

Summary of ARR & Tariff Filings

Submitted by

CESU, NESCO UTILITY, WESCO

UTILITY & SOUTHCO UTILITY

For

FY 2020-21

DISCOMs

Summary of Annual Revenue Requirement (ARR) & Retail Supply Tariff (RST) Proposal Submitted by Electricity Distribution Companies of Odisha for the FY2020-21

1. Energy Sale, Purchase and Loss

A statement of Energy Purchase, Sale and Overall Distribution Loss from FY2013-14 to 2020-21 as submitted by DISCOM of Odisha namely Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Ltd (NESCO Utility), Western Electricity Supply Company of Odisha Ltd (WESCO Utility) and Southern Electricity Supply Company of Odisha Ltd (SOUTHCO Utility) is given below.

Table1: Energy Sale, Purchase and Loss (Considering railway traction demand)

DISCO Ms	Particulars	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Rev Est)	2020-21 (Est.)
CESU	Energy Sale (MU)	5211.93	5484.35	5570.77	5488.59	5781.64	6310.92	6658.18	7236.47
	Energy Purchased (MU)	7973.19	8297.32	8367.57	8139.36	8467.09	8783.92	8996.32	9550.33
	Overall Distribution Loss %	34.63	33.90	33.42	32.57	31.72	28.15	25.99	24.49
NESCO UTILITY	Energy Sale (MU)	3337.83	3455.54	3806.68	4077.20	4234.96	4530.91	4927.47	5345.56
	Energy Purchased (MU)	5045.29	5015.30	5195.58	5329.66	5448.99	5575.60	6060.85	6567.03
	Overall Distribution Loss %	33.84	31.10	26.73	23.50	22.28	18.74	18.70	18.60
WESCO UTILITY	Energy Sale (MU)	4201.07	4552.19	4597.94	4799.00	5378	5972	5960	6300
	Energy Purchased (MU)	6634.90	7053.70	6941.62	6969.00	7248	7590	7750	8000
	Overall Distribution Loss %	36.68	35.46	33.76	31.00	25.81	21.32	23.10	21.25
SOUTH	Energy	1720.3	1947.	2077.	2141.	2334.	2555.8	2775.1	3037.6

DISCO Ms	Particulars	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Rev Est)	2020-21 (Est.)
CO UTILITY	Sale (MU)	6	73	87	18	11	8	6	9
	Energy Purchased (MU)	2915.56	3192.83	3192.83	3273.45	3468.18	3638.94	3725.00	4050.00
	Overall Distribution Loss %	40.99	39.00	34.92	34.59	32.70	29.76	25.50	25.00

2. AT&C Losses

The System Loss, Collection Efficiency and target fixed by OERC in reference to AT&C Loss for the four DISCOMs since FY2013-14 onwards are given here under.

Table2:AT&C Loss

DISCO Ms	Particulars	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Rev Est.)	2019-20 (Est.)
CESU	Dist. Loss (%)	34.63	33.90	33.42	32.57	31.72	28.15	25.99	24.49
	Collection Efficiency (%)	93.69	94.30	94.20	96.56	96.6	96.60	99.00	99.00
	AT&C Loss (%)	38.75	37.67	37.29	34.89	34.04	30.49	26.73	25.25
	OERC Approved (AT&C Loss %)	23.77	23.77	23.77	23.77	23.77	23.77	23.77	
NESCO UTILITY	Dist. Loss (%)	33.84	31.10	26.73	23.50	22.28	18.74	18.70	18.60
	Collection Efficiency (%)	95.93	96.96	95.72	96.25	93.38	94.10	96.00	97.00
	AT&C Loss (%)	35.93	33.19	29.87	26.37	27.43	23.53	21.95	21.04
	OERC Approved (AT&C Loss %)	19.17	19.17	19.17	19.17	19.17	19.17	19.17	
WESCO	Dist. Loss (%)	36.68	35.46	33.76	31.22	25.81	21.32	23.10	21.25

UTILI TY	Collection Efficiency (%)	94.35	95.37	95.00	88.00	88	86.87	94	96
	AT&C Loss (%)	39.66	38.94	37.38	39.38	34.80	31.64	27.71	24.40
	OERC Approved (AT&C Loss %)	20.40	20.40	20.40	20.40	20.40	20.40	20.40	
SOUT HCO UTILI TY	Dist. Loss (%)	40.99	39.00	36.70	34.59	32.70	29.76	25.50	25.00
	Collection Efficiency (%)	92.39	90.75	88.60	89.90	91.44	86.95	91.00	96.00
	AT&C Loss (%)	45.49	44.64	43.92	41.20	38.46	38.93	32.20	28.00
	OERC Approved (AT&C Loss %)	26.25	26.25	26.25	26.25	26.25	26.25	26.25	

3. Data Sources

NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU have scrupulously complied with the information requested by the Commission for submitting the ARR and tariff for the year 2020-21. The accounts up to March 2019 have been prepared as per the Companies act as well as financial formats prescribed by the Commission. While for compilation of data and preparation of ARR the licensees have relied upon the provisional accounts up to March 2019 and actual data up to Sep 2019. However, actual bills received from the bulk supplier, GRIDCO, transmission charges on the basis of actual energy received from OPTCL, SLDC charges on the basis of BSP rate has been taken into account while compilation of data and preparation of ARR.

4. Revenue Requirement for FY 2020-21

Sales Forecast

For projecting the energy sale to different consumer categories, WESCO Utility & SOUTHCO Utility had analyzed the past trends of consumption pattern for last eighteen years i.e. FY 2001-2002 to FY 2018-19 and actual sales data for the first six months of FY 2019-20. NESCO Utility analysed and relied on past trends of consumption pattern for last twelve years i.e. from FY 2007-08 to FY 2018-19 and actual sales data for the first six months of FY 2019-20. CESU basing on the actual drawal for first six month and forecasting of 2nd Six Months for FY 2019-20, it has projected 8.31% sales growth on FY 2019-20 sales data for the ensuing year FY 2020-21. With this, the four distribution utilities have forecasted their sales figures for the year 2020-21 as detailed below with reasons for sales growth.

