

**ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAWAN,**  
**UNIT – VIII, BHUBANESWAR – 751 012**  
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Present : Shri S.P Nanda, Chairperson  
Shri B.K. Misra, Member  
Shri S.P.Swain, Member

**CASE NOS. 85, 86, 87 & 88 OF 2013**

**DATE OF HEARING : 14.02.2014, 10.02.2014, 11.02.2014 & 12.02.2014**

**DATE OF ORDER : 22.03.2014**

**IN THE MATTER OF: Applications of Distribution Licensees (CESU, WESCO, NESCO & SOUTHCO) for approval of their Annual Revenue Requirement and Retail Supply Tariff for the FY 2014-15 under Sections 62 & 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

**ORDER**

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

**Table – 1**

<b>Sl. No.</b>	<b>Name of DISCOMs</b>	<b>Licensed Areas (Districts)</b>	<b>%age area of the State</b>
1	CESU	Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur.	18.9
2.	NESCO	Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur.	18.0
3.	WESCO	Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonapur and Jharsuguda.	32.3
4.	SOUTHCO	Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri.	30.8
<b>Odisha Total</b>			<b>100.0</b>

The Commission initiated proceedings on the filing of Annual Revenue Requirement (ARR) and Retail Supply Tariff Applications (RST) of these Distribution Licensees under relevant provisions of the Electricity Act, 2003. By this common Order, the Commission disposed of the aforesaid ARR and RST applications of the above mentioned Distribution Licensees and other related tariff matters.

## PROCEDURALMATTERS (PARA 1 TO 8)

1. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms & Conditions for Determination of Tariff) Regulations, 2004, the Licensees are required to file their Annual Revenue Requirement (ARR) and Retail Supply Tariff Application (RST) on or before 30<sup>th</sup> November every year in the prescribed format for the ensuing financial year. Accordingly, all the distribution licensees (CESU, WESCO, NESCO & SOUTHCO) filed their Annual Revenue Requirement (ARR) and revision of Retail Supply Tariff (RST) Applications for FY 2014-15 on 30.11.2013. The ARR and tariff applications of DISCOMs are coming within the prescribed period of limitation.
2. The said ARR & RST applications were duly scrutinized and registered in Case Nos. 85/2013 (CESU), 86/2013 (WESCO), 87/2013 (NESCO) and 88/2013 (SOUTHCO) respectively.
3. As per the direction of the Commission applicants published the ARR & Tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspapers in their area of supply in order to invite objections/suggestions from the general public. The said public notices were also posted in the Commission's website [www.oriarc.org](http://www.oriarc.org). The Commission had also directed the applicants to file their respective rejoinders to the objections filed by the several objectors.
4. In response to the said public notices, the Commission received objections/ suggestions from the following persons/ associations/ institutions/ organizations as mentioned below against each of the distribution licensee:

### **On CESU's application**

(1) Shri Akshya Kumar Sahani, M/s Sahani Energy Consultancy, B/L-108, VSS Nagar, Bhubaneswar-751007, (2) M/s Magnum Sea Foods Pvt. Ltd., At-Botanda, Po. Rameswar, Dist-Khurda, (3) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-75101, (4) M/s.Utkal Chambar of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (5) M/s. Odisha Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-753002, (6) M/s. Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-753002, (7) M/s.Keonjhar Navanirman Parishad, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-2, (8) Sri Prabhakar Dora, Vidya Nagar, 3rd Lane, Rayagada, Dist. Rayagada-765001, (9) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB, Plot No.775 (Pt.), Lane-3, Jayadev Vihar, Bhubaneswar-751013, (10) M/s IDCOL Ferrochrome & Alloys Ltd., IFCAL Colony, Po. Ferro Chrome Project, Jajpur Road, Dist-Jajpur-755020, (11) M/s. Odisha Electrical Consumers' Association, Sibasaki Medicine Complex, B.K. Road, Cuttack-753001 (Consumer Counsel), (12) Sri K.P.Krishnan, S/o. Late K.S. Parameswaram, At/Po. College Square, Hotel Vijaya Complex, Dist-Cuttack-753003, (13) M/s. Odisha Upovokta Surakshya Abhijan, At/Po-L/41, Baramunda, H.B.Colony, Bhubaneswar-3, (14) M/s. Grahak Seba, At/Po. Bodhanga, Via. Nischintakoil, Dist-Cuttack-754207, (15) Shri Gobinda Ojha, Anchalika Khauti Surakshya Sangha, At/Po. Redhua, Via. Nalibar, Dist-Jagatsinghpur, (16) Shri Kamalakanta Sahoo, S/o. Late Kumarbar Sahoo, At-Charchika Bazar, Po. Jagatsinghpur, Dist-Jagatsinghpur, (17) M/s. OCL India Limited, Kapilas Cement Manufacturing Works, Anand Varsha, 1st Floor, Ice Factory Road, College Square, Cuttack-753003, (18) M/s. Power Tech Consultants, 1-A /6, Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (19) M/s. East Coast Railway, Rail Sadan, Chandrasekharapur, Bhubaneswar-751017, (20) M/s. State Public Interest Protection Council, 204, Sunamoni Appartments, Telenga Bazar, Cuttack-753009, (21) Shri Ram Abatar Agrawal, S/o. Late Ram Karan Agrawala, At-

Sirol, Ps-Kesinga, Dist-Kalahandi, (22) M/s. Sonthalia Rice Mill, S3/36, 37, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-751010, (23) M/s. Shri Shyamji Rice Floor Mill, At/Po-Kesinga, Dist-Kalahandi. All the above named objectors filed their objections/suggestions and out of the above, the following objectors No.5,6,7,8,16,17,20,21,22&23 were absent during hearing. However, their written submissions were taken on record and also considered by the Commission.

#### **On WESCO's application**

(1) Shri G.N. Agrawal, Sambapur District Consumers Federation, Balaji Mandir Bhawan, Khetrampur, Sambalpur, (2) M/s Power Tech Consultants, 1-A/6, Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (3) Shri. Akshya Kumar Sahani., M/s Sahani Energy Consultancy, B/L-108, VSS Nagar, Bhubaneswar, (4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (5) M/s. Odisha Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-2 , (6) M/s. Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-2, (7) M/s. Keonjhar Navanirman Parisad, At- Chandin Chowk, Dist.-Cuttack, (8) M/s.Shree Salsar Castings (P) Ltd., Balanda, P.O- Kalunga, Rourkela -770031, (9) M/s. Radha Krishna Ispat (P) Ltd., Plot No. 19P, Goibhanga, Kaluga, Rourkela-770031, (10) M/s. Bajrangbali Re-Rollers (P) Ltd., Lal Building, Kachery Road, Rourkela-769012, (11) M/s. D.D.Iron and Steels (P) Ltd., H/4/5, Civil Township, Rourkela,(12) M/s. Ashoka Ispat Udygo, Uditnagar, Rourkela-769012, (13) M/s. Top Tech Steels (P) Ltd., 1<sup>st</sup> Floor, Mangal Bhawan, Phase-II, Power House Road, Rourkela-769001,(14) M/s.Maruti Steel Moulding Pvt. Ltd., Sarandamal, Padampur, Kuarmunda-770039,(15) Shri Prabhakar Dora, At-Bidya Nagar, Co-Operative Colony, 3rd line, Rayagada, Po/Ps/Dist- Rayagada- 765001, (16) Shri R.P. Mohapatra, Plot No.775(P), Lane-3, Jayadev Vihar, Bhubaneswar-751013, (17) M/s. Larsen & Turbo Limited, Kansbahal Works, Kansbahal- 770034, Dist.- Sundargarh, (18) Shri Ananta Bihari Routray, Secretary, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001, (19) M/s. Adhunik Metaliks, IPCOL House, 3<sup>rd</sup> Floor, Annexe Building, Janpath, Bhubaneswar-751022,(20) Sri R.K.Jain, Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017,(21) M/s.Rahul Beverages, At-Boria, P.O- Kesinga, Dist.-Kalahandi,(22) Shri Ram Abtar Agrawal, S/o-Late Ram Karan Agrawal, At-Sirol, P.s-Kesinga, Dist.- Kalahandi,(23) Shri Prasanta Kumar Das, President, State Public Interest Protection Council, At-204, Sunamoni Appartments, Telenga Bazar, P.S-Purighat, Cuttack-753009, (24) M/s. OCL India Ltd., At/P.o/P.s- Rajgangpur, Dist.-Sundargarh-770017,(25) M/s. Sonthalia Rice Mill, S3/36,37, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-751010, (26) M/s.Utkal Chamber of Commerce & Industry, N1/6, IRC Village, Nayapalli, Bhubaneswar-751015. All the above named objectors filed their objections/suggestions and out of the above, Objector No. 5,6,7,15,17,18,21,22 and 23 were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsel and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

#### **On NESCO's application**

(1) M/s. Power Tech Consultants, 1-A /6, Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (2) M/s. Dixit Oil Industries, At-Charampa, Po/Ps/Dist-Bhadrak, (3) Shri Harsha Bardhan Jena, S/o. Late Hrudananda Jena, At/Po- Aruha, Via- Haridaspur, Dist-Jajpur, (4) Shri A. K. Sahani,M/s Sahani Energy Consultancy, B/L 108, VSS Nagar, Bhubaneswar-07, (5) M/s Visa Steel Ltd., Kalinganagar Industrial Complex, At/P.O-Jakhapura-755026, Dist.-Jajpur, (6) M/s. Facor Power Limited,At/P.o-Randia,

