |
| BEST | 7.00% | 6.75% |
| R-Infra | 9.46% | 9.41% |
| **West Bengal** | | |
| WBSEDCL | 17.50% | 17.50% |
| **Karnataka** | | |
| BESCOM | 13.8% | 13.6% |
| HESCOM | 19.0% | 18.5% |
| GESCOM | 20.0% | 19.5% |
| MESCOM | 11.75% | 11.50% |
| **Odisha** | | |
| CESU | 23.00% | 23.00% |
| NESCO | 18.35% | 18.35% |
| WESCO | 19.60% | 19.60% |
| SOUTHCO | 25.50% | 25.50% |

The Table above clearly indicates that the distribution loss of DISCOMs in other States has been pegged at much lower level by respective SERCs and it is therefore, not correct to say that DISCOMs in Odisha has been singled out for special consideration by OERC.

The Hon’ble APTEL since 2006-07 has been setting aside the orders of the Commission on this ground and has directed the Commission to re-determine the distribution loss trajectory keeping in view the ground realities that the requisite funds for augmentation of distribution system have not been made available to the appellant.

(a) However, Government of Odisha has infused huge amounts of funds under Capex Programme but unfortunately DISCOMs have not come forward with counterpart funding to make it a success.

(b) Even Government of Odisha has started Odisha Distribution System strengthening Programme (ODSSP) for constructing 500 numbers of 33/11kv substations in four DISCOMs of the state including NESCO, WESCO and SOUTHCO with a total investment of Rs.2600 crs. The DISCOMs would reap the benefit of such programmes, but without any investments. Similarly State Government has reconstructed the ‘Philin’ cyclone affected distribution network of SOUTHCO from their own resources. Therefore, it is not to correct to say that the distribution loss at desired level has not been achieved because requisite funds have not been provided for by the Government.

It is found that the gap between actual distribution loss and the relaxed target set by the Commission has been increasing year after year as in none of the years the DISCOMs have achieved the target level set for them. Their distribution loss has remained more or less at the same level what they have submitted before Sovan Kanungo Committee. The Distribution licensees are now emphasizing the present distribution loss levels to be recognized by the Commission as baseline loss while determining the target loss level for the future. It may be noted that the Commission have already adopted the beginning loss levels at 42.21% for FY 2001-02 i.e. exactly as per the recommendations of the Kanungo Committee. Even these licensees have never attempted to adhere to the loss reduction target of 5% overall reduction every year from FYs 2002-2003 to 2005-2006 as suggested by Kanungo Committee keeping baseline loss level at 42.21% in FY 2001-02. Though the Kanungo Committee has recommended for annual loss reduction target of 5% considering non-infusion of fund immediately and ground realities, the Commission had set a relaxed target for reduction of 3% loss every year in the Business Plan.

Hon'ble Supreme Court of India in their judgement in WBERC Vrs. CESC Ltd. reported in AIR 2002 in S.C. 3615 has observed as follows:

*"While we agree with the Commission that it is the duty of the Company to bring down the loss under this head, at the same time, we feel that the same cannot be done in its entirety forthwith because of the reasons given by the Commission itself. At the same time, we also take into consideration the fact that the loss be it transmission or distribution is not totally beyond the control of the company, which fact is established by the admission made by the respondent company xxxxxxxxxxxxxxxx. Therefore, the problem with which the company is now faced in regard to this loss is very much contributed by the inaction on the part of the Company. Therefore, we are of the opinion that the Company should bear a substantial part of this loss by itself rather than seeking to transfer the entire burden on the consumers."*

The Commission is of the opinion that Hon'ble ATE has ignored views of OERC in judgement in not looking into the fact that the Commission has made a relaxed AT&C loss reduction target of 3% upto 2009-10 and thereafter only 1% whereas the actual loss of DISCOMs is much higher than OERC approval and in fact in some years it has actually increased. In fact Hon'ble APTEL in their order in Appeal No. 26-28/2009 dated 03.07.2013 has observed the following regarding resetting of loss level trajectory.

*"17.15 To sum up, the loss level trajectory has to be reset by the State Commission from 2008-09 to 2012-13 in light of the judgment of the Tribunal in Appeal nos. 77 of 2006 and batch and 52 of 2007 and batch and also the findings in these Appeals referred to in the preceding paragraphs. The distribution loss trajectory has to be redetermined keeping in view ground realities that the requisite funds for augmentation of the distribution system have not been made available to the Appellants. However, the loss level trajectory has to be reduced gradually from 2006-07 to 2012-13 and in no case, it should increase. The State Commission shall then true up the accounts of the Appellants for the above period with the revised loss levels. Accordingly directed."*

In the meanwhile order of the Appellate Tribunal for the Tariff order for FY 2014-15 has been received wherein the Tribunal has directed OERC to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15). The Commission has filed an appeal against this order before the Apex Court in CA No. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter. The matter is subjudice at present before Hon'ble Supreme Court of India.

By adopting the Top Down Approach, the Commission intends to calculate the Retail Supply Tariff of ensuing year by adopting normative loss levels approved in the 2nd Business Plan Order in the absence of Business Plan for next year. This approach does not allow the additional losses incurred by the DISCOMs due to inefficiency in their operation. Furthermore, the Commission is of the firm view that the purchase of energy by DISCOMs is a recorded figure whereas the actual sale depends on the performance of DISCOMs. The performance of DISCOMs is solely based on the quantum of distribution loss which can be only be determined through energy audit. The DISCOMs have utterly failed to carry out energy audit which has been subsequently discussed in this order.

**Estimate of Power Purchase Requirement of DISCOMs for FY 2015-16**

**CESU**

The monthly quantum of power purchase of CESU from April, 2014 to December, 2014 is available with us. It is seen from the drawal pattern of CESU that the average drawal from April, 2014 to December, 2014 is higher than its average drawal for the last six month of the current year i.e. July 2014 to December, 2014. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of CESU for last six months for a period of 12 months then CESU would purchase 8227.21 MU for 2015-16. Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the CESU is given as under:

Domestic including Kutir Jyoti sales - 550.27 MU

HT – 76.34 MU

EHT – 28.85 MU

Purchase for the half of the Domestic including Kutir Jyoti sales is allowed by the Commission and DISCOMs are directed to adjust purchase for balance half of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales would be 548.98 MU. CESU is required to purchase this 548.98 MU in addition to 8227.21 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of CESU would be (8227.21+ 548.98) = 8776.19 MU rounded to 8780.00 MU.

**NESCO**

The monthly quantum of power purchase of NESCO from April, 2014 to December, 2014 is available with us. It is seen from the drawal pattern of NESCO that the average drawal from April, 2014 to December, 2014 has been varied widely from 437.38 MU per month during first six months to 392.66 MU per month during last three months. Hence average of nine month ie Aril 2014 to December 2014 which comes out to be 422.48 MU is taken as the basis of calculation of purchase energy for the coming year. If we prorate the monthly drawal of NESCO for 12 months then NESCO would purchase 5069.73 MU for 2015-16. Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the NESCO is given as under:

DOMESTIC and Kutir Jyoti sales- 209.63 MU

HT – 2.62 MU

EHT – 25.02 MU

Purchase for the half of the Domestic including Kutir Jyoti sales is allowed by the Commission and DISCOMs are directed to adjust purchase for balance half of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales would be 181.83 MU. NESCO is required to purchase this 181.83 MU in addition to 5069.73 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of NESCO would be (5069.73+181.83) = 5251.55 MU rounded to 5250 MU.

**WESCO**

The monthly quantum of power purchase of WESCO from April, 2014 to December, 2014 is available with us. It is seen from the drawal pattern of WESCO that the average drawal from April, 2014 to December, 2014 has remained more or less same. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of WESCO for 12 months then WESCO would purchase 7078.52 MU for 2015-16. In case of EHT and HT sales WESCO has shown Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the WESCO is given as under:

Domestic and Kutir Jyoti Sales- 317.00 MU

HT – 54.00 MU

EHT – (-) 16.00 MU

Purchase for the half of the Domestic including Kutir Jyoti sales is allowed by the Commission and DISCOMs are directed to adjust purchase for balance half of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales would be 275.51 MU. WESCO is required to purchase this 275.51 MU in addition to 7078.52 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of WESCO would be (7078.52+275.51) = 7354.03 MU rounded to 7350 MU.

**SOUTHCO**

The monthly quantum of power purchase of SOUTHCO from April, 2014 to December, 2014 is available with us. It is seen from the drawal pattern of SOUTHCO i.e the average drawal from April, 2014 to December, 2014 has remained more or less same. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of SOUTHCO for 12 months then SOUTHCO would purchase 3218.50 MU for 2015-16. Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the SOUTHCO is given as under:

DOMESTIC and Kutir Jyoti Sales- 221.50 MU

HT – 18.67 MU

EHT – 06.86 MU

Purchase for the half of the Domestic including Kutir Jyoti sales is allowed by the Commission and DISCOMs are directed to adjust purchase for balance half of the Domestic and Kutir Jyoti sales by reduction of loss. The additional purchase for this LT, HT and EHT sales would be 202.09 MU. SOUTHCO is required to purchase this

202.09 MU in addition to 3218.50 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of SOUTHCO would be (3218.50+202.09) = 3420.58 MU rounded to 3420 MU.

**Estimation of LT Sales of DISCOMs for FY 2015-16**

We have already approved early Business Plan for DISCOMs for the year 2014-15 wherein we have fixed overall distribution loss for that year. In absence of Business Plan for the ensuing year we have to adopt the target loss figure for the current year for FY 2015-16. Assuming the same overall distribution loss level as approved by us for the current year i.e. for FY 2014-15 we determine the LT sales assuming HT and EHT loss percentage as 8% and 0% respectively basing on top down approach as per Regulation 3 (b) of Tariff Regulation, 2004. Accordingly, the power purchase and sales approval for FY 2015-16 is given below:

**Table – 19**
**Approval of Power Purchase and Sale for DISCOMs for FY 2015-16 (In MU)**

| **All ODISHA PURCHASE & SALES PROPOSED & APPROVED BY THE COMMISSION FOR FY 2015-16** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **CESU** | | **NESCO** | | **WESCO** | | **SOUTHCO** | | **ODISHA** | |
| | **Pro.** | **Approved** | **Pro.** | **Appro.** | **Pro.** | **Appro.** | **Pro.** | **Appro.** | **Pro.** | **Appro.** |
| **Purchase** | 9451.10 | 8780.00 | 5624.57 | 5250.00 | 7500.00 | 7350.00 | 3630.00 | 3420.00 | 26205.67 | 24800.00 |
| **Sales** | | | | | | | | | | |
| EHT | 1652.41 | 1652.41 | 1534.97 | 1548.83 | 1675.00 | 1722.88 | 401.23 | 401.23 | 5263.61 | 5325.36 |
| HT | 1120.16 | 1120.16 | 390.72 | 394.87 | 1214.00 | 1224.41 | 211.24 | 211.24 | 2936.13 | 2950.68 |
| LT | 3670.53 | 3988.03 | 1960.61 | 2342.93 | 2028.00 | 2962.11 | 1648.57 | 1935.43 | 9307.70 | 11228.49 |
| **Total Sales** | **6443.10** | **6760.60** | **3886.30** | **4286.63** | **4917.00** | **5909.40** | **2261.05** | **2547.90** | **17507.44** | **19504.53** |

In view of the above approved purchase and sales, we fix the performance criteria for different DISCOMs for FY 2015-16 as given in the table below:

**Table – 20**
**Distribution Loss, Collection Efficiency & AT&C Loss (in %)**

| | **2013-14 (Actual)** | **2014-15 (Approved)** | **2014-15 (Estimated by the Licensee)** | **2015-16 (Proposed by the Licensees)** | **2015-16 (Approved)** |
|---|---|---|---|---|---|
| **DISTRIBUTION LOSS (%)** | | | | | |
| CESU | 34.63% | 23.00% | 33.83% | 31.83% | 23.00% |
| NESCO | 33.84% | 18.35% | 31.91% | 30.90% | 18.35% |
| WESCO | 36.68% | 19.60% | 35.53% | 34.44% | 19.60% |
| SOUTHCO | 40.99% | 25.50% | 39.17% | 37.71% | 25.50% |
| **ALL ODISHA** | 35.88% | 21.38% | 34.62% | 33.19% | 21.35% |
| **COLLECTION EFFICIENCY (%)** | | | | | |
| CESU | 92.56% | 99.00% | 94.00% | 97.11% | 99.00% |

| | 2013-14 (Actual) | 2014-15 (Approved) | 2014-15 (Estimated by the Licensee) | 2015-16 (Proposed by the Licensees) | 2015-16 (Approved) |
|---|---|---|---|---|---|
| NESCO | 96.85% | 99.00% | 96.85% | 98.00% | 99.00% |
| WESCO | 93.75% | 99.00% | 94.50% | 96.00% | 99.00% |
| SOUTHCO | 90.85% | 99.00% | 94.50% | 96.00% | 99.00% |
| **ALL ODISHA** | 94.02% | 99.00% | 94.86% | 96.85% | 99.00% |
| **AT & C LOSS (%)** | | | | | |
| CESU | 39.50% | 23.77% | 37.80% | 33.80% | 23.77% |
| NESCO | 35.93% | 19.17% | 34.05% | 32.29% | 19.17% |
| WESCO | 40.64% | 20.40% | 39.07% | 37.06% | 20.40% |
| SOUTHCO | 46.39% | 26.25% | 42.52% | 40.20% | 26.25% |
| **ALL ODISHA** | 36.52% | 22.17% | 37.98% | 35.29% | 22.14% |

**Computation of Revenue**

Section 61(g) of the Electricity Act states that the tariff should progressively reflect the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission. Accordingly, the Commission has attempted to reduce the cross-subsidies among various categories of consumers existing under different voltage levels. Based on normative values for different parameters like distribution loss, AT&C loss and collection efficiency as approved in the Business Plan, Retail Supply Tariff has been determined so as to recover the cost of supply by the DISCOMs enabling them to pay for the power purchase cost, Transmission charges as well as other operational expenditure. The Commission has adopted the following methodology which appears to be more realistic to estimate the revenue of DISCOMs from different categories of consumers for ensuing year.

**EHT & HT Category**

The average revenue billed per unit (P/Kwh) category-wise by DISCOMs for the first 9 months of current financial year (in T-6 Format) after normalization and factoring the tariff rise has been multiplied by the category wise estimated sales for FY 2015-16 to arrive at revised revenue in the respective category of each licensee. This calculated revenue for the respective category shall be the expected revenue at the revised tariff for the ensuing year. However, in some categories where actual average revenue billed per unit is very high or low, the Commission has taken average tariff in that category in different load factor (considering the consumption pattern) to arrive at the expected revenue in the respective category of the Distribution licensee.

**LT Category**

The Commission has approved the sales of DISCOMs at LT level by considering power purchase allowed to them and applying the target loss level for FY 2015-16 at that voltage. The Commission expects appreciable growth in LT sales due to rapid Rural Electrification and improved standard of living of the people of the State. But the licensees have projected less sale in LT than what is now approved for them by applying target loss level. It is difficult to assess the LT sales for ensuing year as per billing data within a reasonable accuracy limit. However, the Commission is optimistic of higher sales in LT sector in the coming year. Therefore, the Commission thinks it fit to allow revenue to DISCOMs at the approved sales level at LT. The average revenue billed per unit (P/kWh) category-wise for first 9 months of current year at LT level was submitted by DISCOMs. The DISCOMs are likely to maintain at least this trend or bill more revenue per unit of sale in ensuing year. This per unit revenue billed with tariff rise in the respective category is multiplied by category-wise expected sale for FY 2015-16 to arrive at expected revenue of each licensee. This calculated revenue for the respective category shall be the expected revenue at the revised tariff for the ensuing year. However, the Commission takes a pragmatic view on reasonableness of sales and revenue for the individual DISCOM in domestic category.

Therefore, following the above principle we approve the expected revenue of DISCOMs for FY 2015-16 as given in the table below:

**Table – 21**

| **REVENUE OF DISCOMS FOR FY 2015-16** | | | | |
|---|---|---|---|---|
| | **CESU** | **NESCO** | **WESCO** | **SOUTHCO** |

| | Pro. | Approved | Pro. | Approved | Pro. | Approved | Pro. | Approved |
|---|---|---|---|---|---|---|---|---|
| **EHT** | 894.51 | 943.89 | 859.40 | 894.41 | 1021.50 | 976.31 | 220.53 | 231.64 |
| **HT** | 637.30 | 641.84 | 231.19 | 228.46 | 686.67 | 705.45 | 129.66 | 122.64 |
| **LT** | 1464.79 | 1672.31 | 721.71 | 915.45 | 793.59 | 1160.83 | 571.72 | 703.86 |
| **Total** | **2996.60** | **3258.04** | **1812.30** | **2038.32** | **2501.76** | **2842.60** | **921.91** | **1058.14** |

**Commission monitored Smart Metering, Energy Audit and SCADA Schemes**

The Commission in its Tariff Order for FY 2014-15 in Para 214-215 had directed DISCOMs to implement smart metering, energy audit and SCADA schemes and had also provided Rs.48 crs., Rs.38 Crs., Rs.30 Crs. and Rs.15 Crs. under Special R&M to CESU, WESCO, NESCO and SOUTHCO respectively. But the progress in implementation of these ambitious scheme is very negligible. Therefore, since the Commission has allowed Rs.131 Crs. in the current year to all the DISCOMs and they have spent very little in this area; there is no need to provide more money in the ARR of ensuing year. The DISCOMs are directed to complete the smart metering, energy audit and SCADA scheme as directed in the current year tariff order i.e. tariff order for 2014-15 in the ensuing year.

**Special Rebate to the consumers opting for use of Smart Meter**

The consumers who will avail power supply through smart meters shall continue to get a special rebate of 25 paise per unit (including all other regular rebate in vogue) as directed by the Commission in Para 214 in Retail Supply Tariff Order for FY 2014-15. Since Commission had decided to provide expenses towards purchase of meters for the smart metering scheme, DISCOMs are directed not to charge cost of meter or meter rent for such consumers who have been provided with smart meter with remote connection and disconnection.

**Billing to Consumers based on kVAh recording instead of kWh recording**

The Commission has dealt with this matter in Para 216 of Retail Supply Tariff Order for FY 2014-15. As claimed by DISCOMs the major benefit of this Kvah billing is to do away with power factor penalty scheme. But the Commission has already introduced power factor penalty for almost all HT and EHT consumers except certain categories of HT and LT consumers such as SPP, GP <110 KVA, HT (M) supply and LT (M) supply under HT and LT category respectively. The Commission has consciously spared these consumers from penalty scheme owing to less drawal and consequential impact on the system voltage. If in a future date the Commission is satisfied that due to drawal of these consumers the system voltage is substantially affected it would consider implementing power factor penalty for them.

**Meter Rent and revenue collection**

The erstwhile Reliance Managed DISCOMs (utilities of NESCO, WESCO & SOUTHCO) have submitted that inclusion of meter rent as miscellaneous income/revenue receipts in their ARR ought to be discontinued as expenditure on purchase of meters is treated as a capital expenditure. Since the DISCOMs avail depreciation on the capital asset of the meter, therefore, meter rent must be deducted as miscellaneous income from the ARR. The DISCOMs are not entitled to double benefit on a single item. Accordingly, the submission of DISCOMs is not acceptable.

**Pre-paid meters**

All the DISCOMs submitted that the direction of the Commission not to charge rent for prepaid meter be withdrawn and the Meter rent for the AMR / AMI Based Meters should be enhanced. In this connection our order in Para 271-273 of Retail Supply Tariff Order for FY 2014-15 may be referred to and this will continue until further order.

**Meter Rent**

All the DISCOMs submitted that the existing meter rent recovered by the Licensee from the consumers are negligible and the leasing as well as vending service charges are high enough as a result, there is a huge recovery difference. It is to be mentioned here that the Commission has increased the meter rents from forty to sixty instalments during last financial year and hence not in favour of an immediate increase of meter rent for the consumers of the state. Hence the existing monthly meter rent will continue as follows:

**Table - 22**

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

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

The monthly meter rent shall be charged from the consumers to whom meter has been supplied by the licensee. The licensee should strengthen their meter testing laboratories so that they can handle repair and replacement of defective meters quickly. Meter test report should be supplied to the consumer at the time of installation of the meter. The Commission desires that DISCOMs may initiate advance metering technology like pre-paid meters, automatic meter reading system (AMR/AMI) etc. by replacing sluggish yesterday technology meters in line with CEA and OERC Regulation. The DISCOMs, in line with the stated smart metering policy may introduce AMR / AMI compliant pre-paid/post-paid smart meters (as per consumer choice) in selected urban areas to start with.

**Emergency Power Supply to CGPs**

The issue of emergency supply to CGP has already been addressed in details vide para 217-219 of RST Order for FY 2014-15 which shall apply mutatis mutandis for ensuing year until further order. The Commission will continue with single part tariff for CGP for coming year also.

**Own Your Transformers (OYT) scheme**

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

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

**Provision for part payment of Electricity Bill**

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

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

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

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

**Issue of Allied Agro-Industrial tariff**

The Commission has dealt with this matter in Para-233-236 in the RST order for FY 2014-15. The direction of the Commission in that order will continue for ensuing year also. The food processing unit attached with cold storage shall be charged at Agro Industrial Tariff, if cold storage load is not less than 80% of the entire connected load. If the load of the food processing unit other than cold storage unit exceeds 20% of the connected load then entire consumption by the cold storage and the food processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be. The Commission is of the view that Government is to address this issue through Section 65 of Electricity Act or introduce Direct Benefit Transfer (DBT) scheme on behalf of Government to the beneficiaries in view of existing financial condition of DISCOMs.

**Agricultural Tariff for NAC areas**

Some objectors pointed out that the present amended Regulation 80 (5) (i) relates to supply of power for pumping of water in lift irrigation, flow irrigation and for lifting of water from wells/ bore wells, dug-wells, nallahs, streams, revulets, exclusively for agricultural purpose in areas other than areas coming under Municipality/ NAC limit of this State. This category is applicable to pumping capacity of less than 15 HP in aggregate for a single consumer. They submitted that the above Regulation framed by the Commission has deprived the poor agricultural consumers of the State of concessional tariff those who have their agricultural lands under the NAC/ Municipality Limits. We find that it is not possible to amend the Regulation at this stage by individual petition. The Commission will collect necessary and sufficient information in this regard and take further action, if necessary.

