

**ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAVAN**  
**UNIT – VIII, BHUBANESWAR – 751 012**  
**E-mail: orierc@rediffmail.com**  
**Website: orierc.org**

**PUBLIC NOTICE**

**Case No. 48/2012**

**In the matter of: Suo Motu proceeding under Regulation 70 (1) of OERC (Conduct of Business) Regulation, 2004 for implementation of ‘Take or Pay’ Tariff for HT and EHT Industries with guaranteed load factor introduced in their Retail Supply Tariff Order of the Commission in Case No. 93-96 of 2011 for FY 2012-13.**

WHEREAS the Director (Tariff), OERC has filed an application for review and implementation of ‘Take or Pay’ Tariff for HT and EHT Industries with guaranteed load factor and pass such Order(s) as deemed just and proper by the Commission.

WHEREAS the Commission has decided to dispose of the Suo Motu proceeding through Public Hearing. Interested persons/organizations/ HT & EHT industries may obtain the Suo Motu proceeding Petition along with annexure(s) from Office of the Commission during office hours by paying photocopy Charges of Rs. 30/-. Alternately, the above public notice along with the copy of the petition may be down loaded from the Commission’s website [www.orierc.org](http://www.orierc.org).

Interested persons/institutions/organizations/ HT & EHT industries may file their views/suggestions on the matter to the undersigned within two weeks from the date of publication of this notice.

The case will be heard by the Commission on 13.07.2012 at 11 AM in the Hearing Hall of the Commission.

**By Order of the Commission**

Sd/-  
SECRETARY I/c

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION,  
BHUBANESWAR**

**Case No. 48/2012**

**IN THE MATTER OF** : Suo Motu proceeding initiated by the Commission under Regulation 70 (1) of OERC (Conduct of Business) Regulation, 2004 for implementation of 'Take or Pay' Tariff for HT and EHT Industries with guaranteed load factor introduced in their Retail Supply Tariff Order in Case No. 93-96 of 2011 for FY 2012-13.

**A N D**

**IN THE MATTER OF** : Director (Tariff), Orissa Electricity Regulatory Commission

.... **Petitioner**

- Vrs. -

1. The Chief Executive Officer,  
CESU, 2<sup>nd</sup> Floor, IDCO Towers, Bhubaneswar.
2. The Managing Director,  
NESCO, At/P.O. Januganj, Dist. Balasore.
3. The Managing Director,  
WESCO, At/P.O. Burla, Dist. Sambalpur.
4. The Managing Director,  
SOUTHCO, At/P.O. Courtpetta, Berhampur.
5. Other HT & EHT Industries having contract demand of 110 KVA or more.

... **Respondents**

1. Name & Address of the petitioner : Director (Tariff.), OERC, Unit-8, Bhubaneswar
2. Names & Addresses of the respondents : As stated above against respondents
3. Cause of the Suo-motu Petition : Removal of difficulties for implementation of 'Take or Pay' Tariff introduced by the Commission for FY 2012-13 and Commission's Order to review it vide Lr No. DIR(T)-389/2011/VOL-I/3286 dtd. 08.05.2012.
5. Documents on which the petitioner is relying upon : (i) Retail Supply Tariff Order for FY 2012-13 in Case No. 93-96 of 2011.  
(ii) OERC Lr No. DIR(T)-389/2011/VOL-I/3286 dtd. 08.05.2012.

## PETITION

6. That, the Commission has introduced 'Take or Pay' Tariff for HT and EHT industries with guaranteed load factor for FY 2012-13 vide para 262 of Retail Supply Tariff Order of the Commission in Case No. 93-96 of 2011 dtd. 23.03.2012. In their Order the Commission has directed as follows:

*"262. The Commission after due consideration of suggestions of DISCOMs and views of the HT/EHT industries decides to implement the Take or Pay scheme for FY 2012-13 with following stipulation:*

- (i) The scheme will be applicable to all HT and EHT industries having contract demand of 110 KVA or more.*
- (ii) The industries should guarantee in writing to pay for minimum load factor of 70% which will mean that whether they draw power or not they will have to pay charges based on the load factor billing for consumption of 70% load factor or actual drawl whichever is higher. For purpose of determination of load factor the following parameters shall be taken into consideration.*
  - (a) Maximum demand shall be based on the highest demand recorded in hours in respect of hours other than off peak hours.*
  - (b) The power interruption hours in HT and EHT feeder over and above 60 hours in a month shall be deducted from total hours in a month for load factor calculation. When actual power interruption hour in a month is less than 60 hours then no deduction from the hours in a month shall be made. (Methodology of determination of interruption hours is given in the example below). Non-availability of power supply due to any reason whatsoever should not be considered. The interruption in feeder as per the dump report should be considered for this purpose.*
  - (c) Actual power factor as ascertained from the meter shall be considered for calculation of load factor.*
- (iii) Demand charges on the basis of maximum demand recorded or 80% of the contract demand whichever is higher would continue to apply to industries entering into this special agreement with DISCOMs for payment of demand charge.*
- (iv) A special rebate of 50 paise per unit on the energy consumption shall be allowed. This is in addition to any other rebate the consumer is otherwise eligible.*
- (v) For determination of actual hours of power supply the licensee may provide the 'dump data' to consumers on payment of Rs.500 on demand by consumer.*
- (vi) This agreement shall remain in force till the expiry of the validity of this tariff order. During that period consumer will not be allowed for downward revision of the contract demand."*