Table3 Sales Forecast (Considering railway traction demand)

Licensee/Utility	LTSalesfor2020-21(Est.)		HTSalesfor2020-21(Est.)		EHTSalesfor2020-21(Est.)		TotalSales2020-21(Est.)MU
	(MU)	% Rise over FY19-20	(MU)	% Rise over FY19-20	(MU)	% Rise over FY19-20	
CESU	4713.66	11.66	1559.96	6.70	937.83	- 3.77	7236.47
Remarks	Substantial increase in kutirjyoti, domestic and irrigation consumption		Substantial increase in domestic bulk, Irrigation and Allied Agriculture and agro-industrial activity.		Decrease mainly in heavy industry and energy supply to CPP. Also include energy demand by railway traction (372.45 MU)		
NESCO UTILITY	2714.849	14.57%	439.281	0.69%	2191.439	3.28%	5345.569
Remarks	Increase in demand is due to electrification under DDUGJY, RGGVY, BSVY & BGJY and growth in domestic category consumers		Due to recession in steel and mining there is no increase in load. Further consumption from one HT consumer has been reduced drastically due to raw material problem and is about to close. HT sales projection is kept at par with 2019-20 HT sales due to some upcoming industries and increasing trend of other category of consumer		Even though there is industry growth and upcoming industries, utility has taken conservative approach as Industries suffering from raw Material crisis and disconnection. This also includes railway traction demand – 413.323 MU		
WESCO UTILITY	3140.00	11.98%	1800.00	2.5%	1360	- 2.85%	6300.00

Licensee/Utility	LTSalesfor2020-21(Est.)		HTSalesfor2020-21(Est.)		EHTSalesfor2020-21(Est.)		TotalSales2020-21(Est.)MU
	(MU)	% Rise over FY19-20	(MU)	% Rise over FY19-20	(MU)	% Rise over FY19-20	
Remarks	Impact of electrification of new villages under DDUGJY & SAUBHAGYA, growth in domestic category and irrigation consumption		HT Industries who regularly opted to draw power under Open Access in the past has preferred WESCO power due to high prices in IEX.		Reduction in EHT sales because industries are setting their own CPP and purchasing through open access.EHT sales forecast also includes 354.00 MU for railway traction		
SOUTHCO UTILITY	2240.426	12.15%	333.383	4.67%	463.888	1.06%	3037.697
Remarks	Impact of electrification of new villages under RGGVY, BSVY, BGJY& SAUBHAGYA Schemes. Around 23000 nos of BPL &176000nosof APL to be added by March 2020.		Nominal addition in consumption considered due drawl of power by TATA STEEL GOPALPUR Project.		Marginal increase as there is neither any proposal of enhancement of load from existing consumers nor any new industry is materialised. The consumption growth during 2018-19 was higher due to increased consumption by M/S Grasim Industries at Ganjam due to non-availability of power from open access sources. Consumption may decrease if EHT consumer draws power from open access.		

5. Inputs in Revenue Requirement for FY 2020-21

5.1. 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 2019-20 and additional coming in the FY 2020-21 which is as shown in table given below.

Table 4 Proposed SMD and Power Purchase Cost

DISCOMs	Est. Power Purchase in (MU)	Estimated Sales (MU)	Distribution Loss (%)	Current BSP (Paise/Unit)	Estimated Power Purchase Cost (Rs.in Cr.) (Including Transmission and SLDC Charges)	SMD proposed MVA
CESU	9550.33	7236.47	24.49%	286.02	2731.54	1957
NESCO UTILITY	6567.039	5345.569	18.60%	298	2122.13	1150
WESCO UTILITY	8000.00	6300.00	21.25%	304	2629.52	1400
SOUTHCO UTILITY	4050.00	3037.697	25.00%	186	786.61	690

5.2. Employees Expenses

CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility have projected the employee expenses of Rs915.40 Cr, Rs 392.51 Cr, Rs432.27 Cr and Rs399.88 Cr respectively for FY 2020-21. Out of these proposed employee expenses, Rs 402.98 Cr, Rs. 148.63 Cr, Rs155.74 Cr and Rs144.66 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2020-21. The above cost has been projected considering the effect of 60 % of 7th Pay commission which is due from 1st January 2016 for Executives and from 1st Apr-2015 for Non-Executives. To arrive at the basic salary for the FY 2020-21, 3% increment over existing basic for the FY 2019-20 has been considered. Similarly, DA has been considered as 17% increment over FY 2019-20 by considering 5% increase from 1st Jan-20 and 1st July-20 respectively. CESU has considered the basic pay on the basis of 3% hike from the Last Year (FY 2019-20) basic pay. Similarly, DA, HRA & MA has been considered @ 22%, 20% & 5% respectively. Also, CESU has considered arrear salary of Rs 135 Cr, considering balance 60% of 7th Pay arrear for regular employees (Rs.84.90 Crore) and balance differential gratuity, differential commuted pension & differential unutilized leave of the retired employees (Rs.50.10 Crores).

5.3. Administrative and General Expenses

CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility have estimated the A&G expenses of Rs 283.15 Cr, Rs 50.10 Cr, Rs88.75 Cr and Rs58.74 Cr respectively based on

actual expenses till September 2019. The 7% increase is taken on account of inflation and increase in the growth of consumer and exponential growth of customer service activity on the normal A&G expenses. Apart from this, all the licensees have proposed additional A&G expenses for some of the activities as customer care / call centre, energy audit, IT related expenses / expenditure on SCADA & STPI, compensation for accidents, rooftop solar, DSM & PAT cycle activities etc. CESU has proposed to include distribution franchisees sharing under BOT model. As Franchisees are operating in 10 divisions of CESU Area, so a huge amount of Rs. 157.34 cr. is to be incurred by CESU towards Franchisees expenses for the FY 2020-21. Additional A&G expenses projected by licensees are CESU - Rs. 179.15 Cr., NESCO Utility – Rs. 8.29 Cr., WESCO Utility – Rs. 22.44 Cr., SOUTHCO Utility – Rs. 55.41Cr.

5.4. Repair and Maintenance (R&M) expenses

All the DISCOMs have calculated R&M expenses as 5.4% of GFA including the RGGVY, BGJY assets and future assets to be created under SAUBHAGYA scheme at the beginning of the year. With regard to the R&M of the assets created through funding of the RGGVY and BGJY schemes, Commission in Para 350 the RST order for FY 2019-20 had allowed an additional sum of Rs. 5.00 Cr to each of the DISCOMs on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. Licensees have also prayed to allow the R&M on the RGGVY & BGJY assets so that they can maintain the assets. The details of proposal under R&M expenses for ensuing financial year FY 2020-21 are given below:

Table5 R&M Costs (Rs. inCr)

DISCOMs	GFA as at 1stApril of Ensuing FY2020-21 (Rs. Crore)	R&M (5.4% of GFA) (Rs. Crore)	Additional R&M Requested for RGGVY and BGJY assets	Total R&M Requested (Rs. Crore)
CESU	2467.14	133.23	10.00	1473.23
NESCO UTILITY	2573.30	138.96	--*	138.96
WESCO UTILITY	1886.25	101.86	--*	101.86
SOUTHCO UTILITY	1210.28	66.38	18.63	85.01

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

5.5. Provision for Bad and Doubtful Debts

CESU has considered 1% each of LT and HT billing of FY 2020-21 as provision against bad and doubtful debts. While NESCO Utility, WESCO Utility and SOUTHCO Utility stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection in efficiency, therefore they have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while

estimating the ARR for FY 2020-21. NESCO Utility, WESCO Utility and SOUTHCO Utility has requested the Commission to consider the mentioned amounts to enable the petitioner to recover its entire costs after duly considering the performance levels.

