

ANNUAL REPORT

APRIL, 2006 – MARCH, 2007

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ORISSA ELECTRICITY REGULATORY COMMISSION

Together, let us light up our lives.

1. INTRODUCTION

The Orissa Electricity Regulatory Commission (OERC) was set up under Section 3 (1) of the Orissa Electricity Reform (OER) Act, 1995. With the OER Act becoming effective in April 1996, the OERC became fully operational on 01.08.1996. The OERC completed 11th year of its operation on 01.08.2007. The Commission is operating at Bidyut Niyamak Bhavan, Unit- VIII, Bhubaneswar – 12. In this Annual Report, the summary of the activities of the Commission during the year 2006-07 is presented for the knowledge of the various stakeholders and the general public.

2. LEGAL PROVISIONS

This Annual Report is prepared under Section 105 of the Electricity Act, 2003 which runs as follows:

- (1) *The State Commission shall prepare once every year in such form and at such time as may be prescribed, an annual report giving a summary of its activities during the previous year and copies of the report shall be forwarded to the State Government.*
- (2) *A copy of the report received under Sub-Section (1) shall be laid, as soon as may be after it is received, before the State Legislature.*

3. MISSION STATEMENT

The Orissa Electricity Regulatory Commission is committed to fulfill its mandate for creating an efficient and economically viable electricity industry in the State. It balances the interests of all stakeholders while fulfilling its primary responsibility to ensure safe and reliable supply of power at reasonable rates. It is guided by the principles of good governance, namely, transparency, accountability, predictability, equitability and participation in discharge of its functions. It safeguards the interests of the state and gives a fair deal to consumers at the same time.

4. OVERVIEW

Orissa has been a pioneer among Indian States in embarking on a comprehensive reform of its electricity industry. The Orissa Electricity Reform (OER) Act, 1995

(Orissa Act 2 of 1996) was enacted for the purpose of restructuring the electricity industry, taking measures conducive to rationalization of generation, transmission and supply system, opening avenues for participation of private sector entrepreneurs and for establishment of a Regulatory Commission independent of the state government and power utilities.

The restructuring of the industry became effective from April, 1996. The Orissa Electricity Regulatory Commission became fully operational on 01.08.1996.

The Electricity Regulatory Commission Act, 1998 brought in further Reforms in the various segments of the Power Sector. The next major legislation was the Electricity Act, 2003 heralding a new era in the history of electricity industry. It is a Central Act which came into force w.e.f. 10.06.2003.

The Electricity Act, 2003 focuses on creating competition in the industry, no license for generation, provision of non-discriminatory open access to the transmission and distribution systems of the licensees, ensuring supply of electricity to all areas, rationalizing tariffs, lowering cross-subsidization levels, protecting consumer interest and establishment of grievance redressal mechanism etc.

The Orissa Electricity Regulatory Commission established by the Government of Orissa under OER Act, 1995 is deemed to be a state Commission u/s 82(1) of the Electricity Act, 2003.

➤ **Functions of the State Commission:**

- (1) The State Commission shall discharge the following functions, namely:-
 - (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the state.
 - (b) regulate electricity purchase and procurement process of distribution licenses including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
 - (c) facilitate intra-State transmission and wheeling of electricity;
 - (d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
 - (e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

- (f) adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
 - (g) levy fee for the purpose of this Act;
 - (h) specify State Grid Code consistent with the Grid Code specified under clause(h) of sub-section(1) of Section 79 of the Electricity Act, 2003.
 - (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
 - (j) fix the trading margin in the intra-state trading of electricity; if considered, necessary; and
 - (k) discharge such other functions as may be assigned to it under the Electricity Act, 2003.
- (2) As per Section 86(2) of the Electricity Act, 2003, the State Commission shall advise the State Government on all or any of the following matters, namely:-
- (i) Promotion of competition, efficiency and economy in activities of the electricity industry;
 - (ii) Promotion of investment in electricity industry;
 - (iii) Reorganization and restructuring of electricity industry in the State;
 - (iv) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.
- (3) The State Commission shall ensure transparency while exercising its powers and discharging its functions.
- (4) In discharge of its functions, the State Commission shall be guided by the National Electricity Policy, 2005, National Electricity Plan and Tariff Policy, 2006 published under sub-section (2) of section 3 of the Electricity Act, 2003.

5. THE MESSAGE

- (i) The Annual Report 2006-07 presents an overview of the Orissa Electricity Regulatory Commission's activities for the period April 2006 to March 2007. This is the Eleventh year of the functioning of OERC in the State. In spite of many constraints, the Commission has consolidated various measures initiated in the previous years to achieve an efficient, economic and competitive power sector, balancing the interests of all the stake holders while upholding the rights of the electricity consumers in the state.
- (ii) The year under consideration presented new challenges and the Commission in spite of limited man power and infrastructural resources undertook many important tasks. Most of the required regulations under

the Electricity Act 2003 have been framed including the Open Access Regulations which made consumer choice a viable option. The Intra-State ABT Regulation is in the final stage of its formulation.

- (iii) The demand for power has been growing increasingly and to meet the higher demand, necessary planning for capacity addition is required. The installed capacity as on 30.06.2007 in the State is 3822 MW out of which Hydro constitutes 52.80 %, Thermal 44.50% and CGPs 2.7%. The 17th Electric Power Survey (EPS) has projected Peak Demand of 4459 MW at the end of XI Plan (2012) and installed capacity requirement of about 6778 MW. Energy requirement is projected to grow from 18076 MU in 2007-08 to 27149 MU in 2011-12. As per CEA Report, Orissa has witnessed an average peak shortage of 51 MW in evening peak hours (EPK) and energy shortage of 79 MU during April-June, 2007 (FY 2007-08). Keeping the projected shortage of power in view, the Commission had advised the Government of Orissa under Section 86(2) of the Electricity Act, 2003 to take immediate steps for capacity addition in the State so that Orissa may not have to face any type of power shortage. Accordingly the State Government has signed MoUs with 13 Independent Power Producers (IPPs) with estimated capacity of 16,190 MW of Thermal Power in which the State's share shall be 4047 MW (i.e 25%). Similarly, the Government of Orissa has signed MoUs with 7 Private Power Developers who have signed PPAs with GRIDCO to develop 7 Small Hydro Electric Plants (SHEPs).
- (iv) The Commission by now has issued eleven sets of Tariff Orders and the Tariff Structure has been rationalized over the years. The post-reform tariff changes in Orissa have kept pace with annual movements of costs and prices. The efforts of OERC to reduce the inverted tariff structure inherited from the OSEB has met in gradual reduction of cross-subsidy across the board. While the cross-subsidy both as % of cost and as an absolute amount per unit of consumption has gone down for LT categories, HT and EHT consumers have continued to increasingly bear the burden of additional costs of electricity supply. The Retail Supply Tariff has more or less remained constant since 01.02.2001 excepting some smaller changes in certain cases.
- (v) An effective consumer Grievance Redressal machinery has been set up in the state through twelve Grievance Redressal Fora and four Ombudsmen. The details are annexed to this report. The privatization process in distribution has been taken forward. The emphasis has been placed on monitoring standards of performance of the licensees.

6. PROFILES OF THE CHAIRPERSON AND MEMBERS

- **Bijoy Kumar Das, Chairperson**

Shri B.K. Das, formerly of the Indian Administrative Service, joined the Orissa Electricity Regulatory Commission as Chairperson on 20th November, 2006 after retiring as the Chief Secretary to the Government of Karnataka. Born on 24th September 1946, Shri Das graduated from Loyola College, Chennai and completed his Masters in Economic History of Modern India from Utkal University in 1967. He joined the Indian Administrative Service in 1969 in the Karnataka cadre.

In an illustrious career spanning nearly 4 decades, Shri Das has made significant contributions specifically in the areas of Excise, Urban Development and Infrastructure Development in the state of Karnataka. During his tenure as Chairman of the Infrastructure Development Corporation, Karnataka, he formulated the infrastructure policy and several projects with private sector investment primarily the International Airport Project and Tadri Sea Port Project. He has played a major role in diverse fields like rural housing, infrastructure development, sericulture and census operations. He streamlined the entire system of collection of State Excise with a fully networked and integrated data management system in all the 19 districts of Karnataka. As CMD of Mysore Paper Mills Ltd, he was instrumental in turning around the company. He also contributed his skills at the Centre between 1989-94 as a Joint Secretary to the Government of India, Cabinet Secretariat.

Shri Das took over as the Chief Secretary to the Government of Karnataka on 30th July, 2005, a post which he held till 30th September, 2006.

He has attended many national and international training programmes and workshops including Programme on Investment Analysis and Management at Harvard Institute of International Development and Energy Management Programme at TERI.

- **Shital Kumar Jena, Commissioner**

Shri Shital Kumar Jena, formerly the Director (Tariff) of OERC and immediate past Engineer-in-Chief (Electricity)-cum-Principal Chief Electrical Inspector, Orissa, joined the Orissa Electricity Regulatory Commission as Commissioner on 3rd December, 2003. Born on 13 April 1946, Shri Jena completed his B.Sc Engineering (Electrical) in 1967 and joined the Orissa State Service of Electrical Engineers and served under the Government of Orissa in Orissa State Electricity Board (OSEB) and OERC.

Between 1967-87 he was involved in the Generation, Transmission & Distribution aspects of the Power sector. From 1987 to 1995, Shri Jena worked on Commercial and Rural Electrification work in the OSEB. Then, as a Member, Metering Working Group and later as a Member, Legal & Regulating Working Group, Shri Jena was an active participant in the Power Sector Reform Project.

On 1st August 1996, Shri Jena joined the OERC as Dy. Director in charge of Engineering & Tariff setting the tone for preparation of various regulations, tariff guidelines and engineering standards and in September 1997, joined as Director (Tariff) and continued to work up to November, 2002. During this period, he also obtained a Post Graduate Diploma in Financial Management from the prestigious Indira Gandhi National Open University. As the first Director (Tariff) in India, with no precedent to fall back upon, he set the pricing policy for power generators, transmission and distribution companies, giving direction to the Power Sector in Orissa in a Techno-Commercial-Legal environment. Among other duties, he also served as the Chairman of the Commission's Grievance Redressal Forum.

Between November 2002 and December 2003, Shri Jena served as the Engineer-in-Chief-cum- Principal Chief Electrical Inspector under the Department of Energy, Government of Orissa. He was in charge of planning & monitoring of Rural Electrification, and in overall charge of the Electrical Inspectorate, collection of Electrical Duty, survey, investigation of micro, mini & small Hydro-Electric Projects in the entire state. He also chaired the State Technical Committee with power to grant Techno-Economic Clearance for projects.

He brings his expertise as a Power Engineer with his solid field experience in the erstwhile OSEB along with his pioneering work in the OERC and hands-on knowledge of Power Sector Reform and training in Regulatory Economics & Economic Reform.

- **Krushna Chandra Badu, Commissioner**

Shir K. C. Badu, IAS (retired voluntarily on 31.3.2007) formerly Special Secretary to Government, Finance Department, Orissa, joined the Orissa Electricity Regulatory Commission on 4th April, 2007. Born on 18th July, 1947, Shri Badu has done Masters Degree in Chemistry.

He joined the Orissa Finance Service (Senior Branch) in 1974 and worked in different capacities such as Treasury Officer, Commercial Tax Officer and Financial Adviser before getting selected to I.A.S. in 1994. He was posted as Collector and District Magistrate, Boudh from 8.5.1995 to 7.8.1996 and Director, Fisheries from August to December 1996. He became Member Secretary, Orissa State Finance Commission on 01.01.1997. In October 1997, he became Additional Secretary, Department of Finance and on 01.09.2004, he assumed the Office of Commissioner-cum-Special Secretary, Department of Finance, Government of Orissa on promotion to supertime scale of pay in IAS. He was also kept in overall charge of finance department w.e.f. 1.4.2006 to 30.6.2006. During his illustrious career he had marked his presence felt wherever posted in different capacities. In the Finance Department of Government of Orissa he has dealt with various financial and developmental issues of Eighth, Ninth, Tenth and Eleventh Plans. Besides this, he has taken up the State's case for projection before the Tenth, Eleventh and Twelfth Finance Commissions. Because of his persistent

efforts Orissa could get a favourable dispensation from the Twelfth Finance Commission.

He had made substantial contribution to the formulation and implementation of policies involving State Finances, Public Enterprises Reform and Power Sector Reform. He was instrumental in publishing White Paper on Orissa State Finances in March 2001 outlining various policies on Fiscal Restructuring. Orissa budget at a glance published annually is the brain work of Shri Badu and has been appreciated by RBI, different funding agencies etc. and now being adopted as model by other states.

Under his able stewardship and guidance and with the support from others the revenue deficit of the State has been reduced from Rs.2574.19 crore in 1999-2000 to Rs.522.30 crore in 2004-05. In fact, Orissa has been converted to a revenue surplus state with revenue surplus of Rs.481.19 crore in 2005-06 after a gap of more than 22 years. Addition of net loan on yearly basis and interest payment as percentage of revenue receipt are now on the declining path. There is more fiscal space now for undertaking development. Shri Badu has substantially contributed to the turning around of the Orissa's Finances which were characterized, in the past, by high revenue and fiscal deficit, rising debt burden and consequently limited resources for the development activities. He was instrumental in restructuring the State Finances and overcoming the financial crisis of the State. He has attended many national and international training programmes and workshops including Performance Audit sponsored by Commonwealth at Lahore and World Bank conference on Fiscal Responsibility and Inter-governmental Finance in India at ASCI, Hyderabad. He played a crucial role in finalizing the agreement with World Bank and Government of India for sanction of performance linked assistance under the Orissa Socio- Economic Development Loan/Credit – (Structural Adjustment Loan – SAL)

7. ACTIVITIES OF THE COMMISSION

(A) TARIFF

Determination of tariff and monitoring the performance of the licensees are the two main tasks of the Orissa Electricity Regulatory Commission. The Commission also obtains and analyses the Annual Revenue Requirements of the licensees and determines charges to be levied on various categories of consumers including those seeking open access to the intra-state transmission and distribution systems. The Commission is vested with the responsibility of determination of tariff for (a) supply of electricity by a generating company to a distribution licensee, (b) transmission of electricity, (c) wheeling of electricity and (d) retail sale of electricity by virtue of the provisions of Section 62 of the Electricity Act, 2003. The Tariff Division performs this major task. It also undertakes scrutiny of power purchase agreements, approval of cost data and business plans etc. The Division is headed by the Director (Tariff) and consists of

four Joint Directors from the disciplines of Engineering, Finance and Economics and three Deputy Directors, two from the field of Engineering and one from Finance.

The year 2006-07 has been an eventful year for the Commission. The Commission has pronounced several orders and regulations in regard to tariff related matters and on various commercial issues affecting the business of the power sector in the State. The important orders passed by the Commission during 2006-07 are as under:-

- i) Finalization of Annual Revenue Requirement & Generation Tariff of OHPC for FY 2007-08 (Case No. 54 of 2006);
- ii) Finalization of Annual Revenue Requirement & Bulk Supply Price of GRIDCO for FY 2007-08 (Case No. 55 of 2006);
- iii) Annual Revenue Requirement & Transmission Tariff of OPTCL for the FY 2007-08 (Case No. 56 of 2006);
- iv) Finalization of Annual Revenue Requirement & Retail Supply Tariff of four DISTCOs for the FY 2007-08 (Case Nos. 57, 58, 59 and 60 of 2006 and Case Nos. 61, 47 of 2006);
- v) The salient features of the ARR & Bulk Supply Price order for GRIDCO which was passed in 2006-07 are:-
 - (a) Bulk Supply Price for the four DISTCOs are determined for the FY 2007-08.
 - (b) GRIDCO purchases 17539.47 MU at a total cost of Rs. 2103.11 crore for 2007-08. The quantum of energy purchased and power purchase cost during 2006-07 were 15414.79 MU and Rs. 1756.84 crore respectively. There has been a rise in the average per unit cost of purchase of power of the order of 6 paise/unit during 2007-08.
 - (c) Total availability of power from all sources is 18050 MU and the power requirement for the State use has been estimated at 17539.47 MU. The balance power may be utilized for trading.
 - (d) Out of 17539.47 MU purchased, GRIDCO sells 16653.00 MU to DISTCOs and 10 MU to CGPs. Balance Power of 876.47 MU goes towards Transmission Loss on DISTCO purchase.
 - (e) Transmission loss for wheeling has been calculated at 5% for 2007-08 as against 4% approved for 2006-07.
 - (f) GRIDCO's revenue requirement for FY 2007-08 is Rs. 2724.07 crore as against Rs. 2278.96 crore approved for 2006-07. Its expected revenue is Rs. 2259.21 crore from DISTCOs. The Commission has accepted Special Appropriation to the tune of Rs. 497.49 crore against power bonds. GRIDCO is left with a deficit of

Rs. 464.86 crore after meeting all its costs during 2007-08 as against a gap of Rs. 504.52 crore approved for 2006-07.

- (g) The Bulk Supply Price has been revised upward due to rise in cost of power of OHPC and Central Generating Stations.
- (h) Any excess drawl of energy by a Distribution and Retail Supply Licensee would be payable at the actual cost of power purchase plus transmission charges and transmission loss subject to necessary changes due to implementation of intra-state ABT.
- (i) There shall not be any levy of separate maximum demand charges upto the permitted SMD for the distribution companies for the FY 07-08. Permitted SMD would mean monthly SMD recorded upto maximum of 10% over the approved SMD in the current tariff order to take care of monthly variations. Any excess drawl over the permitted SMD will have to be paid @Rs.200 per KVA per month. This is again subject to the condition that the annual average SMD shall be limited to the SMD permitted in the order. Any drawl over and above the annual average SMD will be payable @Rs.200 per KVA per month, notwithstanding the fact that a utility might have paid the SMD charges for exceeding the permitted SMD in any month.
- (j) For 2007-08, lowest cost power has been assigned for the low voltage consumers for determination of Bulk Supply Price.
- (k) Profit out of export and U.I. will be utilised to bridge the gap in the revenue requirement and to liquidate GRIDCO's past losses.
- (l) GRIDCO shall receive an amount of Rs.153.33 crore from DISTCOs towards receivables on account of past dues.
- vi) The salient features of the ARR & Transmission Tariff for OPTCL are:-
 - a) 16963 MU of energy to be transmitted through OPTCL's network in FY 2007-08 as against 15153 MU in 2006-07.
 - b) Total revenue requirement will be Rs 373.72 crore for FY 2007-08 as against Rs 333.27 crore for FY 2006-07.
 - c) Transmission charge to use OPTCL's line and sub-stations has remained unaltered at 22 p/u w.e.f. 01.04.2007.
 - d) The Open Access Charges has been fixed at Rs.5200/MW/Day for long-term customers.
 - e) Short-term Open Access customers shall pay Rs.1300/MW/day.
 - f) The transmission loss has been approved at 5% for 2007-08.