7. That, DISCOMs like NESCO, WESCO and SOUTHCO vide their Lr. No. RO/CSO/628 dtd. 02.05.2012 have prayed before the Commission for the computation of energy charges for 70% load factor units corresponding to the contract demand or maximum demand other than the off-peak hour whichever is higher.
8. That, CESU vide their Lr. No. 13315 dtd. 26.04.2012 submitted that by implementing 'Take or Pay' Tariff with 70% load factor of maximum demand, CESU shall loose revenue as normally the maximum demand is less than the contract demand. They have prayed for consideration of Energy charge as per 70% load factor of contract demand for the consumers willing to avail 'Take or Pay' Tariff.
9. That, considering the prayer of DISCOMs, the Commission vide their Lr. No. DIR(T)-389/2011/VOL-I/3286 dtd. 08.05.2012 directed them to implement the scheme of the Commission first and desired to review the scheme after three month considering the feedback of all the stakeholders.
10. That, three months of implementation of present tariff order is going to end with the month of June, 2012. There has been no information from DISCOMs regarding the present status of implementation of 'Take or Pay' Tariff.

### **PRAYER**

In view of the above, the Suo-Motu petition is filed before the Commission to kindly hear and review the implementation of 'Take or Pay' Tariff for HT and EHT industries with guaranteed load factor and pass such orders as deemed just & proper.

Sd/-  
**DESIGNATED PETITIONER**

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CENTRAL ELECTRICITY SUPPLY COMPANY OF ORISSA LIMITED

Regd. Office: 2<sup>nd</sup> Floor, IDCO Towers, Janapath, Bhubaneswar - 751 022

Telephone - 2541 727, Fax - 2543 725.

No. CESCO/MRT/ 13315 Date: 26/4/12

To

The Secretary,  
O.E.R.C. Bidyut Niyamak Bhavan,  
Unit-VIII, Bhubaneswar.

Sub: Views regarding consideration of contract demand instead of maximum demand in 'Take or Pay' tariff for HT & EHT consumers in para 487(B) line-4 & Annexure-B para (xi) line B of Hon'ble Commissioner Retail Tariff Order 12-13.

Ref:- Your letter no- DIR(T)-389/2011/VOL-I/305 dtd. 10/04/2012.

Sir,

With reference to the subject cited above, I am to state that the consumers enter into agreement as per the contract demand in accordance to the technical feasibility of the system. Now by giving special rebate to consumers willing to avail 'Take or Pay' tariff with 70% load factor of maximum demand, the CESU shall loose revenue as normally the maximum demand is less than the contract demand.

Under the above circumstances energy charge demanded as per 70% load factor of contract demand may be considered instead of corrigendum made in the letter under reference.

CERC	
Date	26/4/12
Designation	Initials
Chairman	SM
Member	
Member	
Secretary	
Dir. (Tech)	
Dir. (Ensg)	
D. (Law)	
D. (P&A)	
Director of Centre	

Memo No 13316 (2)

Copy to Steno to the Chairman / Steno to the C.E.O for kind information of the Chairman / C.E.O.CESU Headquarters Office BBSR.

Memo No 13317 (25)

Yours faithfully,

Chief Commercial Officer

Dtd 26/4/12

Chief Commercial Officer

Dtd 26/4/12

Copy to all the Superintending Engineers/ Executive Engineers (Elect.), In-charge of Distribution Circles/ Divisions under CESU for information & necessary action. Copy of the letter under reference is enclosed herewith for reference.

Encl: As above.

Chief Commercial Officer

North Eastern Electricity Supply Company of Orissa Limited (NESCO)  
 Western Electricity Supply Company of Orissa Limited (WESCO)  
 Southern Electricity Supply Company of Orissa Limited (SOUTHCO)

REGISTERED OFFICE:

Plot No. - N-1/22, Nayapalli, Bhubaneswar-12, Orissa  
 Ph.No. 0674-2558727, Fax: 0674 - 2558343

Letter No: RO/CSO/ 628

Date: 02.05.2012

To

The Secretary,  
 Odisha Electricity Regulatory Commission,  
 Bidyut Niyamak Bhawan, Bhubaneswar

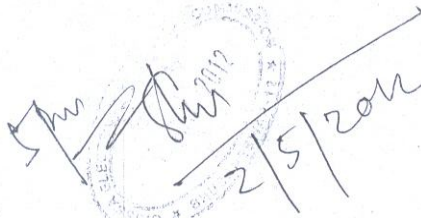
Sub: Corrigendum to the RST Order for FY 2012-13 in Case Nos. 93, 94, 95 & 96 of 2011 -  
 Prayer for rectification.