Table 6 Provision for Bad and Doubtful Debt

DISCOMS	Collection Efficiency (%)	Proposed Bad Debts (Rs in Cr)
CESU	99%	30.15
NESCO UTILITY	97%	39.35
WESCO UTILITY	96%	83.97
SOUTHCO UTILITY	96%	27.84

5.6. Depreciation

All the DISCOMs except CESU, have adopted straight-line method for computation of depreciation at pre-92 rate. CESU has considered the rate of depreciation as per Companies Act. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2020-21 is projected at Rs 138.26 Cr for CESU, Rs 92.82 Cr for NESCO Utility, Rs 67.77 Cr for WESCO Utility and Rs 39.60 Cr for SOUTHCO Utility.

5.7. Interest Expenses

CESU, NESCO Utility, WESCO Utility & SOUTHCO Utility have submitted the interest expenses and the interest income for the FY 2020-21. The net total interest expenses proposed by these licensees are Rs 101.68 Cr, Rs 83.23 Cr, Rs 89.13 Cr and Rs 55.19 Cr respectively. The major components of the interest expenses of these licensees are as follows:

5.7.1. 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. SOUTHCO Utility and WESCO Utility do not have any outstanding payable to GRIDCO towards New Loan with regard to NTPC power bond while NESCO Utility has liability of Rs. 48.91 Cr payable to GRIDCO. For CESU, no interest has been calculated on Rs. 174 Cr cash support provided by GRIDCO.

5.7.2. World Bank Loan Liabilities

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

5.7.3. World Bank (IBRD) Loan

CESU has submitted that the interest on World Bank Loan has been calculated as Rs 26.59 Cr @ 13% as per the subsidiary loan & project implementation agreement with Government of Odisha.

5.7.4. Interest on CAPEX Loan from Govt. Of Odisha

WESCO Utility & SOUTHCO Utility have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 2.70 Cr and Rs 1.92 Cr respectively for the ensuing year. NESCO Utility has also estimated amount of Rs. 1.73 Cr towards interest on Government of Odisha capex plan loan.

CESU has submitted after introduction of IPDS & DDUGJY Scheme by Govt. Of India, the proposed scopes under CAPEX Ph-II, has already been incorporated in IPDS & DDUGJY schemes. CESU has not proposed any interest expenses in this regard for FY 2020-21, as interest expense projected to be capitalized.

5.7.5. Interest on APDRP Loan Assistance

CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt. of Odisha and borrowed counterpart funding from PFC for an amount of Rs. 35.52cr. The loan component of the APDRP fund received from GoO carried an interest rate of 12 % per annum. The 50% of the entire amount received from GoO is yet to be converted to grant. At current rate of interest applicable to GoO loan of 13%, the interest component is projected as Rs 4.89 Cr.

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

5.7.6. Interest on R-APDRP Loan

The sanctioned project cost under R-APDRP for CESU was Rs 133.17 Cr for Part-A IT, Rs 26.57 Cr for Part-A SCADA and Rs 248.12 Cr for Part B. CESU projected the interest on the R-APDRP loan as Rs 49.78 Cr for FY 2020-21, which is not considered as part of ARR, as same is projected to be capitalised.

5.7.7. Interest on SI scheme Counterpart funding from REC for GoO CAPEX

SOUTHCO Utility has existing balance of loan of Rs7.83 Cr taken from REC for system improvement and counterpart funding against APDRP and the interest on such loan for FY 2020-21 is estimated as Rs 0.86 Cr.

5.7.8. Interest on Security Deposit

CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility have submitted that the interest on security deposits for FY 2020-21 have been worked out at 6.50% on the closing balance for FY2019-20 based on the existing approval of the Commission for FY2019-20. This interest on security deposit proposed as Rs 51.89 Cr, Rs39.10 Cr, Rs.47.14 Cr and Rs18.48 Cr respectively. However, due to fall in Bank Rate SOUTHCO Utility has proposed to reduce the rate of interest of security deposit as per prevailing Bank rate declared by RBI for FY 2020-21.

6. Revenue and Truing up ARR

6.1. Non-Tariff Income

NESCO Utility, WESCO Utility and SOUTHCO Utility have proposed non-tariff income for FY 2020-21 to the tune of Rs78.85 Cr, Rs181.29 Cr and Rs 17.69 Cr respectively. However, NESCO Utility and WESCO Utility have proposed to exclude the income from meter rent as the same is intended to be used towards replacement of the meters. CESU has proposed miscellaneous income of Rs.118.66 crore.

6.2. Provision for contingency Reserve

NESCO Utility, WESCO Utility and SOUTHCO Utility have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2020-21. The exposure towards contingency provisions is to the tune of Rs9.65 Cr, Rs7.07 Cr and Rs 4.20 Cr respectively.

6.3. Return on Equity/Reasonable Return

CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three Licensees submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. As it is followed by various Commissions, the Licensees submit that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services. Therefore, NESCO Utility, WESCO Utility, SOUTHCO Utility have assumed reasonable return amounting to Rs. 10.55 Cr, Rs. 7.78 Cr and Rs. 6.03 Cr as calculated @16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

6.4. TruingUpforFY2019-20

Based on the actual sales, revenue and expenses for the first half of the current year 2019-20 and based on estimates for next half of current year, the uncovered gap for FY 2019-20 for NESCO Utility, WESCO Utility and SOUTHCO Utility is Rs86.87 Cr, Rs131.63 Cr and Rs112.84 Cr as against the approved surplus of Rs. 0.12 Cr, Rs 0.87 Cr and Rs 0.51 Cr respectively.

6.5. Revenue at Existing Tariff

The Licensees have estimated the revenue from sale of power by considering the sales projected for FY 2020-21 and by applying various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs 3595.48 Cr Rs2623.17 Cr, Rs3148.97 Cr and Rs1391.90 Cr by CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility respectively.