- vii) The salient features of the Retail Supply Tariff order are:-
- (a) The electricity tariff in Orissa had remained unchanged from 01.02.2001 to 31.03.2007. Also for the year 2007-08, the existing level of tariff for all categories of consumers, as notified vide the Commission's Retail Supply Tariff order dated 23.03.2007 for the FY 2007-08 remains unchanged excepting in few cases.
 - (b) Time-of-Day (TOD) tariff for all three phase consumers having static meter except those covered under special agreement, under special tariff and public lighting with a discount of @ 10 p/u during off-peak hour i.e. from 10 PM to 6 AM of the next day remains in force subject to applicability of intrastate ABT.
 - (c) Discount of 25% on the energy charges in the 1st slab of Existing Tariff mentioned below, for the Consumers at EHT & HT covered under Special Agreement with an overall charge shall be limited to 245 p/u.
 - (d) Continuation of incentive tariff for HT & EHT consumers for higher level of consumption with revised rate.

INCENTIVE TARIFF FOR EHT AND HT CONSUMERS

	AT E.H.T.	AT H.T.
Demand Charge (Rs / KVA)	200	200
Energy Charge (P/U)	290	300
Consumption in excess of 50% (P/U)	202	225
Consumption in excess or 60% (P/U)	202	220

- (e) The net per unit impact p/u will be zero at 50% use rising gradually to 16 p/u at 80% use with a power factor of 0.9 at EHT/HT.
- (f) ABT to be applied to all State generators and load at 132 KV and above voltage. This means they will have overdrawal penalty or incentive as will be determined in 15 minutes integration period recorded through a static meter with memory facility of 30 days and downloading of data through print outs.
- (g) Power factor incentive for HT & EHT consumers will be applicable above power factor of 95%.
- (h) Industries owning CPP / Generating Stations have to enter into an agreement with the concerned DISTCOs 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 420 paise/kwh at EHT and 440 paise/kwh at HT would apply (ii) while for others who draw only 25% of capacity of highest unit would

pay @ 380 paise/kwh and 400 paise/kwh at EHT and HT respectively. If on verification it is established that SMD of DISTCOs has increased because of overdrawl by the CGP, Demand Charge @Rs.200/KVA shall be payable over the excess of contract demand for that industry in addition to the energy charges in case of (i) above.”

- (i) Special Tariff for Industries with Contract Demand of 100 MVA and above has been raised to 215 p/u in place of 200 p/u.
- (j) Consumers other than those covered under rebate of 10 p/u shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding arrears and electricity duty), if payment is made within 3 working days of presentation of the bill.
- (k) Charges other than and in addition to the charges of Tariff leviable towards Meter rent and Reconnection charges remain unchanged. No meter rent will be payable after full cost of meter is recovered.
- viii) Performance Review of GRIDCO, OPTCL & Distribution Licensees for the year 2005-06 and the first six months of the FY 2006-07.
- ix) Establishing Regulatory Information Management System (RIMS).
- x) Establishing Integrated Tariff Module & interfacing the same with RIMS.
- xi) The Commission also passed several other Orders in various cases as mentioned hereunder:

Sl. No.	Case No. (No/Year)	Date of Application	Date of Final Hearing
1	36/2005	02/SEP/05	05/JUN/06
2	49/2005	24/AUG/05	23/SEP/06
3	51/2005	08/NOV/05	04/JUL/06
4	54/2005	10/NOV/05	04/JUL/06
5	01/2006	01/MAR/06	06/JUL/06
6	03/2006	17/MAR/06	29/APR/06
7	04/2006	16/MAR/06	05/JUN/06
8	06/2006	27/MAR/06	05/JUN/06
9	07/2006	22/MAR/06	06/JUN/06
10	08/2006	27/MAR/06	31/MAY/06
11	09/2006	21/MAR/06	05/JUL/06
12	12/2006	17/MAY/06	05/JUN/06
13	16/2006	18/MAY/06	09/JUN/06
14	17/2006	31/MAY/06	02/AUG/06
15	18/2006	14/JUN/06	04/SEP/06
16	19/2006	13/JUN/06	06/JUL/06
17	20/2006	09/JUN/06	06/JUL/06

18	21/2006	11/JUL/06	15/SEP/06
19	22/2006	11/JUL/06	15/SEP/06
20	23/2006	14/JUL/06	11/AUG/06
21	28/2006	24/JUL/06	04/SEP/06
22	47/2006	26/SEP/06	08/FEB/07
23	54/2006	30/NOV/06	22/MAR/07
24	55/2006	30/NOV/06	22/MAR/07
25	56/2006	30/NOV/06	22/MAR/07
26	57/2006	30/NOV/06	23/MAR/07
27	58/2006	30/NOV/06	23/MAR/07
28	59/2006	30/NOV/06	23/MAR/07
29	60/2006	30/NOV/06	23/MAR/07
30	61/2006	30/NOV/06	08/FEB/07
31	62/2006	06/DEC/06	14/DEC/06
32	04/2007	30/MAR/07	31/MAR/07
33	05/2007	30/MAR/07	31/MAR/07

The other activities undertaken during the year under review are given hereunder:

i) **Approval of the Cost Data for FY 2006-07 in respect of OPTCL and Distribution Companies**

In accordance with para 4 of Appendix-1 (Regulation 13) of OERC (Conditions of Supply) Code, 2004, the licensees are required to submit the cost data to the Commission for approval from time to time. The approved cost data shall be utilized by the licensees for preparation of budgetary estimates for execution of capital works. Cost data for FY 2005-06 in respect of Licensees have already been approved by the Commission and are placed in the website. The Commission is in the process of finalizing the Cost Data for FY 2006-07 submitted by the licensees.

ii) **Regulations Framed under Electricity Act, 2003**

Consequent upon implementation of the Electricity Act, 2003 the Commission has framed a number of Regulations which are shown in the Table below:

Sl No.	Name of the Regulations	Orissa Notification Date	Published in Orissa Gazette No. and Date
1	OERC (Conditions of Supply) Code, 2004.	21 st May, 2004	28 th May, 2004
2	OERC (Licensees Standards of Performance) Regulations, 2004.	21 st May, 2004	28 th May, 2004
3	OERC (Grievances Redressal Forum and Ombudsman) Regulations, 2004.	5 th April, 2004	17 th May, 2004
4	OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004.	9 th June, 2004	10 th June, 2004
5	OERC (Procedure for filing appeal before the Appellate Authority) Regulations, 2004.	21 st May, 2004	28 th May, 2004
6	OERC (State Advisory Committee) Regulations, 2004.	21 st May, 2004	28 th May, 2004
7	OERC (Conduct of Business) Regulations, 2004.	21 st May, 2004	28 th May, 2004
8	OERC (Terms and Conditions for Open Access) Regulations, 2005.	6 th June, 2005	21 st June, 2005
9.	OERC (Determination of Open Access Charges) Regulations, 2006	6 th June, 2006	18 th July, 2006

iii) **Regulations in the process of finalization**

A Draft Intra-state ABT Regulations has already been framed. The final regulation shall be published soon in the Orissa Gazette.

iv) **Determination of Intra-State Open Access Charges:**

Under the new Act, the Commission is required to approve the Open Access Charges for the Open Access customers availing Intra-State Open Access to transmission and distribution systems. Both the transmission and distribution licensees had filed these charges for approval of the Commission. The Commission has conducted several rounds of hearing and is in the process of finalizing the Open Access charges for the smooth operation of Open Access. These charges include inter alia the following:

- (a) Wheeling charges for Open Access Customers seeking Open Access in distribution.
- (b) Cross subsidy surcharge as required under the Act,
- (c) Additional surcharge under Section 42(4) of the Act
- (d) Reactive Energy Charges.

v) **Pricing of surplus power of CGPs**

The Government of Orissa had prepared a Draft Policy Paper on CGPs. Comments on the said Draft Policy paper has been prepared and sent to

Government of Orissa with the mention that pricing of surplus power from CGPs would be prepared and finalized by the Commission through a transparent public hearing process. Accordingly, a Consultation Paper on CGP Pricing has been prepared and floated in the website to obtain public comments/suggestions. After receiving the suggestions/opinions from the public, the pricing policy shall be finalized.

vi) **Truing Up Exercise upto the Year 2005-06:**

A Truing Up exercise for all the four DISTCOs including GRIDCO has been taken up in accordance with the order of the Appellate Tribunal for Electricity.

vii) **Scrutiny of Thermal and Hydel Power Purchase Agreements with GRIDCO.**

(a) GRIDCO has submitted a number of PPAs for approval of the Commission. Scrutiny of the same is in progress. Status of Power Purchase Agreement with GRIDCO in respect of Thermal Project is as under:

Sl. No.	Name of Power Project	Date of PPA with GRIDCO	Date of MoU with Government	Type of Power Plant	Installed capacity (MW) (from date of MOU)
1	Nava Bharat Power Pvt. Ltd.	28.09.2006	09.06.2006	Thermal	2240 (1040 MW within 48 months & 1200 MW within 84 months from date of MOU)
2	Tata Power	28.09.2006	26.09.06	Thermal	1000 MW within 42 months from date of MOU
3	Jindal Photo Ltd.	28.09.2006	26.09.06	Thermal	1000 MW within 42 months from date of MOU
4	GMR Energy Ltd.	28.09.2006	09.06.2006	Thermal	1000 MW within 60months from date of MOU
5	Essar Power Ltd.	28.09.2006	26.09.06	Thermal	1000 MW within 42 months from date of MOU
6	CESC Ltd.	28.09.2006	26.09.06	Thermal	1000 MW within 48 months from date of MOU
7	Visa Power Ltd.	28.09.2006	26.09.06	Thermal	1000 MW within 36 months from date of MOU
8	Bhusan Energy (P) Ltd.	28.09.2006	26.09.06	Thermal	2000 MW within 60months from date of MOU
9	Lanco Group Ltd.	28.09.2006	26.09.06	Thermal	1320 MW within 48 months from date of MOU
10	Mahanadhi Aban Power Co. Ltd.	28.09.2006	09.06.2006	Thermal	1030 MW within 48 months from date of MOU
11	Sterlite Energy Ltd.	28.09.2006	26.09.06	Thermal	2400 MW within 45 months from date of MOU
12	Monnet Ispat & Energy Ltd.	28.09.2006	26.09.06	Thermal	600 MW within 36 months from date of MOU
13	KVK Nilachal Power (P) Ltd.	28.09.2006	26.09.06	Thermal	600 MW within 40 months from date of MOU
14	Sharvani Energy Pvt. Ltd.	28.09.2006	14.09.06	Small Hydro	15
15	Orissa Power Consortium Ltd.	28.09.2006		Small Hydro	18
16	Salandi Hydro Power Projects Pvt. Ltd.	28.09.2006	07.10.05	Small Hydro	09
17	Kakatia Chemicals (P) Ltd.	12.10.2006	27.10.05	Small Hydro	09

(b) Status of PPAs for the Small Hydro Electric Projects (SHEPs) submitted by GRIDCO is furnished in the following Table:

Name of the Developer	Name of the Small Hydro Electric Project (SHEP)	Location of SHEP	Installed Capacity in MW with no. of units	Design Energy (in MU)	Project Cost (in Rs. Cr.)	Date of MoU with Government
M/s Sharvani Energy (P) Ltd	Dumajorhi SHEP	On Kolab river at Village Dumajorhi	2x7.5	52.10	72.00	14.09.2006
M/s Orissa Power Consortium Ltd.	Jalaput Dam Toe SHEP	Jalaput Dam, Jalaput	3x6	82.50	83.50	07.11.1994
M/s Salandi Hydro Power Projects Pvt. Ltd.	Salandi Dam SHEP	Hadgarh (V) Dist-Keonjhar	2x4.5	28.40	39.52	07.10.2005
M/s Kakatiya Chemicals Pvt. Limited	Bargarh Head Regulator SHEP	Near Bargarh Head Regulator 18 km from Attabira	2x4.5	27.22	36.00	27.10.2005 (Revised MoU)
M/s Jeypore Hydro Power Projects Pvt. Ltd.	Jeypore SHEP	Sattiguda Reservoir near Jeypore town	2x3.0	19.97	27.63	05.07.2004
M/s Sideshwari Power Generation	Kharagpur SHEP	On Kolab river at Kharagpur	2x5.0	29.08	42.00	06.06.2002
M/s. Arun Power Projects Ltd.	Hatipathar SHEP	On Nagavali river in Rayagada Dist.	2x3.75 + 1x2.50	38.02	45.75	08.03.2004

i) **Status of determination of design energy for OHPC power stations**

A set of review meetings with OHPC were taken up for ascertaining the status of determination of design energy and project cost of UIHEP.

ii) **PPA with OPGC**

The OPGC PPA (Ib thermal) was to be reviewed by the Commission. However, the said case is locked up in Supreme Court.

iii) **Acturial Valuation**

Acturial valuation of Gratuity, Pension for existing pensioners and Family pensioners and leave encashment benefit in respect of OPTCL and four distribution companies has been undertaken by awarding the contract to Sri Bhudev Chatterjee, Actuary, for ascertaining the liability up to 31.03.2006.

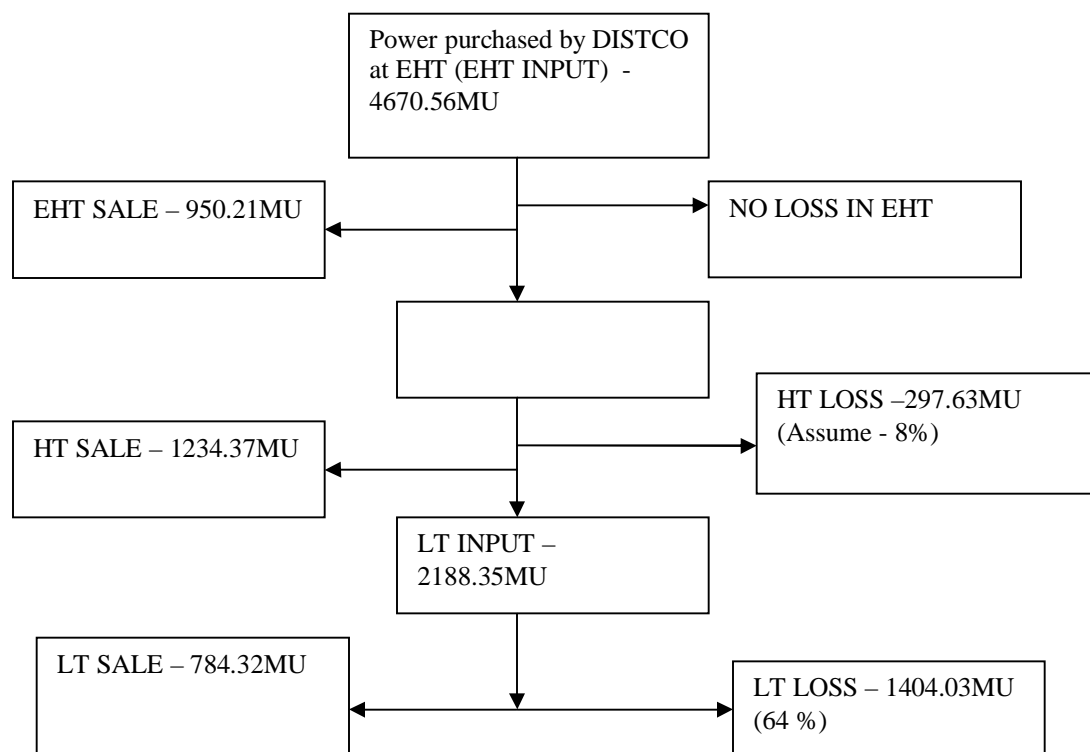
(B) **MONITORING THE ACTIVITIES OF THE LICENSEES (PERFORMANCE REVIEW DURING THE FY 2006-07)**

Review of performance of licensees (GRIDCO, OPTCL, WESCO, NESCO SOUTHCO and CESU) were taken up by the Commission at regular intervals during the year under review. Annual Review for the FY 2006-07 was also taken up.

➤ **Determination of HT Loss**

The Commission had made a pilot study in order to arrive at loss at HT through consultant, M/s PWC for all DISTCOs, where it was observed that the loss at HT was even less than 8%. While computing distribution loss, the Commission, therefore, has considered EHT sale to be zero loss sale whereas HT sale bears a loss of 8%. LT consumers being at the tail end of the power flow, loss calculation starts from top EHT end. The diagrammatic exposition of the loss calculation is presented in the block diagram given below:

➤ **Exemplary Calculation of LT Loss for a DISTCO**



➤ **Billing Efficiency**

The Commission has made use of the concept of Billing Efficiency while assessing the performance of the licensees. Billing Efficiency means energy billed to the consumer as a percentage of energy received by a DISTCO. It can be seen from the block diagram that distribution loss in LT is 64% which means only 36% of the units received at LT are billed. In other words, it may be stated that Billing Efficiency is 36%.

➤ **Collection Efficiency**

The amount collected as percentage of current billing is known as Collection Efficiency. The Collection Efficiency in LT for FY 2006-07 has been 77%.