**Reliability Surcharge**

All the licensees submitted that the reliability surcharge is applicable for HT and EHT consumers, availing power supply through dedicated feeders, with other pre-conditions. However in absence of clarity in the definition of ‘dedicated feeder’ the licensees are facing difficulties for proper implementation of the same. They submit that the reliability surcharge should also be applicable to other HT & EHT consumer who avail power supply through shared feeders with the stipulations of voltage and reliability index criteria. We find force in the argument of DISCOMs since the consumer pay for the reliability of power supply and it is immaterial if he gets supply from a dedicated feeder or shared feeders. Therefore, the HT & EHT consumers who avail power supply after getting two conditions satisfied as mentioned in Para 196 of Retail Supply Tariff order for FY 2013-14 irrespective of dedicated or shared feeder shall pay the reliability surcharge @ 10 Paisa/unit for the all the units consumed in a billing month. It is further directed that DISCOMs shall attach reliability index calculation and voltage variation report with the bill in case of levy of reliability surcharge. No reliability surcharge is payable unless this report is attached to the bill.

**Delayed Payment Surcharge (DPS)**

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

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

The consumers as mentioned below shall continue to pay DPS at the rate prescribed in Para 251 of Retail Supply Tariff order for FY 2014-15 with some modification. This DPS shall be charged to the defaulting consumers who do not clear the bill (current and arrear) consecutively for two months. The DPS shall be charged every two month (maximum six times in a year) as per the flat rates shown in the following table:-

**Table – 23**

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

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

**Disaster Mitigation Surcharge**

CESU has submitted its intent to levy 1% surcharge to create a disaster management fund to be utilised immediately without waiting for Government assistance. The disasters are basically spread over in sporadic manner in a vast geographical tract. Therefore, levying a surcharge on all consumers is not a feasible proposition. After all the mitigation of disaster and restoration of network after such disaster basically falls under the ambit of the government since DISCOMs are public utilities.

**Take or Pay Tariff**

Some objectors requested for reintroduction of take or pay tariff. The three DISCOMs such as NESCO, WESCO & SOUTHCO stated that due to introduction of “Assured Energy” concept, industries are reluctant to avail the “Take or Pay” tariff. As such the purpose of “Take or Pay” tariff has been defeated and Commission has rightfully withdrawn it since FY 2013-14. We have discussed this matter in detail in Para-263 of Retail Supply Tariff order for FY 2014-15. Therefore, the Commission is not inclined to re-introduce the same again.

**Interest on Security Deposit**

CESU has prayed for reduction of interest rate on Security Deposit to the tune of the period held by the licensee. The interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply) Code, 2004. The said regulation provides that the licensees shall pay interest on security deposit of the consumer at the Bank rate notified by RBI provided that the Commission may direct a higher rate of interest from time to time by notification in official gazette. We have now fixed the same to 8.75% per annum basing on the prevailing bank rate as on 01.01.2015 in the present RST order. Accordingly Commission directs DISCOMs to adjust the interest on security deposit as per Regulation 21 OERC Distribution (Condition of Supply) Code, 2004.

**TOD benefit**

Some objectors stated that the TOD benefit should be increased to at least 30 paise per unit to encourage consumers to shift their load to non-peak night hours. Further, TOD benefit may be extended from 10.00 AM to 6.00 P.M. so as to reduce the peak hour demand. The Commission examined the proposal made by the objectors and verified the present load profile of the State and decided to continue with the present ToD hours with enhanced benefit of 20 paisa per unit.

**MMFC/Demand charges for HT (M) consumers having contract demand 22 KVA and above but less than 110 KVA**

One of the objector submitted that the HT (M) supply consumers are paying more demand charges in comparison to LT (M) supply consumer though they are paying for the infrastructure cost. The submission of the objector is not completely based on the facts. The HT (M) supply consumers are required to pay for the infrastructure cost when the supply appears to be non-remunerative. In return they are getting better quality of supply at higher voltage. Over and above they are getting supply at lower energy charge rate than that of their counterpart in LT (M) supply even when the drawal is less than the 60% load factor. Regarding the wider disparity in demand charges between LT (M) and HT (M) supply the Commission shall reconsider the same.

**Demand charges for Ice Factories dependant on fishing vis-a-vis statutory restriction on fishing**

The Fisheries Department of the Government of Odisha has introduced a seasonal prohibition on fishing by trawlers for a distance of 20 km from the seashore at the Devi (Jatadhari River mouth to Devi River mouth) and Rushikulya (Chilika lake mouth to Rushikulya River mouth). The annual ban was for the turtle season from January to May. Considering this ban we have allowed some concession to Ice Factories dependant on fishing in terms of demand charges in FY 2012-13 vide Para 250 to 257 in our RST Order for that year. We direct that same concession would continue for FY 2015-16 also. Accordingly during the statutory restriction imposed by the Fisheries Department, the Ice factory located at a distance not more than 5 KM towards the land from the seashore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period. There will be no changes in energy charges and other charges payable to the DISCOMs as per the existing Tariff Order and Regulations. The modalities of implementation of this concession shall be as per our order in para 269 in Retail Supply tariff order for FY 2014-15.

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

CESU has brought to our notice that due to seasonal overdrawal by certain HT and EHT industries they are required to pay more for energy charges on account of implementation unscheduled interchange mechanism between DISCOMs and GRIDCO. Therefore, it has suggested both penal energy and demand charges in case of overdrawal by industries having CD of 1 MVA or more. It can be pointed out here that even for overdrawal within a single time block DISCOMs get overdrawal charges over the normal demand charges for a complete month. It compensates adequately the DISCOMs for the drawal beyond the schedule energy. Therefore, we are not inclined to accept the contention of DISCOMs. Moreover DISCOMs should be more cautious while declaring their schedule to SLDC.

**Monthly Minimum Fixed Charges for consumers of Contract Demand less than 110 KVA excluding Single-phase Consumers**

CESU submitted that all three-phase consumers whose contract demand is less than 110 KVA are provided with static meters having facility for record of demand during the billing period. CESU losses substantially since these consumers pay MMFC as per recorded maximum demand when the drawal is less than contract demand. Therefore, those consumers should pay as per the contract demand. It may be pointed that as per Regulation 64 of OERC Distribution (Conditions of Supply) Code, 2004 contract demand for a connected load below 110 KVA shall be same as the connected load. However, in case of installation with static meter /meter with provision of recording demand the recorded demand rounded to nearest 0.5 KW shall be considered as contract demand requiring no verification. Therefore, as per the above stated Regulation these consumers pay MMFC basing recorded maximum demand in the meter. The loss of revenue due to this provision in the Regulation is incorrect since MMFC is meant to meet a component of the fixed cost and not the total fixed cost incurred in meeting the consumers load and cost related to metering and billing etc.

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

All the DISCOMs submitted that many three-phase consumers in this load range particularly industrial ones are availing their load at lower power factor than normal. Such behaviour puts extra burden on the distribution network and also leads to higher technical loss. The system power factor of DISCOMs have reached a level of more than 90%. The consumer in this category are low end consumers like domestic, commercial, small and medium industries etc. Many of them avail power supply under low tension and installation of capacitor may make the supply un-remunerative for them. The DISCOMs if they find considerable VAR drawal in a particular region they may go for providing capacitor in primary sub-stations under present CAPEX programme or ODSSP programme.

**Issue of Public lighting**

Due to unavailability of meter in many public lighting load, until metering is in place the Commission directs that billing should continue assuming 11 hours burning time taking the average use of summer and winter seasons.

**Tatkal Scheme for New Connection**

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

**Table - 24**

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

The above Tatkal charges do not include meter cost.

**Provisional/Average/Load Factor basis Billing**

The provisional billing has been allowed by us under Regulation 93 (8) and 99 of OERC Distribution (Condition of Supply) Code, 2004. The amount thus billed shall be adjusted against the bill raised on the basis of actual meter reading during subsequent billing cycle. Such provisional billing shall not continue for more than one meter reading cycle at a stretch. If the meter remains inaccessible even for the next cycle the licensee is free to proceed as per Section 163 of the Electricity Act, 2003 which may lead to cut-off the supply to the consumers. Therefore, the licensee must act expeditiously in case of inaccessibility of meter for reading purpose. In no case billing should be made on provisional basis for more than one billing cycle.

Average billing is allowed by us under Regulation 97 of Supply Code, 2004 for the period the meter remains defective or is lost. The billing shall be made on the basis of average meter reading for the consecutive three billing periods succeeding the billing period in which the defect or loss was noticed. We have not allowed average meter reading in any other case except in case of defective meter or when the meter is lost. Therefore, the licensees must desist from billing on average basis in other cases.

Many objectors submitted that the average billing has become a common practice by all DISCOMs in the name of defective meters for a prolonged period. Such practice is violating all norms and regulations of the Commission. As per Section 55 of Electricity Act 2003 read with Reg. 54(1), there should be no unmetered supply to an electricity consumer. In case a meter noticed defective it should be replaced within a period of 30 days as per Reg 2.3 of Schedule-1 of OERC (Licensees Standard of Performance) Regulation, 2004. The distributing licensees should not make it a norm of practice to prorate the present consumption of electricity of a consumer to a prolonged period. Accordingly the licensees must desist from such practice.

Load factor billing has been abolished by us w.e.f. 01.4.2004. It should not be utilized as a substitute billing methodology when the licensees are unable to read meter for any other reason. Therefore, we direct that the licensees must adhere to the codal provision strictly. The consumers are at liberty to take recourse to remedial measures as provided in the Electricity Act, 2003 and Supply Code, 2004.

**Supervision Charges**

As per the OERC Distribution (Conditions of Supply) Code-2004 vide section 13(1) Appendix-I, when a consumer is asked to bear the cost of capital work, he is expected to bear supervision charges of 6% on the total cost of installation. CESU has prayed that this is quite low compared to the other states and hence need to be increased. It is to be mentioned here that the Commission has devised remunerative norm where supervision charges is a component and is fixed under a Regulation. The percentage of supervision charges has been fixed considering the expected expenditure to be incurred by the Licensees basing on information supplied by the DISCOMs. If DISCOMs want any change they must come before the Commission with requisite information so that the Commission would arrive at a conclusion and would bring about necessary changes in the Regulation. The comparison with other States is meaningless.

**Verification of CGP Status of Power Plants**

NESCO, WESCO & SOUTHCO submitted that, as per the relevant provisions of the Electricity Act 2003 read with Indian Electricity Rules, 2005 the CGPs are mandated to utilize at least 51% of power for self consumption per annum. Thus there should be annual verification of the status of the industries operating as CGPs. We agree with the suggestion of DISCOMs that Chief Electrical Inspector (Generation) should be authorised to verify the CGP status of the Captive Generators since that office gets information on self-consumption of industries from their CGPs for calculation of Electricity Duty to be levied by the Government. Hon'ble APTEL in Appeal No. 270/2006 dated 21.02.2011 in Chhatisgarh Power Distribution Company Vrs. Others in Para 38 (III) has observed as follows:

*"Since Open Access has to be regulated by the State Commission, we feel that State Commission has to take the responsibility of declaring the generating plant as captive one and monitoring on an annual basis, if it is satisfies the criteria laid down in Rule 3 of the Electricity Rules."*

Therefore, concerned Chief Electrical Inspector is directed to supply the information to the Commission for declaration of any Generator owned by any industry as Captive Generating Plant annually.

**Metering, Billing and Misuse of Section 126, 127 and 135 of EA, 2003**

Many objectors submitted that DISCOMs are penalizing consumers under section 126 of EA 2003 for defective meter even though they fail to replace meter in timely manner. They also submitted that undue enrichment by DISCOMs should be stopped under application of Section 126 of Indian Electricity Act 2003. It has become a common practice by the DISCOMs to disconnect power supply under Section 135 simultaneously levying penalty under section 126 due to over drawl by a consumer instead of levying overdrawal penalty under the plea of Supreme Court decision vide Civil Appeal No 5589 of 2011 wherein overdrawal has been equated to unauthorized use of electricity. In this context it is mentioned here that use of Section 126 or Section 135 for occasional overdrawal by a consumer is an action to be carefully examined by officers since there is a provision to deal with overdrawal in the tariff order. Such actions should only be justified in cases where the licensees are satisfied that the overdrawal by the consumers is unauthorised to evade the enhancement of contract demand. Accordingly the DISCOMs are advised to exercise due diligence while using penal provision like use of Section 126 or Section 135 of the Act.

**Calculation of Transformer Loss in case of LT Metering**

Some of the consumers submitted that in case of LT side metering of HT consumer, transformer loses are added in the bill. Although 30 days have been provided in regulation for replacement of meters, HT metering units are not being replaced for years together as a consequence of which consumers are burdened to pay assumed lost units not consumed by them. The licensees are knowingly taking undue advantages of calculating transformer losses as per the Transformer rating in accordance with Regulation 54.3(B) of OERC (Condition of Supply) Code 2004. It is to be mentioned here that the placement of metering unit is immaterial and the billing depends upon the category of consumers whether LT or HT. Regarding transformer loss the Regulation specifies the methodology of calculation of such loss. The HT consumers must be cautious while selecting appropriately rated transformer for their use.

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

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

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

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

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

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

**Calculation of Load Factor for HT consumers with load < 110 KVA**

Many consumers (especially HT/EHT) submitted that Load Factor should be calculated as per Regulation 2(Y) of OERC Distribution Code 2004. For calculation of load factor Maximum Demand or Contract Demand should be taken in terms KW. But instead that some licensees compute load factor on the basis of KVA recorded. On such issues Commission directs all the licensees to calculate load factor strictly on the Regulation 2(Y) of OERC Distribution Code.

**Special Tariff for Power Intensive and Auto Ancillary Units**

M/s. RSB Ltd prayed that it is the only auto ancillary unit of the state and needs encouragement for employment generation in the state and hence should avail the benefit of special tariff category. Similarly some other objectors of the state prayed for reintroduction of take or pay tariff or special tariff for power intensive industries. They further pointed out that at least there can be some special agreement for supply of power at a concessional tariff as in case of Jayshree Chemical by SOUTHCO.

It may be mentioned here that as per Section 61 (d) of the Act the Commission while determining the tariff shall be guided by the principle of safeguarding the consumers interest and at the same time, recovery of the cost of electricity in a reasonable manner. That means the cost of supply is to be recovered from the consumers. This Commission has taken step long back in this regard i.e. the consumer at a particular voltage level pay equal tariff barring few in LT category. The promotion of a particular industry is beyond the scope in the Electricity Act and falls within the domain of the Government. If Government wants to subsidise any category of consumers this can be done through subsidy mechanism specified under Section 65 of the Act. Regarding reintroduction 'Take or Pay' tariff it has also been dealt with in para 263 of Retail Supply Tariff Order for 2014-15.

**Separate peak and off peak Tariff**

CESU submitted that at present Orissa Grid faces peak/off-peak demand difference of 1600 MW. For CESU Industrial demand comprises 50% of total demand. Under such circumstances migration of industrial load only can contribute to flattening of load curve. We find that most of the industries in Odisha are mineral based and continuous process industries. Their drawal pattern is almost uniform. However, commercial and domestic load add to the over shooting of demand curve during peak hours. In spite of such a loading on the system the Commission has allowed off peak hours overdrawal benefit to consumers who can manage to draw their additional load during off peak hours. Dis-incentivising them for drawal during peak hours would not affect much due to their requirement of power at particular time in a day. Therefore, we are not inclined to interfere in the present system of time of day drawal benefit.

**Issue of Railways**

The various demands of East Coast Railways as presented by them during public hearing have been deliberated under the heading of objections by the consumers. All those issues are reiterated by them which had been addressed in several previous Tariff orders. After careful consideration of the objections and suggestions of the East Coast Railways the Commission have decided to continue with the existing tariff structure for Railway Traction.

Regarding the decision of Ministry of Railways on declaring Railways as the deemed licensee we feel that it contradicts the decision of Hon'ble Supreme Court in Civil Appeal No. 5479 of 2013 (Sterilte Industries Vs OERC & others) where in the Apex Court has categorically disapproved a consumer from being designated as a deemed licensee in case he consumes the power himself without selling it to some other consumers.

**Tariff for Temporary Connection**

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

**Energy Audit**

Distribution loss is a matter of great concern and energy audit is the first step towards ascertaining the actual such losses. As energy Audit helps the DISCOMs to segregate technical and commercial loss it can lead to fixation of accountability across management chain and DISCOMs can adopt corrective measure to realize the cost of energy actually utilized by the consumer by plugging leakages. Metering is the major pre-requisite towards Energy Audit programme. The table below shows the metering position of DISCOMs as on 30.09.2014.

**Table - 25**

| | **CESU** | **NESCO** | **WESCO** | **SOUTHCO** |
|---|---|---|---|---|
| No. of 33 KV feeders | 140 | 70 | 198 | 165 |
| No. of 33 KV feeder metering | 133 | 70 | 96 | 42 |
| Energy Audit Carried Out- 33 KV feeder | 16 | 9 | 52 | 1 |
| No. of 11 KV feeders | 696 | 486 | 558 | 503 |
| No. of 11 KV feeder metering | 499 | 81 | 307 | 23 |
| Energy Audit Carried Out- 11 KV feeder | 126 | 72 | 83 | 3 |
| No. of 33 / 11 KV transformers | 479 | 307 | 320 | 274 |

| | CESU | NESCO | WESCO | SOUTHCO |
|---|---|---|---|---|
| No. of 33/11 KV transformer metering position | 232 | 44 | 0 | 0 |
| No. of distribution transformers (11/0.4 & 33/ 0.4 KV) | 53,093 | 44,029 | 33,390 | 31,727 |
| No. of distribution transformer metering position | 13,334 | 175 | 4119 | 272 |

The status of feeder metering mentioned above confirms the poor metering arrangement by the licensees. Further, the absence of proper metering arrangement down below up to level of consumers there is no such energy audit programme in operation. Hence, several directions have been issued by the Commission to DISCOMs since long to carry out the full scale energy audit.

**Cross-subsidy in Tariff**

Section 61(g) of Electricity Act 2003 stipulates that the appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Commission. Para 8.3.2 of Tariff Policy enjoins that for achieving the objective that tariff progressively reflects the cost of supply of electricity, the SERC would notify road map within 6 months with a target that latest by the end of year 2010-11 tariffs are within ± 20% of the “average cost of supply”.

Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. In conformity to para 8.3.2 of Tariff Policy and para 5.5.2 of National Electricity Policy the Commission has framed regulation 7(c)(iii) of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004 which is reproduced below:

*“7 (c) (iii) For the purpose of computing Cross-subsidy payable by a certain category of consumer, the difference between average cost-to-serve all consumers of the State taken together and average tariff applicable to such consumers shall be considered.”*

According to that Regulation, cross subsidy is to be worked out based on the average cost to supply to all consumers of the State taken together and average tariff applicable to such consumers. The average cost of supply for Odisha for FY 2015-16 is follows:

**Table – 26**

**Average Cost of Supply (per Unit) FY 2015-16**

| Expenditure | 2015-16 (Approved) |
|---|---|
| Cost of Power Purchase | 7,050.30 |
| Transmission Cost | 620.00 |
| SLDC Cost | 4.03 |
| **Total Power Purchase, Transmission & SLDC Cost(A)** | **7,674.33** |
| Employee costs | 1,038.43 |
| Repair & Maintenance | 216.86 |
| Special R & M for Smart Metering | |
| Administrative and General Expenses | 137.22 |
| Provision for Bad & Doubtful Debts | 61.18 |
| Depreciation | 138.31 |
| Interest Chargeable to Revenue including Interest on S.D | 231.58 |
| Sub-Total | 1,823.58 |
| Less: Expenses capitalised | |
| Total Operation & Maintenance and Other Cost | 1,823.58 |
| Return on equity | 36.00 |
| **Total Distribution Cost (B)** | **1,859.58** |
| Amortisation of Regulatory Asset | - |
| True up of Past Losses | - |
| Contingency reserve | - |
| Total Special Appropriation (C) | - |
| **Total Cost (A+B+C)** | **9,533.91** |
| Less: Miscellaneous Receipt | 373.56 |
| **Total Revenue Requirement** | **9,160.35** |
| Expected Revenue(Full year ) | 9,197.09 |
| GAP at existing(+/-) | 36.74 |
| Approved Saleable Units (MU) | 19,504.53 |
| **Average Cost (paisa per unit)** | **488.81** |

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

Average Tariff realization for a category = Total expected revenue to be realized from a category as per ARR/ Total anticipated sale to that category as per ARR

The cross-subsidy calculated as per the above methodology is given in the table below:

**Table - 27**
**Cross-Subsidy for FY 2015-16**

| Year | Level of Voltage | Average cost of supply for the State as a whole (P/U) | Tariff P/U | Cross-Subsid y P/U | Percentage of Cross-subsidy above/below of cost of supply | |
|---|---|---|---|---|---|---|

| 1 | 2 | 3 | 4 | 5=(4–3) | 6= (5 / 3) | 7 |
|---|---|---|---|---|---|---|
| **2012-13** | **EHT** | 460.51 | 551.04 | 90.53 | 19.66% | The tariff for HT & EHT category has been calculated based on avg. tariff. |
| | **HT** | | 552.09 | 91.58 | 19.89% | |
| | **LT** | | 368.52 | -91.99 | -19.98% | |
| **2013-14** | **EHT** | 466.68 | 559.18 | 92.50 | 19.82% | |
| | **HT** | | 559.69 | 93.01 | 19.93% | |
| | **LT** | | 374.66 | -92.02 | -19.72% | |
| **2014-15** | **EHT** | 461.07 | 552.64 | 91.57 | 19.86% | |
| | **HT** | | 553.15 | 92.08 | 19.97% | |
| | **LT** | | 369.63 | -91.44 | -19.83% | |
| **2015-16** | **EHT** | 488.81 | 572.03 | 83.22 | 17.03% | |
| | **HT** | | 575.59 | 86.78 | 17.75% | |
| | **LT** | | 396.53 | -92.28 | -18.88% | |

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

**Decision of the Commission on Open Access Charges (Cross Subsidy Surcharge and Wheeling Charges)**

The Commission has carefully examined all applications received from the DISCOMs as well as from objectors on the methodologies for estimating the Cross-subsidy Surcharge and the Additional Surcharge.

The Open Access Charges (Transmission / wheeling Charges, Surcharge and Additional Surcharge applicable to open access customers for use of Intra-state transmission/ distribution system) under the provisions of the Act were first fixed by the Commission for 2008-09 in its order dated 29.03.2008 in Case No. 66, 67, 68 & 69 of 2006. The detailed procedures and methodologies for computation of surcharge for different consumer categories have been elaborately described in the said order. Subsequently, the Commission has passed many orders for different years on Open Access Charges applicable to open access customers for use of Intra-state transmission/ distribution system based on the same principle.