7. Summary of Annual Revenue Requirement and Revenue Gap

The proposed revenue requirement of DISCOMs have been summarized below:

Table7
Proposed Revenue Requirement of DISCOMs for the FY 2020-21 (Rs in Cr) (after discount to consumer and considering railway traction demand)

	CESU	NESCO UTILIT Y	WESCO UTILIT Y	SOUTH CO UTILIT Y	Total DIS COMs
Total Power Purchase, Transmission & SLDC	2731.54	2122.13	2629.52	855.18	8338.37
Total Operation & Maintenance and Other Cost	1689.40	796.97	863.75	691.53	4041.65
Return on Equity	11.64	10.55	7.78	6.03	36
Total Distribution Cost (A)	4432.58	2929.65	3501.05	1552.73	12416.01
Total Special Appropriation (B)	0	9.65	7.07	4.55	21.27
Total expenditure including special appropriation (A+B)	4432.58	2939.30	3508.12	1557.28	12437.28
Less: Miscellaneous Receipt	118.66	78.85	181.29	17.69	396.49
Total Revenue Requirement	4313.92	2860.45	3326.83	1539.59	12040.79
Expected Revenue(Full year)	3595.48	2623.18	3148.97	1391.90	10759.53
GAP at existing(+/-)	(718.44)	(237.27)	(177.86)	(147.69)	(1281.26)

7.1 Revenue GAP if Railway would avail power supply from other source:

Utilities have also project revenue gap if railway starts completely availing power supply from other source other than the Distribution Company. Revenue gap analysis of licenses is as presented below in table 8.

Table 8 Revenue Gap without Railway (Rs.Crore)

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY

Present traction contract demand (kVA)	120600	142000	126500	86330
Projected railway traction energy consumption for FY 2020-21 (MU)	372.45	413.323	354.000	168.670
Expenditure including Special Appropriation	4314.41	2795.25	3365.33	1521.85
Reasonable return	11.64	10.55	7.78	6.03
Sub Total	4326.05	2805.80	3373.11	1527.87
Revenue from sale of power at existing tariffs	3369.18	2372.57	2901.08	1280.52
Non-Tariff Income	118.66	78.85	181.29	17.69
Total revenue gap without railway	(838.22)	(354.38)	(290.74)	(229.66)

8. Tariff Proposal

CESU has proposed the change in distribution wheeling tariff from 67.97 Paisa/Unit to 110.47 Paisa/Unit to meet the wheeling business revenue gap of Rs 366.10 Cr. Apart from this CESU has made some proposals on retail tariff. NESCO Utility, WESCO Utility and SOUTHCO Utility have proposed to reduce the revenue gap through revision in Retail Tariff and/or Govt. Subsidy as the Commission may deem fit or combination of all above as the commission may deem fit to the extent as given below.

Table 9
Revenue Gap for Ensuing Year 2020-21 (in Rs. Crore) (Considering railway traction demand)

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY
Revenue Gap with existing Tariff	718.44	237.27	177.86	147.69
Excess Revenue with Proposed Tariff	0	0	0	0
Proposed Revenue Gap	718.44	237.27	177.86	147.69

9. Allocation of Wheeling and Retail Supply Cost

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

Table 10
Allocation of Wheeling and Retail Supply Cost
CESU

Annual Cost:	ARR for FY 2020-21	% of Total Expenditure considered for	Wheeling Cost for FY 20-21	Retail Cost for FY 20-21

		segregation against Wheeling & Retail Business			
		Wheeling	Retail		
BSP	2,731.54	0%	100%	-	2,731.54
Employee Cost	915.40	60%	40%	549.24	366.16
A&G Cost	283.15	40%	60%	46.93	236.22
R&M Cost	143.23	90%	10%	128.90	14.32
Depreciation	138.26	90%	10%	124.44	13.83
Interest & Finance Cost including carrying cost	101.68	90%	10%	91.51	10.17
Bad Debt provision	30.06	0%	100%	-	30.06
Discount to Consumer	77.63	0%	100%	-	77.63
Reasonable Return	11.64	90%	10%	10.47	1.16
Total Revenue Required:	4,432.58			951.49	3,481.09
Revenue Generated:					
Revenue From Sale of Power	3,595.48	0%	100%	-	3,595.48
Misc. Income	118.66	0%	100%	-	118.66
Total Income	3,714.14				3,714.14
Gap:(Surplus/Deficit)(A -B)	(718.44)		-	(951.48)	233.03
Proposed Revenue	4,313.92			951.48	3,362.45

NESCO UTILITY
Statement of allocation of Wheeling and Retail supply Cost. Rs. Lakh

Sl No.	Cost/Income Component	ARR for FY 2020-21	Assumpti on Ratio for considerat ion in Wheeling Business	Assumption Ratio for consideration in Retail Supply Business	Wheeling cost for FY 20-21	Retail supply Cost for FY 20-21
1	Cost of Power	195697.76	0%	100%	10431.43	185266.33
2	Transmission Charges	16417.60	0%	100%	875.12	15542.48
3	SLDC Charges	97.80	0%	100%		97.80
	Total power purchase cost *	212213.16			11306.55	200906.61
	O&M					
4	Employee Cost	39250.99	60%	40%	23550.59	15700.40
5	Repair & Maintenance Cost	13895.84	90%	10%	12506.26	1389.58

Sl No.	Cost/Income Component	ARR for FY 2020-21	Assumpti on Ratio for considerat ion in Wheeling Business	Assumption Ratio for consideration in Retail Supply Business	Wheeling cost for FY 20-21	Retail supply Cost for FY 20-21
6	Administrative & General Expenses	5010.33	40%	60%	2004.13	3006.20
7	Bad & Doubtful Debt including Rebate	3934.76	0%	100%	0.00	3934.76
8	Depreciation	9281.64	90%	10%	8353.47	928.16
	Interest on Loans					
9	for Capital loan	1436.34	90%	10%	1292.71	143.63
10	for Working capital	2976.98	10%	90%	297.70	2679.29
11	Interest on Security Deposits	3910.42	0%	100%	0.00	3910.42
12	Return on Equity	1054.58	90%	10%	949.12	105.46
	Special Appropriation					
13	Amortization of Regulator Assets	0.00	25%	75%	0.00	0.00
14	True Up of Current year GAP 1/3rd	0.00	25%	75%	0.00	0.00
15	Other, if any-Contingency Reserve	964.99	90%	10%	868.49	96.50
	Grand Total	293930.04			61129.03	232801.01
	Miscellaneous Receipt					
16	Non-Tariff Income – Wheeling	873.37	as per actual assumption	as per actual assumption	873.37	0.00
17	Non-Tariff Income - Retail	7011.94	as per actual assumption	as per actual assumption	0.00	7011.94