➤ **AT&C Loss**

Distribution system losses have traditionally been used to measure the efficiency of distribution systems. These losses are computed in terms of difference between the energy input (in units) and the energy sold (in units), as a percentage of the total input energy (in units). This ratio does not reflect collection efficiency achieved by the distribution licensees. The Commission, therefore, adopted a new concept called Aggregate Technical and Commercial (AT&C) loss which is measured as follows:

$$AT \& C \text{ Loss } \% = \left\{ 1 - \left[\frac{\text{Units billed}}{\text{Units input}} \times \frac{\text{Revenue Collected}}{\text{Revenue Billed}} \right] \right\} \times 100 \%$$

AT&C loss is thus defined as one minus the product of Billing Efficiency and Collection Efficiency. Putting the value of Billing efficiency and Collection efficiency in the above formula

$$AT \& C \text{ Loss for LT for 2006-07} = (1 - (36\% \times 77\%)) \times 100 = 72\%$$

The Review Meetings conducted by the Commission revealed the following performance of the distribution companies during the year 2006-07 as tabulated below:

Performance Parameters of Distribution Licensees					
Name of Licensee	Performance parameter	Actual for 2005-06 (Perf. Rev.)	Approved for 2006-07	Actual for 2006-07 (Perf. Rev.)	Approved for 2007-08
WESCO					
	Distribution Loss (%)	37.8%	33.7%	36.4%	25.0%
	Collection Efficiency (%)	94.0%	94.0%	95.0%	96.0%
	AT&C Loss (%)	41.5%	37.7%	39.5%	28.0%
	Energy Input(MU)	4,188.25	4,600.00	4,670.56	5,496.00
	Energy Sale(MU)				
	EHT	878.39	1,000.00	950.21	1,690.00
	HT	1,007.08	1,286.00	1,234.37	1,446.00
	LT	719.80	761.70	787.85	986.25
	Total	2,605.27	3,047.70	2,972.43	4,122.25
	No. of Consumers	452,523		465,947	
	No. of Transformers burnt	1,664		2,530	
	Length of conductors stolen(km)	182.60		118.84	
	No. of Grievances Received by the licensee	22,993		30,394	
	No. of Grievances Disposed	19,727		23,032	
	No. of FIR lodged	NA		NA	
	Financial parameter				
	R&M (Rs. Cr.)	10.19	24.25	NA	23.82
	Employee cost (Rs.Cr.)	77.79	80.16	NA	89.88
	Receivables (Rs.Cr.)	31.03.06/ 762.69		31.03.07/ 793.79	
NESCO					
	Distribution Loss (%)	37.1%	31.5%	33.1%	26.0%
	Collection Efficiency (%)	89.0%	94.0%	91.8%	94.0%
	AT&C Loss (%)	44.0%	35.6%	38.6%	30.4%
	Energy Input(MU)	3,407.57	4,169.00	3,991.77	4,497.00
	Energy Sale(MU)				
	EHT	946.09	1,320.00	1,330.09	1,752.00
	HT	492.19	568.00	580.11	666.00
	LT	705.93	967.50	759.51	909.35
	Total	2,144.21	2,855.50	2,669.71	3,327.35
	No. of Consumers	494,204		515,889	
	No. of Transformers burnt	1,986		1,821	
	Length of conductors stolen(km)	56.42		74.47	
	No. of Grievances Received by the licensee	1,236		624	

	No. of Grievances Disposed	1,163		467	
	No. of FIR lodged	NA		NA	
	Financial parameter				
	R&M (Rs. Cr.)	11.03	24.48	NA	24.43
	Employee cost (Rs.Cr.)	66.51	69.60	NA	85.07
	Receivables (Rs.Cr.)	31.03.06/ 499.93		31.03.07/ 525.99	
SOUTHCO					
	Distribution Loss (%)	41.1%	33.0%	43.6%	30.4%
	Collection Efficiency (%)	91.0%	93.0%	93.0%	94.0%
	AT&C Loss (%)	46.4%	37.7%	47.5%	34.6%
	Energy Input(MU)	1,702.17	1,750.00	1,832.24	1,818.00
	Energy Sale(MU)				
	EHT	167.04	192.70	191.76	185.00
	HT	242.56	247.00	226.35	229.00
	LT	593.56	732.80	616.13	850.92
	Total	1,003.16	1,172.50	1,034.24	1,264.92
	No. of Consumers	474,075		497,049	
	No. of Transformers burnt	811		801	
	Length of conductors stolen(km)	70.11		24.73	
	No. of Grievances Received by the licensee			10,458	
	No. of Grievances Disposed	12,558		7,894	
	No. of FIR lodged	103		190	
	Financial parameter				
	R&M (Rs.Cr.)	5.85	17.35	NA	18.38
	Employee cost (Rs.Cr.)	61.22	68.18	NA	77.48
	Receivables (Rs.Cr.)	31.03.06/ 387.95		31.03.07/ 410.29	
CESU					
	Distribution Loss (%)	42.8%	33.0%	43.5%	29.3%
	Collection Efficiency (%)	88.6%	89.0%	93.6%	92.0%
	AT&C Loss (%)	49.4%	40.4%	47.1%	35.0%
	Energy Input(MU)	4,184.51	4,164.00	4,623.63	4,842.00
	Energy Sale(MU)				
	EHT	379.29	395.90	494.87	636.00
	HT	508.77	589.80	636.51	723.00
	LT	1,503.53	1,804.20	1,480.01	2,064.07
	Total	2,391.59	2,789.90	2,611.39	3,423.07
	No. of Consumers	901,764		947,969	
	No. of Transformers burnt	2,481		2,528	
	Length of conductors stolen(km)	80.00		77.89	

	No. of Grievances Received by the licensee	1,379		1,339	
	No. of Grievances Disposed	1,379		1,339	
	No. of FIR lodged	NA		NA	
	Financial parameter				
	R&M (Rs. Cr.)	NA	41.31	NA	43.64
	Employee cost (Rs.Cr.)	NA	113.10	NA	126.14
	Receivables (Rs.Cr.)	31.03.06/ 1267.83		31.03.07/ 1163.39	
ALL ORISSA					
	Distribution Loss (%)	39.6%	32.8%	38.6%	27.1%
	Collection Efficiency (%)	90.9%	92.5%	93.3%	94.1%
	AT&C Loss (%)	45.1%	37.8%	42.7%	31.4%
	Energy Input(MU)	13,482.50	14,683.00	15,118.20	16,653.00
	Energy Sale(MU)				
	EHT	2,370.81	2,908.60	2,966.93	4,263.00
	HT	2,250.60	2,690.80	2,677.34	3,064.00
	LT	3,522.82	4,266.20	3,643.50	4,810.59
	Total	8,144.23	9,865.60	9,287.77	12,137.59
	No. of Consumers	2,322,566		2,426,854	
	No. of Transformers burnt	6,942		7,680	
	Length of conductors stolen(km)	389.13		295.93	
	No. of Grievances Received by the licensee	41,986		42,815	
	No. of Grievances Disposed	34,827		32,732	
	No. of FIR lodged	NA		NA	
	Financial parameter				
	R&M (Rs. Cr.)				
	Employee cost (Rs.Cr.)				
	Receivables (Rs.Cr.)				



Distribution Loss:

- Reduction in distribution loss by WESCO is meager during 2006-07.
 - WESCO has achieved distribution loss of 37.8% for the year 2005-06 and 36.4% for the year 2006-07 against approval of 33.7% for the said year.
 - Thus it has been able to reduce the distribution loss by only 1.4% within one year for the said year.
- NESCO also has not done well on this front.
 - The licensee has achieved distribution loss of 37.1% for the year 2005-06 and 33.1% for the year 2006-07 against approval of 31.5%.

- Thus it has been able to reduce the distribution loss by 4% within one year.
- Performance of SOUTHCO in regard to distribution loss has also deteriorated.
 - SOUTHCO has achieved distribution loss of 41.1% for the year 2005-06 and 43.6% for the year 2006-07 against approval of 33.0% for the said year.
 - Thus the distribution loss instead of reducing has increased by 2.5%.
- CESU's performance in respect of reduction of distribution loss is poor during the period under review.
 - CESU has achieved distribution loss of 42.8% for the year 2005-06 and 43.5% for 2006-07 against approval of 33.0% for the said year.
 - Thus instead of distribution loss being reduced the same has increased by 0.7%.
- **In view of the higher loss levels in the State of Orissa, there is a need for infusion of experienced professionals from other successful private companies like NDPL, Calcutta Electricity Supply Company (CESC) and distribution companies operating in Andhra Pradesh.**

➤ **Collection Efficiency:**

The collection efficiency of the four DISTCOs has increased marginally during 2006-07.

- WESCO has achieved Collection Efficiency of 94% for the year 2005-06 and 95% for the year 2006-07. Thus the licensee has been able to increase collection efficiency by only 1% within the year.
- In NESCO, the Collection Efficiency was 89% for the year 2005-06 and 91.8% for 2006-07 against Commission's approval of 94%. Thus it has been able to increase collection efficiency by only 2.8% within the year.
- SOUTHCO has achieved Collection Efficiency of 91% for the year 2005-06 and 93% for the year 2006-07. Thus there has been an increase in collection efficiency by only 2.0% within the year.
- The collection efficiency was 88.6% for the year 2005-06 and 93.6% for 2006-07 in respect of CESU. Thus it has been able to increase collection efficiency by only 5.0% within the year under review.
- The overall collection efficiency in the State has gone up from 90.86% in 2005-06 to 93.38% in 2006-07.

➤ **AT&C Loss:**

In respect of AT&C loss the performance of the DISTCOs has been unsatisfactory.

- WESCO has achieved AT&C Loss of 41.5% for the year 2005-06 and 39.5% for 2006-07 against Commission's approval of 37.7%. Thus it has been able to reduce the AT&C Loss by only 2% within the year.
- Reduction in AT&C Loss of NESCO has not been satisfactory. It has achieved AT&C Loss of 44.0% for the year 2005-06 and 38.6% for 2006-07 against Commission's approval of 35.6%. Thus the licensee has been able to reduce the AT&C Loss by 5% within the year.
- Performance of SOUTHCO in regard to reduction of AT&C Loss has rather deteriorated. The licensee has achieved AT&C Loss of 46.41% for the year 2005-06 and 47.5% for 2006-07 against Commission's approval of 37.7%. Thus instead of AT&C Loss being reduced the same has increased by 1.1% during the year.
- CESU has also not done well on this front. It has achieved AT&C Loss of 49.4% for the year 2005-06 and 47.1% for 2006-07 against Commission's approval of 40.40%. Thus the licensee has been able to reduce the AT&C Loss by only 2% within the year.
- The overall AT&C loss during 2006-07 was 42.65% as against 45.11% in 2005-06. Ideally the AT&C loss should be reduced to 15%.

➤ **Transformer Burning:**

- WESCO – Increased from 1664 in 2005-06 to 2530 in 2006-07.
- NESCO – Reduced from 1986 in 2005-06 to 1821 in 2006-07.
- SOUTHCO - Reduced from 811 in 2005-06 to 801 in 2006-07.
- CESU - Increased from 2481 in 2005-06 to 2528 in 2006-07.

➤ **Length of Conductor Stolen (KM):**

- The length of conductor stolen (Km.) in WESCO reduced from 182 km in 2005-06 to 118 km in 2006-07.
- In respect of NESCO, the figure increased from 56 km in 2005-06 to 74 km in 2006-07.
- SOUTHCO reduced theft of conductor from 70 km in 2005-06 to 24 km in 2006-07.
- CESU reduced theft of conductor from 80 km in 2005-06 to 78 km in 2006-07.

➤ **Achievement on Overall Standards of Performance:**

Apart from financial parameters and achievements in respect of those, the DISTCOs are also subject to achieve certain standards of performance as mentioned in various OERC Regulations. The table below highlights these performances by the various DISTCOs.

Performance of DISTCOs Based on the Data Furnished Through Affidavit (2006-07)

Achievement on Overall Standards of Performance:

LICENSEES		CESU	NESCO	WESCO	SOUTHCO
Achievement in % of the licensees in the following service area	Minimum % target fixed by the Commission				
Rectification of fuse-off call within 6 hrs. of receiving the complaint in urban areas	90	99.68	100	100	97
Rectification of fuse-off call within 24 hrs. of receiving the complaint in rural areas	90	99.72	99	100	97
Restoration of line break-down within 12 hrs. of receiving the complaint in urban areas	95	99.98	96	100	94
Restoration of line break-down within 24 hrs. of receiving the complaint in rural areas	95	99.8	95	100	92
Replacement of Distribution Transformer within 24 hrs. of receiving the complaint in urban areas	95	93.68	89	100	97
Replacement of Distribution Transformer within 48 hrs. of receiving the complaint in rural areas	95	79.11	88	99.75	93
Completing the work within 12 hrs. of the scheduled outage before 5 PM/6 PM	90	<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>
No. of hourly measurement in which the supply frequency went beyond $\pm 3\%$		<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>
No. of cases in which voltage at the point of commencement of supply exceeded 3% of the voltage limits fixed under I.E. Rules, 1956					
EHT		<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>
HT		<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>
LT		<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>	<i>Not furnished</i>
Rectification of Street light fault within 6 hrs. of receiving the complaint	90	95	<i>Not furnished</i>	90	96

No. of faulty bills prepared as a percentage of total no. of bills issued	0.1	10	27	0.1	2
No. of faulty meters prepared as a percentage of total no. of existing meters	5	10	29	5	6
Total no. of interruption each lasting more than 5 minutes faced by 1 KW connected load (SAIFI)		75.28	328.39	30.915	164
Total no. of interruption each lasting less than 5 minutes faced by 1 KW connected load (MAIFI)		42.76	130.03	32.431	100
Total duration of interruption in minutes each 1 KW connected load (SAIDI)		2149.74	5823.68	833.971	6599
No. of accident cases		05-06 06-07	05-06 06-07	05-06 06-07	05-06 06-07
Fatal Human		2 6	9 9	9 18	18 14
Fatal Animal		2 4	4 15	15 20	6 11
Non-fatal Human		2 3	4 1	12 18	4 16
Non-fatal Animal		0 2	7 2	1 1	0 4
Note:					
1. The information on Guaranteed Standards of Performance is available in the OERC website: www.oriarc.org and in respective websites of the Distribution Licensees.					
2. The aforesaid information are based on the data furnished by the Distribution Licensees submitted through affidavit.					
3. The Commission has reservation on the authenticity of the above data.					
4. Members of the public may furnish their comments on the above data to the Commission.					

➤ **Amendment of OERC Regulations:**

A number of OERC Regulations as detailed below have been amended consequent upon the suggestions in the meetings of the Orissa Legislative Assembly.

1. OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 (Reg.5 & 10).
2. OERC (Licensees Standards of Performance) Regulations, 2004 (Reg.3).
3. OERC (Procedure for Filing Appeal Before the Appellate Authority) Regulations, 2004 (Reg.4).
4. OERC (State Advisory Committee) Regulations, 2004 (Reg.3, 7 & 9).

5. OERC (Grievance Redressal Forum & Ombudsman) Regulations, 2004 (Reg.3 & 5).
6. OERC Distribution (Conditions of Supply) Code, 2004 (Reg.13, 51, 57 & 59).
7. OERC (Terms and Conditions for Open Access) Regulations, 2005 (Reg.12).

In this context, the judgment of the Orissa High Court W.P.(C) No. 7160 of 2004 is annexed for information of all concerned.

The Commission monitors the technical performance of the utilities under various technical parameters, including license conditions and performance standards. Interruptions in Distribution System are measured in terms of Interruption Reliability Indices (such as SAIFI, SAIDI and MAIFI). All the Distribution Licensees are required to submit introspective reports every quarter and a consolidated annual report every financial year. The Commission also looks into general complaints of technical nature affecting large areas / groups of consumers. The Engineering Division consisting of one Director, one Joint Director and one Deputy Director undertakes the above tasks. Since the start of calendar year 2005, the (IT) Section has become a part of this Division.

The annual progress report of activities pertaining to Engineering and IT for the year 2006-07 is given below separately.

➤ **Engineering - Functions**

This Section of the Division provides vital technical inputs for grant, revocation, amendment or exemption from license under Part IV “Licensing” of the Electricity Act, 2003 read with Section 15 of the OER Act, 1995. It monitors the performance of the utilities [i.e. Bulk Supply (Trading) Licensee, Transmission Licensee and Distribution Licensees). Other important tasks of the Engineering Division include:

- (i) Provision of information to the Commission (major breakdowns & other related information),
- (ii) Investment approval,
- (iii) Monitoring payment of licence fees,
- (iv) Approval, review, amendments & implementation of GRIDCODE,
- (v) Approval, review & implementation of Distribution (Planning & Operation) Code.
- (vi) Load Forecast for the power system and Transmission and generation procurement planning for future years, Monitoring of transmission projects.
- (vii) Publication of Annual Achievement by the DISTCO’s of Guaranteed Performance and Overall Performance.
- (viii) Publication of Annual Statement on System Performance by the transmission licensee as per the Licence condition No. 16.7 of Transmission Licence.
- (ix) Monitoring/ issuing specific guidelines to the Licensees on complaint received from the consumers.

The Engineering Division took up the following activities during the FY 2006-07:

➤ **Publication of Orissa Grid Code (OGC) Regulation, 2006 and Distribution (Planning & Operation) Code**

The Commission has framed the Orissa Grid Code (OGC) Regulation, 2006 and the same is published in the official gazette No.819 dated 1st May 2006 and came into force with effect from the date of publication i.e. 14th June 2006.

➤ **Publication of System Performance of OPTCL for the year 2006-07**

The annual system performance of OPTCL for the year 2006-07 was submitted by OPTCL on 11.07.2007. The consolidated statement of system performance was published on 18.08.2007. The findings are summarised below :

- The annual peak demand of OPTCL was 2574 MW during 2006-07 as compared to 2408 MW during 2005-06, 2203 MW during 2004-05, 2109 MW during 2003-04 and 2043 MW during 2002-03 respectively.

GRIDCO had drawn 14360.738 MU from the State sector and 4513.056 MU from the Central sector during 2006-07 as compared to 11718.508 MU and 4595.893 MU respectively from the State and Central sector during 2005-06. The excess generation in the State sector was possible due to high level of water in reservoirs during 2006-07. The total drawal being 18873.794 MU, GRIDCO exported 1818.975 MU during 2006-07 while the State as a whole consumed 17054.819 MU.