Dist.-Bhadrak-756135, (7) The Utkal Chambar of Commerece& Industry, N/6, IRC Village, Nayapalli, Bhubaneswar-15, (8) M/s. Ferro Alloys Corporation Ltd., GD.2/10, Chandrasekharpur, Bhubaneswar-751023, (9)Shri Ramesh Ch. Satapathy,Secretary, National Institute of Indian Labour, Plot No. 302(B), Beherasahi, Nayapalli, BBSR-12., Dist-Khurda, (10) Sri Nilambar Mishra, S/o. Late Kshetramohan Mishra, At/Po. Rudhunga, Ps. Simulia, Dist-Balasore, (11) Sri Manoranjan Sethi, S/o. Sri Madan Sethi, At-Banparia, Po/Ps-Khaira, Dist-Balasore-756148, (12) Smt. Kanak Manjari Ray, W/o. Balaram Sahoo, At-Binapur, Po-Mahatipur, Via-Khaira, Dist-Balasore-756048, (13) M/s. Odisha Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-753002, (14) M/s.) Federation of Consumers Organization of Odisha, (FOCO), At- Biswanath Lane, Dist- Cuttack-753002, (15) M/s. Keonjhar Navanirman Parishad, Registered Office at Chandni Chowka, Dist-Cuttack, (16) M/s. Emami Paper Mills Ltd., Balgopalpur, Rasulpur-756020, Dist-Balasore756020, (17) Sri Prabhakar Dora, Bidya Nagar, 3rd Lane, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (18) M/s Modern Zipfasto (P) Ltd., VIP Colony (Near Durga Mandap), Gabasahi, Po/Ps/Dist-Bhadrak-756100, (19) M/s. Balasore Alloys Limited, At-Balgopalpur,Dist.- Balasore-756020, (20) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB), Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-751013, (21) Shri Ananta Bihari Routray, Secretary, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001, (22) Subash Chandra Masanta,Convenor, Balasore Surakhya Mancha, At-Bateswar, Po-Motiganj, Dist-Balasore, (23) M/s IDCOL Ferrochrome & Alloys Ltd., Po. Ferro Chrome Project, Jajpur Road, Dist-Jajpur-755020, (24) North Odisha Chambar of Commerce & Industry, At-Ganeswarpur Industrial Estate, Po-Januganj, Ps-Industrial, Dist-Balasore-756019, (25) Sri Santosh Kumar Nayak, S/o. Sri Kanhei Charan Nayak, At-Bhagia, Po-Markona, Dist-Balasore-756126, (26) Sri Babuli Sahoo, S/o. Late Kangali Sahoo, At-Atalpur, Po-Samantarapur, Via-Kabirpur, Dist-Jajpur-755009, (27) Sri Akshya Kumar Sahoo, At-Kuakhia Bazar, Po-Rasulpur, Via-Kabirapur, Dist-Jajpur-755009, (28) M/s. Balaramgadi ICE Factory Association, At-Balaramgadi, Cahndipur, Dist-Balasore, (29) M/s Balasore ICE Factory Owner Forum, At-Akatpur, Po-Sunahat, Dist-Balasore-756003, (30) Chief Electrical Distribution Engineer, East Coast Railway, Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, Dist.-Khurda, (31) M/s. Tata Steel Limited, Plot No-273, Bhouma Nagar, Unit-IV, Bhubaneswar, (32) M/s. Shri Shyamji Oil Mills, At/Po-Kesinga, Dist-Kalahandi, (33) Shri Ram Abatar Agrawal, S/o. Late Ram Karan Agrawala, At-Sirol, Ps-Kesinga, Dist-Kalahandi, (34) M/s. State Public Interest Protection Council, 204, Sunamoni Appartments, Telenga Bazar, Cuttack-753009, (35) M/s. Sonthalia Rice Mill, S3/36, 37, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-751010. All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector No. 13, 14, 15, 17, 22, 25, 33, 34, and 35 were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsel and the representative of Govt. of Odisha, Department of Energy, Bhubaneswar.

#### **On SOUTHCO's application**

(1) M/s. Power Tech Consultants, 1-A /6, Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (2) Shri A. K. Sahani, M/s. Sahani Energy Consultancy, B/L 108, VSS Nagar, Bhubaneswar-07, (3) Shri Ramesh Chandra Satapathy,Secretary,National Institute of Indian Labour, At- Plot No. 302(B), Beherasahi, Nayapalli, BBSR-751012, Dist-Khurda, (4) M/s.Utkal Chambar of Commerece Industry, N/6, IRC Village, Nayapalli, Bhubaneswar-15, (5) M/s. Odisha Consumers' Association, Devajyoti

Upabhokta Kalyan Bhawan, Biswanath Lane, Dist-Cuttack-753002, (6) M/s. Federation of Consumers Organization, (FOCO), Odisha, Biswanath Lane, Dist-Cuttack-753002, (7) M/s. Keonjhar Navanirman Parishad, At-Chandini Chowka, Dist-Cuttack, (8) Sri Prabhakar Dora, Bidya Nagar, 3rd Lane, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (9) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-751013, (10) M/s. Jayhree Chemicals Ltd., JCL Colony, PO- Jayshree-761025, Dist- Ganjam, (11) M/s. Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001, (12) M/s. Vikash Parisada, At-Burja, Po-Laxmipur, Dist-Koraput, (13) M/s. Mahila Upavokta Kalyan Mahasangha, At-Siliput, Po-Therubali, Dist-Rayagada, (14) M/s. East Coast Railway, Rail Sadan, Chandrasekharapur, Bhubaneswar-751017, (15) M/s. Shri Shyamji Rice Floor Mill, At/Po-Kesinga, Dist-Kalahandi, (16) Shri Ram Abatar Agrawal, S/o. Late Ram Karan Agrawala, At-Sirol, Ps-Kesinga, Dist-Kalahandi, (17) M/s. State Public Interest Protection Council, 204, Sunamoni Appartments, Telenga Bazar, Cuttack-753009, (18) M/s. Sonthalia Rice Mill, S3/36, 37, Sector-A, Zone-B, Mancheswar Industrial Estate, Bhubaneswar-751010, (19) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati-761200 (Consumer Counsel), (20) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Crave Road, Pune-411004, India. (Consumer Counsel), (21) Principal Secretary to Govt., Department of Energy, Govt. of Odisha, Bhubaneswar. All the above named objectors filed their objections/suggestions and out of the above them the following objector Nos.5,6,7,8,15,16,17 & 18 were absent during hearing. However, their written submissions were taken on record and also considered by the Commission.

**Table – 2**

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

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

- The following persons/institutions/organisations had filed their objections/suggestions which were received by the Office of the Commission after the due date i.e.15.01.2014 and the same were only considered as written submissions by the Commission.

Shri Pravakar Panda, Volunteer on behalf of Domestic Consumers, Nimapara Sub-Division, At-Andhaisahi, P.O/P.S- Nimapara, Dist.-Puri. Shri Pankaj Kumar Agarwal, M/s. Bajarang Agro Industry, At-Baradorga, P.O-Ladugaon, P.S-Koksara, Dist.-

Kalahandi. Shri Susil Kumar Agarwal, M/s. Bajaranga Rice Mill, At/P.O: Ladugaon, P.S.- Koksara, Dist.- Kalahandi. Mushafir Jaiswal, M/s. D.D.Iron & Steel (P) Ltd., H-4/5, Civil Township, Rourkela-769001, Dist.- Sundargarh. Shri Ashok Agrawal, M/s.Shree Salsar Castings (P) Ltd., At-Balanda, P.O-Kalunga-770031. Shri Shyam Bihari Prasad, M/s. Top Tech Steels (P) Ltd., 1<sup>st</sup> Floor, Mangal Bhawan, Phase-II, Power House Road, Rourkela-769001. Shri Rajesh Kumar Agrawal, S/o.Shri Dharam Chand Agrawal, At-Kesinga, PS-Kesinga, Kalahandi. Shri Bajranglal Agarwal, M/s. Sabitri Agro Products, At/P.O: Ladugaon, P.S.- Koksara, Dist.- Kalahandi. Shri Jagannath Agarwal, M/s. Bajrang Rice Industry, At/P.O: Ladugaon, P.S.- Koksara, Dist.- Kalahandi. Shri Bijaya Kumar Agarwal, M/s. Bijayalaxmi Paddy & Agro Pvt. Ltd., At/P.O: Ladugaon, P.S.- Koksara, Dist.- Kalahandi. Shri Neelesh Kumar Agarwal, M/s. Sri Kanheya Agro Products, At/P.O: Ladugaon, P.S.- Koksara, Dist.- Kalahandi. Sri M. Laxman Murty, M/s. Om Sri Manikanta Traders, At-M.G.Road, Near Hatapada, P.O/P.S- Jeypore, Dist.- Koraput. Sri G.Venkata Rao, M/s. Sai Modern rice Mill, At-M.G.Road,P.O/P.S- Jeypore, Dist.- Koraput. Sri Prakash Chandra Padhi, M/s.Bhagabati Rice Mill, At/Po-Digapur, P.S- Boipariguda, Dist.- Koraput. Smt. S.Hemabati, M/s. Sai Balaji Modern Rice Mill, At-M.G.Road, P.o/P.s- Jeypore, Dist.- Koraput. Smt. Banjalata Choudhury, M/s.Sriya Modern Rice Mill, At-Parajaguda, P.O-Jayantigiri, P.s-Borigumma, Dist.-Koraput. Sri S. prakash rao,M/s.Sri jyoti Modern Rice & Flour Mill, At-Canal Road, Gandhi Chowk, P.o/Ps-Jeypore, Dist.-Koraput. Smt. M. Anita, M/s.Om Sri Maa Tarini Modern Rice Mill, At-Thurudiput, P.o-Tankua, P.s- Jeypore Sadar, Dist.- Koraput. Sri R.Venkata Rao, M/s.Tatnala Appalaswamy Sons (Krishna Rice Mill), At- Mill Street, P.o?p.s- Jeypore, Dist.-Koraput. Sri A. Chandra Rao, M/s.Tirumala Rice Mill, At- New Street-4<sup>th</sup> Lane, P.o/P.s-Jeypore, Dist.- Koraput. Sri G.Ananda Rao, M/s. Laxmi Ganesh Rice Mill, At-Nodiabad Street, P.o/P.s-Jeypore, Dist.-Koraput. Sri P.Anand Rao, M/s. Sri Lakshmi Venkata Narasimha Modern Rice Mill, At-Perahandi, P.o- Jayantigiri, P.s-Borigumma, Dist.-Koraput. Smt. B.Krishna Veni, M/s.Meenakshi Rice & Flour Mill, At-Kumuliput, P.o-Hardaput, P.s.-Jeypore sadar, Dist.- Koraput. Sri Anand Rao, M/s. Ganesh Rice Mill, At- Nodiabad Street, P.o/Ps- Jeypore, Dist.-Koraput. Smt.Labanya Padhi, M/s. Bhagabati Industries, At-Palkaput, P.O- Jayanagar, P.s- Jeypore Sadar, Dist.- Koraput. A Chandra Mauli, M/s A.Venkata Rao & Sons, At. Baipass Road, Po/Ps. Jeypore, Dist. Koraput. Sri. Jami Siva sai, M/s Sri Sai Rameswara Solvent (P) Ltd., At-MAjurmunda, Po-Ambaguda, Dist-Koraput, Odisha. M. Mohan Rao, M/s Shiv Shakti Oils Pvt. Ltd., At- Majurmunda, BJ-II, Po-Ambaguda, Ps-Jeypore Sadar, Dist-Koraput. Sri Trinath Mandal, M/s Ma Sarvamangala Modern Rice Mill, At/Po- Phampuni, Ps-Jeypore Sadar, Dist-Koraput. Shri V. Prabhakar, M/s Gupteswar Floor Mills Pvt. Ltd., At/Po-Randapalli, Ps-Jeypore, Dist-Koraput. Shri A.Bhaskar RAo, M/s Sri Sai Venkata Enterprises, At-Bodopada, Po-Haradaput, Ps-Borigumma, Dist-Koraput. Smt. Sibani Patnaik, M/s Neelatara Modern Rice Mill, at/Po-Dandarchinchi, Ps-Jeypore Sadar, Dist-Koraput. Sri Arun Kumar Agarwal, M/s Jeypore Overseas Pvt. Ltd., At- Opp Cineplex Theater, Jeypore, N.H-26, Po/Ps-Jeypore, Dist-Koraput. Smt. Urmila Behera, M/s Bajrang Modern Rice Mill, At/Po. Phampuni, Ps-Jeypore Sadar, Dist-Koraput. Shri Bala Krushna Panda, M/s Arnapurna Rice Mill, At- M.G.Road, Near Hatpada, Po/Ps. Jeypore, Dist-Koraput. Shri Gokul Chandra Panda, M/s Jagannath Rice Mill, At- Main Road, Borigumma, Po/Ps-Borigumma, Dist-Koraput. Shri Tarini Patra, M/s Sri Durga Rice Mill, At. M.G.Road, Po/Ps-Jeypore, Dist-Koraput. Shri Gopal Krishna Panda, M/s Syabar Srikhetra Rice Mill, At-M.G.Road, Po/Ps-Jeypore, Dist-Koraput. Shri M Rushikesh, M/s Syamala Modern Rice Mill, At- Mill Street, Po/Ps-Jeypore, Dist-Koraput. Sri. V.Mohan Rao, M/s Om Sri Sai Trimuleswara Oils, At-Teliguda, Po-Jeypore(R/S), Ps-Jeypore Sadar, Dist-Koraput, Smt. Jami Nirmala, M/s Cashew Home, At- Bodapindapadar, Po/Ps-Borigumma, Dist-Koraput, Sri. G.Bhaskar Rao, M/s Satyanaerayan Industries, At-