Some objectors pointed out that the cross subsidy surcharge should be calculated as per the methodology specified in Regulation 4.2 of OERC (Determination of Open Access Charges) Regulations, 2006. This Regulation deals with computation of cost for determination of cross subsidy surcharge. The power purchase cost which is one of the cost should be determined as per that Regulation basing on in weighted marginal cost of power purchase and should be considered as avoided cost of power purchase for the capacity that is likely to move away due to open access transaction. But we have certain uniqueness in the structural and functional aspects of power sector in the State. DISCOM utilities purchase power from GRIDCO where all the PPAs of the Generators has been assigned. The GRIDCO has been declared as 'State Designated Agency' to procure power from the Generators to meet the requirements of the State. Therefore, GRIDCO purchases both high cost thermal power and so also low cost hydro power and supplies this pooled power to the DISCOM utilities at bulk supply price fixed by the Commission. GRIDCO also discharges the obligation for purchase of Renewable Energy for the consumers of the DISCOMs. Accordingly, GRIDCO becomes a virtual generator for DISCOM utilities. The bulk supply price of GRIDCO is the unique power purchase price of DISCOMs without any differentiation of low or high cost marginal generation. In addition to BSP all the DISCOM utilities pay transmission charges to State Transmission Utility (OPTCL) for transmitting power in its EHT network to be delivered at inter-connection points with the DISCOMs. Hence, for our purpose cost of power purchase by DISCOM utilities is sum of BSP of respective DISCOM utility and transmission charges.

The tariff for HT and EHT consumers for determination of cross subsidy surcharge has been assumed in 100% load factor since open access drawal is made to utilise the full quantum of the power so availed. The formula prescribed in Tariff Policy in Para 8.5.1 for determination of cross subsidy surcharge is as follows:

***Surcharge formula:***

*S = T – [C (1+ L / 100) + D]*

*Where*

***S*** *is the surcharge*

***T*** *is the Tariff payable by the relevant category of consumers;*

***C*** *is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power*

***D*** *is the Wheeling charge*

***L** is the system Losses for the applicable voltage level, expressed as a percentage*

The Commission now adopts 'C' in the formula equal to BSP of respective DISCOMs as followed in the earlier years and as explained in the preceding paragraphs. Similarly 'T' is the tariff at 100% load factor including demand charges for the respective voltage level. The wheeling charges 'D' is as determined from the distribution cost approved for the FY 2015-16 and 'L' is presently 8% at HT level whereas for EHT there is no requirement of incorporation since it has already been accounted for in the Bulk Supply Price of the DISCOM utilities.

Basing on the above the wheeling charges and cross subsidy surcharges have been determined as follows:

**Table – 28**
**Wheeling Charges Approved for FY 2015-16**

| | **CESU** | **NESCO Utility** | **WESCO Utility** | **SOUTHCO Utility** |
|---|---|---|---|---|
| **Purchase MU** | **8,780.00** | **5,250.00** | **7,350.00** | **3,420.00** |
| Energy Handled at HT MU (A) | 7,127.59 | 3,701.17 | 5,627.12 | 3,018.77 |
| **Cost (Rs in Cr.)** | | | | |
| Total Revenue requirement Excl. Mis Receipt (B) | **3,249.36** | **2,029.21** | **2,827.85** | **1,053.97** |
| Less Cost of Power purchase, Transmission & SLDC Charge (C) | 2,723.23 | 1,717.60 | 2,463.45 | 770.06 |
| **Net Distribution Cost (D= B – C)** | **526.13** | **311.61** | **364.40** | **283.91** |
| **Wheeling Charge calculated for 2015-16 (P/U) (E= D/A)** | **73.82** | **84.19** | **64.76** | **94.05** |

**Table - 29**
**Computed Surcharge for Open access consumer 1MW & above**

| **DISCOM** | **CESU** | **NESCO** | **WESCO** | **SOUTHCO** |
|---|---|---|---|---|
| **Surcharge for EHT Consumer (P/U)** | 205.89 | 188.89 | 180.89 | 290.89 |
| **Surcharge for HT Consumer (P/U )** | 112.26 | 83.52 | 94.32 | 183.83 |

As per mandate of the Electricity Act, 2003 under Section 42 the cross subsidy surcharge is to be reduced progressively. The Commission is authorized to evolve a methodology for such reduction. Basing on the suggestions during the hearing in the last year so also in the current proceeding, the Commission have considered the reduction in cross subsidy since last year. The cross subsidy surcharge has been reduced by the Commission from 80% level of the computed value (based on the formula prescribed in the Tariff Policy and now termed as leviable surcharge) to 70% this year.

**Table – 30**
**Leviable Surcharge, Wheeling Charge & Transmission Charge for Open access consumer 1MW & above for FY 2015-16**

| Name of the licensee | Cross Subsidy Surcharge (P/U) | | Wheeling Charge P/U applicable to HT consumers only | Transmission Charges for Short Term Open access Customer (applicable for HT & EHT consumers) |
|---|---|---|---|---|
| | EHT | HT | | |
| **CESU** | 144.12 | 78.58 | 73.82 | Rs. 1500/MW/day or Rs.62.5/MWh |
| **NESCO Utility** | 132.22 | 58.47 | 84.19 | Rs. 1500/MW/day or Rs.62.5/MWh |
| **WESCO Utility** | 126.62 | 66.02 | 64.76 | Rs. 1500/MW/day or Rs.62.5/MWh |
| **SOUTHCO Utility** | 203.62 | 128.68 | 94.05 | Rs. 1500/MW/day or Rs.62.5/MWh |

**Additional Surcharge**

As per principle followed in the previous order, we have not determined additional surcharge over and above the surcharge to be paid to the DISCOMs to meet the fixed cost of licensee arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act. This is because no such case has been brought before us by the DISCOMs.

**Relationship between Cross Subsidy and Cross Subsidy Surcharge**

Some objectors submitted that cross subsidy and cross subsidy surcharge are equal. It is to be pointed out here the cross subsidy surcharge is levied for loss of cross subsidy for a consumer who opts out from the supply chain of DISCOM utility. The tariff the consumer pays does not consist of barely the demand and energy charges. The actual tariff payable by a consumer is a product of not only demand and energy charge but also dependent on various other charges, incentives and penalties. Therefore, the cross subsidy surcharge shall be different from that of cross subsidy.

**FINANCIAL ISSUES FY 2015-16**

**Employees Cost**

The petitioners WESCO, NESCO, SOUTHCO and CESU in their ARR and tariff petition for the FY 2015-16 have projected employees cost. A comparison of the approved Employees cost for FY 2014-15 and proposed employees cost by DISCOMS for FY 2015-16 is shown in table below.

**Table – 31**

**(Rs. in Cr.)**

| Sl. | Particulars | WESCO | | NESCO | | SOUTHCO | | CESU | | DISCOMs TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 |
| 1 | Basic Pay + GP | 59.79 | 71.68 | 53.63 | 61.33 | 44.19 | 66.48 | 70.99 | 79.12 | **228.60** | 278.61 |
| 2 | Arrear Salary | | | | | | | | 4.15 | | |
| 3 | Addl. Emp. Cost | | | 2.86 | 1.80 | 0.82 | | | | **3.68** | 1.80 |
| 4 | DA | 65.77 | 86.74 | 59.00 | 76.38 | 48.61 | 80.44 | 78.09 | 98.90 | **251.47** | 342.46 |
| 5 | Other allowance | 1.82 | 2.19 | 1.88 | 1.15 | 1.44 | 1.28 | 4.48 | 11.48 | **9.62** | 16.10 |
| 6 | Bonus | 0.01 | 0.06 | | | | | 1.26 | 0.70 | **1.27** | 0.76 |
| 7 | Contractual Employees | 2.66 | 5.47 | 6.36 | 5.33 | 5.95 | 19.50 | 22.59 | 9.98 | **37.56** | 40.28 |
| 8 | Total Emoluments (1 to 5) | **130.05** | **166.14** | **123.73** | **145.99** | **101.01** | **167.70** | **177.41** | **204.33** | **532.20** | 684.16 |
| 9 | Reimbursement. of medical expenses | 3.16 | 3.56 | 2.96 | 3.15 | 2.42 | 3.82 | 3.57 | 3.96 | **12.11** | 14.49 |
| 10 | Leave Travel Concession | | 0.01 | 0.30 | 0.30 | 0.07 | 0.08 | | 0.46 | **0.37** | 0.85 |
| 11 | Reimbursement of HR | 8.97 | 12.91 | 8.04 | 12.63 | 6.63 | 12.63 | 10.65 | 15.82 | **34.29** | 53.99 |
| 12 | Encashment of Earned Leave | | 0.02 | | | | 0.27 | | | **0.00** | 0.29 |
| 13 | Honorarium | 0.02 | 0.06 | | | 0.20 | 0.01 | | | **0.22** | 0.07 |
| 14 | Payment under workmen compensation Act | | 0.16 | 0.20 | 0.20 | 0.10 | 0.65 | 0.48 | 0.82 | **0.78** | 1.83 |
| 15 | Ex-gratia | 0.02 | 0.08 | | 1.19 | | | | | **0.02** | 1.27 |
| 16 | Other Staff Costs | | | | 0.87 | | 0.29 | | 3.35 | **0.00** | 4.51 |
| 17 | Total Other Staff Costs (7 to 15) | 12.16 | 16.80 | 11.50 | 18.34 | 9.42 | 17.75 | 14.70 | 24.41 | **47.79** | 77.30 |
| 18 | Staff Welfare Expenses | 1.05 | 0.68 | 0.96 | 0.78 | 0.34 | 2.91 | 1.24 | 0.10 | **3.59** | 4.47 |
| 19 | Terminal Benefits (Pension + Gratuity + Leave) | 95.38 | 107.76 | 96.53 | 90.96 | 77.73 | 96.95 | 122.89 | 135.30 | **392.53** | 430.97 |
| 20 | Total (6+ 16+17+18) | **238.64** | **291.38** | **232.72** | **256.07** | **188.50** | **285.31** | **316.24** | **364.14** | **976.11** | 1196.90 |
| 21 | Less : Employees cost capitalized | 4.13 | 3.77 | 1.27 | 1.50 | 0.62 | 0.86 | 6.97 | 6.01 | **12.99** | 12.14 |
| 22 | Total Employees Cost | **234.51** | **287.61** | **231.45** | **254.57** | **187.88** | **284.45** | **309.27** | **358.13** | **963.12** | 1184.76 |
| % rise over approved 2014-15 | | **22.64** | | **9.99** | | **51.40** | | **15.80** | | **23.01** | |

The table above reveals that for the ensuing year the licensees have proposed a rise in employee's cost compared to the approval for the FY 2014-15. WESCO, NESCO, SOUTHCO and CESU have projected an increase over the approval for the FY 2014-15 at 22.64%, 9.99%, 51.40% and 15.80%, respectively. The projected enhancements are mainly attributable to higher estimation towards rise in Basic Pay and Terminal liabilities based on the actuarial valuation appointed by these distribution companies.

The audited accounts of all the licensees are now available with the Commission up to the FY 2013-14.

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

***" 16.1 Employee Cost***

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

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

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

In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the assessment of number of employees as on 31.3.2015 and 31.3.2016 is essential. Regarding number of employees, DISCOMs have submitted the information on the induction and reduction in the number of employees from year to year in their ARR submissions. The position up to the year ending 2015-16 as proposed by the Licensees is depicted in table below:

**Table – 32**
**Employees Proposed (2015-16)**

| | WESCO | NESCO | SOUTHCO | CESU |
|---|---|---|---|---|
| No. of employees as on 31.03.2014 | 3785 | 3188 | 2878 | 7561 |
| Add: Addition during 2014-15 | 251 | 50 | 71 | 0 |
| Less: Retirement/Expired Resignation during 2014-15 | 157 | 122 | 85 | 134 |
| No. of employees as on 31.03.2015 | 3879 | 3116 | 2864 | 7427 |
| Add: Addition during 2015-16 | 480 | 100 | 452 | 8 |
| Less: Retirement/Expired/ Resignation during year 2015-16 | 85 | 84 | 46 | 125 |
| No. of employees as on 31.03.2016 | 4274 | 3132 | 3270 | 7310 |

The Commission after discussions with the DISCOMs regarding induction of new employees during the current financial year and in the ensuing year have in principle decided to approve 50% of the retiring employees on contractual basis as induction for the FY 2015-16. It is found that except NESCO no other DISCOMs have inducted any employees during the current financial year 2014-15. In view of the above the Commission approves following number of employees to the DISCOMs for FY 2015-16.

**Table – 33**
**Employees Strength (2015-16)**

| | WESCO | NESCO | SOUTHCO | CESU |
|---|---|---|---|---|
| No. of employees as on 31.03.2014 | 3785 | 3188 | 2878 | 7561 |
| Add: Addition during 2014-15 | 0 | 50 | 0 | 0 |
| Less: Retirement/Expired Resignation during 2014-15 | 157 | 122 | 85 | 134 |
| No. of employees as on 31.03.2015 | 3628 | 3116 | 2793 | 7427 |
| Less: Retirement/Expired/ Resignation during year 2015-16 | 85 | 84 | 46 | 125 |
| Add: Addition during 2015-16 | 43 | 42 | 23 | 63 |
| No. of employees as on 31.03.2016 | 3586 | 3074 | 2770 | 7365 |
| Average no. of employees for FY 2014-15 | 3707 | 3152 | 2836 | 7494 |
| Average no. of employees for FY 2015-16 | **3607** | **3095** | **2782** | **7396** |

The Commission in last few years have relied on the actual expenses on (as per cash flow) Basic Pay including Grade Pay incurred during the current financial year. Commission has found that assessment of Basic Pay and Grade Pay on actual drawl is more reliable which is further extrapolated for the ensuing year. The Licensees were accordingly asked to furnish the data on Basic Pay and Grade Pay for the current year i.e. FY 2014-15 upto November, 2014.

The Commission in accordance with the MYT principle allows 3% escalation on Basic Pay and Grade Pay towards normal annual increment on year over year basis. The Commission has adopted the same method of arriving at the Basic pay and grade pay as was done in the previous year and explained in the Para above. In order to arrive at the Basic pay and Grade pay for the ensuing year i.e. FY 2015-16, the Basic Pay and GP actually paid during last eight months of the current year i.e, FY 2014-15, is averaged and extrapolated for the whole year. The basic pay and GP for the ensuing year is thereafter calculated by escalating current year's average basic pay and GP at the rate of 3% and factoring the average number of employees for the current and ensuing year. A table below shows such calculation of the Basic Pay and Grade Pay for FY 2014-15 on the basis of above discussion.

**Table – 34**

**(Rs. in Cr.)**

| | **WESCO** | **NESCO** | **SOUTHCO** | **CESU** |
|---|---|---|---|---|
| Average( Basic Pay + GP) Per month | 5.24 | 3.76 | 3.61 | 6.63 |
| Pro-rated for FY 2014-15 | 62.88 | 45.14 | 43.35 | 79.50 |
| **Approved for FY 2015-16** | **63.02** | **45.65** | **43.80** | **80.81** |

5. On the basis of the calculation in the above table, Commission approves Basic Pay and Grade Pay for the ensuing year 2015-16 in respect of four DISCOMs as detailed below:

**Table – 35**

**(Rs. in Cr.)**

| **Name of the DISCOM** | **Approved Basic Pay with Grade Pay for FY 2015-16** |
|---|---|
| CESU | 80.81 |
| WESCO | 68.78 |
| NESCO | 45.65 |
| SOUTHCO | 43.80 |

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

**Table – 36**

| DA Rate | | |
|---|---|---|
| **Date effective from** | **Rate** | **Status** |
| 1.07.14 | 107% | Approved By GoO |
| 1.01.15 | 114% | Estimated |
| 1.07.15 | 121% | Estimated |
| 1.01.16 | 128% | Estimated |

The DA rate as it stands now is 107% with effect from 01.07.2014. The next revisions are due with effect from 01.01.2015, 01.07.2015 and 01.01.2016 which would have bearing on the DA estimation for FY 2015-16. According to the previous trend and likely revision in future it would be prudent to consider DA rate at an average of 121% for the FY 2015-16. DA has accordingly been calculated at such rate for the ensuing year FY 2015-16.

For the year 2015-16 Medical Reimbursement has been approved at the rate of 5% over Basic Pay and Grade Pay. House rent allowance is approved at an average rate of 15% of the Basic Pay and Grade Pay instead of 20% considering the fact that many employees are staying in quarters. On the scrutiny of Audited Accounts, it is also seen that the HRA as a proportion to the Basic Pay and GP is about 15% and hence such rate is allowed towards HRA.

Due to reduction in number of employees on account of retirement and otherwise, DISCOMs are relying on persons engaged through contract and outsourced services. These contract and outsourced services are basically engaged in billing, collection and customer care services. The expenses towards engagement of these services can be allowed after prudent check. The DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2014-15. The DISCOMs have accordingly been allowed the cost on additional employees and outsource employees projected by them in the ARR under additional employee cost.

The Commission has favoured for man power to carry out energy audit for reduction of commercial losses of the utilities. The licensees are being repeatedly directed in this regard for taking care of attrition so as not to affect services to the consumer. At the same time the Commission makes it absolutely clear that mere addition of manpower is not going to improve delivery of services and collection of revenue unless productivity of the employees is ensured by holding them accountable. The Commission has always insisted upon eliminating inefficiency from the system through various schemes. The same has not been followed. Engagement should be made on initially contract basis for a definite period which can be renewed subject to satisfactory performance and increased productivity as in other organisation / Govt..

The Commission in the query for ARR 2015-16 asked DISCOMs to furnish information relating to Employee service conditions, deployment status responsibility/duties assigned to each post/person, procedure followed for the appraisal/ evaluation of annual performance, promotion and deployment of persons for operation and maintenance. It is revealed from the replies of the Licensees that they have adopted multiple service conditions belonging to erstwhile OSEB, now GRIDCO, state govt. and also own rules. CESU/DISCOMs has not defined responsibility elaborately to each post /personnel with conduct rules and rules of business. The mandate of entire reform process is to bring about efficiency in the sector through unbundling and corporatisation of the entities including DISCOMs. The DISCOMs are registered under the Company's Act with a view to perform like a commercial entity having its own set of rules aimed at furtherance of the corporate goal of efficiency and profitability. In view of the fact that these DISCOMs being public utilities at public service having universal service obligation for supply of electricity a level playing field has been provided through regulations by OERC.

After unbundling Government of Odisha notified Orissa electricity Reform (Transfer of Undertakings, Assets, Liabilities, Proceedings and Personnel) Scheme Rules, 1996 to transfer Undertakings, Assets, Liabilities, Proceedings and Personnel of State Government engaged in generation, transmission, distribution or supply of electricity to OHPC and GRIDCO. According to said notification the service terms and conditions of the personnel only transferred from Government of Orissa were protected by such rules. However we find nothing has been said about the service terms and conditions of the employees inducted subsequently by the DISCOMs this might be reason for rising inefficiency.

The replies of the DISCOMs reveal that they have adopted the same set of service conditions for all the employees subsequently inducted into service without any modification and accountability towards performance on commercial lines. Employees have been extended service benefits without being accountable to the key performance parameters fulfilling company objectives such as AT&C los reduction, improving billing and collection, prevention of theft and pilferage, collection of huge arrears, improvement of consumer services and quality of power and maintenance. It is sad to note that the AT&C loss at LT level in many places continues to be more than 80%. During the last performance review the LT loss level of various divisions as reported by the DISCOMs sums up the true picture of such performance which is reflected below:

**Table - 37**
**Division-wise LT Performance - CESU**

| Name of Division | 2013-14 (April-March) | | | | |
|---|---|---|---|---|---|
| | T & D Loss (%) | Billing Efficiency (%) | Collection Efficiency (%) | AT & C Loss (%) | Realisation Per Unit (Rs.) |
| BCDD - I, BBSR | 7.5% | 92.5% | 100.5% | 6.4% | 4.89 |
| BCDD - II, BBSR | 18.1% | 81.9% | 97.4% | 20.2% | 3.92 |
| BED, BBSR | 24.0% | 76.0% | 97.7% | 25.7% | 3.66 |
| NEDN, Nimapara | 61.8% | 38.2% | 59.4% | 77.3% | 0.99 |
| PED, Puri | 48.5% | 51.5% | 78.0% | 59.8% | 1.81 |
| NED, Nayagarh | 30.8% | 69.2% | 77.7% | 46.2% | 2.26 |
| KED, Khurda | 48.1% | 51.9% | 83.5% | 56.6% | 1.94 |
| BEDB, Baluagaon | 47.9% | 52.1% | 87.7% | 54.3% | 1.81 |
| CED, Cuttack | 57.4% | 42.6% | 49.2% | 79.1% | 0.94 |
| CDD I , Cuttack | 22.5% | 77.5% | 97.6% | 24.3% | 3.77 |
| CDD - II, Cuttack | 32.6% | 67.4% | 91.3% | 38.4% | 3.09 |
| AED, Athgarh | 65.1% | 34.9% | 59.5% | 79.2% | 0.88 |
| SED, Salipur | 53.2% | 46.8% | 50.6% | 76.3% | 1.02 |
| KED - I, Kendrapara | 47.1% | 52.9% | 56.4% | 54.3% | 1.99 |
| KED - II, Marshaghai | 56.8% | 43.2% | 93.5% | 59.6% | 1.68 |
| PDP, Paradeep | 56.7% | 43.3% | 79.2% | 65.6% | 1.56 |
| JED, Jagatsinghpur | 45.8% | 54.2% | 80.0% | 56.6% | 1.83 |
| DED, Dhenkanal | 63.6% | 36.4% | 80.2% | 70.8% | 1.33 |
| ANED, Angul | 62.6% | 37.4% | 58.6% | 66.9% | 1.62 |
| TED, Chainpal | 67.4% | 32.6% | 80.1% | 73.9% | 1.21 |
| **CESU Total** | **45.7%** | **54.3%** | **84.8%** | **54.0%** | **2.14** |