- During this period, OPTCL made addition of 92.6 Ckt. Km. of 220 KV lines and 61.4 Ckt. km. of 132 KV lines. As on 01.04.2007, OPTCL is having total 460.5 ckt km of 400 KV lines, 4482.4 ckt km of 220 KV lines and 4613.1 ckt km of 132 KV lines. There was capacity addition of 1 no. of 132/33 KV S/S and 5 nos. of 132 KV switching stations of industries during the said period.
- During 2006-07, load restriction to the extent of 17.87 hrs. (0.2%) & 729.77 hrs. (8.33%) was clamped due to non-availability of generation/failure of generating stations and transmission capacity respectively. However, there was no rescheduling of generation on account of non-availability of transmission capacity. There was 48 hrs. (0.55%) of frequency excursion above 50.5 Hz against 97 hrs.(1.1%) of frequency excursion during the year 2005-06. The frequency excursion below 49 Hz in the year 2006-07 was 900 hrs. (10.27%) against 212 hrs. (2.42%) during the year 2005-06.

➤ **Annual Overall Performance of DISTCOs**

The Annual Guaranteed and Overall Performance report for the year 2005-06 was submitted by NESCO on 18.08.2006, SOUTHCO on 11.09.2006, CESU on 12.05.2006 and WESCO on 06.09.2006. The consolidated Annual Guaranteed Performance report was published in the OERC website and Overall Performance report was published in daily newspapers on 20.12.2006 and also in the OERC website.

➤ **Annual Statement on System Performance of STU**

The annual system performance of OPTCL for the year 2006-07 was submitted by OPTCL on 11.07.2007. The consolidated statement of system performance was published on 18.08.2007.

➤ **Long-term Load Forecast**

GRIDCO/OPTCL had submitted Load Forecast for 2006-2015 to OERC on the basis of the 5-year demand forecasts submitted by the DISTCOs. As it was a late submission and the year 2005-06 was already over, the Commission has decided to analyze Load Forecast exercise for the period 2007-16, as soon as the same is received.

➤ **Notification of various Regulations under the Electricity Act, 2003**

Draft Regulation on “Orissa Grid Code” processed and finalized.

➤ The Division has also carried out the following additional activities during the FY 2006-07:

- Draft Licence Conditions for GRIDCO, OPTCL and the DISTCOs were processed and finalized.
- Monitored License fee collection from all the licensees for 2006-07.
- While reviewing the performance of all DISTCOs, OPTCL and GRIDCO for the FY 2006-07 by the Commission, findings on issues related to Engineering have been furnished.
- In the Annual Revenue Requirement and Tariff exercise for 2006-07, Engineering Division scrutinized filings of the licensees.
- Opinions on the investment proposal of OPTCL, CESU & WESCO were given.
- Comments on CEA (Installation & Operation of meters) Regulations, 2006 were processed for submission to FOIR.
- Scrutiny on maintenance quality check was done for NESCO, WESCO & SOUTHCO with the help of the Special Officers appointed by OERC.
- Consumer service documents were processed for finalization.
- Comment on the proposal for 2 MW demonstration wind power project by OREDA at Panchapatmali Mines given.

- J.D. (Engg.) inspected Bhanjanagar Electrical Circle of SOUTHCO along with the OCA representative for verifying the authenticity of data submitted by SOUTHCO to the Commission.

➤ **Major Activities Of IT Section**

- The major activities of the IT Section under Engineering Division is summarized below. The IT Section has provided necessary technical assistance for monitoring the performance of the licensees.

➤ **Implementation of CTS (Case Tracking System)**

Case Tracking System which was earlier developed under E-Commission initiative was fully implemented with entry of all cases from year 2004 onwards. This system tracks cases from the stage of petition filing to disposal of the same. Further, it automates the case handling procedure at the Commission.

It has also been web-enabled. As such, queries regarding the cases along with the proceedings can be seen on the Commission's website, www.oriarc.org and the orders can be downloaded.

➤ **Development and Implementation of CBIS (CESU Billing Information System)**

OERC is continuously in pursuit of developing systems to gather, store and analyze data such that it benefits the power sector as a whole. CBIS (Cesco Billing Information System) is a step in this direction. It has been developed as an online analytical processing system (OLAP) for use by CESU, OERC and the consumers. It has been built over the base level data available at CESU in its Billing System and is available on the web as ***cbis.oriarc.org*** to the authorized users.

The aforesaid data at CESU is presently kept and processed in FoxPro environment. Moreover, data is available for each division separately. This posed a major problem in the development of CBIS. However, with careful and systematic study of data and with necessary help from the MIS Department of CESU, a mechanism was developed to keep them in an integrated manner.

As CBIS is intended to become a data warehouse application in future, Oracle 10g, which has both OLTP and data warehouse and OLAP features, has been chosen as the database. Oracle 10g IDS and Application Server (Oracle 10g AS) provide the development and web-enablement support respectively.

The unfurling of CBIS entailed the following activities:

- ii) Migration of billing data from April, 2005 to March, 2006 existing in FoxPro to Oracle 10g
- iii) Development of a full-proof mechanism to transfer billing data at Cesu to CBIS for each month without any error or loss.

- iv) Development of a procedure to determine new consumers added in a month, changes made to the existing consumers, identification of Government consumers etc.
- v) Development of several forms and reports providing analytical information on the basis of category, billing basis, voltage type etc.

Presently, this system will help consumer, utility and the Commission by providing them with the following information anywhere and anytime.

- i) Consumer wise bills and payment details for a financial year.
- ii) Division wise billing and collection details.
- iii) Reports on new consumers added and changes made to the existing consumers.
- iv) Analytical information on billing and collection related to tariff categories, billing basis etc.
- v) Exception reports for better monitoring by the utility.

Gradually, CBIS is becoming a part of the data warehouse and eventually, it shall become an invaluable treasure for the power sector of Orissa.

➤ **OERC becomes E-Commission**

OERC has become an e-commission with the launching of its portal, an overhauled version of its website www.orierc.org, on January 10, 2007. The new portal allows consumers to file petitions online. Moreover, an electricity consumer of the State can see billing as well as payment details on the website. Useful telephone numbers of Junior Engineers, SDOs and Grievance Redressal Fora of localities are also posted in the portal.

Besides, it enables to track cases on the basis of case number or other parameters such as date and year of case, its category and party. The new portal also offers a lot of services to utilities which can enter as well as analyze data related to finance and operation, technical and planning through the Regulatory Information Management System (RIMS). Utilities can also seek data on such matters and communicate with the regulator effectively. It eventually would help OERC regulate licensees on the basis of analysis made on data in different information management systems. Intranet users, at the same time, can use the portal to exchange their views and share information through the discussion forum.

➤ **Maintenance of Database, Hardware and Software**

- a) Maintenance of Database entailed the following activities
 - CESU Billing System data transfer from DBF to text
 - Converting Data to Oracle format
 - Exporting data from Local Server
 - Importing & configuring Data in Web Server
 - Regular backup of

- CBIS (Cesco Billing Information System)
 - RIMS (Regulatory Information Management System)
 - Savior System (Attendance Recording System)
 - CTS (Case Tracking System)
- b) Hardware Maintenance involved the following activities
- Solving Computer Booting/Shutdown/Hang problems
 - Resolving Network problems
 - Fixing of Printer and Monitor related problems
 - Maintenance of Oracle Server, Internet Server, Switch, HUB, Modem, Mail Server etc.
- c) Software Maintenance entailed the following activities
- Installation of software including Operating System and Application software
 - Up gradation of software including anti-virus

(C) CONSUMER INTEREST

OERC is committed to fulfill its mandate of safeguarding the interests of the state consumers and ensuring that they get a fair deal. The Commission's approach to consumer education & protection has been proactive. It has taken the following consumer friendly steps to empower electricity consumers:

- Introduction of guaranteed overall and individual Standards of performance
- Vigorous monitoring of licensees performance
- Interactive web portal with complete updated information on all activities of OERC
- Alternate Dispute Resolution forum in OERC
 - A three member cell consisting of Secretary, Information Officer & Jt. Director (Law) receive, register and forward complaints to DISTCOs/ GRFs for resolution. Redressal of complaints is monitored through a monthly meeting of OERC and Utilities representatives. Cases which are liable for action Under Section 142 of the Electricity Act 2003 are put up to the Commission for hearing and orders :
- Consumer education
- Direct consumer interface programs by OERC
- Print and audio visual campaign
- Publication of frequently asked questions

- A bilingual booklet on frequently asked questions of consumers was printed and distributed widely for information of consumers in 2001. It was also placed in the OERC website.
- Translation of regulations into local language
 - Major regulations were translated into Oriya, published and distributed widely among consumer groups in collaboration with the Federation of Consumer Organisations, Orissa (FOCO)
- Networking of consumer groups empanelled with OERC
- Introduction of spot billing and meter cards
 - In the 2002-03 tariff order the Commission introduced the concept of spot billing and energy pass book which was subsequently adopted by all four DISTCOs in major cities.
- Extensive training for DISTCOs staff by OERC on regulations/Electricity Act, 2003.

The Commission has also tried to increase public awareness regarding reform by disseminating information on the activities undertaken by the Commission through different form such as web site, media and direct consumer interface.

During the FY 2006-07, the Commission registered a total of 75 Nos. of cases and disposed 33 of them. Two consumer cases were taken up under section 142 of the Electricity Act, 2003 namely for violation of OERC rules by DISTCOs. Relief was granted to both consumers.

➤ **GRF and Ombudsman**

- (i) Under Section 42 (5), (6) and (7) of the Electricity Act, 2003, the Commission has formulated a Regulation namely, OERC (GRF and Ombudsman) Regulations, 2004 under which the Distribution Licensees of the State have established Grievances Redressal Forums (GRF) in the respective area of supply and the Commission has also established four Electricity Ombudsmen in four zones of the State. The GRFs are functioning all over the State since October, 2004 and the Ombudsmen are functioning since January, 2005.
- (ii) During 2006-07, the GRF & Ombudsmen were working in the following places in the State of Orissa:

<u>Licensee</u>	<u>Location</u>	<u>Jurisdiction</u>	<u>Telephone (O)</u>
WESCO:	GRF, Rourkela	- Rourkela Ele. Circle.	0661-2400963
	GRF, Sambalpur	- Burla Elec. Circle.	0663-2432839
	GRF, Bolangir	- Bolangir Elec. Circle.	06652-235741

NESCO:	GRF, Jajpur Road	-	Jajpur Elec. Circle	06726-224668
	GRF, Balasore	-	Balasore. Elec. Circles Baripada Elec.Circles, Bhadrak Elec. Circles	06782-325890
CESU:	GRF, Bhubaneswar	-	Bhubaneswar Circle – I & PED, Puri	0674-2545686
	GRF, Khurda		Bhubaneswar Circle II except PED, Puri	06755-221529
	GRF, Cuttack		Electrical Circle, Cuttack	0671-2322685
	GRF, Paradeep		Electrical Circle, Paradeep	06722-2377071
	GRF, Dhenkanal		Electrical Circle,Dhenkanal	06762-227527
SOUTHCO:	GRF, Berhampur	-	Berhampur Electricity Cirty Circle, Berhampur Elec. Circle Bhanjanagar Elec. Circle	0680-3201619
	GRF, Jeypore	-	Jeypore Elect. Circle. Rayagada Elect. Circle,	06854-250610

- (iii) The Commission has also established the offices of the Ombudsmen as per the provisions of the Electricity Act, 2003 in the different parts of the State as mentioned below:

<u>Location</u>	<u>Jurisdiction</u>
Ombudsman (Central Zone), Bhubaneswar	- For CESU's area of supply (Tel: 0674-2430054)
Ombudsman (Northern Zone), Balasore	- For NESCO's area of supply (Tel: 06782-266642)
Ombudsman (Southern Zone), Berhampur	- For SOUTHCO's area of Supply (Tel: 0680-2296298)
Ombudsman (Western Zone), Sambalpur	- For WESCO's area of supply (Tel: 0663-2522624)

- (v) The Commission issued various Circulars and Guidelines for smooth working of GRF & Ombudsman.

➤ **Consumer Complaints**

- As per the Orissa Electricity Reform Act, 1995, there is an existing Complaint Handling Procedure for disposal of consumer complaints at the Distribution Licensee's level. Aggrieved consumers can approach the SDO/Asst. Manger at the Section level and there is time bound schedule for disposal of their complaints at different levels right up to the CEO. Licensee must redress complaints within a maximum period of 45 days as per provisions of OERC (GRF & Ombudsman) Regulations, 2004. Each Division is required to have a Consumer Cell to deal with consumer complaints.
- With the Electricity Act, 2003 came into force w.e.f. June 2003, a statutory provision was made for disposal of consumer complaints by a two tier mechanism consisting of Grievance Redressal Fora and Ombudsmen. If the licensee fails to address complaints the consumer can now approach the GRF and the Ombudsman for relief. The OERC framed a regulation called the OERC Grievance Redressal Forum and Ombudsman Regulation, 2004 which was notified in July 2004.

As per the reports of GRF & Ombudsmen submitted to OERC, from April 2006 to March 2007, 1533 number of consumer complaints were received and 1259 disposed of by the GRFs. 93 cases came up for appeal before the four ombudsmen and 77 were disposed of at the end of March, 2007. The position has been indicated in Annexure – “C”

- The Consumer can also approach the Commission directly under Section 142 of the Electricity Act, 2003 if any provisions of the Act or any regulation is violated by the licensee. The Commission has set up its own Grievance Redressal Cell to monitor disposal of consumer complaints by the licensee. The Information Officer who reports to the Secretary is in charge of the Cell. As on March 2007, 103 consumer complaints were registered with the cell. They were forwarded to the concerned GRFs for necessary action.

The Commission initiated a monthly monitoring meeting to dispose of consumer complaints registered with the OERC cell where representatives of 4 DISTCOs were asked to appear and give feedback on grievance redressal in their area of operation. This has resulted in speedier compliance.

➤ **Publicity**

In order to ensure transparency and participation all orders of the Commission regarding major issues are passed after conducting open public hearings. In 2006-07 the Commission carried out a number of public relation activities including press briefings during the annual tariff hearing, issue of press releases and preparation of promotional materials.

Two short tele-features of 15-minute duration each on GRF & Ombudsman & Standards of Performance respectively were produced by OERC and telecast on Doordarshan 1 & 2 during October 2006. Two spots on GRF/Ombudsman & Standards of Performance were also produced and telecast simultaneously.

➤ **Training**

In 2005-06, the Commission carried out its proactive programme of educating the consumers and utility functionaries on the provisions of the Electricity Act, 2003 and the regulations framed under it. An interactive orientation programme for senior government district functionaries on overview of the electricity sector and highlights of the Electricity Act, 2003 was organized by OERC through the GRAMSAT programme of ISRO in November 2006. A team of officers from OERC served as resource persons for the programme.

➤ **Publication**

The Commission's biennial newsletter was compiled. Copies of the same were printed and distributed to Members and all Divisions of OERC and posted on the website. A compendium of Orders on Annual Revenue Requirement & Bulk Supply & Retail Supply Tariff for FY 2006-07 was published by OERC and distributed among various stakeholders including consumers groups.

➤ **Press Clipping Service**

In order to keep the Commission abreast of up-to-date developments in the power sector within and outside the State, a daily press clipping service is maintained in the Commission. Articles and news items relating to the regional, national and international developments in the power sector published in the media were scanned and put up to the Commission for perusal and suitable action. The Commission took suo motu action on a number of such complaints.

(D) DISPUTE ADJUDICATION

The Law Division deals with all legal matters pertaining to the functions of the Commission. Scrutinization of applications/replies/objections filed before the Commission, rendering necessary legal advice on various matters, representing the Commission in various Courts, Fora and Tribunals, liaising with legal counsel, drafting and vetting of regulations, practice directions, notifications; maintaining relevant legal information, participating in Commission's proceedings, monitoring the activities of GRF & Ombudsman are the prime functions of this Division.

➤ **Tariff Matters for FY 2006-07**

Being aggrieved by the orders of the Commission passed in case No. 44,45 & 46 of 2005 (Retail Supply Tariff Order), Case No.42 of 2005 (Bulk Supply Price Order) and Case No.43 of 2005(Transmission Tariff Order), the REL controlled three Distribution Licensees (WESCO, NESCO & SOUTHCO) had filed appeals before the Appellate Tribunal for Electricity(ATE). The Hon'ble Tribunal vide its Order dated 13.12.2006 passed in Appeal Nos. 71, 72 & 73 of 2006 (Transmission Tariff), 74, 75 & 76 of 2006 (Bulk Supply Price) and 77, 78 & 79 of 2006 (Retail Supply Tariff) had disposed the matters and had directed the Commission for re-determination of tariff for FY 2006-07. The GRIDCO and OPTCL have preferred appeals before the Supreme Court in Civil Appeal No.414

of 2007 and Civil Appeal No.417 of 2007 in respect of Bulk Supply and Transmission tariff. The Hon'ble Supreme Court vide its Order dated 20.04.2007 has directed the OERC not to proceed further on the impugned Orders. The Commission has preferred an appeal before the Supreme Court on 06.02.2007(Civil Appeal No.759 of 2007) against the ATE's Order on RST for FY 2006-07. Therefore, at present all the above matters are pending before the Supreme Court.