Hatapada, M.G.Road, Po/Ps-Jeypore, Dist-Koraput, Shri Varanasi Srinivas, M/s Janaki Krishna Industries, At/Po- Perahandi (Baliguda), Ps- Borigumma, Dist-Koraput, Sri Sanjaya Samntra, M/s Subha Laxmi Cashew (Mukteswar Oils), At-Majurmunda, Po-Ambaguda, Ps-Jeypore, Dist-Koraput, Sri Jagan Mohan Rao, M/s Mahalaxmi Cashew, At-Majurmunda, Po-Ambaguda, Ps-Jeypore Sadar, Dist-Koraput, Sri B.Gouri, M/s. Chowdeswari Cashew, At-Ambaguda, BJ-2, Po-ambaguda, Dist-Koraput, Shri. Varanasi Srinivas, M/s Sri Sitarama Industries, At-Telliguda, Po-Jeypore (R/S), Ps-Jeypore Sadar, Dist-Koraput, Sri. Kailash Chandra Samntra, M/s. Tumbeswara Cashew Industries, At-Majurmunda, Po-Ambaguda, Ps-Jeypore Sadar, Dist-Koraput, Sri G.Ravi Kumar, M/s Om Sri Laxmi Ganesh Cashew Oil Mill, At/Po- Randapali, Ps-Jeypore Sadar, Dist-Koraput, Shri K Viswanatham, M/s Sri Venketa Lakshmi Cashew Industries, At-Jhillimilli, Po/Ps-Borigumma, Dist-Koraput, Shri. S. Arjun, M/s Sri Laxmi Ganesh Cashew Industries, at- Jeypore Railway Station Road, Po- Jeypore (R/S), Ps-Jeypore Sadar, Dist-Koraput, Sri Jami Ramesh, M/s Sai Cashews, At-Majurmunda, Po-Ambaguda, Dist-Koraput, M Mohan Rao, S/o. Late Narashimalu Rao, At-Ratnakarguda, Po/Ps-Jeypore, Dist-Koraput, M/s. Sesa Sterlite Limited, 1<sup>st</sup> Floor, Module C/2, Fortune Towers, Chandrasekharapur, Bhubaneswar (only in Case No. 86/2013) and Aam Admi Party, MIG-A-19, Brit Colony, Nayapalli, Bhubaneswar.

6. The dates for hearing were fixed and it was duly notified in the leading English and Odia daily newspaper mentioning the date, place and time of hearing along with the names of the objectors. The Commission issued notice to the Govt. of Odisha represented by the Department of Energy to send their authorised representative to take part in the hearing of the ensuing tariff proceedings.
7. In its consultative process, the Commission conducted public hearings at Bhubaneswar in its Premises on 10.02.2014 for WESCO, 11.02.2014 for NESCO, 12.02.2014 for SOUTHCO, and on 14.02.2014 for CESU. The Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and Consumer Counsels from licensees' area of supply & the Objectors presented their views in the hearing. Commission heard the Applicants, Objectors, Consumer Counsels and the representative of the DoE, Government of Odisha at length.
8. The Commission convened the State Advisory Committee (SAC) meeting on 15.02.2014 at 3.30 PM at its premises to discuss about the ARR applications and tariff proposals of licensees. The Members of SAC, Special Invitees, the Representative of DoE, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

#### **ARR & RETAIL SUPPLY TARIFF PROPOSAL FOR 2014-15 (PARA 9 TO 54)**

9. The Reliance managed DISCOMs submitted that BSP, Transmission & Retail Supply Tariff for FY 2006-07 are pending for adjudication before the Supreme Court on the appeals preferred by the GRIDCO, OPTCL & the Commission respectively. The Tariff Orders for subsequent years i.e. FY 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 have been appealed before Hon'ble ATE & Hon'ble ATE has disposed of the appeals pertaining to 2007-08 on 08.11.2010 and for FY 2009-10 on 04.05.2011. The Reliance managed DISCOMs submitted to consider the award of the Hon'ble ATE in their Order dated 04.05.2011 while determining revenue requirement of ensuing year 2014-15. The remaining appeals are still pending before the ATE. With regard to the matter of Hon'ble ATE's directives to the Commission for re-determining the RST for FY 2010-11 and FY 2011-12 after reviewing the cross subsidy, the licensees have submitted that they reserved the right to claim differential revenue in the event of revision of tariff by the Commission in this regard.

10. A statement of Energy Sale, Purchase and Overall Distribution loss from FYs 2010-11 to 2014-15 as submitted by DISCOMs, namely, Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Ltd (NESCO), Southern Electricity Supply Company of Odisha Ltd (SOUTHCO) and Western Electricity Supply Company of Odisha Ltd (WESCO) are given below:

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

DISCOMs	Particulars	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (Est.)	2014-15 (Est.)
CESU	Energy Sale (MU)	4361.48	4491.63	4662.96	5423.75	6251.06
	Energy Purchased (MU)	7069.34	7233.05	7401.88	8344.24	9100.39
	Overall Distribution Loss %	41.00	38.20	37.00	35.00	31.31
NESCO	Energy Sale (MU)	3435.59	3301.53	3282.86	3581.74	3765.25
	Energy Purchased (MU)	5108.93	5023.40	5045.35	5309.43	5414.51
	Overall Distribution Loss %	33.00	34.28	34.93	32.54	30.46
SOUTHCO	Energy Sale (MU)	1323.38	1507.68	1660.67	1787.10	2158.31
	Energy Purchased (MU)	2555.64	2814.13	2948.89	2980.00	3400.00
	Overall Distribution Loss %	48.22	46.42	43.62	40.03	36.52
WESCO	Energy Sale (MU)	3978.711	3775.042	3945.343	4325.30	4870.00
	Energy Purchased(MU)	6510.88	6177.74	6391.257	6655.00	7165.00
	Overall Distribution Loss %	38.89	38.89	38.27	35.01	32.03

#### AT&C Losses

11. The Distribution Loss, Collection Efficiency and targets fixed by OERC with reference to AT&C Loss for the four DISCOMs since FY 2010-11 onwards are given hereunder:-

**Table - 4**

DISCOMs	Particulars	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (Est.)	2014-15 (Est.)
CESU	Dist. Loss (%)	41	37.96	37.04	35.00	31.31
	Collection Efficiency (%)	96	97	89.8	99	99
	AT&C Loss (%)	41	39.99	43.46	35.98	31.9
	OERC Target (AT&C Loss %) (As per Business Plan/ARR)	26.86	24.76	23.77	23.77	--
NESCO	Dist. Loss (%)	33.00	34.28	34.93	32.54	30.46
	Collection Efficiency (%)	94.34	100.57	92	99	99
	AT&C Loss (%)	36.04	33.91	40.38	33.21	31.16
	OERC Target (AT&C Loss %) (As per Business Plan/ARR)	20.09	19.22	19.17	19.17	--
SOUTHCO	Dist. Loss (%)	48.21	46.43	43.32	40.03	36.52
	Collection Efficiency (%)	92.40	97.80	94.48	94.00	96.00
	AT&C Loss (%)	52.15	47.61	46.45	43.63	39.06
	OERC Target (AT&C Loss %) (As per Business Plan/ARR)	29.26	27.24	26.25	26.25	--
WESCO	Dist. Loss (%)	38.89	38.89	38.27	35.01	32.03
	Collection Efficiency (%)	91.32	95.37	91.91	97	98
	AT&C Loss (%)	44.20	41.72	43.26	36.96	33.39
	OERC Target (AT&C Loss %) (As per Business Plan/ARR)	21.53	20.50	20.40	20.40	--



12. The licensees have proposed above AT&C losses in their licensed area and have submitted to consider re-determination of opening loss levels on realistic basis in the ARR for the FY 2014-15. The licensees have planned following activities for reduction of loss for the ensuring financial year.

#### **Automated Meter Reading System**

13. NESCO, WESCO and SOUTHCO have submitted that they have initiated a drive for installation of AMR system for all Consumers above 10 kW/20 kW load by the end of FY 2014-15. The plan for installation of AMR for the FY 2014-15 is as follows:

**Table - 5**  
**Costs for AMR System**

DISCOM	No. of Consumers proposed to be covered in FY 14-15	Cost including installation	One time set up cost	Total cost	Recurring cost per annum communication + manpower	Unit
WESCO	5544	332.64	100.00	432.64	110.85	Rs Lakh
NESCO	5156	268.11	41.24	399.06	89.70	Rs Lakh
SOUTHCO	4967	298.02	100.00	398.02	93.97	Rs Lakh

#### **IT / Automation Module Implementation**

14. Licensees proposed to implement different IT/automation modules for improvement in the operational efficiencies such as establishment of Customer Service Centres etc. The expenses under one time hardware and software costs and recurring costs proposed by licensees for ensuing FY 2014-15 is as follows:

**Table - 6**  
**Costs of IT / Automation Implementation**

Name of DISCOMs	Hardware and Software Cost (Rs. lakh)	Recurring cost (Rs. lakh)
WESCO	99.75	32.08
NESCO	99.75	32.08
SOUTHCO	96.24	64.08

#### **Consumer Indexing**

15. The licensees have proposed following activities under Consumer Indexing plan:-
- Consumer and network survey: (Door to door survey, electrical addressing through pole scheduling, Preparation of LT network details viz.11 kV feeder, DTR, LT circuit, Pole type and no of services from each pole. etc).
  - Building database and Indexing of Consumer: (Development of consumer database as back up to GIS, development of software tools for consumer/network/DTP details etc).
  - Painting of Electrical addresses on Poles, DTR and at Consumers premises.