**Table - 38**
**Division-wise LT Performance - WESCO**

| Name of Division | 2013-14 (April-March) | | | | |
|---|---|---|---|---|---|
| | **T & D LOSS (%)** | **Billing Efficiency (%)** | **Collection Efficiency (%)** | **A T & C LOSS (%)** | **Realisation Per Unit (Rs.)** |
| Rourkela | 51% | 49% | 98% | 52% | 2.21 |
| Rourkela-Sadar | 52% | 48% | 89% | 58% | 1.97 |
| Rajgangpur | 52% | 48% | 96% | 54% | 2.20 |
| Sundergarh | 64% | 36% | 81% | 71% | 1.21 |
| **Rrkl Circle** | **55%** | 45% | **92%** | **58%** | **1.91** |
| Sambalpur | 54% | 46% | 69% | 68% | 1.45 |
| Sambalpur(E) | 63% | 37% | 79% | 71% | 1.25 |
| Jharsuguda | 50% | 50% | 77% | 62% | 1.67 |
| Brajrajnagar | 57% | 43% | 77% | 67% | 1.43 |
| Deogarh | 56% | 44% | 65% | 71% | 1.24 |
| **Burla Circle** | **56%** | 44% | **74%** | **68%** | **1.43** |
| Bargarh | 65% | 35% | 70% | 75% | 0.99 |
| Bargarh(W) | 68% | 32% | 45% | 85% | 0.61 |
| **BGH Circle** | **66%** | 34% | **60%** | **80%** | **0.83** |
| Bolangir | 66% | 34% | 69% | 76% | 1.00 |
| Sonepur | 58% | 42% | 50% | 79% | 0.83 |
| Titlagarh | 59% | 41% | 59% | 76% | 1.03 |
| **BGR Circle** | **61%** | 39% | **60%** | **77%** | **0.96** |
| KEED | 55% | 45% | 70% | 69% | 1.44 |
| KWED | 58% | 42% | 77% | 68% | 1.45 |
| NUAPADA | 64% | 36% | 72% | 74% | 1.13 |
| **BH.PATNA Circle** | **59%** | 41% | **73%** | **70%** | **1.34** |
| **WESCO Total** | **59%** | 41% | **73%** | **70%** | **1.30** |

**Table - 39**

**Division-wise LT Performance - NESCO**

| Name of Division | 2013-14 (April-March) | | | | |
|---|---|---|---|---|---|
| | **T&D Loss (%)** | **Billing Efficiency (%)** | **Collection Efficiency (%)** | **AT&C Loss (%)** | **Realisation Per Unit (Rs.)** |
| BSED, Bhadrak | 54% | 46% | 54% | 66% | 1.28 |
| AED, Anandpur | 51% | 49% | 51% | 66% | 1.33 |
| CED, Balasore | 57% | 43% | 57% | 65% | 1.35 |
| BTED, Basta | 59% | 41% | 59% | 58% | 1.38 |
| JED, Jaleswar | 57% | 43% | 57% | 57% | 1.42 |
| RED, Rairangpur | 51% | 49% | 51% | 61% | 1.42 |
| UED, Udla | 47% | 53% | 47% | 55% | 1.45 |
| JTED, Jajpur Town | 56% | 44% | 56% | 61% | 1.47 |
| KUED, Kuakhia | 56% | 44% | 56% | 63% | 1.49 |
| BNED, Bhadrak | 51% | 49% | 51% | 59% | 1.69 |
| JRED, Jajpur Road | 59% | 41% | 59% | 59% | 1.74 |
| BPED, Baripada | 42% | 58% | 42% | 49% | 1.98 |
| SED, Soro | 47% | 53% | 47% | 46% | 2.1 |
| KED, Keonjhar | 43% | 57% | 43% | 42% | 2.43 |
| JOED, Joda | 46% | 54% | 46% | 46% | 2.45 |
| BED, Balasore | 38% | 62% | 38% | 36% | 3.02 |

| Name of Division | 2013-14 (April-March) | | | | |
|---|---|---|---|---|---|
| | T&D Loss (%) | Billing Efficiency (%) | Collection Efficiency (%) | AT&C Loss (%) | Realisation Per Unit (Rs.) |
| **NESCO** | **51%** | **49%** | 51% | **56%** | **1.74** |

**Table - 40**

**Division-wise LT Performance-SOUTHCO**

| Name of Division | 2013-14 (April-March) | | | | |
|---|---|---|---|---|---|
| | T&D Loss (%) | Billing Efficiency (%) | Collection Efficiency (%) | AT&C Loss (%) | Realisation Per Unit (Rs.) |
| Berhampur- II | 24% | 76% | 24% | 22% | 3.58 |
| Berhampur- I | 24% | 76% | 24% | 25% | 3.4 |
| Gunupur | 25% | 75% | 25% | 34% | 2.51 |
| Berhampur- III | 31% | 69% | 31% | 35% | 2.74 |
| Rayagada | 25% | 75% | 25% | 36% | 2.58 |
| Paralakhemundi | 40% | 60% | 40% | 46% | 2.09 |
| Phulbani | 41% | 59% | 41% | 50% | 1.77 |
| Jeypore | 45% | 55% | 45% | 51% | 2.09 |
| Digapahandi | 50% | 50% | 50% | 61% | 1.49 |
| Bhanjanagar | 56% | 44% | 56% | 61% | 1.55 |
| Chatrapur | 50% | 50% | 50% | 63% | 1.46 |
| Nowrangpur | 45% | 55% | 45% | 65% | 1.33 |
| Aska- I | 61% | 39% | 61% | 65% | 1.37 |
| Purusottampur | 54% | 46% | 54% | 66% | 1.3 |
| Boudh | 46% | 54% | 46% | 66% | 1.19 |
| Koraput | 62% | 38% | 62% | 67% | 1.39 |
| Aska- II | 68% | 32% | 68% | 75% | 1.01 |
| Malkangiri | 65% | 35% | 65% | 77% | 0.91 |
| SOUTHCO | 46% | 54% | 46% | 54% | 1.85 |

7. The above four tables unravels startling loss levels unacceptable on any standards and inspite of the fact that reforms was initiated 15 years ago. This has been allowed to happen systemically through inefficiency, callousness and non accountability on the part of management and personnel handling such assignments. There has been no perceptible control and action taken against high loss divisions and allowed them usual service benefits without discrimination. The blames are shifted on extraneous factors. The objectors during the hearing have vehemently opposed to such excuses given by the DISCOMs.

Efficiency of the employees can be compared from two parameters used in national practice such as number of employees per thousand consumers and number of employees per MU. The planning Commission Govt. of India in its annual report for the FY 2013-14 has done such assessment of other states under chapter 4: Financial Performance. The following table gives a picture of the status of such assessment vis- a-vis other states.

**Table – 41**

**Comparison of employees engaged in other DISTCOMs of country and Odisha DISCOMs (No. of Employees per thousand consumers and No. of Employees per MU handled)**

| DISCOM | No. of Employees per thousand consumers | | No. of Employees per MU handled | |
|---|---|---|---|---|
| | As on 01.04.14 (During 2013-14) | As on 01.04.15 (During 2014-15) | 2013-14 (Actual) | 2014-15 (Projected) |
| CESU | 4.42 | 3.96 | 1.42 | 1.28 |
| WESCO | 3.96 | 3.60 | 0.90 | 0.86 |
| NESCO | 3.23 | 2.67 | 0.96 | 0.86 |
| SOUTHCO | 2.66 | 2.28 | 1.67 | 1.45 |
| **Odisha Average** | **3.57** | **3.13** | **1.24** | **1.11** |
| **All India Average** | **0.32** | | **0.88** | |
| Gujarat | 0.39 | | 0.86 | |
| Karnataka | 0.21 | | 0.83 | |
| Maharastra | 0.30 | | 0.64 | |
| TN | 0.37 | | 1.27 | |
| West Bengal | 0.15 | | 0.69 | |
| Haryana | 0.57 | | 0.76 | |

8. The above table clearly reveals that in both the parameters the average performance of Odisha DISCOMs is much lower than the national average and other states like Gujarat, Karnataka, Maharastra, TN, West Bengal and Haryana. Average of employees per thousands of consumers in Odisha is about ten times of the national average. This comparison thus reveals that number of employees serving in the DISCOMs is not an issue but their efficiency on commercial principles which is important. DISCOMs management thus have to devise ways to ensure more productivity from the employees by framing suitable rules and service condition. **The Commission therefore directs that service rules consistent with Act may be framed keeping in mind the ways to elicit accountability and productivity from the employees.** Rewarding efficiency in career growth and compensation packages and eliminating inefficiency need to be mainstay of rules consistent with best practices in the sector. DISCOMs should also bring its employee strength to national average level with suitable schemes and mappings. This should be prepared within three months time and approved by management. A copy be submitted to the Commission. It is suggested that all the four DISCOMs may coordinate among themselves in order to frame a common rules to ensure uniformity and fairness appropriate career growth and rewarding efficiency.

**Terminal Liability**

The DISCOMs have projected increase in their terminal liability for the ensuing year FY 2015-16 except NESCO. A comparative position of the approved terminal liability in ARR of FY 2014-15 vis-a-vis projection made by the DISCOMs for FY 2015-16 is given in the following table:

**Table – 42**

**(Rs. Cr.)**

| Name of the Company | Approved FY 2014-15 | Proposed FY 2015-16 | Percentage increase (in % ) |
|---|---|---|---|
| CESU | 122.89 | 135.30 | 10.10 |
| WESCO | 95.38 | 107.76 | 12.98 |
| NESCO | 96.53 | 90.96 | -5.77 |
| SOUTHCO | 77.73 | 96.95 | 24.73 |

WESCO, NESCO and SOUTHCO in their submission have stated that the estimate on contribution to the pension fund, gratuity fund and leave encashment to be made for the FY 2015-16 is based on the actuarial valuation carried out by M/s. Bhudev Chatterjee as on 31.3.2014. These licensees while computing the contribution to fund the employee trust, have considered the actual investments as on 01.04.2014, estimated investments as on 01.04.2015, income from investments during the year 2015-16 and the payments to the retiring employees during the year 2015-16. CESU in their submission have stated that the terminal benefit has been considered on the basis of actuarial valuation for the FY 2013-14 and projection has been made towards gratuity@ 8% growth, leave salary as 10 month's salary and pension as per actuarial projection.

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

**Table – 43**

**(Rs. in Cr.)**

| **Expected Corpus Fund Availability** | | | | |
|---|---|---|---|---|
| | **WESCO** | **NESCO** | **SOUTHCO** | **CESU** |
| OB As on 01.04.99/Fund transfer from GRIDCO to DISTCOs | 70.77 | 68.00 | 67.39 | 138.56 |
| Allowed by the Commission | | | | |
| 1999-00 | 6.71 | 5.62 | 7.78 | 0.00 |
| 2000-01 | 6.27 | 7.07 | 7.07 | 0.00 |
| 2001-02 | 7.92 | 7.00 | 6.63 | 6.09 |
| 2002-03 | 8.08 | 7.21 | 6.81 | 6.27 |
| 2003-04 | 8.96 | 7.56 | 7.57 | 6.90 |
| 2004-05 | 11.30 | 8.35 | 9.40 | 3.25 |
| 2005-06 | 12.06 | 8.92 | 10.03 | 3.51 |
| 2006-07 | 12.07 | 9.55 | 9.73 | 13.19 |
| 2007-08 | 16.36 | 15.30 | 13.97 | 18.28 |
| 2008-09 | 37.02 | 25.16 | 24.49 | 48.10 |
| 2009-10 | 37.04 | 27.19 | 20.53 | 49.68 |
| 2010-11 | 51.81 | 51.13 | 58.22 | 75.84 |
| 2011-12 | 55.91 | 59.86 | 60.78 | 131.39 |
| 2012-13 | 66.13 | 67.88 | 68.81 | 149.84 |
| 2013-14 | 93.21 | 71.21 | 55.66 | 210.50 |
| 2014-15 | 95.38 | 96.53 | 77.73 | 122.89 |

| | | | | |
|---|---|---|---|---|
| Sub-Total | 526.23 | 475.54 | 445.21 | 845.73 |
| **Grand Total** | **597.00** | **543.54** | **512.60** | **984.29** |

9. The DISCOMs were asked to submit the actual Corpus fund available up to 31st March 2014. As per the information submitted by the DISCOMs the actual corpus fund available is far less than what actually should have been by 31.3.2014. The following table shows the actual corpus fund available:

**Table – 44**

**(Rs. in Cr.)**

| **Actual Corpus fund Available as on 31.03.2014** | | | |
|---|---|---|---|
| | **Pension Fund** | **Gratuity Fund** | **Total** |
| CESU | 189.47 | 29.42 | **218.89** |
| WESCO | 108.33 | 19.42 | **127.75** |
| NESCO | 89.72 | 12.03 | **101.75** |
| SOUTHCO | 30.78 | 9.60 | **40.38** |

The above two tables reveal that the actual corpus fund available is much lower than the expected. This implies that the amounts allowed by the commission in the successive ARRs are not fully transferred to the corpus fund. Such default by the DISCOMS has put the employee’s interest in jeopardy resulting in gross violation of the statutory obligation as per the license condition. The commission hereby directs the DISCOMs to submit their action plan to recoup the deficit and to build up the corpus fund adequately by 30.06.2015.

Commission from time to time have been appointing independent actuary to undertake assessment of pension, gratuity and leave encashment liability of the employees of four DISCOMs WESCO, NESCO, SOUTHCO & CESU. Commission have appointed an independent actuary to assess terminal valuation up to 31.03.2013 with projection up to 31.03.2014 and 31.03.2015. However, the said actuary is yet to submit its final report and therefore the commission has not been able to consider any valuation towards terminal benefit in the ensuing ARR 2015-16. In order to meet the requirement towards terminal liability Commission therefore provisionally allows the liability as projected by the DISCOMs in their ARR submission for FY 2015-16.

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

**Table – 45**

**(Rs. in Cr.)**

| **Name of the DISCOM** | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| Amount to be charged to ARR (in Cr.) | 135.30 | 107.76 | 90.96 | 96.95 |

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

**Table – 46**
**Employee Cost**

**(Rs. in Cr.)**

| Sl. | Particulars | WESCO | | | NESCO | | | SOUTHCO | | | CESU | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2015-16 | Approved for FY 2014-15 | Proposed for FY 2015-16 | Approved for FY 2015-16 |
| 1 | Basic Pay + GP | 59.79 | 71.68 | 68.78 | 53.63 | 61.33 | 45.65 | 44.19 | 66.48 | 43.80 | 70.99 | 79.12 | 80.81 | **228.60** | 278.61 | 239.04 |
| 2 | Arrear Salary | | | | | | | | | | | 4.15 | 0 | | | 0.00 |
| 3 | Addl. Emp. Cost | | | | 2.86 | 1.80 | 1.80 | 0.82 | | | | | | **3.68** | 1.80 | 1.80 |
| 4 | DA | 65.77 | 86.74 | 83.23 | 59.00 | 76.38 | 55.23 | 48.61 | 80.44 | 53.00 | 78.09 | 98.9 | 97.78 | **251.47** | 342.46 | 289.24 |
| 5 | Other allowance | 1.82 | 2.19 | 2.19 | 1.88 | 1.15 | 1.15 | 1.44 | 1.28 | 1.28 | 4.48 | 11.48 | 4.48 | **9.62** | 16.10 | 9.10 |
| 6 | Bonus | 0.01 | 0.06 | 0.06 | | | | | | | 1.26 | 0.70 | 0.70 | **1.27** | 0.76 | 0.76 |
| 7 | Contractual Employees | 2.66 | 5.47 | 2.31 | 6.36 | 5.33 | 5.10 | 5.95 | 19.50 | 1.46 | 22.59 | 9.98 | 9.98 | **37.56** | 40.28 | 18.85 |
| 8 | Total Emoluments (1 to 5) | **130.05** | **166.14** | **156.57** | **123.73** | **145.99** | **108.93** | **101.01** | **167.70** | **99.53** | **177.41** | **204.33** | **193.75** | **532.20** | 684.16 | 558.79 |
| 9 | Reimbursement. of medical expenses | 3.16 | 3.56 | 3.44 | 2.96 | 3.15 | 2.28 | 2.42 | 3.82 | 2.19 | 3.57 | 3.96 | 4.04 | **12.11** | 14.49 | 11.95 |
| 10 | Leave Travel Concession | | 0.01 | 0.01 | 0.3 | 0.30 | 0.30 | 0.07 | 0.08 | 0.08 | | 0.46 | 0.46 | **0.37** | 0.85 | 0.85 |
| 11 | Reimbursement of HR | 8.97 | 12.91 | 10.32 | 8.04 | 12.63 | 6.85 | 6.63 | 12.63 | 6.57 | 10.65 | 15.82 | 12.12 | **34.29** | 53.99 | 35.86 |
| 12 | Interim relief of Staff | | | | | | | | | | | | | **0.00** | 0.00 | 0.00 |
| 13 | Encashment of Earned Leave | | 0.02 | 0.02 | | | | | 0.27 | | | | | **0.00** | 0.29 | 0.02 |
| 14 | Honorarium | 0.02 | 0.06 | 0.06 | | | | 0.20 | 0.01 | | | | | **0.22** | 0.07 | 0.06 |
| 15 | Payment under workmen compensation Act | | 0.16 | 0.16 | 0.20 | 0.20 | 0.20 | 0.10 | 0.65 | 0.65 | 0.48 | 0.82 | 0.82 | **0.78** | 1.83 | 1.83 |
| 16 | Ex-gratia | 0.02 | 0.08 | 0.08 | | 1.19 | 1.19 | | | | | | | **0.02** | 1.27 | 1.27 |
| 17 | Other Staff Costs | | | | | 0.87 | 0.87 | | 0.29 | 0.29 | | 3.35 | 3.35 | **0.00** | 4.51 | 4.51 |
| 18 | Total Other Staff Costs (7 to 15) | 12.16 | 16.80 | 14.09 | 11.50 | 18.34 | 11.69 | 9.42 | 17.75 | 9.78 | 14.70 | 24.41 | 20.79 | **47.79** | 77.30 | 56.35 |
| 19 | Staff Welfare Expenses | 1.05 | 0.68 | 0.68 | 0.96 | 0.78 | 0.78 | 0.34 | 2.91 | 2.91 | 1.24 | 0.10 | 0.10 | **3.59** | 4.47 | 4.47 |
| 20 | Terminal Benefits (Pension + Gratuity + Leave) | 95.38 | 107.76 | 107.76 | 96.53 | 90.96 | 90.96 | 77.73 | 96.95 | 96.95 | 122.89 | 135.30 | 135.30 | **392.53** | 430.97 | 430.97 |
| 21 | Total (6+16+17+18) | **238.64** | **291.38** | **279.09** | **232.72** | **256.07** | **212.36** | **188.50** | **285.31** | **209.17** | **316.24** | **364.14** | **349.95** | **976.11** | 1196.90 | **1050.57** |
| 22 | Less : Empl. cost capitalized | 4.13 | 3.77 | 3.77 | 1.27 | 1.50 | 1.50 | 0.62 | 0.86 | 0.86 | 6.97 | 6.01 | 6.01 | **12.99** | 12.14 | 12.14 |
| 23 | Total Employees Cost | **234.51** | **287.61** | **275.32** | **231.45** | **254.57** | **210.86** | **187.88** | **284.45** | **208.31** | **309.27** | **358.13** | **343.94** | **963.12** | 1184.76 | **1038.43** |

The total employee cost of four DISCOMs approved for FY 2014-15 was Rs.963.12 crore. DISCOMs have proposed total employee cost of Rs1184.76 crore for FY 2015-16. The Commission now approves Rs. 1038.43 crore as total employee cost for FY 2015-16 against Rs.963.12 crore approved for FY 2014-15. Commission expects each DISCOMs should have their own service conditions commensurate with business interests and commercial viability of the company in place before filing of next ARR.

**Administrative and General Expenses**

The Administrative and General Expenses broadly covers property related expenses, Licence Fees to OERC, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The DISCOMs have projected their estimates for FY 2015-16 in their ARR in the following manner which are compared with approved A&G expenses for previous FY 2014-15.

**Table - 47**

**(Rs. in Cr.)**

| A&G Expenses | FY 2014-15 (Approved) | | | FY 2015-16 (Proposed) | | |
|---|---|---|---|---|---|---|
| DISCOM | Normal A&G | Additional A&G | Total A&G | Normal A&G | Additional A&G | Total A&G |
| WESCO | 27.19 | 2.5 | 29.69 | 44.72 | 14.67 | 59.39 |
| NESCO | 18.18 | 2.5 | 20.68 | 30.98 | 24.20 | 55.18 |
| SOUTHCO | 15.65 | 2.5 | 18.15 | 24.96 | 33.32 | 58.28 |
| CESU | 39.19 | 2.5 | 41.69 | 43.74 | 52.03 | 95.77 |

WESCO, NESCO & SOUTHCO have submitted that they have forecasted the A&G expenses for FY 2015-16 based on actual expenses till September, 2014 as against the approved A&G expenses including special additional expenditure towards customer care, IT automation for FY 2014-15.

The A&G expenses for ensuing year have been forecasted based on estimated expenses during FY 2014-15 in line with the Commission's earlier orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase on account of inflation over the approved A&G expenses for FY 2014-15. They have proposed to undertake following initiatives for the ensuing year to be met under A&G expenses.

– Annual Inspection Fees of Lines and substations.

- Operating expenses of  Customer Care centres in each Divisions
- Introduction of Spot Billing in various Divisions
- Creation of Infrastructure to carryout enterprise wise Energy Audit exercise
- Implementation of Intra State ABT including Metering with connectivity to DSOCC, Server, Digital Display Board and Software, Software for day ahead load forecasting, Installation of VCBs for Control of drawl
- Implementation of Right to Information Act
- Demand Side Management
- Development of franchisee in licensee area
- Cess as per the Building and other construction Workers (RE&CS) Act, 1996 & Building and other construction Workers Welfare Cess Act, 1996.

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

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

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

Commission scrutinised the proposal towards A&G expense for the ensuing year i.e. FY 2015-16. An escalation of 7% over the normal A&G expenditure for the last year tariff FY 2014-15 towards normal A&G expenditure for the FY 2015-16 in terms of the MYT order for the current control period has been considered.