➤ **Case matters before the High Court, Supreme Court & ATE.**

- During the year 2006-07 (January 2006 to 1st April 2007), the Commission received notices in 11 cases from the Hon'ble High Court of Orissa (All are Writ Petitions) out of which 2 cases were disposed off the Hon'ble High Court i.e, OJC No. 6751 of 2000: L.I. Parija & Others Vrs State of Orissa & others and WP(C) No.5847 of 2006: M/s Jindal Stainless Ltd. & Others Vrs State of Orissa & others.
- The Commission also received Appeal Memo with notices of 12 cases from the Supreme Court of India during the above mentioned period and all these SLPs are pending before Hon'ble Supreme Court and the Commission has preferred two appeals against the order of the Appellate Tribunal for Electricity, New Delhi before the Hon'ble Supreme Court in SLP Nos. 759 & 946 of 2007 regarding RST and BST matters.
- In Appellate Tribunal for Electricity, New Delhi the Commission appeared in 10 appeals out of which 5 appeals have been disposed off and rest 5 appeals are pending.
- The Division liaised with Legal Counsels at High Court, Supreme Court and Appellate Tribunal for Electricity for preparation of petitions, counter affidavits, and apprised the Commission on latest development of the pending cases. Commission engaged senior and experienced legal counsels like Sri Samareshwar Mahanty at Orissa High Court, Sri K.V. Mohan, Advocate on record, Sri Vinoo Bhagat at Supreme Court of India and Sri M.G.Ramchandran at Appellate Tribunal for Electricity.

➤ **Proceedings before the Commission**

The Division examined and scrutinized petitions/replies/objections filed before the Commission. It also advised and rendered legal opinion on matters referred to it by the Engineering, Tariff, Secretarial and Administrative Divisions.

➤ **Oath Commissioner and Member of the Rule Making Committee**

The Joint Director (Law) administered oath & affirmation of the deponents for the purpose of affidavits used in proceedings before the Commission. Jt. Director (Law) as a member of the Rule Making Committee of the Dept. Energy Govt. of Orissa, attended the meetings of the said Committee for finalization of Govt. of Orissa's Rules, framed under the Electricity Act, 2003.

➤ **Drafting and legal vetting**

The Division drafted, and also made legal vetting of public notices, show cause notices, circulars etc. Issue of relevant documents for disinvestments of CESCO Utility, the circular relating to payment of compensation by the Distribution Licensees to the affected consumers for violation of Standards of Performance, issue of Public Notices for Tariff hearing are vetted by the Law Division.

The Division assisted the Tariff Division for preparation and finalization of OERC (Determination of Open Charges) Regulations, 2006 and amendment of OERC (Terms & Conditions for Open Access) Regulations, 2005.

The Division assisted the Engineering Division for preparation and finalization of Orissa Grid Code and drafting of Licence Conditions for Deemed Licensees.

➤ **Legal Information**

The Division subscribed law journals/reports/Collected CDs to update information on latest judicial precedents/legislative developments. It gathered relevant information on Acts, Rules, Regulations and Orders on legal and regulatory matters relating to electricity.

(E) ADMINISTRATION

The Administration Division provides vital support to the Commission in recruitment of executive and non-executive, overseeing operational needs such as fiscal services, budget, house keeping, purchase, procurement, maintenance, care taking, Security, training, performance appraisal etc. It is headed by the Secretary and consists of a Deputy Director (Personnel and Administration), an Accounts Officer, an Accountant-cum-Cashier, one Consultant (Accounts), one Consultant (Establishment & Accounts) and one Steno-cum-Computer Assistant.

- **Officers and staff:** The Commission has 16 officers and 25 staff of various categories as on 31.03.2007. (Annexure-E)
- **New Entrants:** One Accountant-cum-Cashier and 6 peons were confirmed in service.
- **Deputation:** One officer each from OHPC & OPTCL joined on deputation at OERC (Shri Krupasindhu Biswal, Dy. Director (P & A) & Shri Saktipada Mishra, Dy. Director (Engg.))
- **Training:** Training and seminars are an integral part of a knowledge based organization like OERC. Commissioners, Officers and Staff attended various training programmes during the year under review.

8. STATE ADVISORY COMMITTEE MEETING

The Minutes of the State Advisory Committee Meeting held during 2006-07 are placed in Annexure-D.

9. ANNUAL STATEMENTS OF ACCOUNTS

The Govt. of Orissa notified the OERC (Fund) Rules, 2006 as envisaged under the Electricity Act, 2003. These rules came into effect from 1.04.2006 which authorizes OERC to create a Fund to be operated in a nationalized bank. Accordingly 'OERC Fund' has been created and opened in a nationalized bank.

The Fund is meant for meeting all the expenses of the Commission together with salary, allowances and other remuneration of Chairperson, Members, Secretary, Officers and other Employees of the Commission including pension and provident fund. Consequent upon the said notification the budgetary support from the Government of Orissa is dispensed with effect from 1.04.06.

The sources of the Fund are envisaged in the following manner in the said notification:

All revenues of the Commission including the grants and loans by the State Government under Section 102 of the Act; the fees and other sum received by the Commission under sub-section (1) of Section 103 of the Act shall be deposited or remitted to the Fund.

The accounts of the Commission are to be maintained as per OERC (Form of Annual Statement of Accounts) Rules, 2006. Accordingly the following statements for the FY 2006-07 are produced below:

- (a) Balance sheet
- (b) Income and Expenditure Account
- (c) Receipt and Payment Account.

ORISSA ELECTRICITY REGULATORY COMMISSION			
UNIT-VIII, BIDYUT NIYAMAK BHAWAN			
BHUBANESWAR-751012			
BALANCESHEET FOR THE YEAR ENDED 31ST MARCH-2007			
<u>LIABILITIES</u>	<u>AMOUNT (Rs.)</u>	<u>ASSETS</u>	<u>AMOUNT (Rs.)</u>
Capital Account		Fixed Assets	712,701.00
Loans (Liabilities)		<u>Current Assets</u>	
Current Liabilities		Loans & Advances	266,535.00
Excess Income over Expenditure	16,959,661.30	Cash in Hand	10,000.00
		Cash at Bank	15,970,425.30
Total	16,959,661.30	Total	16,959,661.30

ORISSA ELECTRICITY REGULATORY COMMISSION			
UNIT-VIII, BIDYUT NIYAMAK BHAWAN			
BHUBANESWAR-751012			
INCOME & EXPENDITURE STATEMENT AS ON 31.03.2007			
<u>PARTICULARS</u>	<u>AMOUNT (Rs.)</u>	<u>PARTICULARS</u>	<u>AMOUNT (Rs.)</u>
<u>Expenditure</u>		<u>Revenue</u>	
Employees Cost (100)	10,439,155.00	Receipts of the Commission (400)	36,354,303.30
Travel Expenses (101)	575,450.00		
LTC (102)	104,258.00		
Pension (103)	270,879.00		
Office Expenses (104)	1,778,475.00		
Repair and Maintenance (105)	339,943.00		
Establishment Expenses (106)	5,494,885.00		
Other Expenditure (108)	391,103.00		
House Rent (109.47)	494.00		
Excess Income over Expenditure	16,959,661.30		
Total	36,354,303.30	Total	36,354,303.30

ORISSA ELECTRICITY REGULATORY COMMISSION			
UNIT-VIII, BIDYUT NIYAMAK BHAWAN			
BHUBANESWAR-751012			
RECEIPTS AND PAYMENT STATEMENT AS ON 31.03.2007			
<u>PARTICULARS</u>	<u>AMOUNT (Rs.)</u>	<u>PARTICULARS</u>	<u>AMOUNT (Rs.)</u>
<u>Revenue</u>		<u>Expenditure</u>	
Receipts of the Commission (400)	36,354,303.30	Employees Cost (100)	10,439,155.00
		Travel Expenses (101)	575,450.00
		LTC (102)	104,258.00
		Pension (103)	270,879.00
		Office Expenses (104)	1,778,475.00
		Repair and Maintenance (105)	339,943.00
		Establishment Expenses (106)	5,494,885.00
		Other Expenditure (108)	391,103.00
		House Rent (109.47)	494.00
		Excess Income over Expenditure	16,959,661.30
Total	36,354,303.30	Total	36,354,303.30

10. ORISSA POWER SECTOR REFORMS – AN OVERVIEW

Power Sector Reforms in Orissa is as old as eleven years by the completion of the year 2006-07. An attempt is made in this Annual Report to assess the impact of this reform process on various stakeholders for the information of the general public. It is, therefore, necessary to identify the benefits of reforms received by the stakeholders. It is also necessary to pin point the problem areas which needs urgent attention of the stake-holders including the Regulatory Commission and the State Government. The reform benefits have mainly gone to the State Government, consumers and the utilities. The various segments of the power sector namely generation, transmission and distribution have got their due share from the reforms process. These are highlighted below:

➤ **Reform Impact on the Generators**

- Talcher Thermal Power Station (TTPS) after taken over by NTPC is now operating at a PLF of 87.35% whereas from its inception it never operated beyond 30% PLF.
- Orissa Power Generation Corporation (OPGC) being exclusively in charge of Thermal Generation has been consistently maintaining high PLF of 80% to 90% - a performance level comparable to NTPC.
- Disinvestment of 49% of Government share in OPGC has unlocked a substantial amount of funds (Rs. 603 Crore), which could be utilized for power development.
- OHPC being exclusively in charge of Hydro Power Stations could give undivided attention and bring back the two units at Burla to operation after renovation.
- OHPC & OPGC, which are exclusively looking after hydro and thermal generation of power respectively, are now profit-making.

➤ **Reform Impact on the State Government**

- Each year the Government was to give a subsidy of Rs.340 crore on an average. This has been stopped since 01.04.1996.
- The State Government now does not spend a penny on development of power sector excepting in cases like rural electrification etc.
- The saving of financial resources by the State Government may be to the tune of Rs.5000 crore by 2006-07 on account of non-payment of subsidy and non-investment in major areas of the sector.

➤ **Reform Impact on the Consumers**

- In the post-reform period, consumers services have received due attention of the Regulatory Commission, Licensees and the State Government.
- As a result, the performance and the quality of services of the licensees have improved tangibly due to continuous review by the Commission. Necessary regulations on performance standards of licensees have been published and implemented by the Regulatory Commission.
- The quality of services to consumers has also improved to some extent and consumer complaints have been reduced marginally. Skilled manpower at different levels has been infused to strengthen the day to day functioning of the licensees. But there is much to be desired in terms of quality of supply.
- As is already said, there has not been any major revision in retail tariff since 2000-01 in the State. A study on comparative retail tariff of various States reveals that out of 20–21 States considered for comparison of Retail Supply Tariff applicable to various categories in those States, Orissa's Retail Tariff for various categories is one of the lowest among the States considered.
- Orissa's rank in category wise tariff is going up when the evaluated tariffs are arranged in descending order of magnitude. In some categories, Orissa's Rank is almost the highest. Earlier Orissa used to be placed in the median rank i.e. in the middle of the tariff of all States considered.
- The nominal rise in All-Orissa average tariff has been of the order of 61.92% between 1996-97 and 2006-07. However, the real effective rise in tariff (i.e. inflation adjusted tariff) has been of the order of minus 18.41% during the same period.
- It may be remembered that in the year 1996-97, the State Government had permitted an average hike in retail tariff of the order of 17% over 1995-96. However, in subsequent years the tariff rise was restricted to 10.33% in 1997-98, 9.3% in 1998-99, 4.5% in 1999-00 and 10.23% in 2000-01.
- One point worth noticing here is that the real rise in tariff in the post-reform period has been found to be positive figures for categories that are cross subsidized. The cross-subsidizing categories have experienced negative rise in real tariff meaning thereby nominal increases in tariff in those categories have been minimal in the post-reform period. This has been a deliberate exercise in order to reduce cross-subsidy and avoid the existing inverted tariff structure.

➤ **Reform Impact on the DISTCOs**

- Three Reliance managed companies namely, NESCO, WESCO and SOUTHCO have been able to pay their 100% of Bulk Supply dues apart

from managing their liabilities towards staff payments since 2003-04. In terms of payment of BST bills, these three DISTCOs were able to pay 72-73% in 2000-01. The improvement in the payment of Bulk Supply bills achieved by these three DISTCOs is remarkable. They have already opened irrevocable revolving letter of credit in favour of GRIDCO for smooth payment of Bulk Supply dues. CESU has improved its payment position from 73% of the Bulk Supply bills in 2000-01 to slightly above 95% in 2006-07.

- Distribution loss has been reduced from 44% in 2000-01 to 38.59% in 2006-07 in the State. The reduction in distribution loss has been significant in WESCO and NESCO as compared to CESU and SOUTHCO as the latter's consumption structure is skewed towards LT-side.
- Distribution loss has been reduced marginally in case of NESCO and WESCO. The reduction in distribution loss is meager in CESU and SOUTHCO. Collection efficiency has improved dramatically and AT&C loss has reduced in all the DISTCOs.
- Consumer metering, feeder metering and transformer metering have been done extensively.
- Efficient internal audit system has been introduced to assess collectable arrears and to augment arrears' collection.
- Continuous thrust has been given for timely completion of World Bank projects so that no investment remains infructuous.
- The annual accounts of the licensees have been updated.

The crux of the power sector reform hinges on DISTCOs' financial viability channelized through better collection efficiency, payment of power purchase bills in time, reduction of AT&C loss, etc. The Commission monitors their performance rigorously on regular basis so as to put them on light leash for yielding better output.

GRIDCO in turn has been able to fully pay off its current dues to generators and financial institutions from October 2003 till date. It had also deposited Rs.203.74 crore to the State Govt. towards interest on Orissa Govt. bond due to NTPC. It would pay Rs.192.54 crore under one time settlement scheme of LIC resulting in saving of Rs.271 crore. Besides, the company liquidated all arrears of NTPC after securitization.

11. PROBLEMS AND PROSPECTS

The reform in the power sector has made Orissa a power surplus State with creation of additional capacity in the Thermal as well as Hydro sectors of generation. Besides that the Commission is encouraging generation through IPPs and CGPs, so that private investments pour in to the sector. The Commission is also keen to promote renewable and environmental friendly non-conventional sources of energy.

As is already stated, the State is equipped with adequate transmission and distribution networks to facilitate the requisite transmission and distribution of power generated. Under the new Electricity Act, 2003, the Commission has framed necessary Regulations on Open Access and approved the Open Access Documents so that both long-term and short-term customers avail the opportunity of Open Access which shall go a long way in reducing the cost of power. The Commission proposes to introduce Open Access in phases as per the following schedule:

Consumers	Commencement of Open Access (Availing supply from generating company)	Commencement of Open Access (Availing supply from any licensee)
CD > 5MW	April 1, 2008	August 1, 2005
CD > 2 MW	October 1, 2008	April 1, 2006
CD > 1 MW	January 1, 2009	April 1, 2008

Source : OERC

The Open Access Charges Regulation has been framed by the Commission. As per this Regulation, the Commission is to determine Open Access Charges in order to facilitate grant of Open Access. The licensees have filed necessary information with the Commission and Public Hearings have been conducted to enable the Commission to determine these charges.

To enforce grid discipline in the state, the Commission is preparing an Intra-State Availability Based Tariff (ABT) Regulation to bring in the State generators under the ABT Regime. The Commission expects that substantial amount of Grid Discipline shall be achieved by implementation of these Regulations.

The Commission has already framed OERC (Conditions of Supply) Code, 2004 under the new Act to facilitate operation of the DISTCOs visa-a-vis the consumers. Regulations like OERC (Licensees' Standards of Performance) Regulations, 2004 and OERC (Grievances Redressal Forum and Ombudsman) Regulations, 2004 have been framed so that licensees meet the guaranteed performance standards and consumers get adequate opportunities to place their grievances before the right Fora.

However, there are definite problems facing the power sector in the State. Some of these are highlighted below:

➤ **Planning For Generation Capacity:**

The demand for power has been growing increasingly and to meet the higher demand, necessary planning for capacity addition is required. The actual power supply position in the country for FY 2006-07 shows deficits in peak demand as well as energy required. The table below clarifies the point:

Actual Power Supply Position for FY 2006-07

Period	Item	Requirement	Availability	Deficit
April 2006 to March, 2007	Energy	690,587 MU	624,495 MU	(-) 66092 MU (-) 9.6%
April, 2006 to March, 2007	Peak Demand	100,715 MW	86,818 MW	(-1) 13,897 MW (-) 13.8%

Source – CEA

Though currently Orissa is power surplus, the present trend of growth in demand (MW) and energy (MU) calls for sufficient planning for additional capacity both in hydro and thermal generation. Recognizing the importance of creation of fresh generation capacity in the State, the Government of Orissa has signed MoUs with 13 Independent Power Producers (IPPs) with estimated capacity of 16,190 MW of which the State's share shall be 4047 MW (i.e 25%). Similarly, the Government of Orissa has signed MoUs with 5 Private Power Developers who have signed PPAs with GRIDCO to develop 5 Small Hydel Plants.

Besides the above, GRIDCO has signed PPA with NTPC for 200 MW of power towards 10% home state quota from TSTPS Stage II (4x500 MW), which will be about 1250 MU per annum. The Commission has approved drawl of 1253.94 MU of power from TSTPS Stage-II at an average rate of 120.32 P/U for 2007-08. This has increased availability of power in the State.

Some State PSUs including OPGC and OHPC have applied for coal-blocks available under the Government dispensation route to the Ministry of Coal, Govt. of India for setting up power projects. OPGC is proposing to set up two more units of 660 MW each.

The State has also floated three shell companies through OHPC for setting up thermal power plants having total installed capacity of 8,500 MW. Besides that, OHPC is also adding 150 MW of hydro power capacity during 2007-08. Nuclear Power Corporation of India has also proposed to set up 6,000 MW power plant in the Ganjam District of Orissa.

Earlier in an attempt to enhance power availability and encourage generation from environment friendly renewable sources, the Commission in Case No. 151 of 2004 had Ordered that 200 MU of power would be purchased by GRIDCO / DISTCOs / State Trading Co during 2006-07 from these sources.

➤ **Completion of Transmission Projects:**

As per Section 40 of the Electricity Act, 2003, the transmission licensee is required to build, maintain and operate an efficient, coordinated and economical inter-State transmission system or intra-State transmission system. As per Condition 16 of the Transmission License issued to OPTCL, the licensee should plan and operate the Transmission System, so as to ensure that Transmission System build, operated and maintained to provide an efficient, economical and coordinated system of Transmission, in accordance with the Orissa Grid Code and the Overall Performance Standards. Accordingly, OPTCL is planning for construction of various lines and substations to meet the future demand in the state. Some of the projects have been completed. However, some projects as detailed below are yet to be completed due to various reasons. There has been inordinate delay and unless OPTCL takes expeditious steps to complete the ongoing projects, there would be great dislocation in distribution of power to upcoming industries.