Sl No.	Cost/Income Component	ARR for FY 2020-21	Assumption Ratio for consideration in Wheeling Business	Assumption Ratio for consideration in Retail Supply Business	Wheeling cost for FY 20-21	Retail supply Cost for FY 20-21
	Business		n			
18	Total Misc. Receipts	7885.32			873.37	7011.94
19	Total Revenue Requirement	286044.72			60255.65	225789.07
* Allocation of power purchase cost towards wheeling has been made considering 8 % loss on input after effecting EHT Sales						

WESCO UTILITY

Statement of allocation of Wheeling and Retail supply Cost. Rs. Lakh

Sl No.	Cost/Income Component	ARR for FY 2020-21	Assumption Ratio for consideration in Wheeling Business	Assumption Ratio for consideration in Retail Supply Business	Wheeling cost for FY 2020-21	Retail supply Cost for FY 20-21
1	Cost of Power	242869.67	0%	100%	16148.48	226721.19
2	Transmission Charges	19962.50	0%	100%	1328.00	18634.50
3	SLDC Charges	120.00	0%	100%	120.00	0.00
	Total power purchase cost *	262952.17			17596.48	245355.69
	O&M					
4	Employee Cost	43227.13	60%	40%	25936.28	17290.85
5	Repair & Maintenance Cost	10185.76	90%	10%	9167.19	1018.58
6	Administrative & General Expenses	8875.20	40%	60%	3550.08	5325.12
7	Bad & Doubtful Debt including Rebate	8397.27	0%	100%	0.00	8397.27
8	Depreciation	6776.60	90%	10%	6098.94	677.66
	Interest on					

Sl No.	Cost/Income Component	ARR for FY 2020-21	Assumption Ratio for consideration in Wheeling Business	Assumption Ratio for consideration in Retail Supply Business	Wheeling cost for FY 2020-21	Retail supply Cost for FY 20-21
	Loans					
9	for Capital loan	1518.19	90%	10%	1366.37	151.82
10	for Working capital	2680.62	10%	90%	268.06	2412.56
11	Interest on Security Deposits	4714.21	0%	100%	0.00	4714.21
12	Return on Equity	778.00	90%	10%	700.20	77.80
	Special Appropriation					
13	Amortization of Regulator Assets	0.00	25%	75%	0.00	0.00
14	True Up of Current year GAP 1/3rd	0.00	25%	75%	0.00	0.00
15	Other, if any-Contingency Reserve	707.34	90%	10%	636.61	70.73
	Grand Total	350812.50			65320.21	285492.29
	Miscellaneous Receipt					
16	Non-Tariff Income - Wheeling		as per actual assumption	as per actual assumption		
17	Non-Tariff Income - Retail Business	18129.35	as per actual assumption	as per actual assumption		

SOUTHCO UTILITY
Statement of allocation of Wheeling & Retail Supply Cost (Rs. In Crore)

Sl. No.	Cost/Income Components	ARR for FY 2020-21	Assumption Ratio for consideration of Wheeling Business	Assumption Ratio for consideration of Retail Supply Business	Wheeling Cost for FY 20-21	Retail Supply Cost for FY 20-21
1	Power Purchase					

	Cost					
	BSP	753.30	0%	100%	57.38	695.92
	Transmission Charges	101.25	0%	100%	7.17	94.08
	SLDC Charges	0.63	0%	100%	0	0.63
	Total Power Purchase cost	866.18			64.55	790.63
2	O&M Expenses					
	Employee Cost	398.68	60%	40%	239.21	159.47
	A & G Expenses	85.22	40%	60%	34.09	51.13
	R & M Expenses	85.01	90%	10%	76.51	8.5
	Bad & Doubtful Debt including Rebate	27.84	0%	100%	0	27.84
	Depreciation	39.60	90%	10%	35.64	3.96
3	Capital Cost	11.97	10%	90%	1.2	10.77
	Interest on Working Capital	24.73	90%	10%	22.26	2.47
	Interest on Capital Loan	18.48	0%	100%	0	18.48
	Interest on Security Deposit	6.03	90%	10%	5.42	0.60
	ROE					
4	Special Appropriation					
	Amortization of Regulator Assets	0	25	75	0	0
	True Up of Current year GAP 1/3rd	0.00	25	75	0	0
	Contingency Reserve	4.55	90	10	4.09	.47
	Grant Total	1557.28			482.97	1074.32
	Miscellaneous Receipt					
	Non-Tariff Wheeling Income		as per actual assumption	as per actual assumption		
	Non-Tariff Retail Income	17.69	as per actual assumption	as per actual assumption		

***Allocation of power purchase cost towards wheeling has been made considering 8 % loss on input after effecting EHT Sales**

10. Initiatives by utility and other performance improvement measures

In compliance with RST order dated 29.03.2019, utilities have undertaken various performance improvement measures and have submitted compliance as well as benefits report in the ARR petition. Some of the initiatives by utilities are as follows.

NESCO UTILITY

- a. Compliance to OERC Directions.
 - Direction at Para322: -Payment of Retired Employee dues
 - Direction at Para 337, 339&340: -Energy Audit.
 - Direction at Para 341: Training of Personnel out of normal A&G expenditure
 - Direction at Para 358: -Security Deposit position as per ledger balance should match with physical balance.
 - Direction at Para 385: - The Commission directs both GRIDCO and DISCOM Utilities to file a reply before the Commission regarding action plan taken for liquidation of the arrears as stated above by 31.05.2019
 - Direction at Para 395: - The Commission in the last RST order directed to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC 144
- b. Various Payment Options
- c. Development of Franchisee/collection agents in Utility Area
- d. Other initiatives for Revenue Improvement
 - INPUT CONTROL
 - METERING
 - BILLING
 - COLLECTION
 - VIGILANCE ACTIVITIES
 - CONSUMER INDEXING
- e. Escrow Relaxation for Spot Billing and Collection Charges for revenue improvement

WESCO Utility

- a. Compliance to OERC Directions.
 - Direction at Para 279: - Extending additional rebate of 2% on digital payment.
 - Direction at Para 307: -No induction of New Employee during current year.
 - Direction at Para 321 &322: -Payment of Retired Employee dues
 - Direction at Para 334 :-IT Automation.
 - Direction at Para 337, 339&340: -Energy Audit.
 - Direction at Para 358: -Security Deposit position as per ledger balance should match with physical balance.
 - Direction at Para 385: - The Commission directs both GRIDCO and DISCOM Utilities to file a reply before the Commission regarding action plan taken for liquidation of the arrears as stated above by 31.05.2019.
 - Direction at Para 395: - The Commission in the last RST order directed to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC 144
- b. Various Payment Options