Commission in its query to Licensees asked to furnish the details of actual expenses made on additional A&G expenses vis-a-vis approval in the ARR, during the year FY 2014-15:

**Table - 48**

**(Rs. in Cr.)**

| **Additional A & G Expenses** | **WESCO** | | **NESCO** | | **SOUTHCO** | | **CESU** | |
|---|---|---|---|---|---|---|---|---|
| | **Approved (2014-15)** | **Actual Expenses (upto Nov 2014)** | **Approved (2014-15)** | **Actual Expenses (upto Nov., 2014)** | **Approved (2014-15)** | **Actual Expenses (upto Nov 2014)** | **Approved (2014-15)** | **Actual Expenses (upto Nov 2014)** |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| Expenses for Customer Care Centers/ Call Centres | 1.00 | - | 1.00 | 0.10 | 1.00 | 0.15 | 1.00 | 11.51 |
| Automation/IT expenses | 1.00 | - | 1.00 | 0.96 | 1.00 | - | 1.00 | - |
| Inspection Fee towards SI works | 0.25 | - | 0.25 | 4.97 | 0.25 | - | 0.25 | - |
| Compensation for Electric Accidents | 0.25 | - | 0.25 | - | 0.25 | - | 0.25 | - |
| Total Additional Expenses | 2.50 | 0.00 | 2.50 | 6.03 | 2.50 | 0.15 | 2.50 | 11.51 |

**Inspection fees towards SI Works**

WESCO, NESCO and SOUTHCO have submitted that the State Govt. is insisting for payment of Inspection Fees on installation of lines and substations. Licensee is not recovering the inspection fees in the previous ARRs and now proposes that the annual inspection fees of service connection may be imposed separately which shall be recovered from the consumers and shall be deposited on collection basis with the State Govt. They have also submitted that the Commission may recommend to the State Govt. to waive the arrears of the past years.

Commission in previous ARR for FY 2014-15, allows an amount of Rs.0.25 crore to each DISCOMs to meet the Inspection fees towards SI Works. However, on scrutiny of actual expenses incurred during the current year up to November, 2014 as submitted by the Licensees, it is seen that very little or no payment has been made by any DISCOMs except NESCO to the State Government. Commission therefore, allows Rs.0.25 crore towards inspection fees of SI Works for FY 2015-16.

**Energy Police Station (EPS)**

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

**Table - 49**

| DISCOMs | No. of police Station | No of Cases Registered during FY 2014-15 up to Nov 2014 | Reimbursement claim of Govt. of Odisha against EPS during FY 2013-14 | Amount realised due to action of EPS u/s 135 of EA, 2003 for 2013-14. |
|---|---|---|---|---|
| WESCO | 10 | 63 | Nil | Rs.8.82 cr |
| NESCO | 5 | 84 | Rs.0.82 cr (partly claimed ) | Rs.0.32 cr |
| SOUTHCO | 10 | 155 | Rs.0.56 cr (partly claimed ) | Rs.0.52 cr |
| CESU | 8 | 244 | Rs.1.91 cr (partly claimed ) | Rs.1.13 cr |

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

Commission in its query had also asked DISCOMs to give a brief note regarding functioning of Energy Police Stations in their respective areas. All the DISCOMs have submitted that EPS are not functioning properly as they are not under the administrative control of the licensees. The EPS are in no way accountable to the DISCOMs and cases are not registered for months together due to absence of staff of EPS. Most of the staffs of EPS are regularly mobilised for other works of districts such as Law and Order, VIP duties, festival duties etc., which is one of the main causes of neglect of checking electricity theft. The EPS have no role in the realisation of revenue as whenever any criminal case is registered under section 135 of the Electricity Act, 2003 the amount assessed under section 126 by Executive Engineer / SDOs are collected by DISCOMs staff. Also due to existence of Energy Police Stations with acute shortage of staff, the general police stations evade the legitimate duties regarding electricity matters.

DISCOMs in their reply have suggested measures to improve the functioning of the EPS. The suggestions relate to posting of adequate staff in EPS as per sanctioned strength, there should a regular co-ordination with IIC of EPS, CVO of DISCOMs and Executive Engineers, additional sections of force should be kept centrally, ready to move as and when required, periodic MIS on various activities of EPS may be maintained and target for registration cases and collection of revenue may be set for each EPS in discussion with DISCOMs.

It is however seen that in spite of all the Energy Police Stations being operationalised there is no perceptible reduction in AT&C losses, which is the primary aim of setting up of the Energy Police Stations. Commission is therefore of opinion that there has to be a radical change in the entire set up of Energy Police Station in order to make them accountable and contribute effectively to the task of loss reduction. Commission have also advised Govt. of Odisha to delink the officials posted in Energy Police Stations from the general law and order functioning and hierarchy. These officials must be directly responsible and report to the Licensee and shall not be diverted for any other duties other than prevention of theft of electricity. In this regard the Commission have suggested Govt. of Odisha to create a senior position like Director (Vigilance and Enforcement) in GRIDCO to be manned by a senior IPS Officer in the rank of IG and above so that the Energy Police Stations can be brought under his control instead of the present reporting to the concerned S.P. of a District. In such a scenario unless there is a radical change in the functioning of EPS to register cases of theft and realization of legitimate revenue due to such action, Commission is not inclined to pass on any expenses on EPS in the ARR for the ensuing FY 2015-16.

**IT Intervention -** The Commission is of the firm opinion that intervention of IT is important to minimise human intervention and error. The DISCOMs should make all out effort to introduce newer technologies through IT intervention to effectively reduce AT&C losses and automate various processes required for settling various problems in billing, collection and other consumer related issues. On Automation and IT related expenses, however, on scrutiny of the actual expenses incurred by the DISCOMs during the current year up to November, 2014, it is seen that all the DISCOMs have spent nominal amount on account of Automation and IT related expenses except NESCO. Commission therefore, allows Rs. One crore to each DISCOM for undertaking various automation and IT initiatives for FY 2015-16 and directs that the amount must be utilised at base level offices to the advantage of consumers.

**Electrical Accidents -** Commission finds that there has been large number of electrical related accidents and deaths reported in the various electronic and print media. Commission also receives large number of petitions of such accidents and compensation related issues regarding related to such accidents. The DISCOMs should take necessary precaution in order to minimise these electrical accidents and compensate the victims quickly as provided in Regulation and Rules. DISCOMs are advised to procure the safety equipment of adequate nos. of sets for each section and insist upon and train their staff to take precautionary measures for electrical safety. They should deploy licensed personnel in installation and insist on valid license copy during career advancements. DISCOMs should take advantage of the trainings conducted at OPTCL Training Centre under aegis of the Commission. The Commission allowed Rs.0.25 crore to each DISCOMs towards compensation for electrical related accidents during FY 2014-15 pending issue of guidelines for compensation towards electrical accidents by the State govt. On scrutiny of the actual expenses incurred by the DISCOMs on this account it is seen that DISCOMs have not incurred any expenses on this account. In view of this, Commission allows Rs.0.25 crore to each DISCOMS towards compensation for electrical accidents for the FY 2015-16.

In view of the observations as above, the total A&G expenses allowed for FY 2015-16 to the DISCOMs are summarized below:

**Table – 50**
**A & G Expenses Approved for FY 2015-16**

**(Rs. in Crore)**

| | **WESCO** | **NESCO** | **SOUTHCO** | **CESU** |
|---|---|---|---|---|
| Normal A&G expenses (Escalated @7% over FY 2014-15) | 29.09 | 19.45 | 16.75 | 41.93 |
| Additional expenses: | | | | |
| Expenses for Customer Care Centres/ Call Centres | 0.25 | 0.25 | 0.25 | 0.25 |
| AT&C loss reduction activities including Energy Audit | 5.00 | 6.00 | 4.00 | 8.00 |
| Automation/IT expenses | 1.00 | 1.00 | 1.00 | 1.00 |
| Inspection Fee towards SI works | 0.25 | 0.25 | 0.25 | 0.25 |
| Compensation for Electrical Accidents | 0.25 | 0.25 | 0.25 | 0.25 |
| Total Additional Expenses | 6.75 | 7.75 | 5.75 | 9.75 |
| **Total A&G expenses** | **35.84** | **27.20** | **22.50** | **51.68** |

**AT&C loss reduction activities including Energy Audit**

Energy audit is the first step towards ascertaining the actual distribution loss since it will help the DISCOMs to segregate technical and commercial loss and it can lead to fixation of responsibility among officials to raise and collect the bill for the amount of energy actually utilised by the consumer. In absence of energy audit there is tendency to dilute the responsibility of the officers in DISCOMs in controlling theft and commercial losses. In view of its importance commission allows Rs.5.00 crore, Rs.6.00 crore, Rs.4.00 crore and Rs.8.00 crore to WESCO, NESCO, SOUTHCO & CESU respectively towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses as mentioned in the above table.

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

Training of officers and staff of the utilities for capacity building has become an urgent need for development of the organization. This is more so important in view of the lack of knowledge on evolving technologies and best practices being used by the other organizations. Commission, therefore, attaches much importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities consequently should have a calendar of training schedule for their employees in order to upgrade their skills and infuse motivation to take their task efficiently. Commission in order to bring about more seriousness to the training of utility personnel earmarked a sum of Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses for FY 2014-15 for the respective DISCOMs. Commission in line with last year's order directs Licensees to earmark Rs. 50 lakh towards training programme for FY 2015-16. The copy of training calendar for the year 2015-16 shall be submitted to the Commission by 31st May, 2015.

**Repair and Maintenance Expenses**

The distribution companies in their ARR and tariff petition for FY 2015-16 have proposed an enhanced requirement over the previous year's approved expenses in the following manner:

**Table – 51**
**R & M Proposal for FY 2015-16**

**(Rs. in Cr.)**

| DISCOMs | Approved for FY 2014-15 | Proposed for the FY 2015-16 | % rise proposed over FY 2014-15 approved figure |
|---|---|---|---|
| **WESCO** | 41.45 | 108.19 | 61.69% |
| **NESCO** | 54.02 | 97.33 | 44.50% |
| **SOUTHCO** | 29.08 | 124.01 | 76.55% |
| **CESU** | 70.85 | 135.47 | 47.70% |
| **TOTAL** | 195.40 | 465.00 | 57.98% |

As revealed from the above table that WESCO, NESCO, SOUTHCO and CESU have enhanced requirement in the R&M expenses with percentage of 61.69%, 44.50%, 76.55% and 47.70% respectively over and above approved expenses for the previous FY 2014-15.

The Commission has been analyzing the pattern of spending in R&M by the Licensees, through the information available in the audited accounts of the companies. The audited figures in respect of all the four DISCOMs up to FY 2013-14, are available with the Commission. The approved and audited figures under R&M expenses are updated and given in the table below.

**Table – 52**
**R & M Expenses**

**(Rs. in Cr.)**

| | WESCO | | NESCO | | SOUTHCO | | CESU | |
|---|---|---|---|---|---|---|---|---|
| **Years** | **Approved** | **Audited** | **Approved** | **Audited** | **Approved** | **Audited** | **Approved** | **Audited** |
| 99-00 | 14.43 | 15.90 | 14.22 | 16.19 | 12.63 | 13.39 | 19.05 | 24.01 |
| 00-01 | 14.43 | 10.25 | 14.22 | 11.02 | 12.63 | 7.31 | 19.57 | 19.92 |
| 01-02 | 13.62 | 10.12 | 16.32 | 7.02 | 15.57 | 9.29 | 23.43 | 15.6 |
| 02-03 | 15.33 | 8.04 | 14.62 | 5.65 | 16.82 | 6.43 | 22.11 | 25.04 |
| 03-04 | 16.89 | 16.27 | 17.59 | 8.84 | 16.38 | 9.93 | 24.12 | 21.22 |
| 04-05 | 17.28 | 12.85 | 17.66 | 11.13 | 13.25 | 8.43 | 31.95 | 20.27 |
| 05-06 | 21.30 | 9.61 | 22.63 | 11.21 | 18.55 | 6.07 | 33.67 | 12.26 |
| 06-07 | 24.25 | 12.44 | 24.48 | 12.88 | 17.35 | 5.54 | 41.31 | 22.09 |
| 07-08 | 23.82 | 12.37 | 24.43 | 13.00 | 18.38 | 5.50 | 43.64 | 25.11 |
| 08-09 | 25.66 | 17.90 | 25.87 | 20.86 | 19.08 | 7.79 | 41.87 | 34.79 |
| 09-10 | 27.01 | 18.01 | 27.88 | 22.79 | 20.73 | 11.59 | 40.46 | 28.45 |
| 10-11 | 34.77 | 16.56 | 37.22 | 19.26 | 26.11 | 13.09 | 51.19 | 29.38 |
| 11-12 | 36.81 | 18.04 | 47.46 | 16.39 | 28.47 | 8.28 | 56.77 | 28.92 |
| 12-13 | 40.06 | 14.71 | 51.17 | 17.52 | 28.28 | 8.97 | 57.78 | 27.12 |
| 13-14 | 51.30 | 19.74 | 56.73 | 16.16 | 43.53 | 15.03 | 81.87 | 52.55 |
| 14-15 | 41.45 | | 54.02 | | 29.08 | | 70.85 | |

10. The above table reveals that DISCOMs are spending much less than what is being approved by the Commission in the ARRs. During last few years the spending on R&M expenses is about less than 50% of the amount approved by the Commission. The source of R&M expenses for the DISCOMs is from the revenue deposited through collection in the respective escrow account. It is observed that the DISCOMs have not been able to put enough money in the escrow account through improved collection and therefore there is no extra revenue available to be released towards R&M activities after meeting the power purchase cost, transmission cost and the employee cost. This has resulted in grossly neglecting the repair and maintenance activities essential to maintain the fragile network and to ensure quality supply to the consumers compromising reliability and quality of supply. During the current year all the DISCOMs have availed very less amount from escrow account towards R&M. DISCOMs have stated that due to insufficient revenue in the Escrow account, they have not been able to avail the escrow amount due. A table below shows the comparison between the relaxation due and relaxation availed on account of R& M during the year:

**Table – 53**
**Escrow Relaxation on R&M for FY 2014-15**

**(Rs. in Cr.)**

| | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| Relaxation Due | 70.85 | 41.45 | 54.02 | 29.08 |
| Relaxation Availed | 4.82 | 6.80 | 5.73 | 12.82 |
| | Upto sep -14 | Upto sep -14 | Upto sep -14 | Upto sep -14 |

Commission is aware that timely and efficient R&M activities are essential to the optimum utilisation of the distribution network. The Commission is not averse towards allocating of higher amounts on R&M activities but the DISCOMs have to exhibit sincerity of purpose by undertaking adequate R&M activities and increased revenue collection out of current as well as arrears in order to enable Commission to allow more by way of ESCROW relaxation. Non relaxation of ESCROW is not the issue; the real problem is inadequate revenue collection efforts. If sufficient revenue is collected there will be no difficulty in allowing withdrawal from ESCROW account after meeting the BST, salary and other important item of expenditure.

The Commission allows the R&M expenses based on the principles enunciated in the MYT order for the second Control FY 2013-14 to FY 2017-18 in its order dated 20.03.2013 and have decided therein to the following:

*"16.2 In view of the above, the Commission during the third control period would continue to grant R&M at the rate of 5.4% on Gross Fixed Asset added during the year. As regards the R&M expenses for the assets added under RGGVY and BGGY programme Commission may provisionally allow an amount for maintenance of these assets during the third control period.*

*Commission may also allow special R&M during this control period in order to enable DISCOMs to undertake critical activities such as loss reduction, energy audit, Consumer Indexing, Pole scheduling and all such activities deemed necessary for the up-gradation of network."*

In the FY 2015-16, WESCO, NESCO, SOUTHCO and CESU have proposed following amounts towards asset addition as tabulated below:

**Table – 54**
**Proposed addition of Fixed Assets FY 2014-15**

**(Rs. in Cr.)**

| | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| Land Building Furniture and Fixtures | | 1.62 | 5.31 | 2.76 |
| RE/LI/MNP | | 0.23 | | 1.84 |

| | | | | |
|---|---|---|---|---|
| PMU | | | | 3.86 |
| APDRP | | | | 0.50 |
| S.I. Scheme | | 22.19 | 22.92 | 3.68 |
| Deposit work | 262.60 | 34.32 | 38.70 | 5.57 |
| RGGVY | 3.58 | | | |
| Biju Gram Jyoti | 69.75 | 11.26 | | 0.59 |
| Biju Sahar BY | 1.80 | | | |
| DESI (GoO) | 39.20 | | 25.65 | 1.00 |
| RLTAP | | | | 23.38 |
| Capex Plan (GoO) | 216.31 | 9.94 | 126.30 | 192.82 |
| **Other works** | 0.25 | 5.64 | | 203.07 |
| **Total** | **593.49** | **85.20** | **218.88** | **439.07** |

In order to approve asset addition during FY 2014-15, scheme wise asset addition considered by the Commission are discussed below:

**RGGVY & Biju Gram Jyoti Scheme -** The asset addition under these Schemes shall be entirely funded by Govt. of India and Govt. of Odisha and the projects are being implemented by the Central PSUs as per the terms of agreement. Once the assets are handed over to the Licensees they would be responsible to operate and maintain those assets. As regards R&M of the assets, Commission in its tariff order for FY 2009-10 observed that the State Govt. should provide revenue subsidy to the DISCOMs to compensate for undertaking such non remunerative work under RGGVY & Biju Gram Jyoti Scheme. DISCOMs were advised to approach State Government in this regard for obtaining revenue subsidy. DISCOMs in their present petition for the ARR of FY 2015-16 have submitted that Government of Odisha have not provided any revenue subsidy for undertaking works under RGGVY & Biju Gram Jyoti Scheme. DISCOMs have submitted to allow the R&M on the RGGVY & BGJY assets in order to maintain those assets. In the event the State Government provides revenue subsidy, the R&M of the corresponding year may be reduced. They have further submitted that if such funds are not provided by the State Government, they would not be able to effect proper maintenance of RGGVY and BGJY assets which has been entrusted by the terms of agreements made by the GoO, GoI and DISCOMs. In view of such a stalemate Commission in line with advice in ARR 2012-13, again advises Government of Odisha to share its obligation to provide quality supply to the lifeline consumers as mandated in the Electricity Act 2003. Government of Odisha therefore may consider allocating revenue subsidy in order to enable Licensees to maintain and operate these lines. Commission is not sure of addition of the exact quantum of assets under RGGVY & Biju Gram Jyoti Scheme for the purpose of determination of R&M and depreciation during FY 2015-16.

As regards the RE/LI, APDRP, PMU schemes these are ongoing schemes. Hence, Commission allows the asset addition proposed by the licensee.

**System Improvement Scheme -** WESCO, NESCO and SOUTHCO have projected asset addition of an amount of Rs.22.19crore, Rs.22.92crore and Rs.3.68crore respectively under system improvement scheme. In reply to the query, the DISCOMs submitted the actual amount of drawl of SI loan by end of January, 2014 from REC. After discussions with the licensees, Commission allows asset addition on SI ongoing projects. NESCO is accordingly allowed Rs.0.50 cr. as asset addition under S.I. Scheme.

**Deposit works -** WESCO, NESCO, SOUTHCO and CESU have proposed asset addition under deposit work to the tune of Rs.34.32 cr., Rs.38.70 cr., Rs. 5.57cr and Rs.262.60 cr., respectively. After discussions with the DISCOMs, Commission allows Rs. 34.32cr., Rs. 25.04cr. and Rs.50.00cr to WESCO, NESCO and CESU respectively as asset addition towards deposit works.

**Capex Plan (GoO) -** WESCO, NESCO, SOUTHCO and CESU have proposed asset addition under Capex Plan (GoO) to the tune of Rs.9.94 cr., Rs.126.30 cr., Rs.192.82cr and Rs.216.31 cr., respectively. After discussions with the licensees, Commission allows Rs.9.94 cr., Rs. 75.00 cr., Rs. 50.00 cr. and Rs.60.00 cr to WESCO, NESCO, SOUTHCO and CESU respectively as asset addition towards Capex Plan (GoO).

In view of the discussions in the foregone paragraphs, the asset addition during FY 2014-15 is determined and approved as detailed below:

**Table – 55**
**Approved addition of Fixed Assets for FY 2014-15**

**(Rs. in Cr.)**

| | CESU | WESCO | NESCO | SOUTHCO |
|---|---|---|---|---|
| Land Building Furniture and Fixtures | | 1.62 | 4.07 | 2.76 |
| Biju Gram Jyoti | 10.00 | | | |
| RE/LI/MNP | | 0.23 | | |
| System Improvement | | | 0.50 | |
| Deposit work | 50.00 | 34.32 | 25.04 | |
| RGGVY | 3.58 | | | |
| DESI (GoO) | 39.20 | | 25.64 | |
| Capex Plan (GoO) | 60.00 | 9.94 | 75.00 | 50.00 |
| RLTP | | | | |
| Other works (including PMGY) | | 5.64 | | |

| Total | 162.78 | 51.75 | 130.25 | 52.76 |
|---|---|---|---|---|

The Gross Fixed Assets as on 31.3.2015 calculated on the basis of the asset addition allowed in the above table is given as below:

**Table – 56**
**Gross Fixed Assets**

**(Rs. in Cr.)**

| **Gross Book Value** | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| As on 01.04.1996 | 188.70 | 139.87 | 137.89 | 122.41 |
| Addition of Fixed Assets (Audited) | | | | |
| 1996-97 | 18.53 | 13.74 | 13.54 | 12.02 |
| 1997-98 | 22.72 | 16.84 | 16.60 | 14.74 |
| 1998-99 | 0 | 0 | 0 | 0 |
| 1999-00 | 87.16 | 53.32 | 41.11 | 37.53 |
| 2000-01 | 85.09 | 19.90 | 26.83 | 13.8 |
| 2001-02 | 67.25 | 19.58 | 30.63 | 20.72 |
| 2002-03 | 127.01 | 21.31 | 30.55 | 7.64 |
| 2003-04 | 88.42 | 35.14 | 28.63 | 12.60 |
| 2004-05 | 66.26 | 71.74 | 55.09 | 39.78 |
| 2005-06 | -95.95 | 23.52 | 30.20 | 13.89 |
| 2006-07 | 22.57 | 22.21 | 30.73 | 11.10 |
| 2007-08 | 35.52 | 24.79 | 32.49 | 18.91 |
| 2008-09 | 38.68 | 35.16 | 92.14 | 31.85 |
| 2009-10 | 52.29 | 38.07 | 101.33 | 10.70 |
| 2010-11 | 71.59 | 42.46 | 64.65 | 11.46 |
| 2011-12 | 112.29 | 31.01 | 59.71 | 7.32 |
| 2012-13 | 137.17 | 37.04 | 75.44 | 9.00 |
| 2013-14 | 94.09 | 29.22 | 40.23 | 50.46 |
| 2014-15 (Estimated) | 162.78 | 51.75 | 130.25 | 52.76 |
| **Total up to 2014-15** | **1382.17** | **726.67** | **1038.04** | **498.69** |

The position of Gross Fixed Asset as on 31.3.2014 were computed based on their audited accounts available for the previous years. After taking into consideration the addition of assets during the FY 2014-15 and the position of GFA as on 31.3.2015, the approved R&M for FY 2015-16 is given in the table below:

**Table – 57**
**R&M for FY 2015-16**

**(Rs. in Cr.)**

| | **WESCO** | | **NESCO** | | **SOUTHCO** | | **CESU** | |
|---|---|---|---|---|---|---|---|---|
| | **Proposed** | **Approved** | **Proposed** | **Approved** | **Proposed** | **Approved** | **Proposed** | **Approved** |
| Gross fixed asset as on 01.04.2015 | 869.09 | 726.67 | 1218.70 | 1038.04 | 913.72 | 498.69 | 1803.63 | 1382.17 |
| % of GFA | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% |
| R&M on GFA | 46.93 | **39.24** | 65.81 | **56.05** | 49.34 | **26.93** | 97.40 | **74.64** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Special R&M for addition of RGGVY and BJGY assets | | 5.00 | | 5.00 | | 5.00 | | 5.00 |
| R&M for FY 2015-16 | | **44.24** | | **61.05** | | **31.93** | | **79.64** |
| Total R & M incl. Spl R & M for FY 2015-16 | | **44.24** | | **61.05** | | **31.93** | | **79.64** |

11. Besides the normal R&M expenses allowed on the basis of 5.4% of GFA, Commission allowed in addition a sum of Rs.5.00 crore provisionally towards R&M expenses to each of the four DISCOMs on account of asset addition under RGGVY and BGJY. The approval of Rs.5.00 crore was subject to detailed scrutiny in next tariff processing for FY 2015-16. From the filing it is revealed that no asset under RGGVY or BGJY has been transferred to the Licensees. These assets continue to be with the Government of Odisha. It may be noted that in order that consumers getting new connection under RGGVY and BGJY do not face difficulties for non-maintenance assets, this additional provision is being allowed to the DISCOMs to ensure power supply to these vulnerable groups.