The power supply problem in the distribution sector has also to be attended further in order to avoid larger consumer grievances. In this connection, maintenance of the distribution network has drawn much of attention of the Commission. The Commission has constituted a Committee headed by Mr K P Rath to look into power supply problem in and around Bhubaneswar city and recommend measures for improvement of the system. The Commission time and again has been insisting upon the DISTCOs to improve upon the operation and maintenance works so as to enable them to provide uninterrupted and quality power supply both in urban as well as rural areas.

➤ **Theft of Power:**

Theft of power has been rampant in Orissa. This has contributed to huge distribution loss incurred by the licensees. The enactment of Electricity Act, 2003 has made the electricity laws more stringent for unauthorized users. Further, the latest Amendment of the said Act on May 28, 2007 has made theft of power a cognizable offence and non-bailable. Consequent to this Amendment in the Act, a person found indulging in unauthorized abstraction of electricity through by-passing, tampering the meter or hooking etc is liable for stringent legal action and imposition of heavy penal bill. As per the Amended Act, penal bill will be served for the entire period of unauthorized use and in case such period is not ascertained, the assessment of penal bill will be made for a minimum period of 12 months. The quantum of penal bill will be twice of the tariff applicable to the offender in place of one and half times existing earlier. No appeal on the penal bill will be entertained by the adjudicating officer unless an amount equal to half of penal bill assessed is deposited with the licensee. On detection of theft, the licensee is empowered to disconnect the supply line of the consumer immediately and the distribution company is authorized to lodge an FIR against the offender within 24 hours of the disconnection to initiate legal proceedings. However, power of supply will be restored within 48 hours of payment of the assessed amount. In the event of second and subsequent conviction for theft of power exceeding 10 kw, the offender will be debarred from getting any supply for a

period of not less than 3 months and this may be extended to two years. The punishment will be imprisonment for a period not less than six months which may be extended to five years with fine.

- **Energy Police Stations:**

The Govt. of Orissa vide its Home Dept. Notification dated. 09.10.2003 has established 5 Special Police Stations (Energy) as follows:

Sl. No.	Name of the Special Police Station	Head Quarters of the Special Police Station	Territorial Jurisdiction
1	Special Police Station(Energy) Khurda	Bhubaneswar (Now functioning at Khurda)	Revenue District, Khurda
2	Special Police Station(Energy) Cuttack	Cuttack City	Revenue District, Cuttack
3	Special Police Station(Energy) Sambalpur	Sambalpur City	Revenue District, Sambalpur
4	Special Police Station(Energy) Balasore	Balasore City	Revenue District, Balasore
5	Special Police Station(Energy) Berhampur	Berhampur City	Police District, Berhampur.

The Govt. of Orissa, Dept. of Energy, vide its Notification dated. 11.02.2005 has authorized all Police Officers not below the rank of Sub-Inspector of Police in all the Police Stations of the State [other than the Special Police Stations (Energy)] to file complain in the Special Court for the purpose of cognizance of an offence punishable under the Electricity Act, 2003. Additional police stations should be created to check theft of power so that the distribution losses may be brought under control.

➤ **Special Courts**

Under section 153 of the Electricity Act, 2003 Govt. Of Orissa vide its Home Department Notification dated.01.09.2006, has established 5 Special Courts for trial of offences committed u/s 135 to 139 of the said Act as below:

Sl. No	Name of the Court	Area of Jurisdiction (Revenue District)
1	Additional District and Sessions Judge, Balasore	Balasore
2	First Additional District and Sessions Judge, Berhampur, Ganjam	Ganjam
3	Additional District Judge-Cum-Additional Special Judge(Vigilance),Bhubaneswar	Khurda
4	First Additional District and Sessions Judge, Cuttack.	Cuttack
5	Additional District and Sessions Judge, Sambalpur	Sambalpur

According to Rule 11 of the Electricity Rules, 2005, formulated by the Central Govt. the jurisdictions of the courts other than the Special Courts shall not be barred under sub-section(1) of section 154 till such time the Special Court is constituted under sub-section(1) of section 153 of the Act. Creation of additional number of courts is essential to meet the growing number of litigations so that natural justice is available at large to a variety of consumer class.

The present unsustainable levels of theft make further investments in the generation and distribution sectors unviable and unattractive. Energy conservation measures also become meaningless. Power theft needs to be treated as a national scourge and curbed with determination. It must be recognized that this is basically a governance issue rather than technical or commercial one. Without this resolve, other measures such as Special Courts and Police Stations, 100% consumer metering, staff and informer award scheme would also prove to be 'meaningless'.

Notwithstanding the problems faced by the sector and the Regulator, the Commission focused on fulfilling its obligations under the Electricity Act, 2003 in letter and spirit and continued all efforts to make the sector competitive, financially viable and consumer friendly.

12. CONCLUSION

The AT & C loss in Orissa is at 43% as against NDPL (23.7%), CESC (15.5%) and Andhra Pradesh (12.1% in one zone) during 2006-07. However, many positive changes have rapidly occurred during the last decade of post-reform period perhaps due to the introduction of a sound regulatory environment. The electric power systems has become more complex in the last few years due to the unprecedented growth in the demand for electricity coupled with population growth and higher standards demanded by the learned society. Distribution systems are no exception. These low voltage power systems are facing intensive competition with tremendous challenges to cover the ground of past neglect and for delivering cost-effective electricity supply while meeting ever-increasing customer expectations. On the technology front, the penetration of new technologies and materials for efficient distribution systems, including distributed generation, and the availability of efficient computation and analysis tools has provided necessary encouragement and impetus to make the distribution systems of the future more efficient and effective.

- The distribution licensees should seize this opportunity to make these low-voltage systems safer, more secure, and more reliable while meeting the ever-increasing demand with the highest possible performance. We need to turn around the power sector to make it fully viable financially. It is only the financial viability of the distribution companies which would encourage the capital market to finance the enormous investments that this capital intensive sector needs.
- Restructuring is a necessary but not a sufficient condition to turn around the power sector. It is important to note that restructuring is only the beginning and not the end of the reform process. It must be accompanied by continuous complementing efforts to enhance efficiency in the sector

and improve quality of service to consumers who are central to the power sector. Hence aggressive reduction of Aggregate Technical and Commercial (AT &C) loss should be the focus of reform.

- Standard of performance needs to be aggressively enforced for all the distribution companies in Orissa. One plus one equals two, but with real team work, it can equal eleven. Team and Team works are key to building high performance.
- We should aim at a vision of Orissa where every house in every village is provided with electricity and where reliable quality and uninterrupted power supply at reasonable rates is guaranteed. This should be the resolve and determination of all stakeholders of the power sectors including the consumers.
- Unless the consumers' satisfaction is ensured and enforced, it would be difficult for the power sector to succeed in Orissa. All employees working in the power sector and all others associated with its working must realize this basic truth and translate into day to day action to serve the consumers. Let us not forget that all of us are consumers. By serving the State we are serving ourselves.

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ORISSA HIGH COURT
CUTTACK

W.P.(C) No. 7160 of 2004

In the matter of an application under Article 226 of the constitution of India.

.....
Orissa Consumer's Association, Cuttack & others
Versus
Orissa Electricity Regulatory Commission & others

XX

15. The next question is whether the Regulations and in particular the OERC (Conduct of Business) Regulations, 2004 and the OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 are invalid for non-compliance of the provisions of Section 182 of the 2003 Act. Consideration of this question requires a comparison of Section 179 and section 182 of the 2003 Act which are quoted herein below:

“179. Rules and Regulations to be laid before Parliament

Every rule made by the Central Government, every regulation made by the Authority and every regulation made by the Central Commission shall be laid, as soon as may be after it is made, before each House of the Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the sessions or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

182. Rules and Regulations to be laid before State Legislature

Every rule made by the State Government and every regulation made by the State Commission shall be laid, as soon as may be after it is made, before each House of the State Legislature where it consists of two Houses, or where such Legislature consists of one House, before that House.”

A plain comparison of the aforesaid two provisions would show that a rule made by the Central Government or a regulation made by the authority or by the Central Commission has to be placed before each House of the Parliament under Section 179 for a total period of thirty days and before the expiry of the said period if both Houses agree in making any modification in the rule or the regulation or agree that the rule or

regulation should not be made, the rule or regulation shall have effect thereafter only in such modified form or be of no effect, as the case may be, but a rule made by the State Government or a regulation made by a State Commission is required to be only laid before the House of the State Legislature under Section 182 and there is no provision in Section 182 for the House of the State Legislature for agreeing with the rule or the regulation or for making any modification in the rule or the regulation or for taking a view that such rule or regulation should not be made at all. Section 182 also does not provide that if the rule or regulation is not laid before the House of the Legislature the rule or regulation will be invalid.

16. In the Quarry Owners Association v. State of Bihar and others (supra), the Supreme Court had xxxxxxxxxxxx. The Supreme Court explained that in the case of major minerals which play an important role in the national growth and wealth and where the delegate is the Central Government, Parliament retained its full control under sub-section (1) of section 28 of the Mines and Minerals (Regulation and Development) Act, but in the case of minor minerals Parliament felt that the subject is of local use and the State Government being well-versed to deal with it in the historical background, mere placement of rules and notifications framed by it before the State Legislature would a sufficient check on the exercise of its legislative powers by the delegate. In M/s Atlas Cycles Industries Limited V. State of Haryana (Supra), the Supreme Court further held:

“From the foregoing discussion, it inevitably follows that the Legislature never intended that non-compliance with the requirement of laying as envisaged by sub-section (6) of Section 3 of the Act should render the order void. Consequently non-laying of the aforesaid notification fixing the maximum selling prices of various categories of iron and steel including the commodity in question before both Houses of Parliament cannot result in nullification of the notification. Accordingly, we answer the aforesaid question in the negative.”

Following the aforesaid decision of the Supreme Court in M/s Atlas Cycles Industries Limited V. State of Haryana (supra), this Court has held in M/s Indian Aluminium Co. Ltd. Hirakud V. State of Orissa and other (supra) that where a statute directs that the rules shall be laid before the Legislature, whether such direction is mandatory or directory depends upon several considerations notwithstanding the use of the expression ‘shall’ and the requirement can be held to be directory where no penalty has been attached under the statute for non-laying of the rules before the Legislature. Considering all these authorities on the point, we are of the view that the Regulations cannot be held to be invalid even if the same have not been laid before the Legislative Assembly.

Twelve Grievance Redressal Fora (GRFs) & Four Ombudsmen

1. The President, GRF, Dhenkanal, CESU, Near Fisheries Office, Kunjakant, Dhenkanal-759001. Ph. No. 95-6762-227527(O)
2. The President, GRF, Cuttack, 2RB-37, CESCO Colony, Badambadi, PO: Arundeo Nagar, Dist-Cuttack. Ph. No. 95-671-2322685(O)
3. The President, GRF, Bhubaneswar, CESU, II Floor, OMFED Building, Sahidnagar, Bhubaneswar-7. Ph. No. 95-674-2545686(O)
4. The President, GRF, Khurda, CESU, Quarter No.3R/1, T.L.C. Colony, Khurda -752055.
5. The President, GRF, Paradeep, CESU, AT-Pitambarpur, PO- Bhutmundai, Via-Kujang, Dist-Jagatsinghpur.
6. The President, GRF, Jajpur, NESCO, T.T.S. Colony, Dhabalagiri, At-Sobra, Jajpur.
7. The President, GRF, Balasore, NESCO, Near Kali Mandir, Balasore-756001.
8. The President, GRF, Rourkela, WESCO, Office of the S.E, Rourkela Electrical Circle, Q-2, Rourkela Civil Township, Rourkela.
9. The President, GRF, Burla, WESCO, Qtr No. D-2, Near Power House Club in Burla Town, P.O. Burla, Dist-Sambalpur-768017.
10. The President, GRF, Bolangir, WESCO, O/o S.E. (Elect), Bolangir Electrical Circle, At/Po-Bolangir.
11. The President, GRF, Berhampur, Near De Paul School, Engineering School Road, Berhampur-760010, Ph- (0680) 2296176
12. The President, GRF, Jeypore, SOUTHCO, Power House Colony, Jeypore, Dist-Koraput.

Four Ombudsmen

1. The Ombudsman (West Zone), 1st Floor of the House of Sri B.K.Panda, Near Deul Bandha, Modipara, Sambalpur-768002.
2. The Ombudsman (South Zone), Ajodhya Nagar, 2nd Lane (Near DIG Colony), P.O: Engineering School, Berhampur-760010.
3. The Ombudsman (North Zone), At-Bhoi Sahi, Indira Gandhi Marg, Balasore-756001.
4. The Ombudsman (Central Zone), Plot No.2132/5126/5717, Nageswartangi, Lewis Road, Bhubaneswar – 751002

Annexure – C

**REPORT FOR DISPOSAL OF CONSUMER COMPLAINTS BY GRF &
OMBUDSMEN UPTO MARCH 2007**

Name of DISTCOs	GRF Circle	Total No. of Cases received	No. of Cases Disposed	No. of Cases pending
CESU	Bhubaneswar	337	336	01
	Cuttack	435	413	22
	Dhenkanal	104	61	43
	Khurda	30	25	05
	Paradeep	71	59	12
WESCO	Burla	229	105	124
	Rourkela	131	130	01
	Bolangir	229	203	26
NESCO	Balasore	2074	2032	42
	Jajpur	675	659	16
SOUTHCO	Berhampur	567	485	82
	Jeypore	109	89	20

OMBUDSMEN

	Total No. of Cases Received	No. of Cases Disposed	No. of Cases Pending
CENTRAL ZONE	104	97	07
WESTERN ZONE	20	15	05
NORTHERN ZONE	61	43	18
SOUTHERN ZONE	40	30	10

**MINUTES OF THE THE STATE ADVISORY COMMITTEE (SAC) MEETINGS
(2006-07)**

➤ **Minutes of the 8th SAC Meeting**

- The 8th meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 p.m on 11th August 2006. The meeting was presided over by the Chairperson, OERC, Shri D.C. Sahoo, Members Shri B.C. Jena and Shri S.K. Jena were also present.
- Shri Sahoo welcomed the members of the SAC to the meeting on privatization of the Central Zone Electricity Distribution and Retail Supply Utility. He also announced that Commissioner Shri B.C. Jena would be completing his tenure in the OERC and superannuating on 20th August 2006. He also mentioned that he would be demitting office after completion of his tenure on 31st Oct, 2006. He then requested Shri U.K. Panda to make a presentation on the main agenda for the meeting.
- At the end of the presentation, the Chairperson invited SAC Members for their comments and suggestions. S.C. Mohanty, Secretary, Nikhil Orissa Bidyut Sramik Mahasangh (NOBSM) wished to know why NTPC has been requested to take over management. He asked why Gridco could not do the same. The Chairperson replied that NTPC had been invited in view of its rich fund of professional competence and experience in the power sector but was yet to express its willingness. He stated that Gridco had made no offer for the utility because it was not in a position to take over the liabilities.
- Shri K.N. Jena, Secretary, Fedreration of Consumer Organisation (FOCO), pointed out that the sale process documents had not been provided to the SAC Members prior to the meeting for study. As such, they were not prepared to respond to the topic adequately and judiciously. Shri S.K.Nanda, CII said that the liabilities of the utility should not be passed on to the consumer. The Chairperson countered that the Electricity Act 2003, provides for sale of assets only but the Commission had not done so. Shri B.K. Mohapatra, Industrial Estate, Cuttack said that consumers were not concerned with loss, if the company runs up losses it should pay the price. Shri K.N.Jena added that as OERC as a lawmaker should find out ways and means to solve the problem.
- Shri Vivek Patnaik, IAS, (Retired), said that before one starts seeking solutions from OERC one should know what is the role of the OERC and the SAC. He said that as a statutory body it would have to act within ambit of law. The Commission had taken action in conformity with law but no buyer came forward to take over the loss making concern. As such, the question of loss and the party to

wear the loss is relevant in the context. CESCO had two owners, AES and GRIDCO. The law does not say anything about the liabilities. It must be sold. It can be given to Gridco but this was not done because the latter did not apply as it does not wish to be burdened with losses. If the loss element is removed from the balance sheet, it will be attractive. Otherwise, no one will buy it. We should be realistic.

- Shri M.V.Rao, Utkal Chamber of Commerce and Industry (UCCI), stated that NTPC being a generator should not be entrusted with distribution? Similarly, PGCIL is a transmitter. When no bidders are forthcoming, OERC must take appropriate decision for running the company. NTPC taking over management can only be an interim arrangement.
- Shri Sanjeev.Das, Confederation of Captive Power Plants (CCPP), asked why CESCO with its managerial skills, manpower and co-operation of OERC could not be successful? CESCO had been incurring losses due to bad management. Can NTPC stave off problems by funding CESCO? Is the present dispensation better than NTPC? The answer lies elsewhere. What went wrong? B.K.Mohapatra said that CESCO is hopeful to bring down losses and improve collection efficiency. Let us freeze the loan liability for a period of five years to improve all round performance. Let them reduce loss and make profit if they can. The Chairperson clarified that the law does not provide for lease. However, this option can be studied. He pointed out the trend of loss reduction and collection efficiency by CESCO has not inspired confidence. Though five years have elapsed, no tangible reduction has been achieved. The loss trajectory has gone up and down like a pendulum.
- Shri K.N. Jena said that a negative approach should not be taken. If the law is not serving its purpose, it should be amended to make it workable. If a scheme is formulated, CESCO must implement it. It is our property. We cannot let it perish. We must protect consumer's overall interest. OERC has many technical experts. OERC should formulate a scheme with participation of the public. We cannot shirk responsibility. The Administrator is doing a good job but his hands are tied by bureaucratic red tape.
- Shri Mohanty declared that the workers can make CESCO viable in a few months. Only govt. support is needed. He deplored the existing conditions and pointed out that theft cannot be prevented because FIRs cannot be lodged and courts are non-existent. How to reduce loss under these circumstances? The Govt. is collecting Rs. 300 crore as ED from the sector and doing nothing. REL is not ready to invest a single paisa but the govt. is saying that everything is OK. REL went to the Appellate Tribunal against the OERC

order of serving the so cause notice. The lawyers are being paid from the money paid by us. The suggestions of OERC are not being accepted by the govt. Now higher revenue is being collected by the licensees compelled to the pre-privatisation era. BST is going up. Wires and poles are very old. They are snapping and daily there are accidents. Very soon conditions will be unmanageable. Shri Mohanty said that the govt. is a silent spectator. He demanded that its role should be defined. He wanted to know why the govt. representative is always absent in the SAC. OERC and workers have managed the situation for the last 5–6 years without affecting a tariff hike. He blamed govt's callousness which was responsible for the present state of affairs. With govt's cooperation, OERC can make the utility viable, he added. A resolution to the effect must be passed, he felt.