- c. Development of Franchisee/collection agents in Utility Area
- d. Engagement of GPLF/WSHG as micro franchisee
- e. Other initiatives for Revenue Improvement

- VIGILANCE ACTIVITIES
- Disconnection squad
- Customer care
- POS machine

SOUTHCO Utility

- Various Payment Options
- Mobile Phone Based Photo Billing
- Focus on Business Analytic and Key Consumer Cell at field offices
- Implementation of High Value Consumer Management System
- Intensification of Vigilance & Enforcement activities at Section level
- Micro Franchisee
- Automated Meter Reading System
- Prepaid Metering
- Consumer Indexing
- Energy Audit of 33 KV and 11 KV feeders
- Standard of Performance Audit by 3rd Party
- Receivable Audit

11. Tariff Proposals and Rationalization Measures:

a. Proposal by CESU

CESU proposed the tariff rationalization measures as per the following proposals:

i. Revenue Collection through Android based Mobile

CESU has developed software for CESU collection system (CCS) for collection of revenue through android based mobile in order to replace the present manual money receipt system. For its implementation, CESU has proposed to procure Android based Mobile and Printer and requests to Hon'ble Commission to approve an amount of Rs. 4.187 crore in this regard.

ii. Capacity Building Programs of WSHGs/SHG Federation

As per the Government of Odisha Guidelines vide No. 8642 dated 23/10/2019 for "Selection and Functioning of WSHGs/SHG Federation for Electricity Billing and Collection of Electricity Charges under Distribution Companies" CESU is planning to engage around 1000 nos. of GPLFs/ WSHGs during FY2020-21. Hence, CESU has proposed to allow expenditures of Rs. 8 Crore towards training expenses for 1000 WSHGs who will be engaged during 2020-21 and Rs. 1.5 Crore towards procurement of mobile-phones and printer for use of billing and collection activities.

iii. Special Rebate Pre-Paid Meter

As per Para-273 of RST 2014-15 The Hon'ble Commission allowed a special incentive in the form of the two times of rebate of the applicable category to those consumers who opted for pre-paid meter. CESU has proposed to allow a special rebate of @5% in the proposed tariff of FY 2020-21 to encouraging the LT consumer on installation of prepaid meters in their premises.

iv. Tariff for Supply of Electricity to Electric Vehicles Public Charging Stations

As para XXV of Annexure-B of RST 2019-20 the Hon'ble Commission fixed the tariff of the charging of electric vehicles as GPS category if vehicle charged is owned by the concerned consumer. CESU has proposed to allow a special rebate to the Electric Vehicle Public Charging stations in the proposed tariff for FY 2020-21. Further, it is proposed before Hon'ble Commission to fix domestic tariff for domestic consumer charging their own electric vehicle at their own premises.

v. Creation of Corpus Fund for Victims of Electrical Accidents

On analysis of electrical accidents occurred to Public for the periods from the year 2010 to October 2019, 374 nos. of public have got electrocuted to death. In the year 2018, out of 44 nos electrocution cases (fatal & non-fatal) 29 nos. of victims have been electrocuted due to unauthorized interference with CESU's network and violation of safety provisions. As observed the NOKs of victims are taking shelter before Hon'ble NHRC, OHRC and Civil Courts claiming compensation to them for which CESU bears financial loss for the same. It has been therefore decided in the 5Ts meeting held on 26.10.2019 under the Chairmanship of Commissioner-cum-Secretary, Dept. of Energy, Govt. of Odisha to form a Corpus Fund in all DISCOMS for giving compensation to victims of electrical accidents. In order to meet such expenses, it has been proposed to collect Rs. 1/- from the consumers by claiming in their monthly bills. Hence, it is proposed to include Rs.1/- in the tariff per month per consumer. The above corpus fund shall meet the compensation amount to the victims (public) of electrical accident. The Hon'ble Commission may approve the above proposal.

vi. Perform Achieve and Trade (PAT) Cycle-II

Clauses (i) and (k) of Section 14 of the Energy Conservation Act, 2001 stipulates that every designated consumer (DCs) shall get energy audit conducted by an accredited energy auditor and furnish the same to the concerned designated agency including the details of information on energy consumed and details of the action taken on the recommendation of accredited energy auditor.

CESU being a Designated Consumer(DC) under PAT Cycle -II vide S. O. No. 1264(E) dated 31/03/2016, the base line Distribution loss has been fixed as 33.78 % for the FY 2014-15 and the target for reduction of distribution loss is fixed as 30.91% by March'19. But, CESU has submitted the confirmation of base line Distribution loss as 33.90% to BEE, GoI. The Revised Distribution Loss Target of CESU issued by BEE vide its letter No. 625-68 dated 02.05.2018 and Gazette of India Vide SO 5045 (E) dated 1.10.2018 is 25.99% for 2018-19. CESU has requested BEE not to reduce T&D Loss target and stick to earlier T&D loss target of 30.91%

for 2018-19 vide letter dated 16/05/2016, 07/06/2018, 21/02/2019 and 20/09/2019, as the time given to achieve the revised target vide MoP Notification S.O. No. 5045 dated 01/10/2018 is only for 05 months before the completion of PAT cycle-II, which is of 3-year duration.

The T&D loss achieved by CESU is 28.16 % for FY 2018-19. As per the M&V audit done by BEE Empaneled Accredited Energy Auditor (EmAEA), if earlier target will be considered by BEE (i.e. 30.91%) then CESU has achieved the target T&D loss in PAT cycle-II and is eligible for 19622 nos. of Energy Saving Certificates (ESCs). And, if revised target (i.e. 25.99%) will be considered then CESU may be required to purchase around 15484 nos. of ESCs from Power Exchange.

vii. Distribution Franchisees BOT sharing of Model

The Clause No-7.25 of Odisha Electricity Regulatory Commission (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014 stipulates that, while finalizing the employee cost, the Hon'ble commission shall take into consideration the distribution franchisee expenses. The major share of A & G expenses is contributed to Distribution Franchisees Sharing under BOT model. As Franchisees are operating in 10 divisions of CESU Area, CESU projected the franchisee expenses under A&G expenses for FY 2020-21 as Rs 157.34 Cr. Hence, CESU request to Hon'ble Commission for consideration of distribution franchisee expenses as additional A&G expenditure and same may be considered for fixation of tariff.

b. Proposal by NESCO Utility, WESCO Utility and SOUTHCO Utility

i. Withdrawal of power factor incentives

Presently all the machines used by the industries are BSI or ISO certified, similarly pumps or motors used are energy efficient along with capacitor banks, which are the contributor of higher power factor. Hence, licensees submitted that present scenario continuance of PF incentives is no longer necessary and may kindly be abolished.

ii. Withdrawal of TOD benefits(SOUTHCO UTILITY)

As per RST order TOD benefit is being extended to Three phase consumers except public lighting and Emergency Supply category of consumers having own CGP for the consumption during off peak hour. Off peak hour for this purpose is from night 12.00 PM to morning 6 AM of next day. Now with the introduction of frequency based tariff significance of Off peak hour(TOD) consumption has been lost.