It has been observed that the loss reduction performance of the all the DISCOMs are poor and they should undertake such activities to devise methodological strategy to reduce losses. During the review of performance of the DISCOMs it is seen that none of the licensees have taken the task of energy auditing; seriously consequently they have not been able to plug the energy loss from the critical points. The overall AT&C losses is stated to be still hovering around 40% which a matter of grave concern. Therefore in order to address this problem the energy auditing must be undertaken by the licensees forthwith with seriousness. The licensees must therefore identify the loss making key feeders in their system and begin energy audit of these feeders immediately. Simultaneously, they must serve bills to all the consumers and emphasise on collection.

**Interest on Loan**

The source-wise interest on loan proposed by the four DISCOMs for FY 2015-16 is given in the table below:

**Table – 58**
**Proposed Loans FY 2015-16**

**(Rs. in Cr.)**

| **Source** | **WESCO** | **NESCO** | **SOUTHCO** | **CESU** |
|---|---|---|---|---|
| GRIDCO loan | - | - | - | - |
| World Bank loan | 11.82 | 10.38 | 8.57 | 126.36 |
| Gridco New Loan | - | - | 2.81 | - |

| | | | | |
|---|---|---|---|---|
| APDRP Net of 50% grant (GoO) | 0.66 | 0.76 | 0.72 | 16.75 |
| REC/PFC (Counter Part Funding APDRP) and SI Scheme | 3.93 | 4.43 | 0.53 | 2.29 |
| Interest on security deposit | 44.65 | 39.10 | 8.39 | 49.10 |
| CAPEX (REC) | - | - | 20.76 | - |
| Govt. of Orissa Capex loan | 4.27 | 8.73 | 4.37 | - |
| Other interest including SOD interest and finance charges | 35.43 | 37.25 | 13.51 | - |
| Total interest before capitalisation | 100.76 | 100.65 | 59.66 | 194.50 |
| Less: Interest Capitalised | 0.82 | 6.58 | 4.15 | 2.29 |
| Total Interest proposed | 99.94 | 94.07 | 55.51 | 192.21 |

In order to approve the interest on loans the position of individual loan as on 01.4.2014 is discussed below:

**World Bank Loan**

In line with the Commission's previous order, the licensees have calculated the interest on World Bank Loan @ 13%, considering 30% of loan as grant and balance 70% as loan. WESCO, NESCO, SOUTHCO & CESU have proposed interest liability towards World Bank loan of Rs.11.82 crore, Rs.10.38 crore, Rs.8.57. crore and Rs.126.36 crore respectively. Besides the WESCO, NESCO and SOUTHCO have projected repayment loan liability of Rs.9.10 Cr., Rs.9.13 Cr. and Rs.7.26 Cr., respectively. The loan balance (Net of 30% grant) is projected by the DISCOMs along with the interest for the FY 2015-16.

After analysis of the loan position, the approval of interest on the same is given in the table below:

**Table – 59**

**(Rs. in Cr.)**

| World Bank Loan | Loan as on 31.3.2014 | Receipt during 2014-15 | Repayment in 2014-15 | Loan as on 31.3.2015 | Receipt during 2015-16 | Repayment Due in 2015-16 | Loan as on 31.3.2016 | Interest for FY 2015-16 (Proposed) | Interest for FY 2015-16 (Approved) |
|---|---|---|---|---|---|---|---|---|---|
| WESCO | 90.96 | - | - | 90.96 | - | 9.10 | 81.86 | 11.82 | 11.23 |
| NESCO | 91.28 | - | - | 91.28 | - | 9.13 | 82.15 | 10.38 | 11.27 |
| SOUTHCO | 72.59 | - | - | 72.59 | - | 7.26 | 65.33 | 8.57 | 8.96 |
| CESU | 204.51 | - | - | 204.51 | - | - | 204.51 | 126.36 | 26.59 |
| Total | 459.34 | - | - | 459.34 | - | 25.49 | 433.85 | 157.13 | 58.06 |

**Distribution CAPEX Programme**

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

**Table - 60**
**Sources of funding**

**(Rs. Crore)**

| Sl No | Sources | Financial Year | | | | |
|---|---|---|---|---|---|---|
| | | 2010-11 | 2011-12 | 2012-13 | 2013-14 | Total |
| **A** | **State Govt. Funding** | | | | | |
| 1 | Financial Commission Grant (FCG) | - | 200.00 | 150.00 | 150.00 | 500.00 |
| 2 | 1/3rd matching share of State Govt. to FC Grant | - | 66.67 | 50.00 | 50.00 | 166.67 |
| 3 | 1/3rd matching share of GRIDCO (State Govt. Loan) to FC Grant | - | 66.67 | 50.00 | 50.00 | 167.67 |
| 4 | State's own Contribution | 300.00 | 66.66 | - | - | 366.66 |
| | **Sub-total (1+2+3+4)** | **300.00** | **400.00** | **250.00** | **250.00** | **1200.00** |
| **B** | **DISCOMs Counterpart Funding** | | | | | |
| 5 | 1/3rd matching share of DISCOMs to FC Grant | - | 66.67 | 50.00 | 50.00 | 166.67 |
| 6 | DISCOMs own Contribution | - | 133.33 | 350.00 | 550.00 | 1033.33 |
| | **Sub-total (5+6)** | **-** | **200.00** | **400.00** | **600.00** | **1200.00** |
| **C** | **Total (A+B)** | **300.00** | **600.00** | **650.00** | **850.00** | **2400.00** |

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

**Progress Status:**

From the date of notification of this CAPEX programme, the following progresses have been achieved till the end of February 2015:

(a) DISCOMs have floated tender of worth Rs.893.01 crore (WESCO - Rs. 190.03 Crore, NESCO- Rs. 192.30 crore, SOUTHCO- Rs. 127.11 crore and CESU – Rs. 383.57 crore) for supply as well as turnkey projects.

(b) Purchase Orders worth Rs.482.41crore have been placed for procurement of materials such as Power Transformers, A.B. Cable, Conductor, VCB and D.T etc. and turnkey Works orders worth Rs.369.14 crore have been placed for execution of erection works. In total Rs. 851.55 crore orders have been placed.

(c) Govt. of Odisha has been released **Rs. 680.83 Crore** and out of which **Rs. 470.82 Crore** have been spent by DISCOMs towards procurement of equipments and erection works till 11.03.2015. The details are furnished below:

**Table - 61**

| **Fund Released by Govt.** | | **Amounts Spent by DISCOMs** | |
|---|---|---|---|
| **Financial Year** | **Amts(Rs. Cr)** | **DISCOMs** | **Amts(Rs. Cr)** |
| 2010-11 | 205.00 | CESU | 226.90 |
| 2011-12 | 215.83 | WESCO | 86.78 |
| 2012-13 | 135.00 | NESCO | 85.20 |
| 2013-14 | 125.00 | SOUTHCO | 71.94 |
| **Total** | **680.83** | **Total** | **470.82** |

**Reasons of delay in execution of the programme:**

The achievement could not be made as per schedule due to following major bottlenecks encountered during the implementation:

(a) The programme started functioning during 3rd quarter of FY 2010-11 at Govt. level.

(b) Reconstitution of Technical Committee to scrutinize and finalize the Technical matter including specification of material/equipment.

(c) Delay in finalization of Technical Specification of equipment/ materials, commercial terms and condition of turnkey projects.

(d) Poor response to the tenders led to relaxation of terms and conditions time to time laid down in both Technical and Commercial specification and re-tendering of some of the major items in order to increase more participation.

(e) DISCOMs had lack of organizational capability to handle such bigger size CAPEX. However they have developed over the period.

(f) Non-availability of adequate number of contractor to execute the work. As the capital expenditure in the last one decade was insignificant, contractors have not developed to taken up this work in electricity distribution sector.

(g) The Programme also got delayed because of inability on the part of the WESCO, NESCO & SOUTHCO to arrange necessary counter-part funds for the Project.

In view the reasons of delay stated above, the scheme period is extended upto FY 2015-16 vide notification dated 08-08-2013. The revised source of funding is given below:

**Table - 62**

**(Rs. Crore)**

| Sl No | Sources | Financial Year | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | Total |
| **A** | **State Govt. Funding** | | | | | | |
| 1 | Financial Commission Grant (FCG) | 125.00 | 125.00 | 125.00 | 125.00 | - | 500.00 |
| 2 | 1/3rd matching share of State Govt. to FC Grant | 20.00 | - | 73.33 | 73.34 | - | 166.67 |
| 3 | 1/3rd matching share of GRIDCO (State Govt. Loan) to FC Grant | 20.00 | - | 73.33 | 73.34 | - | 167.67 |
| 4 | State's own Contribution | 255.83 | 10.00 | 50.00 | 50.83 | - | 366.66 |
| | **Sub-total (1+2+3+4)** | **420.83** | **135.00** | **321.66** | **322.51** | **-** | **1200.00** |
| **B** | **DISCOMs Counterpart Funding** | | | | | | |
| 5 | 1/3rd DISCOMs share to FC Grant | - | - | 83.34 | 83.33 | - | 166.67 |
| 6 | DISCOMs own Contribution | - | - | - | 133.33 | 900.00 | 1033.33 |
| | **Sub-total (5+6)** | **-** | **-** | **83.34** | **216.66** | **900.00** | **1200.00** |
| **C** | **Total (A+B)** | **420.83** | **135.00** | **405.00** | **539.17** | **900.00** | **2400.00** |

**Accelerated Power Development Reform Programme (APDRP)**

Licensees in their filling have submitted that no amount has been estimated to be spent under APDRP scheme during the ensuing year FY 2015-16. The interest liability on APDRP has been considered on the adjusting loan only @ 12% for Govt. of Odisha loan and @13.5% on the loan received from REC/ PFC.

The interest liability on loans from GoO & REC/PFC is computed on the basis of the actual expenditure of APDRP during the current year and balance expenditure to be incurred during the ensuing year. The DISCOMs have not projected any receipts on account of APDRP loan from GoO or REC/PFC during the years FY 2014-15 & 2015-16. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2015-16 are tabulated below:

**Table - 63**

**(Rs. in Cr.)**

| APDRP | Balance upto FY 2013-14 | | Receipt during FY 2014-15 & 2015-16 | | Repayment during FY 2014-15 & 2015-16 | | Balance upto FY 2015-16 | | Interest due for FY 2015-16 | | Total interest approved for FY 2015-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | GoO | REC/ PFC | GoO | REC/ PFC | GoO | REC/ PFC | GoO | REC/ PFC | GoO | REC/ PFC | |
| WESCO | 11.48 | 4.19 | - | - | - | 1.98 | 11.48 | 2.21 | 1.38 | 0.43 | 1.81 |
| NESCO | 6.36 | - | - | - | - | - | 6.36 | - | 0.76 | - | 0.76 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SOUTHCO | 6.63 | 2.18 | - | - | 0.33 | 0.51 | 6.30 | 1.67 | 0.78 | 0.21 | 0.99 |
| CESU | 37.09 | 12.46 | - | - | - | 7.09 | 37.09 | 5.37 | 4.45 | 1.07 | 5.52 |

**System Improvement Scheme**

WESCO, NESCO, SOUTHCO and CESU have not planned to avail any long-term loan during FY 2015-16 for funding the System Improvement Schemes. Till the end of December, 2014 DISCOMs have not received any amount on the said scheme. WESCO & SOUTHCO have proposed to repay the loan of Rs.2.04 cr. and Rs.2.14 cr. respectively in the FY 2014-15 and 2015-16. Considering the above repayment schedule Commission therefore allows the following interest on the continuing loan only under the System Improvement Scheme to WESCO, NESCO and SOUTHCO to be included in the revenue requirement for FY 2015-16 as indicated below:

**Table - 64**

**(Rs. in Cr.)**

| System Improvement scheme | Opening Balance as on 1.04.2014 | Proposed Loan for FY 2014-15 | Loan received from REC till Dec 14 | Anticipated repayment during 2014-15 | Balance as on 31.03.2015 | Proposed Loan for FY 2015-16 | Anticipated repayment during 2015-16 | Balance as on 31.03.2016 | Interest for FY 2015-16 (Approved) |
|---|---|---|---|---|---|---|---|---|---|
| CESU | - | - | - | - | - | - | - | - | - |
| WESCO | 8.16 | - | - | 2.04 | 6.12 | - | 2.04 | 4.08 | 0.69 |
| NESCO | - | - | - | - | - | - | - | - | - |
| SOUTHCO | 5.95 | - | - | 2.14 | 3.81 | - | 2.14 | 1.67 | 0.37 |

**Interest on Security Deposit**

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

**Table - 65**

| Licensee | Security Deposit as per Audited Accounts as on 31.03.2014 | Security Deposit actually available | Remarks |
|---|---|---|---|
| WESCO | Rs.500.84cr. | Rs. 466.88 crore as on 31.10.2014 | Out of Rs. 466.88 crore, Rs. 397.08 crore is pledged in banks for availing loan towards payments of salary, BST Bills etc. |
| NESCO | Rs.418.15cr. | Rs. 354.10 crore as on 31.12.2014 | The entire amount is pledged in banks for availing loan towards payments of salary, BST Bills etc. |

| | | | |
|---|---|---|---|
| SOUTHCO | Rs.133.30cr. | Rs. 35.80 crore as on 30.11.2014 | The entire amount is pledged in banks for availing loan towards payments of salary, BST Bills etc. |
| CESU | Rs.492.18cr. | Rs. 207.73 crore as on 30.11.2014 | The entire amount is pledged in UBI &PFC for availing loan. |

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

Commission therefore directs the DISCOMs to maintain the security deposit intact so as to meet this liability. Commission further directs the DISCOMs to recoup the deficit of the security deposit through enhanced collection and submit a plan of action by 30.06.2015 for such a programme.

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

The prevailing bank rate as on 01.01.2015 as notified by RBI is 8.75% per annum as ascertained from the RBI website. The Commission accordingly allows the interest at the rate of 8.75% on the closing balance on consumer’s security deposit as on 31.3.2015 as shown in the table below:

**Table - 66**

**(Rs. in Cr.)**

| **Interest on Consumer's Security Deposit** | **Consumer's SD as on 31.03.2015 (Proposed)** | **Interest on Consumer's SD for FY 2015-16 (Proposed)** | **Interest on Consumer's SD for FY 2015-16 (Approved)** |
|---|---|---|---|
| WESCO | 493.65 | 44.65 | 43.19 |
| NESCO | 446.88 | 39.10 | 39.10 |
| SOUTHCO | 144.40 | 8.39 | 12.64 |
| CESU | 561.15 | 49.10 | 49.10 |

### Interest to be Capitalised

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

Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2015-16 is summarized below:

**Table – 67**
**Total Annual Interest**

**(Rs. in Cr.)**

| Interest on Loans of DISCOMs | WESCO | | | NESCO | | | SOUTHCO | | | CESU | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved 2014-15 | Proposed 2015-16 | Approved 2015-16 | Approved 2014-15 | Proposed 2015-16 | Approved 2015-16 | Approved 2014-15 | Proposed 2015-16 | Approved 2015-16 | Approved 2014-15 | Proposed 2015-16 | Approved 2015-16 |
| World Bank loan | 11.23 | 11.82 | 11.23 | 10.09 | 10.38 | 11.27 | 8.49 | 8.57 | 8.96 | 26.59 | 126.36 | 26.59 |
| NTPC Bond – Differential amount | - | - | - | - | - | - | - | 2.81 | - | - | - | - |
| APDRP Net of 50% grant (GoO) | 1.30 | 0.66 | 1.38 | 0.76 | 0.76 | 0.76 | 0.76 | 0.72 | 0.78 | 4.45 | 16.75 | 4.45 |
| REC/PFC | 0.46 | 3.93 | 0.43 | - | 4.43 | - | 0.24 | 0.53 | 0.21 | 1.49 | 2.29 | 1.07 |
| SI Scheme | 1.00 | - | 0.69 | - | - | - | 0.66 | - | 0.37 | - | - | - |
| Interest on security deposit | 42.57 | 44.65 | 43.19 | 34.01 | 39.10 | 39.10 | 10.81 | 8.39 | 12.64 | 46.93 | 49.10 | 49.10 |
| Capex (REC) | - | - | - | - | - | - | - | 20.76 | 6.75 | - | - | - |
| Gov of Orissa Capex Loan | - | 4.27 | 4.27 | - | 8.73 | 7.60 | - | 4.37 | 2.19 | - | - | 12.39 |
| Other interest and finance charges | - | 35.43 | - | - | 37.25 | - | - | 13.51 | - | - | - | - |
| Total interest | 56.56 | 100.76 | 61.20 | 44.86 | 100.65 | 58.74 | 20.96 | 59.66 | 31.89 | 79.46 | 194.5 | 93.59 |
| Less Interest Capitalised | - | 0.82 | 0.82 | - | 6.58 | 6.58 | - | 4.15 | 4.15 | - | 2.29 | 2.29 |
| Interest chargeable to revenue | **56.56** | 99.94 | **60.38** | **44.86** | 94.07 | **52.16** | **20.96** | 55.51 | **27.74** | **79.46** | 192.21 | **91.30** |

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

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

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

In view of the above principle of the MYT no financing on working capital is allowed to the DISCOMs in the ARR for FY 2015-16.

**Depreciation**

DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base plus asset addition after 01.4.1996 for FY 2015-16. The depreciation amounts claimed by the four DISCOMs are given as under.

**Table - 68**

**(Rs. in Cr.)**

| **Year** | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| FY 2015-16 | 128.35 | 31.12 | 44.06 | 72.50 |

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

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

The asset addition from 01.4.1999 has been based on the audited annual accounts of the DISCOMs. For ascertaining the asset addition in case of all the four DISCOMs audited accounts up to FY 2013-14 are available with the Commission.

The gross book value as on 01.4.1996 and year wise asset addition thereafter till FY 2013-14 and during FY 2014-15 have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.4.2015 has been depicted in the Table No. 56 under R&M expenses.

The depreciation is calculated on the approved asset base as on 1.04.2014 at Pre–92 rate in pursuance to the directive of the Hon’ble High Court. The classification of assets has been done proportionately based on the audited accounts and tariff filling submitted by DISCOMs. Accordingly, the Commission approves the following amount towards depreciation for the year 2015-16.

**Table – 69 (Rs. In Crs.)**

| **Year** | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| FY 2015-16 | 52.27 | 27.51 | 39.48 | 19.05 |

**Provision for Bad & doubtful debts**

The WESCO, NESCO, SOUTHCO and CESU have proposed Bad and doubtful debts for the ARR for FY 2015-16which is shown in the table below:

**Table – 70**

**(Rs. cr)**

| | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| Proposed revenue billed (Rs. In Crores) | 2980.75 | 2470.47 | 1812.3 | 921.91 |

| Proposed Bad and Doubtful debt (Rs. In Cr.) | **21.44** | **49.41** | **36.25** | **36.88** |
|---|---|---|---|---|

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

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

The Commission in line with the above Order on MYT principles allows on Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only on normative basis. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2015-16 is summarized below:

**Table – 71**
**Bad & Doubtful Debt FY 2015-16**

**(Rs. in Crore)**

| **DISCOM** | **Proposed** | | **Approved** | | |
|---|---|---|---|---|---|
| | **Revenue** | **Bad debt** | **Total Revenue** | **Revenue at HT and LT** | **Bad debt** |
| **WESCO** | 2470.47 | 49.41 | 2,834.39 | 1858.02 | 18.58 |
| **NESCO** | 1812.3 | 36.25 | 2,031.27 | 1136.83 | 11.37 |
| **SOUTHCO** | 921.91 | 36.88 | 1,050.89 | 819.23 | 8.19 |
| **CESU** | 2980.75 | 21.44 | 3,248.35 | 2304.43 | 23.04 |

**Truing up of DISCOMs upto 2013-14**

The Commission vide its letter No. Dir(T)-392/2012/1421 dated 17.10.2014 directed the licensees to file the audited accounts for the financial year ending 31.3.2014 by 30th of October, 2014 along with necessary information and data which the DISCOMs consider relevant to finalize the truing up exercise and pass necessary orders separately.

The DISCOMs in response to the letter of the Commission submitted the audited accounts on the following dates.

NESCO - 21.11.2014
WESCO - 29.10.2014
SOUTHCO - 30.10.2014

CESU- 31.12.2014

In the ARR filing for the FY 2015-16, WESCO, NESCO & SOUTHCO in para 4.4 and 4.5 filed the truing up for the FY 2013-14 based on the audited accounts. They have submitted one page working sheet of the truing up exercise for FY 2013-14 without any supporting explanation for considering element wise expenditures shown in the truing up exercise. However, the above companies stated that the major reasons attributable towards the uncovered gap is due to non-materialization of LT sale assumed by the Commission in the approved ARR. CESU have not filed anything for truing up.