The licensees have considered the cost of consumer indexing as part of A&G expenses for FY 2014-15.

#### **Energy Police Stations & Special Courts**

16. CESU has estimated an expenditure of Rs 0.88 Cr for FY 2014-15 towards eight energy police stations in various districts under its jurisdictions.
17. NESCO, WESCO, and SOUTHCO have submitted that till date adequate manpower has not been provided and the police stations were severely constrained by lack of

personnel of appropriate grades, particularly those who are authorized to register complaints. Further SOUTHCO had submitted that with theft being a widespread phenomenon, special court was limited to only one in the area of operational districts of SOUTHCO. WESCO submitted that special courts had not been functional in its area. A comparative table of sanctioned and actual number of police stations and the expenses proposed by the licensees under the A&G towards operation of energy police stations is as follows:

**Table - 7**  
**Costs for Police Stations**

<b>DISCOMS</b>	<b>No of Police Stations Sanctioned</b>	<b>No of Police Stations Established</b>	<b>Proposed Expenses for FY 2014-15 (Rs Cr)</b>
NESCO	6	5	2.27
WESCO	10	10	1.98
SOUTHCO	10	10	5.76

18. Following are the constraints faced by the licensees in effective operation of the Energy Police Stations:

- Inadequate Staff
- Refusal and reluctance to accept FIRs
- Non-participation of police in enforcement drives conducted by staff of licensee
- Absence of administrative support

In this regard licensees have submitted

- To widen the jurisdiction of operation and police be made responsible to associate the staff of licensee during the detection of thefts and raids.
- Joint review by MD and SP
- Conducting joint workshops at district level

#### **Data Sources**

19. NESCO, WESCO, SOUTHCO and CESU have complied with the information requested by the Commission for submitting the ARR and tariff for the year 2014-15. The accounts up to March, 2013 have been duly audited as per Companies Act for all the Reliance managed DISCOMs. While compiling data and preparing ARR, the licensees relied upon the audited data. However, actual bills received from the bulk supplier, GRIDCO (for input/electricity cost) and other data have been used for compilation and preparation of ARR.

#### **Revenue Requirement for the FY 2014-15**

##### **Sales Forecast**

20. For projecting the energy sale to different consumer categories, the licensees had analyzed the past trends of consumption pattern for last ten years i.e. FY 2001 to FY 2012-13. In addition, the licensees have relied on the audited accounts for FY 2012-13 and actual sales data for the first six months of FY 2013-14. With this, the four distribution utilities have forecasted their sales figures for the FY 2014-15 as detailed below with reasons for sales growth.

**Table - 8**  
**Sales Forecast for 2014-15**

Licensee/ Utility	LT Sales for 2014-15 (Est.)		HT Sales for 2014-15 (Est.)		EHT Sales for 2014-15 (Est.)		Total Sales 2014-15 (Est.) MU
	(MU)	% Rise over FY 13	(MU)	% Rise over FY 13	(MU)	% Rise over FY 13	
CESU	3256.91	20.24%	1238.18	16.75%	1755.96	6.11%	<b>6251.06</b>
<b>Remarks</b>							
NESCO	1789.09	13.41%	433.32	(3.32%)	1542.83	(0.844%)	<b>3765.25</b>
<b>Remarks</b>	Impact of electrification of new villages under RGGVY & Biju Gram Yyoti Yojana and growth from existing & new Consumers	Decline in sales due to recession in steel & mining sector, temporary closure/ disconnection of steel mfg industries		Reduction in EHT sales because industries are setting their own CPP and some have opted for open access			
WESCO	2067.00	32.73%	1313.00	3.55%	1490	(0.66%)	<b>4870.00</b>
<b>Remarks</b>	Impact of electrification of new villages under RGGVY & Biju Gram Jyoti Yojana and growth in domestic category	Marginal increase /lower growth because of recession in steel & mining sector,		Reduction in EHT sales because industries are setting their own CPP			
SOUTHCO	1552.79	33.09%	191.681	7.902%	413.846	2.75%	<b>2158.32</b>
<b>Remarks</b>	Impact of BPL & APL Consumers from RGGVY, BGJ program, Increase in agriculture and Irrigation consumption from Mega Lift Irrigation project of GoO	nominal addition in consumption considered based on earlier trend and with addition of one HT consumer of CD of 8 MW		Slight growth in consumption than that of earlier year is considered			
<b>Total</b>	8665.79 MU		3176.18 MU		5202.64 MU		17044.63

**Power Purchase Expenses**

21. The licensees have proposed the power purchase costs based on their current BSP, transmission charges and SLDC charges. They have also projected their SMD considering the actual SMD during FY 2013-14 and additional load coming up in the FY 2014-15 which is shown in the table given below.

**Table - 9**  
**Power Purchase Expenses**

DISCOMs	Est. Power Purchase (MU)	Estimated Sales (MU)	Distribution Loss in %	Current BSP Paisa/Unit	Estimated Power Purchase Cost (Rs Cr)	SMD proposed (MVA)
CESU	9100.39	6251.06	31.31	259	2584.51	1611.47
NESCO	5414.51	3765.25	30.46	290	1706.41	1000
WESCO	7164.00	4870.00	32.03	294	2406.22	1100
SOUTHCO	3400	2158	36.52	180	697.51	650
<b>Total</b>	25078.90	17044.63	32.04	265.27	7394.65	4361.47

### Disaster Mitigation Plan

22. All the utilities have proposed additional charge per unit of electricity sold for undertaking measures for execution of disaster mitigation plan (DMP). For execution of DMP, the utilities require huge investments. Hence, utilities have planned to execute the DMP in a phased manner and to execute the first phase plan as per the following:

**Table - 10**  
**Disaster Mitigation Plan**

	Disaster Mitigation Plan allocation in Rs Cr	Proposed additional charge per unit on the electricity sold to customers (Paisa/kWh)
CESU	30 *	05
NESCO	36.95**	05
WESCO	36.95**	05
SOUTHCO	39.85**	05

(\* for FY 2014-15, \*\* for next two years)

### Truing up of Revenue Gap for FY 2012-13 and FY 2013-14

23. The Reliance managed DISCOMs, NESCO, WESCO and SOUTHCO have submitted to allow truing up of uncovered gap of Rs 384.93 Cr (NESCO), Rs 286.38 Cr (WESCO) and Rs 157.81 Cr (SOUTHCO) to be considered as estimated revenue gap based on the audited statements for year ending 31st March, 2013 for FY 2012-13 to be trued up in the ARR of FY 2014-15.
24. Further, NESCO, WESCO and SOUTHCO have estimated the revenue gap of Rs 332.71 Cr (NESCO), Rs 332.31Cr (WESCO) and Rs 246.86 Cr (SOUTHCO) for the current financial year FY 2013-14 to be trued up in the financial year FY 2014-15.
25. CESU has not submitted any details about past losses/regulatory assets to be set off in future year.

### Revenue at Existing Tariffs

26. The licensees have estimated the revenue from sale of power by considering the sales projected for FY 2014-15 and by applying the various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs 2971.43 Cr, Rs 1783 Cr, Rs 2387.61 Cr and Rs 853.47 Cr by CESU, NESCO, WESCO and SOUTHCO respectively.

### Summary of ARR and Revenue Gap

27. The proposed revenue requirements of DISCOMs have been summarized as below:

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

	CESU	NESCO	WESCO	SOUTHCO	Total DISCOMs
<b>Expenditure</b>					
Cost of Power Purchase	2356.59				
Transmission Cost	226.11				
SLDC Cost	1.81				
<b>Total Power Purchase, Transmission &amp; SLDC Cost (A)</b>	<b>2584.51</b>	<b>1706.41</b>	<b>2406.22</b>	<b>697.51</b>	<b>7,394.65</b>
Employee Cost	316.44	285.79	254.11	207.7	1064.04
Repair & Maintenance	98.88	86.91	56.05	52.9	294.74

	CESU	NESCO	WESCO	SOUTHCO	Total DISCOMs
A&G Expenses	58.44	55	54.01	58.93	226.38
Bad & Doubtful Debts (Provision)	29.71	17.83	63.75	34.14	145.43
Depreciation	118.57	58.9	37.19	21.98	236.64
Interest Chargeable (Including SD)	191.52	80.05	89.04	46.87	407.48
<b>Sub-Total</b>	<b>813.56</b>	<b>584.48</b>	<b>554.15</b>	<b>422.52</b>	<b>2374.71</b>
Less: Expenses Capitalized				0.62	0.62
<b>Total O&amp;M and Other Cost</b>	<b>713.56</b>	<b>584.48</b>	<b>554.15</b>	<b>421.9</b>	<b>2374.09</b>
Return on Equity	11.64	10.55	7.78	6.03	36.00
<b>Total Distribution Cost (B)</b>	<b>825.20</b>	<b>595.03</b>	<b>561.93</b>	<b>427.93</b>	<b>2410.99</b>
Amortization of Regulatory Assets		74.26	74.77	117.23	266.26
True up of Past Losses		115.72	109.88		225.60
Contingency Reserve		6.04	3.89	2.25	12.18
<b>Total Special Appropriation (C)</b>		<b>196.02</b>	<b>188.54</b>	<b>119.48</b>	<b>504.04</b>
<b>Total Cost (A+B+C)</b>	<b>3252.25</b>	<b>2497.46</b>	<b>3156.69</b>	<b>1244.92</b>	<b>10308.78</b>
Less: Miscellaneous Receipt	103.52	44	83.91	6.98	238.41
<b>Total Revenue Requirement</b>	<b>3306.19</b>	<b>2453.46</b>	<b>3072.78</b>	<b>1237.94</b>	<b>10070.37</b>
<b>Expected Revenue (Full Year)</b>	<b>2971.43</b>	<b>1782.55</b>	<b>2387.61</b>	<b>853.47</b>	<b>7995.06</b>
<b>GAP at Existing (+/-)</b>	<b>-334.76</b>	<b>-670.91</b>	<b>-685.17</b>	<b>-384.47</b>	<b>-2075.31</b>

### Tariff Proposal & Revenue Gap

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

**Table - 12**

	WESCO	NESCO	SOUTHCO	CESU
Revenue Gap with existing Tariff	685.17	584.48	384.47	334.76
Excess Revenue with Proposed Tariff	0	0	0	0
Proposed Revenue Gap	685.17	584.48	384.47	334.76

The Tariff Rationalization Measures as proposed by the licensees are as follows:

### PROPOSAL OF CESU

#### MMFC/Demand charges for consumers having contract demand 70 KVA and above but less than 110 KVA

29. MMFC/Demand needs to be charged on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher based on the principle adopted for the consumers having CD 110 KVA and above. Also overdrawal and Power Factor penalty may also be considered for this category of consumers. Further, the MMFC/Demand Charges for the consumers having CD 20 KW and above and upto 70 KVA shall be levied as per the CD of the consumer or MD recorded in the static meter installed for the consumer whichever is higher.