Consumers are reaping the benefit of frequency based tariff and intends to use accordingly as a result the load curve of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required. If continuance of TOD benefit is being permitted to the

consumers, similarly the Utility's BSP may also be permitted to reduce for TOD consumption during off peak hour. Further, consumers having contract demand more than 110Kva and above are also availing off peak hour benefit towards drawl to the extent of 120% of their contract demand without levy of penalty. So, further continuance of TOD benefit would be a double benefit for the same cause hence licensees have requested to withdraw TOD benefits.

iii. Demand charges to HT medium category consumers

Due to wide gap in the demand charges, consumers under HT medium category just below 110kVA are always trying to avail demand benefit even though their load is more than 110 kVA. To curb such disparity NESCO Utility, WESCO Utility and SOUTHCO UTILITY have submitted to fix demand charges for HT medium consumer category @Rs. 250 per kVA.

iv. MMFC for LT category of consumers(NESCO UTILITY)

In case of Domestic, General purpose, Specified Public Purpose & PWS the rate is same as for 1st kw as well as additional Kw. However, in case of other category the rate for additional Kw and part thereof is very much lower for which the revenue of the utility is highly affected as well as creating discrimination among LT category of consumers. In this view, Licensees have submitted to rationalized LT consumers with single rate for 1st kW or part thereof as well as additional kw or part thereof

v. Billing to Irrigation and Agriculture Category of Consumers(NESCO UTILITY)

Presently due to difficulty in putting meters in case of irrigation category of consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same, the licensee NESCO Utility and WESCO Utility requested permission to bill such category of consumers on L.F. basis with L.F. of 30% considering their pump capacity.

vi. Levy of Demand Charges(NESCO UTILITY)

Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual demand and energy consumed. 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. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. In view of the same the licensee has proposed to recover the monthly demand charges on the basis of 85% of the CD or MD whichever is higher instead of 80%.

vii. Additional Rebate of 2% to LT category of Consumers(NESCO UTILITY AND WESCO UTILITY)

The Commission has allowed rebate of 2% additional rebate towards digital payment for LT category of consumers. The intention was to promote cash less transaction to avoid pressure on currency notes which is also saving the time of the consumers for depositing cash in various cash collection centres. So, the licensee is intended to continue with the same for the ensuing year. Therefore, the additional rebate of 2% in addition to normal rebate as applicable may be

considered for LT Domestic & Kutirjyoti category of consumers who shall make payment through digital mode only. WESCO Utility has suggested for additional 2% instead of presently applicable rebate of 2% in addition to the normal rebate as applicable may be considered by the Commission for LT Domestic & Kutirjyoti category of consumers who shall make payment through digital mode only.

viii. Introduction of kVAh Billing

The Hon'ble Commission in its RST Order dtd. 22.03.2014 for FY-2014-2015 had given the directions to the DISCOMs vide Para-246. As per this para the implementation of kVAh billing was declined due to non readiness of the licensees to implement the kVAh based meter readings. Further, the licensees have submitted that all the 3-phase meters, especially those installed for consumers having Contract Demand 20kW and above are enabled with all the energy parameters and storing dump record of 35 days. All such meters show instantaneous Power Factor and monthly average Power Factor can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOMs are fully equipped to implement kVAh billing in respect of all those consumers in place of existing kWh Billing. Hence licensees requested to allow kVAh billing from ensuing year.

ix. Applicability of Power Factor Penalty

Licensees submitted that if the kVAh based billing proposal is not accepted by Hon Commission by any reason, then the licensees have requested continuance of power factor penalty as RST order of 2018-19 for Large Industries, Public Water Works (110 KVA and Above), Railway Traction, Power Intensive Industries, Heavy Industries, General Purpose Supply, Specific Public Purpose (110 KVA and above), Mini Steel Plant, Emergency Power Supply to CGP.

Till such time KVAH billing approach is adopted the Utility proposes for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation.

- **LT Category:** LT industries Medium Supply, Public Water Works and Sewerage Pumping > 22 KVA
- **HT Category:** Specified Public Purpose, General Purpose < 110 KVA, HT Industries (M) Supply.

x. MMFC/Demand charges to be in kVA only instead of kVA/kW (NESCO UTILITY)

The HT consumers and LT 3 Phase consumers are paying their demand charges/MMFC in kW and some consumers in other category in kVA. The Regulation also specifies for entering into agreement in kVA. Further, it is the responsibility of the consumers to maintain the p.f. The regulation also provides for levy of power factor penalty to these category of consumers or alternatively to bill the consumers at kVA demand. In view of this, the licensee (SOUTHCO Utility) have submitted that they may be allowed to bill the demand charges on the basis of

kVA for all the three phase consumers with static meters to avoid disparity among the consumers.

xi. Demand Charges and Monthly Minimum Fixed Charges

The Licensees have submitted that 90% of the distribution costs is 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 this, the Licensees proposed 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.

xii. Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers.

The utilities are having huge outstanding under LT non industrial category consumers. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC). The utility is also suffering from huge financial loss on account of low collection efficiency and coverage in Domestic and Commercial category of consumers. With this the licensees requested Hon'ble commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly instalments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS and certain percentage of waiver on outstanding amount.

xiii. Rebate on prompt payment

In the BSP Order for the financial year 2018-19, the Hon'ble Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% is paid within 30 days. Further, the Hon'ble Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

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

Licensees have further submitted that the above rebate may kindly be also permitted in case of part payment so that cash flow of the Bulk Supplier will improve and at the same time the utility would be tempted to remit the amount collected to GRIDCO to avail such benefit.

xiv. Overdrawal beyond contract demand and charges thereof(NESCO UTILITY AND WESCO UTILITY)

The Utilities (NESCO Utility & WESCO Utility) in its ARR for the FY-2016-2017, had placed proposal for approval of its action initiated against those consumers indulging in overdrawal of energy in excess of their contracted load and also sought clarification with regards to such assessment in addition to payment of overdrawal charges by such consumers in terms of the RST Orders of the Commission for FY 2015-16 vide para 335. The Commission had advised the DISCOMs to exercise due diligence while using penal provision like use of Section 126 or Section 135 of the Act. Subsequent to aforesaid observation of the Commission, the Utilities have initiated such assessment proceeding in strict adherence to the parameter set by the Commission.