The Commission in para 8 of the OERC (Terms & Conditions for Determination of Wheeling Tariff & Retails Supply Tariff) Regulations, 2014 dated 14.11.2014 explained the procedure for truing up, the relevant portion of which is extracted below:-

*"8.1 The distribution licensee shall file an application each year for truing-up separately by 2nd week of October every year along with the audited accounts of the relevant year. The Commission shall pass the truing up order by 1st week of November. The licensee shall duly consider the truing-up order up to the previous financial year while filing ARR for the ensuing year.*

*8.2 Truing-up shall be carried out, on the basis of actual expenses booked in the audited account of the Distribution Licensee for the particular year, and the expenses allowed in the ARR for the corresponding financial year, subject to prudence check by the Commission.*

*Provided that true-up for any period shall be governed by the provisions of the Regulation under which the tariff for that year was determined.*

*Provided that if such variations are large, and it is not feasible to recover in one year along, the Commission may take a view to create a regulatory asset as per the Regulation 8.3"*

Since the licensees did not file truing up within schedule time, the Commission decides to undertake the truing up exercise based on the audited accounts for the FY 2013-14. Hon’ble ATE in its order dated 11.02.2014 in appeal No.112, 113 and 114 of 2013(regarding challenging of RST order of the Commission for FY 2013-14) settled the issue of truing up for FY 2011-12 and decided in favour of the appellant. Every item of expenditure in the truing up have been considered as per the audited account submitted by the licensees and MYT principles except the revenue which is assessed on the basis of benchmark distribution loss in the Business Plan.

The principles adopted by the Commission with regard to truing up of DISCOMs for FY 2013-14 are summarized below:-

(a) Power Purchase and its cost – The power purchase cost has been accepted in full as shown in the audited accounts for the FY 2013-14.

(b) Distribution Loss – Benchmark losses as per the Business Plan order has been accepted for the purpose of true up.

(c) Sale – Sale of energy determined as per the actual power purchase and benchmark distribution as per Business Plan order.

(d) Employee Cost – The employee cost has been allowed as per actual shown in the audited accounts excluding terminal benefits. As regards terminal benefits, the same has been allowed as approved in the RST order for the FY 2013-14. The Commission observed that licensees have not transferred sufficient amount towards corpus on the plea of poor cash flow, although the DISCOMs book much more in their audited accounts as per the actuarial valuation report. The Commission therefore, consciously allows terminal benefits based on the independent actuarial valuation report and corpus availability calculated on the basis of amount allowed over the years including opening balance transferred by GRIDCO.

(e) Repair and Maintenance – The expenditure towards the expenses towards Repair and Maintenance of substations allowed as per actual shown in the audited accounts.

(f) A & G Expenses – The expenses towards Administration and General expenses allowed as per the approved by the Commission in the ARR for FY

2013-14 subject to the maximum amount reflected in the audited accounts for that year.

(g) Bad & Doubtful Debt – In the ARR the provision towards bad and doubtful debt is allowed as 1% of HT and LT sales only. The same percentage is applied to the true up sales for arriving at the provision towards bad and doubtful debt for the purpose of true up.

(h) Depreciation – The depreciation is allowed on the pre-upvalued assets and at pre-92 rates as notified by Govt. of India in obedience to the order of the Hon'ble High Court of Odisha dated 28.2.2003 and modified order dated 14.3.2003.

(i) Interest Expenses – Expenses towards interest allowed as per actual in the audited accounts.

(j) Other Expenses – In the audited accounts the licensees reflects certain items under the head "Other Expenses". Commission after due scrutiny allows the expenses for the purpose of true up.

(k) Expenses Capitalized and prior period expenses– The expenses under this head are allowed as per audited actual.

(l) Miscellaneous Receipt – For the purpose of truing up the miscellaneous receipt as shown in the audited accounts have been considered excluding DPS and overdrawl penalty.

(m) Computation of the revenue of the DISCOMs – As a part of truing up exercise the Commission has considered the annual revenue based on the distribution loss accepted by the Commission for truing up exercise. The saleable unit arrived is multiplied with the average rate of billing as computed from the audited data filed by the licensee to arrive at the revenue billed for the purpose of truing up.

With the above observation the summary of truing up exercise for the four DISCOMs is annexed to this order as Annexure A 2.

**Return on Equity**

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

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

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

The Commission examined the audited annual accounts of all the four DISCOMs for FY 2013-14. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

**Table – 72**
**Return on Equity**

**(Rs. in crore)**

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

15. From the audited accounts of the DISCOMS for FY 2013-14, it is revealed that there has been no infusion of owner's capital by the DISCOMs and the share capital initially invested while acquiring the distribution Licence by the Licensees remaining unchanged. The Commission thus allows a return of 16% on the equity base (share capital) in terms of MYT principles and approves following amounts against the proposed ROE:

**Table - 73**

**(Rs. in crore)**

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

16. It may be noted that though accumulated loss of all the DISCOMs up to 2013-14 have far exceeded the equity base but as per the provision in the MYT, the Commission has been allowing return on actual infusion of equity at time of taking over the management of the DISCOMs.

**Miscellaneous receipts**

The miscellaneous receipts proposed by the licensees for the FY 2015-16 against the approved for FY 2014-15 are given in the table below:

**Table - 74**

**(Rs. in crore)**

| | **CESU** | **WESCO** | **NESCO** | **SOUTHCO** |
|---|---|---|---|---|
| Amount approved for FY 2014-15 | 83.10 | 74.90 | 56.64 | 33.93 |
| Amount proposed for FY 2015-16 | 93.26 | 87.17 | 50.41 | 20.43 |

17. The miscellaneous receipt of the DISCOMS is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOMs is much more than the proposed receipts in the ARR. The audited accounts are available up to the year 2013-14 in case of all the four DISCOMs.

The position of miscellaneous receipts during the last two years of audited accounts available to the Commission is tabulated below:

**Table – 75**

**(Rs. in cr.)**

| | **WESCO** | | **NESCO** | | **SOUTHCO** | | **CESU** | |
|---|---|---|---|---|---|---|---|---|
| **Year** | **2012-13** | **2013-14** | **2012-13** | **2013-14** | **2012-13** | **2013-14** | **2012-13** | **2013-14** |
| Misc. Receipt | 101.39 | 160.79 | 69.37 | 152.82 | 65.95 | 43.11 | 115.75 | 212.29 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Less: DPS, OD penalty & meter rent | 13.99 | 37.69 | 6.04 | 14.01 | 20.58 | 8.79 | 31.34 | 41.93 |
| Net Misc Receipt | 87.40 | 123.10 | 63.33 | 138.81 | 45.37 | 34.32 | 84.41 | 170.36 |
| Average Receipt (Approved for FY 2015-16) | 105.25 | | 101.07 | | 39.85 | | 127.39 | |

18. Commission observes that the receipts under miscellaneous receipts are of fluctuating nature and the reasonable estimate of future receipts would be on the basis of the analysis of past actual trends. The Commission thus estimates the average actual receipts for last two years audited accounts available to the Commission as the likely receipts during the ensuing year FY 2015-16 and which is calculated in the above table. The miscellaneous receipts thus approved by the Commission for FY 2015-16 are shown in the table below:

**Table - 76**

**(Rs. in cr.)**

| WESCO | NESCO | SOUTHCO | CESU |
|---|---|---|---|
| 105.25 | 101.07 | 39.85 | 127.39 |

**Receivables of GRIDCO from DISCOMs**

**Securitized Dues**

GRIDCO in its filing submitted that the DISCOMs have defaulted payment of Rs.1771.96 crore by 31.03.2014 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOMs wise default is given below:-

**Table – 77**

| Particulars | Securitized dues payable by 31.03.2014 | Amount paid & Adjusted by 31.03.2014 | Unpaid as on 31-03-2014 |
|---|---|---|---|
| WESCO | 337.92 | 127.38 | 210.54 |
| NESCO | 367.68 | 156.01 | 211.67 |
| SOUTHCO | 239.04 | 38.52 | 200.52 |
| CESU | 1345.92 | 196.69 | 1149.23 |
| **Total** | **2290.56** | **518.60** | **1771.96** |

GRIDCO requested the Commission to direct DISCOMs for making regular payment of the securitized dues along with the defaulted dues for improving the cash flow. The securitization order of the Commission dtd.01.12.2008 finalised the amounts outstanding as on 31.03.2005 to be discharged by the respective DISCOMs to GRIDCO in 120 monthly (maximum) equal installments starting from financial year 2006-07 and ending in 2015-16. Therefore GRIDCO submitted the Commission to give suitable direction to the DISCOMs so that the dues will be realised within the terminal year 2015-16 in line with the Commission's order dtd.01.12.2008.

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

**Table - 78**
**Dues as per OERC Order Dt. 01-12-2008 and Actual Payment**

**(Rs. crore)**

| Sl No | Particulars | WESCO | NESCO | SOUTHCO | REL Total | CESU | Grand Total |
|---|---|---|---|---|---|---|---|
| 1 | **BST** | | | | | | |
| | OB 01-04-99 | 46.18 | 41.66 | 26.50 | **114.34** | 80.16 | **194.50** |
| | From 01-04-99 to 31-03-05 | 118.41 | 194.83 | 47.19 | **360.43** | 605.20 | **965.63** |
| | **Sub total** | **164.59** | **236.49** | **73.69** | **474.77** | **685.36** | **1,160.13** |
| 2 | **DPS on Above** | **58.72** | **87.20** | **32.02** | **177.94** | **526.41** | **704.35** |
| 3 | **Loan** | | | | | | |
| | Principal | 138.46 | 94.64 | 134.36 | **367.46** | **307.61** | **675.07** |
| | Interest | 60.31 | 41.05 | 58.43 | **159.79** | **162.86** | **322.65** |
| | **Sub total** | **198.77** | **135.69** | **192.79** | **527.25** | **470.47** | **997.72** |
| 4 | **Outstanding as on 31-03-2005 vide OERC Order Dated 01-12-2008 (1+2+3)** | **422.08** | **459.38** | **298.50** | **1,179.96** | **1,682.24** | **2,862.20** |
| 5 | **Average per month** | **3.52** | **3.83** | **2.49** | **9.84** | **14.02** | **23.86** |
| 6 | **Due from 2006-07 to2010-11 as per securitisation order** | | | | - | | |
| | **2006-07** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **2007-08** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **2008-09** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **2009-10** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |

| Sl No | Particulars | WESCO | NESCO | SOUTHCO | REL Total | CESU | Grand Total |
|---|---|---|---|---|---|---|---|
| | **2010-11** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **2011-12** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **2012-13** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **2013-14** | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | **Total** | **337.92** | **367.68** | **239.04** | **944.64** | **1345.92** | **2290.56** |
| **7** | **Due from 2006-07 to2013-14 as per Tariff order** | | | | | | |
| | **2006-07** | 36.83 | 41.36 | 31.91 | 110.10 | - | 110.10 |
| | **2007-08** | 36.83 | 41.36 | 31.91 | 110.10 | 43.23 | 153.33 |
| | **2008-09** | 36.83 | 65.00 | - | 101.83 | 118.00 | 219.83 |
| | **2009-10** | - | - | 19.00 | 19.00 | 151.00 | 170.00 |
| | **2010-11** | - | - | - | - | - | - |
| | **2011-12** | - | - | - | - | - | - |
| | **2012-13** | - | - | - | - | - | - |
| | **2013-14** | - | - | - | - | - | - |
| | **Total** | **110.49** | **147.72** | **82.82** | **341.03** | **312.23** | **653.26** |
| **8** | Excess BSP paid by DISTCOs to be adjusted against securitised dues | | | | | | |
| **A** | Downward Revision of BST in 2007-08 | 88.31 | 3.32 | 11.07 | 102.70 | 93.37 | 196.07 |
| **B** | Payment by DISCOMS over and above the current | | | | | | |
| | 2006-07 | 36.83 | 41.36 | - | 78.19 | - | 78.19 |
| | 2007-08 | 4.40 | 41.36 | 9.53 | 55.29 | - | 55.29 |
| | 2008-09 | - | 65.00 | 5.86 | 70.86 | 32.47 | 103.33 |
| | 2009-10 | 2.00 | - | 9.69 | 11.69 | 80.50 | 92.19 |
| | 2010-11 | - | - | - | - | - | - |
| | **Total B** | **43.23** | **147.72** | **25.08** | **216.03** | **112.97** | **329.00** |
| **C** | Total (A+B) | **131.54** | **151.04** | **36.15** | **318.73** | **206.34** | **525.07** |
| **9** | **Short fall upto 31.3.2014 (6-8 C) as per securitisation order** | **206.38** | **216.64** | **202.89** | **625.91** | **1139.58** | **1765.49** |
| **10** | **Short fall (7-8 B) as per tariff order** | 67.26 | - | 57.74 | 125.00 | 199.26 | 324.26 |
| **11** | **Outstanding Balance (4-8 C)** | **290.54** | **308.34** | **262.35** | **861.23** | **1,475.90** | **2,337.13** |

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

53. *The three Reliance managed DISCOMs have not submitted in detailed action plan for liquidation of the arrears of GRIDCO as per Commission's direction dated 01.12.2008. CESU in its submission stated that it will start paying its outstanding dues of GRIDCO from the FY2015-16 and it may liquidate all its outstanding by FY 2020-21.*

*The Commission vide para 26 of the order 01.12.2008 had mentioned the following:-*

*"We order that DISTCOs shall repay the outstanding loans including interest along with securitized BST dues as at 31st March, 2005 in 120 monthly (maximum) equal installments starting from the FY 06-07 ending in 2015-16. They shall also continue to pay the monthly BST dues regularly through LC as per the bulk supply arrangement."*

54. *Every year the Commission in its tariff order gives direction to the DISCOMs to pay the outstanding arrears of GRIDCO as per the schedule given by the Commission. But the DISCOMs made continuous default and have not carried out the direction of the Commission. Commission therefore, directs the licensee to clear the dues of GRIDCO by the end of 2015-16 as per the order of the Commission. The Commission shall take a review after FY 2014-15 and may pass necessary directions in this regard to the DISCOMs.*

The Commission therefore, directs the DISCOMs to submit the detailed action plan for liquidation of arrears of GRIDCO by 30.4.2015 after which the Commission shall review the matter and pass necessary orders.

**Rs.400 crore NTPC Bond dues**

GRIDCO submitted that the DISCOMs have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 against the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the REL managed DISCOMs to pay Rs.50 Crore by the end of April 2012 and at least @Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The R-Infra managed DISCOMs have paid Rs.62 Crore by 31-10-2013, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.196.45 Crore. On this issue the Commission have given direction to both GRIDCO and DISCOMs several times for compliance of the order. The Commission again reiterated the same and directs both GRIDCO and DISCOMs to comply the order dtd.29.03.2012 in case No.107 of 2011.

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

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

**Table - 79**
**Outstanding Dues relating to Current BSP and Year end Adjustment bills of DISCOMs payable to GRIDCO**

**(Rs. in Crore)**

| Particulars | CESU | WESCO | NESCO | SOUTHCO | TOTAL |
|---|---|---|---|---|---|
| BSP Bills- 2011-12 | - | 210.48 | 53.74 | 5.52 | 269.74 |
| BSP Bills- 2012-13 | - | 265.06 | 324.95 | - | 590.01 |
| BSP Bills- 2013-14 | - | 17.39 | 57.87 | 92.04 | 167.30 |
| BSP Bills- 2014-15 (upto Sept-14) | 5.67 | 11.82 | 7.01 | 62.41 | 86.91 |
| Sub Total | 5.67 | 504.75 | 443.57 | 159.97 | 1113.96 |
| Year end Adj.Bills- 2008-09 | 58.14 | 69.08 | - | 36.72 | 163.94 |
| Year end Adj.Bills-2009-10 | 43.94 | - | 87.47 | 32.81 | 164.22 |
| Year end Adj.Bills-2010-11 | 167.32 | 46.80 | 22.65 | 60.24 | 297.01 |
| Sub Total | 269.40 | 115.88 | 110.12 | 129.77 | 625.17 |
| **Grand Total** | **275.07** | **620.63** | **553.69** | **289.74** | **1739.13** |

The Commission directs the DISCOMs to settle the issue with GRIDCO and submit a signed joint reconciliation statement by 31.05.2015 after paying the outstanding dues of GRIDCO in full.

The Commission further directs the DISCOMs to pay the current BSP bill in full by renewing the Letter of Credit (LC) in favour of GRIDCO.

**Revenue Requirement**

In the light of above discussion, the Commission approves the revenue requirement of 2015-16 of four DISCOMs, as shown in Annexure-A 1.

A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2015-16 by the Commission is given below:

**Table - 80**

**(Rs. in Cr.)**

| DISCOM | Revenue Requirement Approved (Rs. in Cr) | | Expected Revenue from Tariff (Rs.in Cr.) | | Gap (-) /Surplus(+) | |
|---|---|---|---|---|---|---|
| | **2014-15** | **2015-16** | **2014-15** | **2015-16** | **2014-15** | **2015-16** |
| **WESCO** | 2422.10 | 2,827.85 | 2422.27 | 2842.6 | 0.17 | 14.75 |
| **NESCO** | 2014.70 | 2,029.21 | 2015.02 | 2038.32 | 0.32 | 9.11 |
| **SOUTHCO** | 898.04 | 1,053.97 | 900.32 | 1058.14 | 2.28 | 4.17 |
| **CESU** | 2868.70 | 3,249.36 | 2870.91 | 3258.04 | 2.21 | 8.68 |
| **Total** | **8203.54** | **9160.39** | **8208.52** | **9197.10** | **4.98** | **36.71** |

**Treatment of Surplus Revenue and Revenue Gap**

While finalizing the ARR of the DISCOMs, the Commission has provided an amount of Rs.14.75 Cr., Rs.9.11 Cr., Rs.4.17 Cr. and Rs.8.68 Cr. to WESCO, NESCO, SOUTHCO & CESU respectively to meet expenses on following activities observing due procedures.

The billing and collection should be computerized upto section level, i.e. billing/collection computer centre should be made available at the section level. Plan of action to be submitted by 30th June, 2015.

The sub-stations in the DISCOM network should be renovated and it should be technologically upgraded to the level of the national standard. Plan of action to be submitted by 30th June, 2015.

The Standard of Performance should be verified by a third party on behalf of licensee itself. To start with at least three divisions in each DISCOM should be verified by independent verifier. Plan of action to be submitted by 30th June, 2015.

All utilities should initiate actions for self evaluation of practices and procedures through rating agencies. They shall submit plan of action by 30th June, 2015.

The DISCOMs should complete computerization of metering, billing, collection system in their respective areas. Plan of action to be submitted by 30th June, 2015.

The DISCOMs should make full utilisation of the amount allocated last year in the head of smart grid installation in line with the direction in the RST Order for 2014-15.

The DISCOM should ensure that the safety during operation and maintenance is not compromise. They should ensure that the persons holding the supervisory/workman license issued by ELBO are engaged in the O&M activities.

The DISCOMs should ensure that the Standard of Performance in the OERC (Licensees' Standard of Performance) Regulation, 2004 are displayed prominently at all section offices and bill collection counters by 30th June, 2015.

The DISCOMs should establish centralised customer care centres at urban and suburban areas also. Plan of action for setting up of such centres may be submitted by 30th June, 2015.

The DISCOM should fulfil their obligation of energy conservation and DSM activities under OERC (DSM) Regulation, 2011. Priority-wise plan of action for DSM activities may be submitted.

The DISCOMs should furnish their annual capacity building programme at the beginning of the financial year by 1st May, 2015.

The DISCOMs should undertake the exercise of audit of receivables from 01.04.2005 onwards till 30.03.2014 by independent auditors.

**Audit of Escrow account by Independent Auditors**

The Commission further directs GRIDCO to conduct Escrow Audit of DISCOMs on a continuous basis. The previous audit of escrow account was conducted upto FY 2012-13. The DISCOMs are directed to submit the report of Escrow audit to the Commission in the tariff submissions of every year.

**DETERMINATION OF TARIFF**

The Commission has been determining Retail Supply Tariffs after examination of all details on the usage and consumption pattern of the different categories of consumers and factors ensuring efficient use of resources. Prudency of licensees' expenses on cost of supply has been checked based on the ARR filings, queries for additional information and subsequent records submitted by the licensees. It is found that Licensees would be able to recover their cost with a overall tariff rise of 4.64% (revenue to revenue) in the ensuing year i.e. 2015-16.

**The present tariff structure**

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

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

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

**Single Part Tariff**

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

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

All classes of consumers other than Kutir Jyoti

(a) Energy Charge (Paise/unit)

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

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

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/unit)

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

**HT Consumers**

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

(b) Energy Charge (Paise/Unit)

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

**EHT Consumers**

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/Unit)

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

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

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

**(a) Tariff for Consumers availing Power Supply at LT**

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

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

The Commission decides that rate of MMFC determined for FY 2014-15 shall continue to apply for FY 2015-16 except LT (M) industries.

**Table – 81**
**MMFC for LT consumers**

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

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

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

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

**Domestic**

The Commission is aware of the paying capability of our BPL consumers. Therefore, the Kutir Jyoti consumers will only pay the monthly minimum fixed charge @ Rs.80/- per month for consumption upto 30 units per month. In case these consumers consume in excess of 30 units per month, they will be billed like any other domestic consumers depending on their consumption and will lose their BPL status from that month onward.

The Commission is also conscious of affordability of non-Kutir Jyoti consumers. Keeping this in view the Energy Charge for supply to domestic consumers availing low tension supply is determined for FY 2015-16 which are given below:

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

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

**General Purpose LT (<110 kVA)**

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

**Table - 82**

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

**Irrigation Pumping and Agriculture**

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

**Allied Agricultural Activities**

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

**Allied Agro-Industrial Activities**

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

**Energy Charges for Other LT Consumers**

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

| <u>Voltage of Supply</u> | <u>Energy Charge</u> |
|---|---|
| LT | 560 paise per unit |

**The above rate shall apply to the following categories:**

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

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

**Customer Service Charge at LT**

As explained earlier these categories of consumers are required to pay three part tariff. The existing customer service charge for consumers with connected load of 110 kVA and above shall continue for FY 2015-16.