- Shri S.K. Nanda said that the Talcher Thermal Plant needed Rs 320 crore for renovation. NTPC could mobilize the money required. Hence, the improvement at TTPS. He suggested that NTPC should be asked to maintain rural electrification for a period of two years. He also demanded that exemption of DPS must be extended to CESCO. The Commission pointed out that no exemption had been granted to anybody. Any decision in OERC is uniformly applicable to all Discos. Shri Nanda added that relaxation for BST payment should be granted & thereafter the OERC should wait for two years to get results. He said that no perpetual contract should be awarded to NTPC. This would be only a management contract. If they do not perform, they can be asked to quit. Shri B. K. Mohapatra said that this is also a kind of lease. Shri Sanjeev Das added that the law does not allow for leasing. However, Section 22 gives a lot of scope. Shri K.N. Jena felt that Franchisees should be given distribution of different areas. Smt. Rama Subudhi observed that the implementation part is more important.
- CMD, GRIDCO, Shri U. P. Singh, said that a carte - blanche cannot be given to the company to make it viable. Neither OHPC, nor OPGC nor any of the Distcos had this advantage. Who will take the hit? The govt. is doing so through GRIDCO. The consumer will take the loss if it is passed on. Currently, the cash flow situation is very poor. There is no margin available to GRIDCO. The NTPC installment amounting to Rs.120 crore is due for payment by GRIDCO. In addition, Rs. 93 crore towards TTPS modernization, which was passed on to GRIDCO as per the CERC Order, is also due. We have to pay to NTPC, otherwise GRIDCO has to lose incentives. The SAC has to decide whether NTPC is competent to manage CESCO. REL, BSES & AES are all professionally managed companies but they have not achieved appreciable performance. However, with 50% losses if CESCO

can pay BST & salary components, it is still a pretty good concern. Loss reduction is not dependent on institution of special courts & special police stations. The Chairperson disagreed with the aforesaid view expressed by Sri Singh. He reiterated that loss reduction needed strong governmental and police support. WBSEB made profit after years of loss. There was loss reduction of 25% due to efficient policing. Shri Singh added that though it is an enabling factor it is not the only factor. Further, Shri Singh stated that NTPC management term being a short one, it would create a situation of flux. This would send bad signals. Greater clarity was required, he felt. The Chairperson replied that NTPC had sent a team of experts, which examined the sale order. However, they have not yet expressed their willingness. NTPC will step into the CEO's shoes and would be enjoying unfettered powers to boost its performance. Loans and liabilities will remain. The Chairperson invited further suggestions. Shri Sanjeeb Das felt that the BSES contract must be reexamined. Shri B.C. Jena clarified that comparison cannot be made between unequal partners. BSES failed because their control did not extend to the field staff.

- Maj. (Retd.) S C Dutta, CEO, Weco said that no one would come forward to take over CESCO with the existing liabilities. These must be waived. Shri B.C. Jena pointed out that the Commission cannot take that decision. Shri Dutta added that the environment was very bad. No support is forthcoming from any quarter. We will fool ourselves if we say that we can succeed without funds. He also said that due to paucity in manpower and non availability of materials, no maintenance work could be done.
- Shri D. Biswal, CEO, CESCO, felt that lack of professional skill is attributable to poor operation of CESCO. The company needs skilled manpower at all levels. Low salaries, lack of facilities and no regularisation were responsible for manpower crisis. The mindset of employees and consumers also has to be changed. Complete managerial reforms are needed, he said. Professionals were not being treated properly. They would help bring in changes. He called for complete revamping of utilities.
- Shri V. Pattanayak stated that the culture of people is the same every where. It can change with leadership. NTPC is one of the largest PSUs in the country with huge expertise in the field of finance, accounting, HRD, procurement and contracting resources. Though they do not have distribution experience but they can muster financial support & man-power, if necessary. With the constraints, the Central Zone Utility has given a good account of itself but the present incumbent is handicapped due to inability to his mobilizing requisite resources. No one takes appropriate decision at the appropriate time and criticism has become the order

of day. He felt that there could be no objection to hand over management to NTPC, if they make it viable. Further, no objection should be raised if the present arrangement continues, provided it yields dividends. OERC has no choice but to act according to Section 22 of the Electricity Act, 2003. Shri Pattanayak demanded that the Commission should be insulated against undue interference. He appealed to SAC members to protect them. He said that there must be one, not many masters. He sought full freedom of action for the public sector. The administrator should not be adjudged as a public sector employee. He urged OERC to open up dialogue with NTPC. He agreed with Shri K.N. Jena that the law might have to be amended, if deemed necessary. He said all options should be kept open. However, if the present situation continues, the CEO should not be tied down with Orissa govt. rules.

- The Chairperson thanked all members for their feedback and wished to know if there were any other items in the agenda. Shri Mohanty demanded tabling of the report of Special Officers appointed by OERC before the SAC. The Chairperson reiterated that the Appellate Tribunal had stayed the order passed by OERC in this regard. However, the information collected by Special Officers be made available to any SAC member. He then requested Shri B.C. Jena to speak a few words to the SAC on the eve of his departure as he was demitting office.
- Shri B.C. Jena addressing the SAC stated that he would be laying down the office on 20th August 2006 after serving 43 years. He had joined in the City Division, Cuttack and had been inextricably involved with every segment of power sector - generation, transmission, distribution and regulation. He thanked the SAC for its unstinted cooperation during his tenure as the Commissioner in OERC.
- Shri S.K. Jena suggested that before 31st Oct, 2006 the Commission will hold another SAC as the CESCO scheme would have been finalised by then. The Chairperson concluded the meeting by saying that all suggestions have been noted and the Commission will look forward to implementing some of them.

➤ **Minutes of the 9th SAC Meeting**

- The 9th meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 P.M. on 28th Oct 2006. The meeting was presided over by the Chairperson, OERC, Shri D.C. Sahoo. Member, Shri S.K. Jena was also present.
- Shri Sahoo welcomed the members of the SAC to the meeting on 'Scheme for operation and management of Central Zone Electricity Distribution

and Retail Supply Utility'. He requested Shri N.C. Mahapatra, Jt. Director (Law), OERC to make a presentation on the topic.

- At the end of the presentation the Chairperson invited SAC Members for their comments and suggestions. Shri Maheswar Baug, Nagarika Adhikar Surashya Committee and Durniti Nibarana Sangha observed that Orissa has become a ground for experimentation in the power sector. The privatisation experiment in distribution had failed and the time has come to stand on our own feet, he added. The Distribution companies are functioning properly only when under the direct control of the Commission. OERC has to be commended for keeping tariff under control. Due to its direct supervision CESU is functioning properly. Therefore, all four companies must be brought under the Commission supervision, felt Shri Baug. He pointed out that the REL which is in charge of the three zones distribution utilities, SOUTHCO, NESCO & WESCO is giving scant consideration to consumers interest. After failing to observe minimum standards of performance, it had gone to the Court and had obtained a Stay. The Special Officers appointed by the Appellate Tribunal for Electricity (ATE) are not looking into affairs at the field level. He wondered why the ATE was against the common man of Orissa. He said that REL, particularly the NESCO management had not mated out any towards either its staff or its consumers. Therefore, he felt that REL should be divested of the licence and a scheme worked out for all four Discoms.
- Shri K.N. Jena, Secretary, Federation of Consumer Organisations (FOCO), pointed out that the CESU Management Board has no representation from the public. The new scheme is a replica of the Gridco Board. He said that the nine-member Board of CESU should function democratically. In administering a public company, an autocratic view should not be taken. The Board would take decisions based on the majority voting. However, Shri K.N. Jena maintained that every thing should be clearly stated in the order itself. Member Shri S.K. Jena clarified that the CESU Board would function like a trust.
- Shri B.K. Mohapatra, Industrial Estate, Cuttack felt that the scheme is not clear. In the final para of page 3 it states that the Management Board will decide delegation of powers of officers in consultation with the Chairman. He questioned why the Board should consult the Chairman when the latter is himself a Member of the Board. He also pointed out that only retired Govt. officers have been taken as experts on the Board. These officers have certain mind set though he had no reservation about Shri Vivek Pattanayak as Chairman.
- Shri S.C. Mohanty, Nikhila Orissa Bidyut Shramik Mahasangha felt that having two CEOs in one company is not a good idea as it will create operational problems. He objected to over representation of Govt.

representatives in the Board as they very often remain absent. He also lauded the Chairman for his performance during his tenure and said that he had given many path breaking orders. He wished to know whether Shri Vivek Pattanayak was a full time or part time Chairman. He added that workers should be represented in the Board. CESU should also give better salary and facilities to its staff to get better performance. Both trained man power and materials are lacking. If they are provided, CESU can meet its targets and becomes viable. He pointed out that though REL had been given management of three Distcos for better efficiency and infusion of more funds and skilled manpower, it had not contributed anything to the sector. Rather it had not renewed its license and the Govt. had remained a silent spectator. He said that everyone needs to be involved in bringing about a change in the sector, otherwise nothing would happen. CESU must be considered as our own property and we must save it he felt. He added that it was a bad precedent to appoint people from outside the state to administer the utilities when there is no dearth of talent here. He referred to the Special Officers appointed by ATE to administer the REL companies who were being paid Rs.1 lakh each from the tax payers money. The management was top-notch while crucial vacancies persisted at lower level.

- Col. (Retd.) Shri S.C. Mahanty, CEO, NESCO said that he was attending the SAC meeting for the first time and wished to share his experiences in the company. He had to enter NESCO under police escort as there was a great deal of hostility. In the mean time, he had covered over 1000 kms of NESCO territory to assess the consumers' problems. He said that while power was being generated, it could not be distributed due to lack of proper infrastructure. Distribution systems have not improved since inception even though number of consumers had gone up. While the management was partly responsible for the state of affairs, the consumers' role cannot be ruled out. The peoples' participation is vital. Strikes are not the solution. The system must be brought up to the mark. He agreed that the CESU Board should have representatives from workers and the public.
- Shri V. Gandhibabu CEO, SOUTHCO suggested that three to four working directors should be appointed by CESU to take decisions for day to day management. Member Shri Jena pointed out that CESU already has functional members. Besides, the two CEOs now in position could take decisions about daily functioning in their respective fields. The Board would decide on all major financial matters.
- Shri G.P. Sarkar CEO, Operation CESU said that he hoped to make substantial improvement in the utility's functioning within the next three four months.
- Shri U.P. Singh CMD, GRIDCO said that the SAC should confine itself to discuss the scheme which is neither new nor exceptional. He agreed that in

practice there should be one CEO not two but he welcomes only constructive criticism from the members on the scheme which can serve some useful purpose. With regard to REL he was surprised to know that the CEOs of NESCO, WESCO and SOUTHCO were not management level functionaries. Unlike CESU they were not represented in the Board and had no say in the functioning of the company.

- Shri Debraj Biswal, CEO (F & C, CESU) said he would try to make CESU a model utility.
- Shri P.K. Pradhan, G.M, Commerce, WESCO said that workers and consumer groups should be represented in the board. He also approved the idea of constituting committees by the Board to take charge of various operations.
- Shri R.R. Das, Managing Director, OHPC said that the most important thing was the commercial viability of the utility which should improve under the scheme so that the interim arrangement will serve to privatize CESU ultimately.
- Shri Vivek Pattanayak, Chairman, CESU felt that there may be a conflict of interest in his continuation of member advisory board as well as the Chairman of CESU. However, he attended the meeting as it was the Chairman's last meeting. He did not wish to abandon the responsibility and, therefore, would undertake chairmanship of CESU without remuneration. He felt that it was a challenge that must be accepted, as there is no alternative. The law provided for a scheme and OERC has formulated one. However, he added nothing is cast in steel and suitable amendment in the scheme can be carried out as and when required to make it now effective. He felt that the two CEOs in CESU are not necessarily a handicap if they work in harmony. He urged all to give the scheme a good try. He said that some one from the public should be included in the board. He ended by praising the Chairman, OERC on his sterling performance. Shri B.K. Mohapatra also praised the Chairman for the many consumer friendly measures initiated during his tenure. He felt that the protection to consumer interest and focus on implementation taken up by the Chairman should be carried forward. This was seconded by Shri Baug.
- Member, Shri Jena felt that the SAC should include the heads of utilities as special invitees in order to make interaction more meaningful while protecting provision of section 87 of the Act. He said that outsourcing was the name of the game today. Therefore, we must welcome talent from all sources. With regard to the scheme, he stated it could be amended if necessary. Two CEOs were essential to the functioning of the company and the appointed persons had required experience in their respective

fields. They could produce excellent results under the guidance of the Chairman Shri Pattanayak.

- Concluding the session, the Chairman Shri Sahoo said that the Commission is not impervious to ideas. He felt that the suggestion for representation from consumers and workers in the Board is a good idea and may be considered favourably by those who will come after him. He also said that the scheme is open to modifications. Regarding the issue raised by Shri B.K. Mohapatra about consultation with the Chairman of CESU, he said that it would be taken into consideration. The Chairman applauded the two CEOs who promised to make sincere efforts to make CESU a model utility and assured for resounding results in four to five months. He wished them success and thanked the SAC for its cooperation during his tenure.

➤ **Minutes of the 10th SAC Meeting**

- The 10th meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 P.M. on 22nd Dec 2006. The meeting was presided over by the Chairperson, OERC, Shri B.K. Das. Member, Shri S.K. Jena was also present.
- Member Shri Jena opened the proceedings to welcome the new Chairperson and introduced him to the SAC Members. After introduction of the SAC Members the Chairperson requested Shri. D.K.Satapathy, Senior Consultant (Engg.) to make a presentation on item No.1 on the agenda-Amendment to the **OERC Distribution (Conditions of Supply) Code, 2004.**
- Shri. D.K.Satapathy, Senior Consultant (Engg.) made the presentation. Copy of the same is annexed.
- Shri. S.K. Nanda, Confederation of Indian Industry (CII) wanted to know who would pay for testing the meter - the licensee or the consumer? He also raised a doubt that the amendment is not in consistence with CEA Regulation on the frequency of testing of meters.
- Dr. G.C. Kar, Professor in Economics, argued that testing of meters frequently puts financial burden on the consumers. He maintained that utilities should adopt a policy of collecting feedback regarding behaviour of staff in a written format from consumers after providing any service to prevent consumers from being harassed. The employees have a tendency to treat every consumer as a dishonest consumer, he felt.
- Shri.P.K. Das, Advocate, Athagarh stressed upon creating awareness among the consumers. He felt that educating the consumers is an important factor. It is the responsibility of the utilities to train consumers

in the operation of new type of meters. Before amending this regulation, sufficient education must be given to the consumers. He wanted to know whether there would be extra financial burden on the consumers due to implementation of this amended regulation. He urged that this aspect be examined in advance before promulgation of the same.

- Shri. S.C. Mohanty, Secretary, Nikhila Orissa Bidyut Shramik Mahasangh agreed that the amended Regulations can be effective only after training the employees. He further wanted to know if the utility refuses to replace a consumer's defective meter, then what is the remedy?
- Shri. Maheswar Baug, President, Nagarika Adhikar Surakshya Committee and Durniti Nibarana Sangha said that an accurate meter is the consumers protection. It prevents them from being exploited. However he said that accurate meters are rare. The REL managed distcoms had installed old meters from Mumbai. He pointed out that in NESCO area 2.8 lakhs meters are required to replace the defective ones and check unmetered supply. The consumers are being exploited in NESCO area because of unmetered supply. Moreover, there are no meters in remote areas, he added. BIS marking is absent in meters. He gave an example of one consumer of his locality who had not been supplied with a meter for more than two years of commencement of supply to him. He wanted to know why a consumer should suffer because of the negligence of the licensee,? It is again learnt that NESCO has installed new Rolex make meters which are easily tampered. Who permitted them to do so? He further insisted that anti-tampering device should be installed along with the meter.
- Shri. B.K. Mohapatra, representing Small Scale Industries Association wanted to know the replacement cost of such huge non-static meters. He said that he has already submitted written suggestions on several issues. He showed a recently published news cutting regarding performance standards of DISTCOs for 2005-06. He claimed that if the information is not considered authentic by the Commission as stated, why OERC is making such publications in news papers based on affidavits of utilities.
- Shri. K.N. Jena, President, Federation of Consumer Organizations questioned the necessity of amendment to the Supply Code. He further wanted to know what is the difference between Static meter and non-static meter? He expressed doubts about the legal sanctity of the amended provisions and wished to know whether central/state rules have been framed before making such regulations. He emphasized that the Central Regulation and the State Regulation should not be inconsistent with each other. He suggested that a small team from the SAC may be created to examine all aspects of the regulation before amending it. He reiterated the inconveniences meted out to the consumers in checking the meters. The employees should show their identity cards when entering the consumer's premises. He suggested proper education of consumers. There

are number of regulations, but the same are not properly implemented. Procedures should be simplified and checks and balances inbuilt into the system. Even after ten years today contract demand and connected load are in conflict, he added.