However, these things are creating complicacy in revenue collection. The Utilities have submitted that, many consumers are penalized under Section 126 or 135 due to their overdrawal beyond Contract demand for which rather than paying the penalty they used to approach higher forums. For non-clearance of their arrear their application for enhancement of Contract Demand remains pending before the Utility. However, with direction from appellate authority the utilities are forced to enhance the Contract demand even with pending arrear. Utilities submitted that in case Commission allows overdrawal penalty both on Fixed Charges and on Energy Charges by suitable direction in the tariff order they would not be prompted to apply Section 126 and 135 on such consumers for a smaller period of overdrawal which will also ease the collection of revenue.

xv. Recovery of Cost of the Meter(SOUTHCO UTILITY AND WESCO UTILITY)

Commission has approved recovery of Monthly Meter Rent from various categories of consumers in different rates on the basis of types of meter. Recovery of the same is permitted for a period of 60 months i.e till the cost of the meter is recovered. Statutory levy required to be collected in addition to meter rent. Statutory levy indicates collection of GST. Now, consumers are being billed on monthly basis along with meter rent, statutory dues i.e GST also due on the basis of monthly/bi monthly billing.

xvi. Creation of Accidental Corpus Fund (SOUTHCO UTILITY AND WESCO UTILITY)

Sometimes lives of human as well as animal are being lost for electrical accidents. In many cases, the family members of the deceased person are suffering. To protect such unforeseen happening Govt. of Odisha dept. of energy also suggest for creation of Accidental reserve fund, out of which compensation may be extended to the families of deceased person. It has been discussed on 26th Oct-19 under chairmanship of Commissioner Cum Secretary department of energy under 5 T program. It has been directed that DISCOM should appeal before OERC in tariff for recovery of Re 1 on monthly basis. In view of the above it is humbly submitted before Hon'ble Commission to approve the same in the RST order.

xvii. Negative Cash Flow (WESCOUTILITY)

The Utility is also facing financial crisis in the current year & unless substantial relief is being extended the cash flow position will not improve for the ensuing year.

12. Prayer

a. CESU has following prayers to the Commission:

1. Admit the accompanying Aggregate Revenue Requirement and Retail business for FY 2020-21.
2. Approve the Aggregate Revenue Requirement (ARR) for Retail business of the Utility for the Financial Year 2020-21 as proposed by the Utility.
3. To consider the tariff related proposals submitted along with the application and approve the same.
4. To consider actual distribution and AT&C loss while approving the ARR application for FY 2020-21.
5. Consider the projected T&D loss of 24.49% for the FY 2020-21.
6. To consider either to increase the retail tariff or to decrease the Bulk Supply Tariff to meet the revenue deficit (gap) for the ensuing Year 2020-21.
7. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

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

1. Take the ARR application and Tariff Petition on Record.
2. Approve the Annual Revenue Requirement for FY 2020-21.
3. Bridge the Revenue Gap for the FY 2020-21 through increase in Retail Supply Tariff, reduction in Bulk Supply Tariff (BST) wherever possible; grant of subsidy from the Government of Odisha as per Section 65 of the electricity act 2003.
4. To consider the AT&C Loss Trajectory accepted by Ministry of Power, GoI (SOUTHCO).
5. To do away with Intra State ABT till generators are involved (SOUTHCO).

Allow the following Tariff rationalization measures as proposed by the DISCOMs:

NESCO UTILITY

- Withdrawal of Power Factor Incentive.

- Rationalization of MMFC charges for LT category of consumers where disparity in monthly fixed charges for 1st kw or part thereof with the additional kw or part thereof.
- Continuance of additional rebate of 2% to LT single phase Domestic category of consumers only if payment made through digital mode/online over and above normal rebate.
- Introduction of KVAH Billing.
- Extending of levy of penalty on energy charges when a consumer draws power
- 2% Rebate be allowed on payment of current monthly BST bills (excluding all arrears) within 3 days' time instead of 2 working days and also to allow rebate on part payment of BST bills.
- Include Billing & Collection expenses in addition to the employee expenses and contractual obligations as allowed on monthly basis as escrow relaxation and issue necessary directions to GRIDCO.
- Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer considering receivable audit report.
- Addressing of negative cash flow of the utility by giving special relief towards reduction of BST.
- Other Tariff rationalization measures as proposed in this application.
- Allow the Utility to submit additional documents, modify the present petition, if so required, during the proceeding of this application.

WESCO UTILITY

- Recovery of Meter Cost instead of Meter Rent.
- Creation of accidental corpus fund.
- Withdrawal of Power Factor Incentive.
- Demand Charges to HT medium category of consumers.
- Continuance of additional rebate of 2% to LT single phase Domestic category of consumers only if payment made through digital mode/online over and above normal rebate.
- Introduction of KVAH Billing or applicability of power factor penalty.
- Demand charges and Monthly Minimum Fixed charges.

- Factoring levy of penalty on energy charges when a consumer draws power more than the CD.
- 2% Rebate be allowed on payment of current monthly BST bills (excluding all arrears) within 3 days' time instead of 2 working days and also to allow rebate on part payment of BST bills.
- Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer considering receivable audit report.
- Addressing of negative cash flow of the utility by giving special relief towards reduction of BST.
- to direct GRIDCO to relax escrow for A&G expenses towards revenue improvement and R&M exp along with Employee cost on monthly basis.
- Other Tariff rationalization measures as proposed in this application.
- Allow the Utility to submit additional documents, modify the present petition, if so required, during the proceeding of this application.

SOUTHCO UTILITY

- Withdrawal of Power Factor Incentive & abolish TOD benefit.
- Change of nomenclature from Meter Rent to Recovery of the Cost of the Meter
- Introduction of KVAH billing.
- Applicability of Power Factor Penalty
- Increase in Demand charges to HT medium Industry consumers.
- Demand charges and monthly minimum fixed charges for recovery of fixed cost.
- Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer.
- Creation of accidental corpus fund.
- 2% Rebate be allowed on payment of current monthly BST bills (excluding all arrears) within 3 days' time instead of 2 working days and also to allow rebate on part payment of BST bills.
- Other Tariff rationalization measures as proposed in this application
- Looking to the geographical area and the consumer mix, the cheap cost of power may be allocated to the SOUTHCO Utility while finalizing the BSP.

- Approve Billing and Collection expenses under Additional A&G Expenses and advise GRIDCO for escrow relaxation on monthly basis for improvement of Revenue.
- Allow the Utility to submit additional documents, modify the present petition, if so required, during the proceeding of this application.
- Any other relief, order or direction which the Commission deems fit.