**Table - 83**

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

**Demand charges at LT**

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

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

**(b) Tariff For HT & EHT Consumers**

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

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

**Table – 84**

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

**(ii) Demand charge for HT & EHT consumers**

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

**<u>HT Category</u>**

Specified Public Purpose

General Purpose (>70 kVA <110 kVA)

General Purpose (>=110 kVA)

Public Water Works and Sewerage Pumping

Large Industry

Power Intensive Industry

Mini Steel Plant

Railway Traction

HT Industrial (M) Supply (>=22 kVA and less than 100 kVA)

**EHT Category**

General Purpose

Large Industry

Railway Traction

Heavy Industry

Power Intensive Industry

Mini Steel Plant

Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. To arrive at that cost the Commission studied the pattern of demand recorded by the demand meters of all such consumers of the licensee for the period from April, 2012 to September, 2012. The Commission after taking into consideration this aspect has decided that the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue. The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2004. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.

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

**Table - 85**

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

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

**(iii) Energy Charge for HT and EHT consumers**

The Commission, aiming at rationalisation of tariff structure by progressive introduction of a cost-based tariff, has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining Energy Charge, the principle of higher rate for supply at low voltage and gradually reduced rate as the voltage level goes up has been adopted. However, the Commission has made certain exceptions to the above provisions in respect of Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities consumers availing power at HT. Similarly, Emergency supply to CGPs and Colony consumption at both HT and EHT level have also been exempted.

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

**Graded Slab Tariff for HT/EHT Consumers**

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

**Table – 86**
**Slab rate of energy charges for HT & EHT (Paise per unit)**

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

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

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

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

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

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

**Industrial Colony Consumption**

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

**Emergency power supply to CGPs/Generating stations**

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

**Peak and Off-Peak Tariff**

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

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

Further, in accordance with the provision of Para 7(a) (i) of OERC (Terms and Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. Accordingly, the Commission decides to continue off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 20 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

i) Public Lighting Consumers

ii) Emergency supply to captive power plants

**Charges for Overdrawl**

**Penalty for overdrawal**

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

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

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

**Incentive for Overdrawl**

As per the existing Commission's Order all the consumers who pay two-part tariff with > 110 KVA are allowed to draw upto 120% of contract demand during off peak hours on payment of demand charge as per the 80% of the contract demand or maximum demand drawn during other than off peak hours whichever is higher where drawal of maximum demand is within CD.

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

**Eligibility for availing overdrawal benefit during off peak hours**

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

**Charges for Power Factor**

The Commission has re-introduced the incentive for maintenance of high power factor from FY 2015-16. Penalty for lower power factor shall continue as usual.

**Power Factor Penalty**

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

(i) Large Industries
(ii) Public Water Works (110 KVA and above)
(iii) Railway Traction

(iv) Power Intensive Industries

(v) Heavy Industries

(vi) General Purpose Supply

(vii) Specified Public Purpose (110 KVA and above)

(viii) Mini Steel Plants

(ix) Emergency supply to CGP

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

**Table - 87**

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

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

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

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

**Power Factor Incentive**

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

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

**Metering on LT side of Consumers Transformer**

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

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

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

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

**Incentive for prompt payment**

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

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

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

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

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

**Special Rebates**

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

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

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

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

**Reconnection Charge**

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

**Table - 88**

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

**Delayed Payment Surcharge**

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

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

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

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

**Table – 89**

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

* No DPS shall be charged on Kutir Jyoti Consumers

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

**Rounding off of consumers billed amount to nearest rupee**

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

**Charges for Temporary Supply**

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

**New Connection Charges for LT**

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

**Fuel Surcharge Adjustment Formula**

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

**Meter Rent**

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

**Table - 90**

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

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

**Effective date of Tariff**

The revised tariff schedule shall be made effective from 01.04.2015. In order to simplify the procedure, we stipulate that if the metering and billing date falls within 15th of April'15 (including 15th), the bill for the consumers will be prepared on pre-revised rate i.e. tariff applicable for the FY 2014-15. If the billing and metering date falls on or after 16th of April, 2015 the bill will be prepared at the revised tariff rate i.e. Tariff applicable for 2015-16. The DISCOMs should ensure that the billing cycle of any consumer should not be disturbed due to the above stipulations.

WESCO, NESCO & SOUTHCO in Appeal Nos. 77, 78 & 79 of 2006 in respect of RST Order for FY 2006-07, Appeal Nos. 52, 53 & 54 of 2007 in respect of RST Order for FY 2007-08, Appeal Nos. 26, 27 & 28 of 2009 in respect of RST Order for FY 2008-09, Appeal Nos. 160, 161 & 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149/2011 for RST Order of FY 2011-12, Appeal Nos. 193, 194 & 195 of 2012 for RST Order of FY 2012-13 before the Hon'ble ATE raised several issues such as those concerning distribution loss, mode of calculation of estimated sales and income and truing exercises etc. The three DISCOMs challenged the Truing up Order dated 19.03.2012 of the Commission passed in Case Nos.29, 30, 31 of 2007 and 6, 7 & 8 of 2012 before the Hon'ble ATE in Appeal No.196 of 2012. The Hon'ble ATE has set-aside the said Orders of the Commission vide its Judgment dated 03.07.2013 passed in Appeal Nos.160,161,162 of 2010 in respect of RST Order for FY 2010-11,Appeal Nos. 147, 148, 149 of 2011 for RST Order of FY 2011-12 and also Appeal Nos. 193, 194 & 195 of 2012 for RST Order for FY 2012-13. The Hon'ble ATE has also set-aside both the Truing up Orders dated 19.03.2012 of the OERC passed in Case Nos.29, 30, 31 of 2007 and 6, 7 & 8 of 2012 in Appeal No.196 of 2012 preferred by the R-Infra Managed DISCOMs. Hon'ble APTEL in their order dated 30.11.2014 has set aside the RST order for FY 2014-15 and has directed the Commission to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15). The Commission has filed an appeal against this order before the Apex Court in CA No. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter.

The revised Retail Supply Tariff as stipulated in the order shall be effective from 1st April, 2015 and shall be in force until further orders.

The applications of CESU bearing Case No.69/2014 and Case No. 61/2014, WESCO bearing Case No.70/2014 and Case No. 63/2014, NESCO bearing Case No.71/2014 and Case No. 62/2014 and SOUTHCO bearing Case No.72/2014 and Case No. 64/2014 are disposed of accordingly.

| | | |
|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** |
| **(A. K. DAS)** | **(S. P. SWAIN)** | **(S. P. NANDA)** |
| **MEMBER** | **MEMBER** | **CHAIRERSON** |

**Annexure –A 1**

## REVENUE REQUIREMENT OF DISCOMs FOR THE FY 2015-16

| | WESCO | | NESCO | | SOUTHCO | | CESU | | TOTAL DISCOMs | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenditure** | **Proposed 2015-16** | **Approved 2015-16** | **Proposed 2015-16** | **Approved 2015-16** | **Proposed 2015-16** | **Approved 2015-16** | **Proposed 2015-16** | **Approved 2015-16** | **Proposed 2015-16** | **Approved 2015-16** |
| Cost of Power Purchase | 2,144.87 | 2278.50 | 1,574.88 | 1585.50 | 671.55 | 684.00 | 2499.62 | 2502.30 | 6,890.92 | 7,050.30 |
| Transmission Cost | 187.46 | 183.75 | 140.61 | 131.25 | 90.75 | 85.50 | 241.08 | 219.50 | 659.90 | 620.00 |
| SLDC Cost | 1.10 | 1.20 | 0.86 | 0.85 | 0.54 | 0.56 | 1.53 | 1.43 | 4.03 | 4.03 |
| **Total Power Purchase, Transmission & SLDC Cost(A)** | **2,333.43** | **2,463.45** | **1,716.35** | **1,717.60** | **762.84** | **770.06** | **2,742.23** | **2,723.23** | **7,554.85** | **7,674.33** |
| Employee costs | 291.39 | 275.32 | 256.06 | 210.86 | 285.32 | 208.31 | 358.14 | 343.94 | 1,190.91 | 1,038.43 |
| Repair & Maintenance | 108.19 | 44.24 | 97.33 | 61.05 | 124.01 | 31.93 | 135.47 | 79.64 | 465.00 | 216.86 |
| Spl R&M for Smart Metering | | | | | | | | | - | - |
| Administrative and General Expenses | 59.39 | 35.84 | 55.18 | 27.20 | 58.28 | 22.50 | 95.77 | 51.68 | 268.62 | 137.22 |
| Provision for Bad & Doubtful Debts | 49.41 | 18.58 | 36.25 | 11.37 | 36.88 | 8.19 | 21.44 | 23.04 | 143.98 | 61.19 |
| Depreciation | 31.12 | 27.51 | 44.06 | 39.48 | 72.50 | 19.05 | 128.35 | 52.27 | 276.03 | 138.32 |
| Interest Chargeable to Revenue including Interest on S.D | 100.76 | 60.38 | 100.65 | 52.16 | 55.74 | 27.74 | 192.21 | 91.30 | 449.36 | 231.58 |
| **Sub-Total** | **640.26** | **461.88** | **589.53** | **402.13** | **632.73** | **317.73** | **931.38** | **641.88** | **2,793.90** | **1,823.61** |
| Less: Expenses capitalised | 3.78 | | 1.50 | | 0.86 | | | | 6.14 | - |
| Less: interest Capitalised | 0.81 | | 6.58 | | 4.15 | | | | 11.54 | - |
| **Total Operation & Maintenance and Other Cost** | **635.67** | **461.88** | **581.45** | **402.13** | **627.72** | **317.73** | **931.38** | **641.88** | **2,776.22** | **1,823.61** |
| Return on equity | 7.78 | 7.78 | 10.55 | 10.55 | 6.03 | 6.03 | 11.64 | 11.64 | 36.00 | 36.00 |
| **Total Distribution Cost (B)** | **643.45** | **469.66** | **592.00** | **412.68** | **633.75** | **323.76** | **943.02** | **653.52** | **2,812.22** | **1,859.61** |
| Amortisation of Regulatory Asset | 143.00 | | 81.81 | | 120.20 | | | | 345.01 | - |
| True up of Past Losses | 98.37 | | 115.96 | | 110.21 | | | | 324.54 | - |
| Contingency reserve | 3.26 | | 4.57 | | 3.42 | | | | 11.25 | - |
| **Total Special Appropriation (C)** | 244.63 | | 202.34 | | 233.83 | | | | 680.80 | - |
| **Total Cost (A+B+C)** | **3,221.51** | **2,933.10** | **2,510.69** | **2,130.28** | **1,630.42** | **1,093.81** | **3,685.25** | **3,376.75** | **11,047.87** | **9,533.94** |
| Less: Miscellaneous Receipt | 87.17 | 105.25 | 50.41 | 101.07 | 20.43 | 39.85 | 93.26 | 127.39 | 251.27 | 373.55 |
| **Total Revenue Requirement** | **3,134.34** | **2,827.85** | **2,460.28** | **2,029.21** | **1,609.99** | **1,053.97** | **3,591.99** | **3,249.36** | **10,796.60** | **9,160.39** |
| **Expected Revenue(Full year )** | **2,470.47** | **2842.6** | **1,812.30** | **2038.32** | **921.91** | **1058.14** | **2,980.75** | **3258.04** | **8,185.43** | **9,197.10** |
| **GAP at existing(+/-)** | (663.87) | **14.75** | (647.98) | **9.11** | (688.08) | **4.17** | (611.24) | **8.68** | **(2611.17)** | **36.71** |
| | | | | | | | | | **Saleable Units** | **Avg cost (paisa/ unit)** |
| | | | | | | | **Approved 15-16** | | **19,504.33** | **488.81** |

# Annexure – A 2

| True Up of DISCOMs upto 2013-14 | | | | | | | | | | | | | | | | Rs in Cr. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | WESCO | | | | NESCO | | | | SOUTHCO | | | | CESU | | | |
| | **Approved** | **Audited** | **TRUE Up** | **Difference Allowed (-)/ Disallowed (+)** | **Approved** | **Audited** | **TRUE Up** | **Difference Allowed (-) / Disallowed (+)** | **Approved** | **Audited** | **TRUE Up** | **Difference Allowed (-)/ Disallowed (+)** | **Approved** | **Audited** | **TRUE Up** | **Difference Allowed (-)/ Disallowed (+)** |
| **Expenditure** | | | | | | | | | | | | | | | | |
| Cost of Power Purchase | 2124.01 | 2010.33 | 2010.33 | 113.68 | 1660.58 | 1552.23 | 1552.23 | 108.35 | 653.85 | 615.39 | 615.39 | 38.46 | 2255.37 | 2266.49 | 2266.49 | -11.12 |
| Employee costs | 247.60 | 236.43 | 233.3 | 14.30 | 217.04 | 206.63 | 184.4 | 32.64 | 188.65 | 201.40 | 165.24 | 23.41 | 388.10 | 353.30 | 410.63 | -22.53 |
| Repair & Maintenance | 51.30 | 19.73 | 19.73 | 31.57 | 56.73 | 16.16 | 16.16 | 40.57 | 43.53 | 15.02 | 15.02 | 28.51 | 81.87 | 55.55 | 55.55 | 26.32 |
| Administrative and General Expenses | 27.41 | 15.62 | 15.62 | 11.79 | 18.99 | 31.18 | 18.99 | 0 | 16.63 | 35.30 | 16.63 | - | 41.13 | 75.08 | 41.13 | 0 |
| Provision for Bad & Doubtful Debts | 16.47 | 169.19 | 19.20 | -2.73 | 11.05 | 70.31 | 11.72 | -0.67 | 7.09 | 10.64 | 7.38 | (0.29) | 20.22 | 132.65 | 22.43 | -2.21 |
| Other expenses | | 83.91 | 14.62 | -14.62 | | 43.07 | 11.86 | -11.86 | | 48.17 | 13.50 | (13.50) | | 72.48 | 72.48 | -72.48 |
| Depreciation | 24.01 | 14.42 | 14.42 | 9.59 | | | | 0 | 15.18 | 16.41 | 16.41 | (1.23) | | | | |
| Interest Chargeable to Revenue | 51.37 | 50.12 | 50.12 | 1.25 | 33.58 | 15.33 | 15.33 | 18.25 | 19.35 | 28.33 | 28.33 | (8.98) | 41.85 | 61.28 | 41.85 | 0 |
| Carrying cost on Reg. Asset | | | | | 45.61 | 50.43 | 50.43 | -4.82 | | | | - | 70.31 | 116.73 | 116.73 | -46.42 |
| Sub-Total | 2542.17 | 2599.75 | 2377.34 | 164.83 | 2043.58 | 1985.34 | 1861.12 | 182.46 | 944.28 | 970.66 | 877.90 | 66.38 | 2898.85 | 3133.56 | 3027.29 | -128.44 |
| Less: Expenses capitalised | | 0.08 | 0.08 | -0.08 | | 1.24 | 1.24 | 1.24 | | 0.77 | 0.77 | (0.77) | | 12.17 | 12.17 | 12.17 |
| Prior period expenses (Debit, credit) | | | | | | | | | | | | | | -7.62 | -7.62 | -7.62 |
| **(A)Total expenses** | 2542.17 | 2599.67 | 2377.26 | 164.91 | 2043.58 | 1984.10 | 1859.88 | 183.70 | 944.28 | 969.89 | 877.13 | 67.15 | 2898.85 | 3113.77 | 3007.50 | -108.65 |
| **Special appropriation** | | | | | | | | | | | | | | | | |
| Employees cost true up | | | | | | | | | | | | | | | | |
| Previous Losses | | | | | | | | | | | - | - | | | | |
| Contingency reserve | | 2.72 | | | | 3.52 | | | | | - | | | | | |
| **(B)Total Special Appropriation** | | | | | | | | | | | | | | | | |
| **(C)Return on equity** | 7.78 | | 7.78 | 0.00 | 10.55 | | 10.55 | 0.00 | 6.03 | | 6.03 | - | 11.64 | | 11.64 | 0 |
| **Total (A+B+C)** | 2549.95 | 2602.39 | 2385.04 | 164.91 | 2054.13 | 1987.62 | 1870.43 | 183.70 | 950.31 | 969.89 | 883.16 | 67.15 | 2910.49 | 3113.77 | 3019.14 | -108.65 |
| Less Miscellaneous Receipt | 59.94 | 160.79 | 160.79 | 100.85 | 47.88 | 152.82 | 152.82 | 104.94 | 19.99 | 43.12 | 43.12 | 23.13 | 70.12 | 212.29 | 212.29 | 142.17 |
| Total Revenue Requirement | 2490.01 | 2441.60 | 2224.25 | 265.76 | 2006.25 | 1834.80 | 1717.61 | 288.64 | 930.32 | 926.77 | 840.04 | 90.28 | 2840.37 | 2901.48 | 2806.85 | 33.52 |
| Revenue from Sale of Power | 2492.69 | 2288.21 | 2905.54 | 412.85 | 1991.03 | 1710.35 | 2110.88 | 119.85 | 949.02 | 782.85 | 988.41 | 39.39 | 2869.49 | 2702.67 | 3183.59 | 314.10 |
| GAP(+/-) | 2.68 | -153.39 | 681.29 | 678.61 | -15.22 | -124.45 | 393.27 | 408.49 | 18.70 | (143.92) | 148.36 | 129.66 | 29.12 | -198.81 | 376.74 | 347.62 |
| Approved Regulatory Gap | | | | 2.68 | | | | -15.22 | | | | 18.70 | | | | 29.12 |
| **Total Gap considered for True up** | | | | **681.29** | | | | **393.27** | | | | **148.36** | | | | **376.74** |
| **Calculation of Expected Revenue for true up** | | | | | | | | | | | | | | | | |
| Units Purchase (Units)- Actual | | | 6634.90 | | | | 5045.286 | | | | 2,915.56 | | | | 7973.19 | |
| Distribution Loss (%) - Approved | | | 19.60% | | | | 18.35% | | | | 25.50% | | | | 23.00% | |
| Distribution Loss (MU) - Calculated | | | 1300.4394 | | | | 925.80998 | | | | 743.47 | | | | 1833.83 | |
| Units Billed (MU) - Approved | | | 5334.46 | | | | 4119.476 | | | | 2,172.09 | | | | 6139.36 | |
| Units Billed (MU) - Actual | | | 4201.07 | | | | 3337.83 | | | | 1,720.36 | | | | 5211.93 | |
| Revenue (Rs in Crs)- Audit | | | 2288.21 | | | | 1710.35 | | | | 782.85 | | | | 2702.67 | |
| Average rate of realisation(p/kwh) -Audit | | | 5.45 | | | | 5.12 | | | | 4.55 | | | | 5.19 | |
| Expected Revenue for true up (Rs. In Crs) | | | **2905.54** | | | | **2110.88** | | | | **988.41** | | | | **3183.59** | |

**Annexure – ‘B’**

# RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST APRIL, 2015

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

**Note:**

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

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

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

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

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

(iii) The meter rent w.e.f. 01.4.2015 shall remain unaltered as follows:

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

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

(iv) A Reliability surcharge @ 10 paise per unit will continue for HT and EHT consumers availing power irrespective of nature of feeder. This surcharge @ 10 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit. (For details see the order)

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

(vi) A “Tatkal Scheme” for new connection is applicable to LT Domestic, Agricultural and General Purpose consumers.

(vii) In case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis.

(viii) The billing demand in respect of consumer with Contract Demand of less than 110 KVA should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification.

(ix) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @ 20 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as **12 Midnight to 6 AM** of next day.

(x) Hostels attached to the Schools recognised and run by SC/ST Dept., Govt. of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT / HT) which shall be over and above the normal rebate for which they are eligible.

(xi) Swajala Dhara consumers under Public Water Works and Sewerage Pumping Installation category shall get special 10% rebate if electricity bills are paid within due date over and above normal rebate.

(xii) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from **12 Midnight to 6.00 A.M.** of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged over and above the 120% of contract demand. When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.

(xiii) General purpose consumers with Contract Demand (CD) < 70 KVA shall be treated as LT consumers for tariff purposes irrespective of level of supply voltage. As per Regulation 76 (1) (c) of OERC Distribution (Conditions of Supply) Code, 2004 the supply for load above 5 KW upto and including 70 KVA shall be in 2-phase, 3-wires or 3-phase, 3 or 4 wires at 400 volts between phases.

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

(xv) Power factor penalty shall be

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

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

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

The penalty shall be on the monthly demand charges and energy charges

There shall not be any power factor penalty for leading power factor. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

(xvi) The power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

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

(xvii) The printout of the record of the static meter relating to MD, PF, number and period of interruption shall be supplied to the consumer wherever possible with a payment of Rs.500/- by the consumer for monthly record.

(xviii) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.4.2015. However, for the month of April, 2015 the pre-revised tariff shall be applicable if meter reading / billing date is on or before 15.4.2015. The revised tariff shall be applicable if meter reading/billing date is on 16.4.2015 or afterwards. The billing cycle as existing shall not be violated by the DISCOM utilities.

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**Annexure-'C'**

**Wheeling, Transmission Charges and Cross Subsidy Surcharge From 1st April, 2015 As Determined By The Commission In Case Nos. 61, 62, 63 & 64 /2014 According To OERC (Terms and Conditions for Open Access) Regulations, 2005 and OERC (Determination of Open Access Charges) Regulations, 2006**

1. The Open Access Cross Subsidy Surcharge, Wheeling & Transmission Charged for Open Sccess consumer 1MW & above for FY 2015-16 as determined by the Commission is given in the table below:

| Name of the licensee | Cross Subsidy Surcharge (Paise per unit) | | Wheeling Charge Paise per unit applicable to HT consumers only | Transmission Charges for Short Term Open access Customer (applicable for HT & EHT consumers) |
|---|---|---|---|---|
| | EHT | HT | | |
| **CESU** | 144.12 | 78.58 | 73.82 | Rs. 1500/MW/day or Rs.62.5/MWh |
| **NESCO Utility** | 132.22 | 58.47 | 84.19 | Rs. 1500/MW/day or Rs.62.5/MWh |
| **WESCO Utility** | 126.62 | 66.02 | 64.76 | Rs. 1500/MW/day or Rs.62.5/MWh |
| **SOUTHCO Utility** | 203.62 | 128.68 | 94.05 | Rs. 1500/MW/day or Rs.62.5/MWh |

**Additional Surcharge:**

2. No additional surcharge has been determined by the Commission to meet the fixed cost of distribution arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act.
3. The normative transmission loss at EHT (3.75%) and normative wheeling loss for HT level (8%) are applicable for the year 2015-16.
4. Additional Surcharge: No additional surcharge over and above the Cross-subsidy Surcharge needs to be given to the embedded licensee.
5. No Cross Subsidy Surcharge are payable by the consumers availing Renewable power.
6. 20% wheeling charge is payable by the consumer drawing power from Renewable source excluding Co-generation and Bio mass power plant.
7. The charges as notified for the FY 2015-16 will remain in force until further order.

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