Ref: This office letter No. RO/CSO/596, dated 24.04.2012.

Sir

In continuation to this office letter no. RO/CSO/596, dated 24.04.2012 (copy enclosed) in  
 the above matter, we further submits the following:

1. That, the concept of Take or Pay is derived to curb the theft of electricity by encouraging the consumers with a concessional tariff on guaranteed quantum of energy off take or to pay for the same in case of lower drawl so that consumer shall desist from theft of power. With this guaranteed minimum energy off take method, the consumer is required to pay at least for that quantum and even the consumer prefers to pay for marginal higher quantum at concessional Tariff than to steal power. The very essence of the take or pay concept is lost by following the present corrigendum Order for units corresponding to 70% load factor of actual Minimum Demand recorded during other than off peak hours of the month. The minimum off take by the consumer in terms of absolute energy is not guaranteed and thus, the

 2/5/2012

revenue to the DISCOMs are also not guaranteed, even through the concessional tariff than the normal tariff is extended. In the worst case, it may happen that the consumers get opportunity to bypass the energy meter and avail electricity either through hooking or otherwise during the hours other than off peak period and draws around 120% of Contract Demand during off peak hours. In the process, DISCOMs having no guaranteed energy charges shall end up passing on rebate & special rebate to these consumers to the tune of 60 Paisa per unit during off peak hours consumption and 50 paisa per unit during other than off peak-hour consumption on the basis of less demand recorded other than off peak hours. In fact the net effect of the new tariff for FY 2012-13 would be reduced the revenue of EHT & HT by 30 paisa, which is not considered in the expected revenue of DISCOMs computed in Tariff Order.

2. That, said corrigendum Order is in the departure of the take or pay principles followed / directed by Hon'ble OERC in past.
3. That, due to the uncertainty in the load as well as revenue forecast, it may create problem with the DISCOMs for energy forecasting as well as liquidity.
4. Further, due to non-consideration of revenue loss in the approved annual revenue of DISCOMs, the DISCOMs will fall short of revenue and in turn would be unable to serve the liabilities of BST Bill, salary and other expenses on monthly basis.

With the above submission, we humbly pray before the Hon'ble Commission to kindly withdraw or modify corrigendum issued by the Hon'ble Commission and issue Order for the computation of energy charges for 70% Load Factor units corresponding to the Contract demand or Maximum Demand other than the Off peak hours whichever is higher in case of Take or Pay contract of HT / EHT consumers (CD above 110KVA).

Yours faithfully



Chief Executive Officer

Cc to: Managing Directors NESCO / WESCO / SOUTHCO for information.

**ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAVAN**  
**UNIT – VIII, BHUBANESWAR – 751 012**  
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**FAX : (0674) 2395781, 2393306**  
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**Website : [www.orierc.org](http://www.orierc.org)**

**No.DIR(T)-389/2011/VOL-I/3286**  
**Dt. 08.05.2012**

From  
Secretary I/c

To  
The Chief Executive Officer,  
NESCO, WESCO & SOUTHCO  
Plot No. N 1/22, Nayapalli,  
Bhubaneswar - 15

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The Chief Commercial Officer,  
2<sup>nd</sup> Floor, IDCO Tower Building, Janpath,  
Bhubaneswar – 751022

Ref: (i) Your Lr. No. RO/CSO/596 dtd. 24.04.2012  
(ii) Your Lr. No. RO/CSO/628 dtd. 02.05.2012  
(iii) Your Lr. No. CESCO/MRT/13315 dtd. 26.04.2012

**Sub: ‘Take or Pay’ Tariff introduced by the Commission in RST Order 2012-13**

Sir,

With reference to above, I am to say that after considering your observation regarding implementation of ‘Take or Pay’ Tariff the Commission desires that the scheme be implemented first. After three months of implementation the Commission will review the scheme considering the feedbacks of all the stakeholders. All the applications for ‘Take or Pay’ condition as per the Commission’s Tariff Order be implemented forthwith.

Yours faithfully

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

**Copy to:** (i) The MD, NESCO, At/PO: Januganj, Dist. Balasore (ii) The MD, WESCO, At/PO: Burla, Sambalpur (iii) The MD, SOUTHCO, At / PO: Courtpetta, Berhampur, Dist. Ganjam (iv) The CEO, CESU, 2<sup>nd</sup> Floor, IDCO Tower Building, Janpath, Bhubaneswar –22 with a request to submit the feedback on the implication of implementation of ‘Take or Pay’ Tariff.