#### Emergency power supply to CGP/IPPs

30. CESU has proposed the following tariff for emergency/start-up power: When the demand exceeds the CD, the consumer shall pay two-part tariff applicable to normal

industrial category as per Para-557 of RST for FY 2011-12. Further, over drawl penalty shall be levied if it exceeds the agreed CD as in case of other industrial consumers. Consumers shall share the monthly SMD, average SMD and year-end charges attributed for its own consumption, if SMD crossed the permitted SMD. The consumer shall also contribute the applicable UI charges for its own share.

**Over-drawl penalty in Energy Charges and Demand Charges for Customers who are not included in the ARR application**

31. Over-drawl penalty in Energy charges & Demand charges may be charged to HT and EHT consumers who are not included in the ARR application including the existing HT & EHT consumers who exceed their schedules of energy drawl proposed in the ARR.

**Own-Your-Transformers (OYT) scheme**

32. CESU proposed to extend the OYT scheme to LT Domestic/GPS consumers who would like to avail single point HT Supply. It is also proposed not to extend this scheme to individual telephone tower owners availing GPS tariff.

**Allowing Rebate to the consumers for prompt payment by due date**

33. CESU proposed not to allow rebate to the consumers who are not paying their energy charges in full (including arrears) so as to enable the licensee to collect past arrears. Also a Special Rebate for consumers who are availing normal rebate continuously for a period of 2 years may be introduced.

**Facility of agro base tariff as per para-258 of RST-2012-13**

34. CESU proposed to exclude the food processing units from Agro-based tariff.

**Power supply against indemnity bond**

35. CESU proposed to enhance security deposit amount from present practice of 2 months to 6 months for supplying power against indemnity bond.

**UI Charges**

36. Based on Open Access Regulations, CESU proposed that UI Charges shall be applicable to HT and EHT consumers.

**Temporary service connections**

37. Since temporary service connections are given at a short notice and for a short period, the MMFC/Demand Charges are prorated for number of Days which is not sufficient to meet the related expenditure i.e. preparation of estimate, connection charge, disconnection charge, etc.

38. **Solar Power Transaction**

**A) Captive Solar Generation**

If existing customers propose to install captive solar power projects, then CESU may be allowed to charge the consumer as per the prevailing RST and will pay the generator at the rate of APPC after deducting the standard transmission losses and in addition will issue REC to the generator.

**B) Roof Top Solar PV**

In case of net export to the licensee's System, the billing to the Solar Plant shall be on APPC rate. Accordingly, an incentive mechanism by GRIDCO or a rebate mechanism by DISCOMs or any other mechanism for the encouragement for setting up of Roof Top Solar PV plants of the customers can be envisaged by the Commission.

### **Meter Rent**

39. CESU proposes to enhance the meter rent to Rs.100/month for LT single phase AMR/AMI compliant meter/Smart meter and Rs.200/month for LT three phase AMR/AMI compliant meter/Smart meter from the present rent of Rs.50.00/month and Rs.150/- month respectively. In case of Smart meters, Rs.150/month in case of single phase, and Rs.250/month in case of three phase has been proposed.

### **Tariff Rationalisation Measures and proposals of NESCO, WESCO and SOUTHCO**

#### **Loss Levels**

40. There exists a wide gap between actual and approved loss levels in the ARR. DISCOMs submit that actual cost of supply voltage wise will remain notional unless the real losses are factored in.

#### **Introduction of KVAh Billing**

41. Licensees request for introduction of KVAh based billing in place of KWH billing for energy drawal for all the three phase industrial consumers availing power supply in LT and HT and for whom presently no Power Factor Penalty is provided in the tariff and whose meter is capable of reading KVAh component of energy. The Present three part tariff structure for large consumers would be replaced by two part tariff with forfeiture of power factor tariff in case KVAh billing is introduced.

#### **Applicability of power factor penalty**

42. Till such time KVAh billing is adopted, the licensees propose for applicability of Power Factor Penalty and Incentive for the following category of consumers:

#### **LT Category**

LT industries Medium Supply

Public Water Works and Sewerage Pumping > 22 KVA

#### **HT Category**

Specified Public Purpose

General Purpose < 110 KVA

HT Industries (M) Supply.

43. **Emergency power supply to Captive Power Plants (CPPs)**

#### **A) Regulation 80(15) of Distribution Code & Start up Power**

A large number of industries have already opted for their own captive generating plants and few others are under pipe line. Normally the Emergency/Start-up power requirement of captive generators is very less, but as per Regulation 80 (15) of Distribution Code, the emergency assistance shall be limited to 100% of the rated capacity of the largest unit in the Captive power plant of Generating Stations. As per retail supply tariff for FY-2013-14, no demand charges are payable by industrial consumers availing emergency power supply having contract demand of 100% of the rated capacity of largest Unit. In case of failure of the captive units, those industries draw power from the grid for their industrial consumption in the name of start-up/emergency power requirement of their CGP. There is hardly any spinning reserve available with the licensee to manage such huge industrial requirement of the Industries. As a result licensees are drawing more than their schedule during certain periods in a day resulting in over drawl from State/Central grid with financial burden to the

Licenseses in Intra-state ABT mode of Operation. Licenseses propose for amendment of Clause 80 (15) of Distribution Code.

**B) Start up Load Requirements**

It has been estimated that the start-up power required for CPPs is around 10 to 12 % of the rated capacity of highest unit and the Commission is requested to frame norms/ guidelines for estimation of such requirement.

**C) Essential or Survival Load Requirements**

The licenseses have suggested that for consumption in excess of 10 % load factor, the demand charge should be charged at double the normal rate and that the Industries should execute agreement with Distribution Licenseses to that effect. The licenseses suggest the introduction of Demand Charges of Rs.250/KVA in addition to Energy Charges for Start-up power.

**D) Proposed Tariff for Start up Power**

**Table - 13**

Category of Consumers	Demand Charges Rs / KVA/ Month	Energy Charges ( Rs per Kwh )
EHT Consumers	250	6.95
HT Consumers	250	7.00

**Exclusion of Meter Rent as Misc. Revenue in DISCOMs' ARR**

- 44. The DISCOMs submitted that inclusion of meter rent as miscellaneous income/revenue receipts in their ARR ought to be discontinued as expenditure on purchase of meters is treated as a capital expenditure.

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

- 45. The licenseses proposed that the MMFC for such consumers shall be levied at Contract Demand or Maximum Demand whichever is higher. The MMFC for the consumers with contract demand less than 110 kVA are currently levied as per the recorded demand rounded to nearest 0.5 kW requiring no verification irrespective of the agreement.

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

- 46. Consumers with CD of more than 110 KVA are currently paying Demand charges on the basis of Para 342 of RST order, 2013-14, as the licenseses are reserving capacity for them to the extent of their CD. In similar line consumers with CD <110KVA are also liable to pay the Demand charges on the basis of CD or MD whichever is higher. Licenseses submit that these two categories of consumers availing power supply in HT category and liable to pay Demand charges in KVA should also be billed on the basis of CD or MD whichever is higher irrespective of their connected load.

**Demand Charges and Monthly Minimum Fixed Charges**

- 47. The Licenseses submitted that 90% of the Distribution costs are fixed in nature. In view of the above, the Licenseses propose to recover the full fixed distribution costs by suitably revising the Demand charges and MMFC.



## Other Issues

### Creation of dedicated feeders for agriculture and irrigation purposes

48. With the increase in quality of supply there should be a mechanism wherein the gap between cost of supply and the average tariff for the category is provided for in the budget.

### Energy Police Station

49. Better coordination between Energy Police Stations and DISCOMs required. The licensees submit to include amongst the beneficiaries of the Odisha Industrial Security Forces Act, 2012 so that raids can be planned during night to curb theft.

### Rebate on Prompt Payment.

50. The DISCOMs pray to approve the rebate of 2% to the licensee for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to the extent of payment made within 30th day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

### Guidelines for replacement of burnt transformers

51. SOUTHCO prays for enterprise wide regulatory intervention for the replacement of the burnt transformers. The Commission may fix guidelines for replacement of burnt transformers wherein a minimum percentage of around 50% of arrear payment may be made a precondition for replacement of burnt transformers.

### Tariff Schedule

52. NESCO, WESCO & SOUTHCO have not proposed any new tariff schedule for FY 2014-15. However, CESU has proposed the following tariff schedule for the FY 2014-15:

**Table - 14**  
**RETAIL SUPPLY TARIFF PROPOSED BY CESU FOR FY 2014-15**

PROPOSED RETAIL TARIFF EFFECTIVE FROM 1 <sup>st</sup> APRIL, 2014								
Sl No.	Category of Consumers	Volt of Supply	Demand Charge (Rs/KW/Month)/ (Rs/kVA/Month)	Energy Charge (P/kWh)	Customer Service Charge (Rs/Month)	Monthly Minimum Fixed Charge for first KW or part (Rs)	Monthly Fixed Charge for any additional KW or part (Rs)	Rebate (P/kWh)/ DPS
<b>LT Category</b>								
1	Domestic							
1.a	Kutir Jyoti < 30U/month	LT	FIXED MONTHLY CHARGE ---->			75		
1.b	Others							10
	(Consumption <=50 units/month)	LT		250		25	25	
	(Consumption >50, <=200 units/month)	LT		440		25	25	
	(Consumption >200, <=400 units/month)	LT		530		25	25	
	(Consumption >400 units/month)	LT		580		25	25	
2	General Purpose < 110 kVA							10
	(Consumption <=100 units/month)	LT		560		50	50	