- Shri. M.V. Rao, President, Utkal Chamber of Commerce and Industry (UCCI) expressed surprise that the SAC is still not clear about the position of metering. He wished to know whether new consumers will get static meters. He also wanted to know about the number of existing testing laboratories functioning in the state. How many are there and whether they have the capacity to test meters as required. He also enquired about the significance of Real Time Display in meters and wanted to know whether metering was the option of the licensee or the consumer? He further stressed that EHT / HT consumer meters should be tested in the consumer' premises.
- Shri. S.N.Panigrahi representing the Food and Consumer Welfare Deptt. supported Shri K.N.Jena and said that the rule should be made before framing regulation. He said that in case of dispute between consumer and service provider, the former should take the help of District Consumer Fora created under the Consumer Protection Act, 1986. He also suggested that steps should be taken to educate the consumer to see that terms of the agreement are followed. Shri Panigrahi wished to know who is the competent certifying authority for electricity meters? Shri Nanda answered that the CEA has provided for standard institutes to certify them.
- Intervening in the discussion, Member Shri S.K. Jena observed that as there seemed to be confusion on the issue and therefore, a basic clarification had to be made. He stated that the proposed amendment is consistent with the CEA regulations. He added that the regulations made by CEA and OERC are as per the Electricity Act, 2003. Also that under IE Act of 1948, Electricity Rules 1956 were framed and are still in force. As per these rules electromagnetic meters with error plus minus 3 was allowed. Today electromagnetic meter have been introduced which are very accurate and have many inbuilt features. The amendment in the CEA Regulation will take care of this. The operation, testing and maintenance will be done by the licensees at their cost. Testing would be done on site at least once in 5 years.
- As required under license conditions, the performances of DISTCOs are getting published annually. The Commission is now taking up action to verify the data for the year 2004-05 of these utilities by Commission staff and representatives of the Orissa Consumers Association.
- Shri.D.Biswal, CEO, (Finance & Commerce), CESU said that the technological change that has taken place in the sector will protect the interest of consumers. The issue he said is whether there is any lacunae in

implementation of metering regulation by the utility? Testing is not a problem with CESU. They have developed their meter testing laboratories. As regards standards, there are premier institutes and Indian Standards which should be followed. There should be a biennial review after implementation to see pit falls so that modifications can be made.

- Major Gen. S.C.Dutta, CEO, WESCO said that the need for electronic meter is very much required for good, reliable recording. The reading can be downloaded from a distance and without human intervention and every 15 minutes tampering can be checked. ToD metering is also done to know maximum demand. If there is difference in CD & MD, additional bill is raised. Anti tampering measure or replacement of all electromagnetic meters not possible because of lack of funds. Most meters are tested on site without cost to consumer. All 3 phase meters are TOD meters. Each Circle has a lab for testing. There are four Meter Testing Laboratories in WESCO area. In Rourkela circle, there are 2 Labs, one is at Burla and the other at Bolangir.
- Shri.G.C Kar observed that consumers do not mind replacement of meters or testing. It is the behaviour pattern of utility staff which is in question. A behaviour certificate should be given by consumers. A form to show consumer satisfaction is necessary.
- Shri.K.N.Jena pointed out that FOCO had created a Citizens Charter 10 years back, but it was not followed. There should be interaction at least once or twice a month between workers and consumers to ensure accountability which is absent.
- Shri. V.Gandhi Babu, CEO, SOUTHCO said that utilities were part of the society, not enemies of consumers. However workers are human and they may make errors. Meters should be certified, he added.
- Shri. S.K.Mohanty, CEO, NESCO said that NESCO needs 1 lac meters which are not available. 10,000 have been procured and 54,000 more are being tendered for supply. All these are electronic meters. NESCO wants all static meters to be replaced. He said that a Service Centre has been set up to facilitate consumer requirements at Balasore. NESCO will introduce Meter Card for each household in Nesco area in phased manner. The meter readers are putting signatures on these cards while taking meter readings. Identity Cards will be given soon to NESCO employees to check unauthorised persons entry in consumer premises Two Testing Labs are functioning in NESCO area. New meters are tested in Bangalore and Chennai. Site testing is done free of charge. Only defective meters are taken to labs for testing.

- Shri. S.K.Paikray, Addl. Secretary, Deptt. Of Energy said that the State is heading towards anti tampering meters and automatic remote meter reading. He said that he had installed 5,000 electronic meters in CESU which ensured additional Rs.5 crore revenue in monthly billing. These meters had anti tampering device and when there is foul play they not only record and download it but an automatic SMS is sent to the mobile of the CEO or concerned Distribution Engineer.
- Shri K. N. Jena wanted to know what is the precaution against hooking? Shri. Paikray replied that under APDRP there is scope for aerial bunch conductors to prevent hooking. All four Distcos are covered under the scheme for which Rs.500 crore has been sanctioned. Shri.Paikray added that senior & respected members of society are found to be hooking. Sri K N Jena wanted to know who is responsible for checking it? There are no special courts till date. Sri Pikray clarified that the Govt. had authorized all additional District Judges to hear cases under section 127 of the electricity Act, 2003. Sri P.K.Das said that exemplary punishment should be there. Sri Jena added that theft convictions should be published. Sri SC Mohanty added that 5 electric police stations had been approved and the cabinet had also approved the proposal for making such offences non bailable.
- Sri R R Das, Director (Finance) OHPC, said that in the interest of all consumers for auditing and accounting of energy, metering is required. What is important is who is to pay for cost of provisions 55 and 56 of Electricity Act, 2003? Obviously the licensee should pay. He also pointed out that Regulation. 14(b) and 14(c) are not incorporated in the draft regulation. Energy accounting details should be maintained by the utility. Member Shri S.K. Jena clarified that it is already built in. He also added that in the 2nd line of Reg. 59(6) the word “of” may be replaced as “or”.
- The Chairperson, Shri BK Das introduced the second item on the agenda Consumer Satisfaction & Survey and invited SAC members to speak on it.
- Shri B.K. Mohapatra said that regulations provide enough scope for satisfaction if implemented but this is not being done by utilities. Meter rent once collected should not be be charged again but this is continuing inspite of rules to the contrary. Prepaid meters have been approved but are not being installed. Energy pass book is not yet implemented. Sri Gandhi Babu said that in rural areas Energy Pass Book had not yet been introduced.
- Shri Mohapatra outlined his suggestions for further improvement in customer satisfaction. Reconnection fees or charge of C.D should be added to bill instead of separate procedure. Minimum Charges should be done away with. Now fixed charges have been introduced. Why not merge them with tariff, he suggested. Every six months, a system should be

introduced whereby addition of CD is assessed through the institution. Often the consumer is unaware and may be given a chance to find out his additional load. This can be done instead of conducting raids. Load verification should not be the responsibility of the consumer. Grievance Fora are under worked; records are not properly maintained in sub stations. GRFs can inspect and provide information to OERC. Regarding orders of GRFs, they are not being implemented. The GRFs should inform OERC.

- Standards of performance published are not reasonable. The time provided for restoration is too long. After so many years, efficiency should be more. Timings should be revisited. Every six months SAC should have a special meeting to assess performance.
- Shri G C Kar said that consumer expectations were belied after 10 years. This is a two way process so consumer satisfaction should be assessed. Shri K. N. Jena requested that suggestions given in earlier SAC meetings should be reviewed to determine how far they are being implemented. Shri S.C. Mohanty said that while there are 27 lac consumers, only 2000 employees cater to them. The consumer-employee ratio is going down. Only revenue collection is out sourced. There is no maintenance.
- Referring to the ATE order Shri Mohanty said that it should be challenged. An emergency meeting should be called to discuss the issue. The Commission should go on appeal to the Supreme Court. He added that OERC had every right and jurisdiction to pass orders. Shri Baug agreed with him and added that the ATE orders were against the interest of poor consumers of Orissa. Member Shri Jena assured Shri Mohanty that the Commission had taken note of his suggestions and would act on it.
- With regard to monthly interactions with consumer at Divisional level, he said that they were not being implemented though the decision of the SAC had been conveyed to the distcos. He stressed on the importance of such interactions and directed all concerned CEO's to ensure that they were organized. He also informed members that inspection had been carried out in 18 divisions of CESU to verify data on standards of performance. This would soon be extended to other distcos. There was a unanimous demand for publishing such data.
- Shri D Biswal felt that a Committee comprising respected citizens of the area should be set up at Sub Divisional level to monitor disposal of consumer grievances. Shri Gandhi Babu added that teams had been created for revenue collection who would also sort out billing problems.
- S. Paikray informed that CESU was the first utility in whole country to introduce monthly spot billing. After two months of this practice it was

found that complaints reduced from 500 to 20 daily. Village committee meetings were organized to hear grievances monthly. Shri Biswal said that spot cheque collection had also been introduced for senior citizens in CESU area. SAC members demanded that more publicity should be given to this scheme.

- Shri Baug said that not a single consumer was satisfied. He said that the SAC was hearing only reports, not facts. He pointed out that the Nesco Customer Service Centre was taking Rs. 1 lac per month but was of no use. There were very few complaints registered with it. Moreover, he said that the Reliance Central Services Office was getting 1 lac per month from Distcos. Why should consumers pay for its upkeep? He pointed out that the Company was not investing anything in system upgradation.
- It was agreed that for redressal of consumer grievances there should be a meeting at the Divisional level on a particular day in a month as decided in an earlier SAC Meeting. The CEOs present were requested to ensure its implementation.
- As suggested by the Members of the SAC an exclusive session may be devoted to discussion on consumer services at a future date.
- The Chairman wound up the proceedings by thanking members for their contribution. He informed them that the Commission had noted all suggestions and would act on them. He also informed the Members that this was the last meeting of the current SAC, which will be reconstituted.

Annexure - E

OFFICERS AND STAFF OF THE COMMISSION

The Commission being the oldest in the country has a committed strength of officers and staff providing a healthy mix of permanent and Deputation staff. The persons in position as on 31.03.2007 are detailed in the table below:-

Sl No.	Name	Designation	Whether Permanent/ Deputation/ Contract	Remarks
1	Shri B.K. Sahoo	Director (Engg.)	Permanent	Deputed to DERC
2	Shri M. P. Mishra	Commission Secretary	On Deputation	From Rev. Dept. GOO
3	Shri S.N. Ghosh	Director (Tariff)	Permanent	
4	Shri D.K. Satapathy	Jt. Director (Engg.)	Permanent	Rtd.from Service
5	Dr. M.S. Panigrahi	Sr. Economic Analyst	Permanent	
6	Shri Kulamani Biswal	Sr. Financial Analyst	Permanent	Deputed to CERC
7	Shri N.C. Mahapatra	Jt. Director (Law)	Permanent	
8	Dr.(Mrs.) Anupama Dash	Jt. Director (T/Econ)	Permanent	
9	Ms. Purabi Das	Information Officer	Permanent	
10	Shri Pravakar Swain	Joint Director (Tariff-Engg)	On Deputation	From OPTCL
11	Shri K.S. Biswal	Dy. Director (P&A)	On deputation	From OHPC
12	Shri S.M. Pattnaik	Jr. Financial Analyst	Permanent	
13	Shri K.L. Panda	Joint Director (Engg.)	Permanent	
14	Shri A.K. Panda	Dy. Director (T/Engg)	Permanent	
15	Shri P. Pattnaik	Dy. Director (T/Econ)	On Deputation	From OPTCL
16	Shri S.C. Biswal	Dy. Director (IT)	Permanent	
17	Shri Ajoy Sahu	Accounts Officer	Permanent	
18	Smt. Lilibala Pattnaik	Steno-cum-Computer Asst.	Permanent	
19	Shri Manoranjan Moharana	Steno-cum-Computer Asst.	Permanent	
20	Shri Laxmi Narayan Padhi	Steno-cum-Computer Asst.	Permanent	
21	Shri Pramod Kumar Sahoo	Steno-cum-Computer Asst.	Permanent	
22	Shri Susanta Kumar Bhoi	Steno-cum-Computer Asst.	Permanent	
23	Shri Kalicharan Tudu	Steno-cum-Computer Asst.	Permanent	
24	Smt. Sanghamitra Mishra	Steno-cum-Computer Asst.	Permanent	
25	Shri Susil Kumar Sahoo	Steno-cum-Computer Asst.	Permanent	

Sl No.	Name	Designation	Whether Permanent/ Deputation/ Contract	Remarks
26	Smt. Mamatarani Nanda	Receptionist/Caretaker	Permanent	
27	Shri Jayapal Das	Accountant cum Cashier	Permanent	
28	Shri Jalandhara Khuntia	Driver	Permanent	
29	Shri Jadunath Barik	Driver	Permanent	
30	Shri Ramesh Chandra Majhi	Driver	Permanent	
31	Shri Ashok Kumar Digal	Driver	Permanent	
32	Shri Pitambar Behera	Peon	Permanent	
33	Shri Sudarshana Behera	Peon	Permanent	
34	Shri Umesh Chandra Rout	Peon	Permanent	
35	Shri Ramchandra Hansdah	Peon	Permanent	
36	Shri Abhimanyu Jena	Peon	Permanent	
37	Shri Bijay Kumar Majhi	Peon	Permanent	
38	Shri Ramesh Chandra Nayak	Peon	Permanent	
39	Shri Prafulla Kumar Behera	Peon	Permanent	
40	Shri Rabindra Kumar Mekup	Peon	Permanent	
41	Shri Sachi Kanta Mohapatra	Peon	Permanent	
42	Shri Pradeep Kumar Pradhan	Peon	Permanent	

Annexure-F**Seminar/Workshops/Training Programmes Attended**

Sl No.	Name and Designation	Particulars of Programme	Duration	Place	Programme Conducted by
1	Shri S. K. Jena, Member	Regulations and Policy makers Retreat.	16.09.05 to 18.09.05	Jaipur	Ministry of Power, New Delhi.
2	Shri S. K. Jena, Member	FOR Group meeting	16.11.05 to 17.11.05		
3	Shri K.C. Badu, Member	Project Development, DPR Preparation, Appraisal and Schemes Implementation.	25.06.07 to 27.06.07	Hyderabad	ESCI
4	Shri K.C. Badu, Member	Overcoming Power shortages Harnessing Captive/Latent Generation – Issues and Opportunities.	08.05.07 to 09.05.07	New Delhi	IPPAI
5	Shri M.P. Mishra, Secretary	Right to Information Act & Information Security Management System.	12.12.06 to 15.12.06	Goa	NPC
6	Shri S.N. Ghosh, Joint Director (Tariff-Engg.)	“Electricity Act 2003 – Open Access in Transmission & Distribution – Issues & Challenges”	23.08.05 to 26.08.05	Hyderabad	CIRE, Hyderabad.
7	Shri S.N. Ghosh, Director (Tariff)	Franchisees Management	17.11.06	BBSR	RGVY
8	Shri S.N. Ghosh, Director (Tariff)	Overcoming Power shortages Harnessing Captive/Latent Generation – Issues and Opportunities.	08.05.07 to 09.05.07	New Delhi	IPPAI
9	Shri B.K. Sahoo, Director (Engg)	Developing a Common Platform for Electricity Trading.	19.12.06	New Delhi	CERC
10	Dr. M.S. Panigrahi, Joint Director (Econ. Analysis)	“Electricity Act 2003 – Open Access in Transmission & Distribution – Issues & Challenges”	23.08.05 to 26.08.05	Hyderabad	CIRE, Hyderabad.
11	Shri M.S. Panigrahi, Joint Director (EA)	Regulation of Distribution Business	06.11.06 to 10.11.06	Hyderabad	ESCI
12	Shri K.L. Panda, Joint Director (Engg)	E-Governance: Issues and Challenges	23.10.06 to 27.10.06	Port Blair	NPC

13	Shri K.L. Panda, Joint Director (Engg)	Franchisees Management	17.11.06	BBSR	RGGVY
14	Shri P.K. Swain, Joint Director (T-Engg.)	Right to Information Act & Information Security Management System.	12.12.06 to 15.12.06	Goa	NPC
15	Ms. Purabi Das, Public Affairs Officer	E-Governance: Issues and Challenges	23.10.06 to 27.10.06	Port Blair	NPC
16	Shri A.K. Panda, Dy. Director (T-Engg)	E-Governance: Issues and Challenges	23.10.06 to 27.10.06	Port Blair	NPC
17	Shri S.C. Biswal, Dy. Director (IT)	E-Governance: Issues and Challenges	23.10.06 to 27.10.06	Port Blair	NPC
18	Shri Ajoy Sahu, Accounts Officer	Intensive Programme for the power Sector	28.08.06 to 30.08.06	New Delhi	ICWAI
19	Shri Ajoy Sahu, Accounts Officer	Regulation of Distribution Business	06.11.06 to 10.11.06	Hyderabad	ESCI
20	Shri S.K. Sahoo, SCA.	Improving effectiveness of PS/PA's and office personnels"	24.07.05 to 28.07.05	Ooty	NIMMA, New Delhi
21	Shri L.N. Padhi, SCA	Improving effectiveness of PS/PA's and office personnels"	24.07.05 to 28.07.05	Ooty	NIMMA, New Delhi
22	Shri M. Moharana, SCA	Improving effectiveness of PS/PA's and office personnels"	10.08.05 to 14.08.05	Mysore	NIMMA, New Delhi
23	Shri P.K. Sahoo, SCA	Improving effectiveness of PS/PA's and office personnels"	10.08.05 to 14.08.05	Mysore	NIMMA, New Delhi
24	Shri K. C. Tudu, SCA	"Improving effectiveness of PS/PA's and office personnels"	26.09.05 to 30.09.05	Goa	NIMMA, New Delhi
25	Shri S.K. Bhoi, SCA	"Improving effectiveness of PS/PA's and office personnels"	26.09.05 to 30.09.05	Goa	NIMMA, New Delhi
26	Shri Jaypal Das, ACC	HRMS (ONGI) and Treasury Computerization.	08.01.07 to 10.01.07	BBSR	MDRAFM
27	Shri Jaypal Das, ACC	Executive Office Administration of PS/PA's & Office Personnels.	04.06.07 to 08.06.07	Gangtok	NIMMA, New Delhi
28	Smt. Sanghamitra Mishra, SCA	Executive Office Administration of PS/PA's & Office Personnels.	04.06.07 to 08.06.07	Gangtok	NIMMA, New Delhi

ORGANISATION CHART OF ORISSA ELECTRICITY REGULATORY COMMISSION

