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**PUBLIC NOTICE**

**Sub: Suggestion/opinions on the Amendment to the Regulation 80 (5) (i) & (ii) of OERC Distribution (Conditions of Supply) Code, 2004.**

**No. OERC-Engg-92/2003(Vol.VII) 4602 / Dt.26.12.2012** - In exercise of powers conferred on it under Section 181 of the Electricity Act, 2003, the Odisha Electricity Regulatory Commission had framed OERC Distribution (Conditions of Supply) Code, 2004 which were published in the Orissa Gazette extraordinary No.710 dtd. 28<sup>th</sup> May, 2004. The said Regulations were amended seven times which were published in Orissa Gazette No. 1261, 1266 dtd. 22.09.2004, No. 557 dtd. 24.03.2007 (No.1688 dtd. 17.09.2007 on the same matter on correction of some typographical error), 2066 dtd. 31.10.2007, 1586 dtd. 26.10.2009, 1689 dtd. 12.10.2010 and 1203 dtd. 19.05.2011 respectively. In the meanwhile natures of supply of certain categories of consumers have changed. Therefore, the Commission contemplates amendment to the OERC Distribution (Conditions of Supply) Code, 2004 in the interest of the general public.

The amendments contemplated are available in the Commission's website: [www.orierc.org](http://www.orierc.org). The copies of the proposed amendment may also be obtained from the Commission's office on request and payment of necessary fees.

Before finalization of the said amendments, the Commission hereby invites opinion through this previous publications u/s 181(3) of the Electricity Act, 2003. Interested persons/ institutions/ associations may furnish their suggestions/opinions on the said amendments to the undersigned within 30 days of publication of this notice. On receipt of the responses from different quarters, the Commission may, in appropriate cases, bring modifications, if any, to the proposed amendments and approve the same for publication in the official gazette.

By the Order of the Commission

Sd/ -  
**SECRETARY I/c.**

**ODISHA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAVAN  
UNIT-VIII, BHUBANESWAR-751012**

**NOTIFICATION**

**No. OERC-Engg-92/2003(Vol.VII), Dated the 26<sup>th</sup> December, 2012**

**STATEMENT OF OBJECTS AND REASONS** - In exercise of powers conferred on it under Section 181 of the Electricity Act, 2003, the Odisha Electricity Regulatory Commission had framed OERC Distribution (Conditions of Supply) Code, 2004 which were published in the Orissa Gazette extraordinary No.710 dtd. 28<sup>th</sup> May, 2004. The said Regulations were amended seven times which were published in Orissa Gazette No. 1261, 1266 dtd. 22.09.2004, No. 557 dtd. 24.03.2007 (No.1688 dtd. 17.09.2007 on the same matter on correction of some typographical error), 2066 dtd. 31.10.2007, 1586 dtd. 26.10.2009, 1689 dtd. 12.10.2010 and 1203 dtd. 19.05.2011 respectively. The said Supply Code has categorised consumers basing on the purpose of supply. In the meanwhile nature and purpose of supply of certain categories of consumers have changed. Therefore, the Commission contemplates amendment to the OERC Distribution (Conditions of Supply) Code, 2004 in the interest of the general public.

Regulation 80 (5) (i) OERC Distribution (Conditions of Supply) Code, 2004 defines **Irrigation Pumping and Agriculture** as follows

*“This category relates to supply of power for pumping of water in lift irrigation, flow irrigation and for lifting of water from wells/ borewells, dug-wells, nallahs, streams, rivulets, rivers, exclusively for agricultural purposes.”*

The four DISCOMs of the State namely CESU, NESCO, WESCO & SOUTHCO have submitted before the Commission that numbers of irrigation consumers in the urban limit of their license area are respectively 1499, 37, 1407 and 757 whereas the numbers of consumers having connected load of 5 KW and above are 429, 14, 251 & 228 in the corresponding DISCOMs. The Commission, noted with concern, that number of agricultural consumers (enjoying highly subsidised tariff) in urban areas outnumber the agricultural consumers in rural areas in the State.

The concessional tariff for the category mentioned above is intended to promote Agriculture. It is a fact that most of the farmers are located in rural areas. Land use pattern in Urban area is largely residential and commercial and not Agricultural. The present regulation by not making a distinction between rural and urban areas is liable to be misused through extraction

of ground water by urban rich for maintaining farm houses and lawn etc., and they may continue to enjoy concessional tariff. This was obviously not the purpose for which the Regulation is brought in as stated. It was intended to bring down the cost of input to the farmers actually engaged in Agriculture and largely settled in rural areas.

The thrust on ground water is increasing exponentially in recent years to support the exploding population for the domestic, irrigation and industrial needs. The optimal utilization of groundwater is very important considering its recharge and discharge characteristic. According to the Ground Water Census Report, there has been a substantial depletion of ground water in 24 out of the 30 districts in the state.

Para 8.3.3 of Tariff Policy provides as follows:

*While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending of the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage.*

The average cost of supply of power for FY 2012-13 is 460.51 Paise per unit whereas the agricultural consumer who are heavily cross-subsidised are getting power at nominal rate of 110 paise per unit (LT) as energy charge. The heavy cross-subsidy is aimed at poor agricultural consumers in rural areas from where major chunk of food grains is harvested. The present Regulation has however the unintended and undesirable consequence of cross subsidising the urban rich. Therefore, the Commission proposes an amendment to the present Regulation 80 of OERC Distribution (Supply Code), 2004.

Accordingly, the Commission hereby notifies the following amendment of the OERC Distribution (Conditions of Supply) Code, 2004 for information of the general public.

### **PROPOSED AMENDMENT(DRAFT)**

1. **Short title and commencement:**

- (i) These Regulations may be called the OERC Distribution (Conditions of Supply) Code (8<sup>th</sup> Amendment), 2012.
- (ii) It shall come into force on the date of its publication in the Official Gazette.

2. **Amendment to Regulation 80 (5) (i) & (ii):**

**80. (5) i Irrigation Pumping and Agriculture :** This category relates to supply of power for pumping of water in lift irrigation, flow irrigation and for lifting of water from wells/borewells, dug-wells, nallahs, streams, rivulets, rivers, exclusively for agricultural purposes **in areas other than areas coming under Municipality / NAC limit of the State.**

**80. (5) ii) Allied Agricultural Activities:** This category relates to supply of power for Aquaculture (which includes Pisciculture/ Prawn culture), Horticulture, Floriculture, Sericulture, Animal Husbandry and Poultry **in areas other than coming under Municipality/NAC limit of the State**. Activities such as ice factories, chilling plants, cold storages, cattle/poultry/fish feed units and food /agri products processing units are excluded.

By the order of the Commission,

Sd/ -  
**SECRETARY I/c.**