	(Consumption >100, <=300 units/month)	LT		670		50	50	
	(Consumption >300 units/month)	LT		740		50	50	
3	Irrigation Pumping and Agriculture	LT	0	210		20	20	10
4	Allied Agricultural Activities	LT	0	220		25	15	10
5	Allied Agro-Industrial Activities	LT	0	460		80	70	DPS/Rebate
6	Public Lighting	LT	0	585		30	30	DPS/Rebate
7	L.T. Industrial (S) Supply	LT	0	585		80	80	DPS/Rebate
8	L.T. Industrial (M) Supply	LT	0	585		100	100	DPS/Rebate
9	Specified Public Purpose	LT	0	585		80	80	DPS/Rebate
10	Public Water Works and Sewerage Pumping <110 kVA	LT	0	585		80	80	DPS/Rebate
11	Public Water Works and Sewerage Pumping >=110 kVA	LT	225	585	200			DPS/Rebate
12	General Purpose >= 110 kVA	LT	225	585	200			DPS/Rebate
13	Large Industry	LT	225	585	200			DPS/Rebate
<b>HT Category</b>								
14	Bulk Supply - Domestic	HT	30	460	500			DPS/Rebate
15	Irrigation Pumping and Agriculture	HT	40	200	500			DPS/Rebate
16	Allied Agricultural Activities	HT	50	210	500			DPS/Rebate
17	Allied Agro-Industrial Activities	HT	70	450	500			DPS/Rebate
18	Specified Public Purpose	HT	275		500			DPS/Rebate
19	General Purpose >70< 110 kVA	HT	275		500			DPS/Rebate
20	H.T. Industrial (M) Supply	HT	175		500			DPS/Rebate
21	General Purpose >70kVA < 110 kVA	HT	275		500			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	275		500			DPS/Rebate
23	Large Industry	HT	275		500			DPS/Rebate
24	Power Intensive Industry	HT	275		500			DPS/Rebate
25	Mini Steel Plant	HT	275		500			DPS/Rebate
26	Railway Traction	HT	275		500			DPS/Rebate
27	Emergency Supply to CPP	HT	0	800	500			DPS/Rebate
28	Colony Consumption	HT		500				DPS/Rebate
<b>EHT Category</b>								
29	General Purpose	EHT	275	As	1000			DPS/

				indicated in the notes below				Rebate
30	Large Industry	EHT	275		1000			DPS/ Rebate
31	Railway Traction	EHT	275		1000			DPS/ Rebate
32	Heavy Industry	EHT	275		1000			DPS/ Rebate
33	Power Intensive Industry	EHT	275		1000			DPS/ Rebate
34	Mini Steel Plant	EHT	275	1000			DPS/ Rebate	
35	Emergency Supply to CPP	EHT	0	790.00	1000			DPS/ Rebate
36	Colony Consumption	EHT		500.00				DPS/ Rebate
<b>Note: Energy Charges for HT &amp; EHT Consumers</b>								
	<b>Load Factor (%)</b>	<b>HT (Paisa/ Unit)</b>	<b>EHT (Paisa/ Unit)</b>					
	Up to 60%	70.00	565.00					
	>60%	430.00	425.00					

### Prayer

#### 53. CESU has following prayers to the Commission

- Admit the accompanying Annual Revenue Requirement & Tariff Application of FY 2014-15.
- Approve the Annual Revenue Requirement (ARR) of the Utility for the Financial Year 2014-15 as proposed by the Utility.
- To provide all necessary support for the successful operation of Input Based Franchisee Model with Incremental Revenue Sharing (IBF-IRS) basis in 15 divisions to achieve CESU for a commercially viable organization.
- To consider the tariff related proposals submitted along with the application and approve the same.
- To consider actual distribution and AT&C loss while approving the ARR application for FY 2014-15.
- To direct Government to provide subsidy because of lower tariff in case of BPL customers, as nos. of BPL customer will be very high during FY 2013-14.
- Consider the projected T&D loss of 31.31% in FY 2014-15.
- Direct/order that, the revenue gap shall be bridged by revision of retail tariff and/or Government subsidy as the Commission may deem fit.
- Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

#### 54. NESCO, WESCO and SOUTHCO have the following prayers to the Commission

- Take the ARR application and Tariff Petition on record.
- Approve the Annual Revenue Requirement for FY 2014-15 including amortisation of Regulatory Asset on account of uncovered gap up to 2012-13.
- Approving the Truing up impact for FY 2012-13 & FY2013-14.

- Bridge the Revenue Gap for the FY 2014-15 through increase in Retail Supply Tariff, reduction in Bulk Supply Tariff (BST), grant/ subsidy from the Government of Odisha etc.
- To give effects to the ATE order dated 03.07.2013 on different issues such as fixation of Distribution loss target and truing up of previous years accordingly etc.
- GRIDCO and GoO may kindly be advised to implement the earlier Order of the Commission to cede the SOUTHCO, WESCO, NESCO assets for raising loan.
- GRIDCO may be suitably directed to adhere to the direction of the Commission in allowing the monthly escrow relaxation for payment of Salary and R&M expenses. During Current year GRIDCO has not relaxed escrow for salary till Sep-2013. Only for Oct-13, escrow relaxation for salary was made.
- Allow the following Tariff rationalisation measures as proposed:
  - Introduction of kVAh Billing
  - Applicability of PF Penalty (Only SOUTHCO)
  - Two part tariff for Emergency power supply to Captive Power Plants (CPP)
  - Exclusion of Meter Rent as Misc Revenue
  - MMFC for Consumers with Contract Demand <110 kVA
  - Demand Charges for GP > 70 kVA and < 110 kVA and HT Industrial (M) supply
  - Demand Charges and MMFC (Only SOUTHCO)
  - 2% Rebate on payment of BST bills within 3 days time instead of 2 working days (only WESCO)
  - Subsidy to meet cost of supply for dedicated agriculture and fishery feeders(only WESCO, NESCO)
  - Addressing of Negative cash flow of WESCO
  - Considering the cost of working capital to meet the cash flow requirement of NESCO. (Only NESCO)
  - Issue of Guidelines for replacement of burnt transformers
  - Creation of dedicated feeders for agriculture and irrigation purposes
  - Rebate on Prompt Payment
  - Other Tariff rationalization measures as proposed in this application
- Allowing recovery of 5 Paise/unit towards Organisational Set up Cost for Disaster Management.
- Allow the licensee to submit additional documents, modify the present petition, if so required, during the proceeding of this application.
- Any other relief, order or direction which the Commission deems fit.

#### **OBJECTIONS & QUERIES RAISED DURING THE HEARING (Para 55 to 109)**

55. Hearing of ARR and Tariff applications of all the DISCOMs for the FY 2014-15 started with a Power Point presentation of ARR submission by the applicant to the Commission. This was followed by a presentation by representative of World Institute of Sustainable Energy, Pune who had been appointed as consumer counsel. They presented the gist of the submissions made by the licensees, analysis of the ARR and

made certain observations and submissions on ARR. Then the objectors who were present during the hearing made their observations and submissions on ARR.

### **Comments of Consumer Counsel World Institute of Sustainable Energy (WISE), Pune on Tariff Applications**

56. WISE had presented the analysis of cost components of ARR and related techno-commercial issues. It has been observed that the licensees usually project high energy demand forecast in case of LT and BPL category consumers initially while filing the ARR application but subsequently end up with figures of low consumption than projected. The consumer counsel has substantiated this fact with the demand projection and audited actual energy consumption data available with regard to LT/BPL category under ARR 2012-13 (audited) and ARR 2014-15 (projections) respectively. The consumer counsel requested the Commission to scrutinize the following aspects before approving the ARR of DISCOMs:

- The higher distribution loss due to licensee's inefficiency should not be allowed to pass on to the end consumers. Commission may direct the licensees to explore various measures to reduce LT and HT distribution loss.
- The proposed higher provision for bad and doubtful debts by WESCO & NESCO may not be allowed to pass on to the consumers.
- As far as Administration and General (A&G) cost is concerned, it is a controllable cost parameter and as per the MYT order, 7% escalation may be allowed on the approved value for FY 2013-14 for normal A&G.
- It has been noticed while scrutinizing the ARR that the utilities have been adding the assets created under RGGVY and BGJY schemes of Government while arriving at opening GFA. Commission, therefore, shall not consider the cost of assets created / proposed to be created under the GFA as the assets are not transferred to the utilities.
- It has been observed that there has been substantial increase in the BPL/Kutir Jyoti category of consumers. On an average 27% of the LT consumers in Odisha are to be projected from BPL category which is getting subsidized tariff. This will exert huge pressure of cross subsidy on other category of consumers. Hence, the benefits of lower tariff to BPL consumers should be strictly restricted to consumers having monthly consumption of 30 kWh or 360 kWh of annual consumption. Further, the Commission may issue clear guidelines for conversion of BPL category consumers to general LT category consumers to avoid further implementation issues. Also, as per National Electricity Policy the tariff to this category of consumers should be at least 50% of the average cost of supply. Hence, upfront subsidy equivalent to difference between the average cost of supply and the proposed applicable tariff to this category may be sought from Government of Odisha.
- With regard to the tariff rationalization measures proposed by Reliance managed DISCOMs, the Consumer counsel opined that the tariff rationalization measures were not supported with a reasoned analysis and are not consistent with the Electricity Act, 2003, OERC Distribution Code, 2004 as well as OERC MYT Regulation. With regard to the tariff rationalization measures proposed by CESU, the consumer counsel opined that the 'Take or Pay' tariff should be continued with some modification in design so as to avoid multiple benefits to same consumer. The consumer counsel mentioned that the present practice followed in case of (a) Setting tariff for LT consumers having contract demand of less than 110 kVA, (b) charging flat tariff to CGPs (c) treatment for over drawl by CGPs (d) allowing rebate to consumers for prompt payment (e) charging DPS to specific categories of consumers etc. may be continued in the ensuing year RST order.

### **Comments of other Consumer Counsels**

57. The Commission had also appointed different consumer organizations as Consumer Counsels for different distribution licensees' area. All the Consumer Counsels have furnished their written submissions and also participated in the hearing except PRAYAS Energy Group, Pune and their written submissions were considered by the Commission. The observations of the Consumer Counsels who were present during the hearing and written submissions filed by them are summarized along with the issues raised by the objectors.

#### **Issues Raised By Objectors during Hearing and Through Written Submission**

58. The Commission has considered all the issues raised by the participants in their written as well as oral submissions during the public hearing. Some of the objections were found to be of general nature whereas others were specific to the proposed Revenue Requirement and Tariff filing for the FY 2014-15. Based on their nature and type, these objections have been categorized broadly as follows:

#### **Legal Issues**

59. One consumer association submitted that the applications filed by the licensees were not in accordance with the law and also not tenable under law as such the same were liable to be rejected.

#### **Proceedings on revocation of licensees**

60. One objector submitted that the proceedings in Case No. 35 of 2005 relating to revocation of license (Section 19) and suspension of Distribution license and sale of utility (Section 24), has been continuing for a very long time and Commission may end the proceedings and revoke the licences of three DISCOMs viz. WESCO, NESCO & SOUTHCO.

#### **Audited Result**

61. Some of the objectors objected on the data submitted by the licensees as the same were not audited. Also the objectors did not find the audited statements on the company's website. On this, one objector suggested to add audited statements as a part of the ARR and may be included in the ARR document so that it would be accessible to everyone and thereafter people will be able to submit the comments after studying the audited information of the licensees. Another objector says that in view of non-availability of audited statements, the licensees' prayer for revenue requirement should be rejected as it is based on the false statements and manipulated facts and figures.

#### **Review of Past Operations**

62. One objector submitted the statement of distribution loss since past 14 years and submitted that if the licensees had seriously pursued to reduce the distribution loss then actual distribution loss would not have been more than 15% at present. However, Commission may determine the ARR by considering the distribution loss of 17% or less.

63. One objector submitted that DISCOMs were not serious about the SoP, data relating to consumer satisfaction. Further, licensees have failed in every front, be it reduction of distribution losses or collection of revenue or adhering to the SoP and in liquidating the arrears due. WESCO is operating since last 14 years and continuing further will make the system deteriorate and will cause harm to power sector. Only solution is to revoke the licenses and make interim arrangement for operation of the distribution system.
64. Another objector submitted that the DISCOMs should submit the category-wise statements on the status of compliance of directives of the Commission in its last tariff order.

### **Quality of Supply and Service**

65. Some of the objectors raised the issues of poor quality of supply in rural areas. Rural consumers are suffering due to low voltage and blackouts most of the time. Further there are many cases of power cuts without notice. Some objectors submitted that all the DISCOMs were involved in executing organized power cuts apart from the disruptions and the complaints have been launched at various levels including OERC in past but no effective action had been taken so far.
66. One objector submitted that the performance of DISCOM in billing and collection was disappointing. Consumers have to visit the office repeatedly to address the issues. Despite repeated complaints to DISCOMs there is rare progress to check power theft in both urban and rural areas.
67. One objector submitted that due to requirement of additional staff, distribution lines and substations were not maintained properly and the same needs to be engaged immediately.
68. Because of little investment in distribution network, the old and obsolete infrastructure is responsible for increase in the accidents, loss of power and increased breakdowns.

### **Consumer Grievance**

69. One objector submitted that licensees avoided providing information under RTI by taking some plea. Another objector submitted that under RTI DISCOMs were not providing the information particularly at sub-division and section office levels. Some of the consumers submit that NESCO is always confusing to consumers by adopting so many methods such as franchisees / SHG groups for their operation.

### **Distribution Loss**

70. Many objectors submitted that licensees had not improved the standard of service, efficiency and not reduced T&D losses as per the direction of the Commission through the RST orders for FY 2008-09 to FY 2013-14. Hence, consumers should not be penalized by accepting the heavy expenses of the licensees due to their inefficient and corrupt operations. One objector submitted that distribution loss should be considered as controllable parameter based on the metered and un-metered sales as per regulations. Circle-wise distribution loss reduction targets may be fixed by the Commission. The DISCOMs should furnish the data about reduction of distribution loss for the period of engagement of the franchisees. The percentages of correct meters as submitted by the licensees are low and also need verification. Therefore, there is serious deficiency on the part of the DISCOMs. Some objectors suggested that the Commission should not allow AT&C losses of more than 15% while fixing tariff for FY 2014-15.

### **Introduction of KVAH Billing**

71. Objectors suggested that there was a need for amendment in the OERC Regulation for implementation of KVAH billing. It is a commonly accepted principle that the unit of

measurement shall be same for the seller and consumer. There cannot be two units of measurement lest it shall lead profiteering by one party. Further in such case the DISCOMS shall also pay Charges for BST Bill for KVAH consumption.

**Graded Slab Tariff**

72. Some objectors requested the Commission to introduce another slab in the graded slab tariff for HT/EHT consumers for load factor 50% and above.

**Take or Pay Tariff**

73. Some objectors requested for reintroduction of take or pay tariff to avail the benefit.

**ToD Benefit**



74. Some objectors stated that the ToD benefit should be increased to at least 30 p/u to encourage consumer to shift their load in non-peak night hours to reduce drawl during peak period. Further ToD benefit may be extended from 10 AM to 6 PM so as to reduce the peak hour demand.

#### **Separate Tariff for Rural Consumers**

75. Some objectors stated that there should be separate tariff for rural consumers on the ground that the quality of supply is very poor in rural areas.

#### **Reliability Surcharge**

76. Many objectors have objected to the introduction of Reliable Surcharge in the Tariff order for FY 2013-14. One objector submitted that OERC Licensee (Standard of Performance) Regulations, 2004 provides for measurement of reliability indices, such as SAIDI, SAIFI and MAIFI. These values should be notified by the DISCOMs. The DISCOMs should devise a mechanism to measure such indices and if SAIDI is 99% then only Reliable Surcharge should be levied. It is the duty of the DISCOMs to provide 100% reliable electricity and as such no Reliable Surcharge should be levied. Some objectors stated that the Reliable Surcharge should be used to lower the tariff of LT consumers and this money should not go to a separate account. Another objector submitted that DISCOMs were not providing dump data along with the bill. One objector submitted that to ensure reliable power OPTCL is given incentive as per CERC Regulation. Therefore, the levy of Reliable Surcharge by DISCOMs amounts to unjust enrichment of DISCOMs. Some objectors stated that in case any EHT/HT consumer wants uninterrupted power, the additional power would be procured by GRIDCO who should be reimbursed the additional cost by HT/EHT consumers. Any action by the DISCOM to restrict power to low end consumer to allow uninterrupted power to HT/EHT consumers is beyond the authority of the DISCOMs and is totally illegal. This is contrary to the provisions in Section 23 of the Electricity Act, 2003 and Order (Protocol) of the Commission. The objectors sharply argued that if a surcharge was payable for achieving a certain level of performance on 'availability' and 'voltage of supply', a penalty should have been prescribed for not achieving this standard. Hence, this surcharge may be abolished while determining the RST for FY 2014-15.

#### **Reconnection Charges**

77. The objectors stated that reconnection charges should be discontinued with effect from the FY 2014-15 as the same is not supported by any Regulation of OERC or Electricity Act, 2003. The DISCOM should continue with the practice of physical disconnection instead of charging reconnection charges. Objectors also submitted that in actual practice DISCOMs are not serving bills to many consumers for two months and are illegally charging reconnection charges.

#### **Power Factor Penalty/ Incentive**

78. Some objectors objected to the applicability of Power Factor (PF) penalty to HT categories like Specified Public Purpose, General Purpose < 110 KVA and HT industries (M) supply. Objectors have requested for reintroduction of PF incentive of 1% for every 1% rise in PF over 97% up to and including 100% on the monthly demand charges and energy charges. One objector submitted that PF incentive shall be allowed for consumers <70 KVA and suggested that capacitor bank for low-end consumers shall be placed by the DISCOMs to improve PF. The expenditure on such account can be subsequently realised from such consumers. Some stated that the provision for PF incentive above the Power Factor of 97% on the monthly Demand Charge and Energy Charge should be reintroduced in all future tariff order.

### **Disaster Mitigation Plan (DMP)**

79. Objectors have stated that the proposal of a cess of 5 paise per unit sold to all consumers was not justified and hence unacceptable.

### **Power supply against indemnity bond**

80. Objectors stated that increasing the security deposit for consumers availing power with indemnity bond would only increase the liquidity of the DISCOMs.

### **Allowing Rebate to the consumers for prompt payment by due date**

81. Some objectors stated that the rebate may be disallowed to consumers having undisputed arrears or availing installment scheme for payment of arrears. However, a special rebate may be allowed to the consumers who are continuously availing rebate for a period of one year, instead of two years.

### **Billing and Collection**

82. Licensees should indicate the collection from the past arrears and current demands separately in the last collection and future projections. Licensees should indicate the arrears collected from consumers out of the amount written off by State Govt. prior to 1999 without deleting the amounts from the consumer ledgers. Commission may stipulate the level of collection to be made from the current dues and collection efficiency from the arrear dues and the licensee should exhibit the data accordingly.
83. Licensees should also indicate arrear amount as on 01.04.2013 and the amount collected from the arrears up to 30.09.2013. They should also submit whether the balance of arrears is collectable or is being written off.
84. One objector submitted that licensee should produce the list of outstanding dues with the Govt. Depts. and the PSUs till 11.01.2014.
85. Another objector submitted that the norms for determining the energy billing to un-metered consumers should be specified with reason. This also should be allowed for a specific period only for two categories i.e. agriculture and BPL consumers and further be refined on the basis of independent study.

### **Security Deposit**

86. Some objectors say that the licensees should disclose the security deposit collected from the consumers. Licensees have not paid the interest on security deposit. Another objector submits that the interest on security deposit should be paid as per the bank rate declared by the RBI. Some objectors say that two months security deposit may be reduced to one month average.
87. One objector objected that NESCO pays interest on SD at 6% p.a. whereas in case of delay in payment of SD the consumers are being charged the surcharge at 15% p.a. which seems to be harsh on consumers. The objector requested the Commission to consider the payment of surcharge at 1% for delay in payment of SD and at the same time credit of interest be allowed from the date surcharge is levied by licensee as if the SD has been collected from that date.
88. Railways have submitted to allow the payment of SD through bank guarantee for Railway Traction. Excess SD should be refunded as per OERC Code. Railways requested for fixing a time limit to refund the excess amount of SD to the consumer and enhance the time limit for payment of additional SD by consumer from 30 days to 60 days. Also the issue of Interest on SD may be clarified.

### **Metering**

89. One objector submitted that the metering condition declared by DISCOMs was not satisfactory. The declared figures of meters are fabricated and are far from ground reality. In case of NESCO, %age of working meters to total consumers in the category of irrigation, pumping & Agriculture is 34%, that of Public Lighting is 39% and domestic is 75% only and for the rest of the consumers licensee is billing without meter reading. In case of WESCO, %age of working meters to total consumers in the category of irrigation, pumping & Agriculture is 16%, that of Public Lighting is 50% and domestic is 75% only and for the rest of the consumers licensee is billing without meter reading. In case of SOUTHCO, percentage of working meters to total consumers in the category of irrigation, pumping & Agriculture is 55%, that of Public Lighting is 76% and domestic is 78% (Kutir Jyoti 54%) only and for the rest of the consumers licensee is billing without meter reading. In case of CESU, %age of working meters to total consumers is 75% which needs verification. Objectors suggested for scrutinising full details of the cost of prepaid meters and AMC.
90. One objector submitted that CESU was not replacing the defective meters within 30 days. In some cases the meters are replaced after months or even years after the defect is noticed. Billing is done on average basis and when the meter is replaced the billing is done for the entire period and not for 3/6 months as per Regulation 97 of the Distribution Code, 2004.
91. Many of the consumers have not been provided with meters and the DISCOMs are billing them in contravention of the statute that power supply should be only through a "Correct Meter".

#### **Meter Rent**

92. Objectors stated that Expenditure towards smart meters should be from CAPEX Plan or from own fund of CESU without taxing the consumers. Besides that full details of the cost of pre-paid meters and AMC have to be scrutinized. The saving of cost to the DISCOM in terms of bill collection, receipt of payment in advance has also to be factored in.

#### **Energy Audit & Demand Side Management**

93. One objector objected that energy audits were not properly conducted by the utility in line with the Commission's directions. Some objectors submitted that the licensee should submit the actual energy audit data of each feeder. In case of non availability of such data the actual or projected distribution loss figures cannot be accepted.
94. One objector says that as per licensee's claim it has installed 33/11 kV feeder meters and transformer meters. However, licensee has not submitted the energy audit data since last eight years. In the absence of such data the actual and projected distribution loss cannot be substantiated and should, therefore, not be accepted by the Commission. Further, the failure of the licensee to bill the consumers is also appearing as distribution loss. Unless energy audit is done, Technical & Commercial Losses can't be segregated.
95. Another objector submits that the licensees are not properly undertaking energy audits. Further, the feeder and transformer energy audit meters are being used for consumers and hence there is no such energy audit being taken place in some of the cases. Further, one of the objectors objected to the distribution loss projections of the licensee without having the proper energy audit data. Also the licensee is not submitting regular energy audit data to the Commission.

#### **Energy Police Station**

96. Some objectors submitted that the licensees should produce the list of cases, FIRs filed in different courts and police stations since 2009-10 to 2012-13.

### **Energy Sales Forecast**

97. Some objectors submitted that the sales projections made by the licensees were not realistic and were overestimated. One objector submitted that DISCOMs need to project the power purchase requirement after considering the effect of energy efficiency and DSM on energy sales. Further, DISCOMs need to prepare the short term and medium term plan for procurement of peak and off-peak power purchase.

### **BPL/RGGVY Category Consumers**

98. One objector submitted that in case of BPL consumers CESU should check the wiring of the consumer so that such consumers should have only two light points and one fan point. The consumption of BPL consumer if crosses beyond 30 kWh, then such consumers be converted to full-fledged domestic consumer category.

### **Cross-Subsidy**

99. Some of the HT and EHT consumers have submitted that the cross subsidy should be determined based on cost of supply and not on Average Cost of Supply as per the mandate of Electricity Act, 2003, the Tariff Policy and as per earlier ATE order. Some suggested that Commission should adjust the Tariff for FY 2014-15 such that the industries are not burdened with Cross Subsidy.

### **Issues of Industries**

100. One objector submitted that the MSME sector plays a vital role in the economy and had been greatly harassed as it has faced phenomenal increase in tariff in past and requested the Commission to reject the proposal of DISCOMs.

### **Captive Generating Plants**

101. Most of the objectors submit that the proposal of NESCO for Demand Charges for emergency drawl to CPPs should be rejected. Some objectors say that the submission of Licensees regarding Emergency Power Supply to CPPs contravenes the Regulation 80 (15) of Distribution Code, 2004 and is irrational and should be rejected.

### **East Coast Railways**

102. Railways submitted that they being a public utility would get affected due to tariff hike. The financial burden of this tariff hike will act as deterrent in their ability to discharge the important functions. Hence, Railways requested to consider them as a separate consumer category for tariff determination and the same should not to be clubbed with the other EHT consumers while determining tariff. Further Railways submitted that railway traction tariff had been reduced by many states to reduce the cross subsidy but no such reduction is implemented in Odisha. Railways also submitted that they had made huge investments to maintain power factor but due to fluctuating nature of traction load, sometimes power factor of a particular traction becomes less than 0.92. Hence, Commission may reduce power factor penalty limit from 0.92 to 0.85. Railways requested to introduce power factor incentive for improvement in power factor above 0.95. Railways requested the Commission to reduce the existing demand and energy charges and to reduce load factor limit for load factor incentive to 40%. The off peak energy discount is available to three phase consumers as per para 325 of OERC tariff order for FY 2010-11. Railways are not getting this facility as they do not have three phase supply. Hence, Railways requested to omit the word three phase consumers and it may be written as HT/EHT consumers.

### **Computation of Tariff /Tariff Rationalization Measures**

103. Load factor be calculated based on the actual period of availability of unrestricted power supply during the month and that the demand charges be calculated on prorata

basis if the total period of shutdown of the plant due to interruptions and planned shutdown exceeds 30 hours in a month instead of 60 hours in a month. For calculation of TOD benefit the time period from 10 p.m. to 6 a.m. should be considered.

104. Many objectors objected on the proposal of the licensees to charge MMFC for consumers with CD < 110 kVA as the proposal contravenes regulation 64 of the OERC Distribution Code, 2004 and, therefore, cannot be implemented.
105. Some objectors have proposed that the 'Take or Pay' scheme which was introduced in the last year should continue for the next year also.
106. Some objectors have objected that in rural areas the voltage levels were not proper and hence the consumers in the rural area should be categorized separately with low tariffs.
107. Demand charges for HT industries have been increased disproportionately. In FY 2010-11 it was Rs.50/kW, in FY 2011-12 it increased to Rs.150/kW, and in FY 2012-13 the same was Rs.250/kW. There is need to reduce the demand charges for HT & EHT industrial consumers to Rs.200/kVA.

#### **General Issues/Others**

108. One objector submitted that GRF had become another department of NESCO and there was need to reform GRF as it should be an independent and competent body. Many objectors have strongly objected on the data submitted by the licensees on the SoP and submitted that the same were fabricated and manipulated data. Commission may verify the same and undertake the public audit to know the facts in ground level and the performance of licensees.
109. One objector submitted that people were not aware of SoP and their rights, GRF and Ombudsmen. Licensees have not done any networking with any consumer right groups for disseminating information related to SoP, GRF and Ombudsmen. Further, in case of violation of OERC regulations the Licensees did not pay the penalty to the poor consumers. Further it is not possible for the poor consumers to approach GRF or OERC for the penalty. OERC may evolve the procedure for timely payment of penalty and for monitoring of the same.

#### **REJOINDER BY THE LICENSEES TO THE OBJECTIONS RAISED DURING HEARING (Para 110 to 170)**

110. In response to written and oral objections/submission/suggestions during hearing the licensees have submitted their written rejoinders to the objections. Some of the issues raised by the objectors are general in nature whereas certain issues are specific to the licensees. The rejoinders of the licensees are presented issue-wise as under.

#### **Legal Issues**

111. DISCOMs submit that the ARR application is in accordance with Section 62 and other applicable provisions such as Regulation 53 of OERC (Conduct of Business) Regulations, 2004 and Regulation 5 of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004. Further it is submitted that they have duly complied the direction of the Hon. High Court order in WPC No. 8409 of 2011 and Hon. Commission's direction issued in past years.

#### **Audited Result**

112. NESCO had submitted that the licensee had filed its ARR and tariff application for FY 2014-15 based on the Audited Accounts for FY 2012-13, Actuals till Sept -2013 & estimation has been made for the balance six months of the current year. Hence, the perception of the objector is not correct. Other licensees have submitted similar reply to the objections on audited Accounts.

#### **Review of Past Operations in General**

113. On the issue of higher distribution loss in the past and the increasing losses, the licensees have submitted that they have taken up system improvement projects under CAPEX program. Also they have upgraded the network and transformers through RGGVY program which will help arrest the losses and will also improve the supply quality. However, all the planned SI projects are yet to be completed to get the best performance and reduction of losses.
114. SOUTHCO particularly submits it has reduced its loss level to 41.86% as on September, 2013 from the loss level of 48% during FY 2009-10 and also committed to reduce further as submitted in its ARR and RST application.

#### **Quality of Supply & Service**

115. NESCO accepts that the network assets are very old. However, during last 14 years of its operation lot of work has been carried out through various schemes like PMU, MNP, SI, Deposit work by private party as well as government body etc. towards up-gradation & replacement of sub-stations & conductors. In the CAPEX scheme the licensee has proposed for network asset addition of Rs. 504 Cr.
116. NESCO, however, submitted that the quality of power has drastically increased as compared to the past period. Voltage has improved due to SI work, up-gradation of substations and replacement of old conductors. Augmentation in network assets has also been made due to capacity addition on account of RGGVY scheme.
117. WESCO submits that it has taken many steps for improving the voltage by way of augmentation of conductors, installation of new S/s, up-gradation of existing S/s and Power Transformers. WESCO is continuing adding additional capacity in to system to cater to the needs of the consumers and to overcome the low voltage. Further, as per drawl schedule of SLDC and grid constraints the power restrictions were imposed at SLDC/OPTCL level
118. SOUTHCO submitted that the performance of SOUTHCO for the last 2 years is satisfactory and SOUTHCO could be able to reduce the T&D loss by 5% and reached to 43.32% during FY 2012-13 and hopefully achieve the projected T&D loss of 36.52% during FY 2014-15.
119. On the issue of recruiting the unprofessional and unlicensed manpower, SOUTHCO submits that the recruitment is being carried out as per the recruitment procedure of the licensee which was duly approved by the board. The selection procedure is very transparent followed with either written or personal interview with requisite qualifications and experience required for the specified post/job.
120. On the objections of unscheduled power cuts by licensee, SOUTHCO submits that it has not implemented power cuts without notice.
121. CESU submits that it is taking all possible effective measures to render uninterrupted quality power supply to the consumers. In this regard, required maintenance is being undertaken by the engineers. Also system improvement work are also being executed which include up- gradation of transformers and installation of additional transformers, replacement of LT bare conductors with AB cables, installation of substations etc.
122. On the objection of quality of supply licensees have submitted that they have improved compared to previous period. CESU submitted that separate tariff for rural area should not be considered because the BST cost for urban and rural consumers is same.

#### **Consumer Grievance**

123. On the objection of implementation of RTI, CESU submits that it is under the purview of RTI Act and it is implementing the same in all its offices. Further on the issue of

making the consumers data available on portal, CESU submits that the consumer information related to two months current bills is available.



124. As far as not following the Clause 12 of the Distribution Code, 2004 in almost all the cases NESCO submits that it is not correct at all. Further the consumers are free to move to GRF or Ombudsman to lodge their grievances, if any.
125. NESCO and SOUTHCO submitted that they are introducing franchisees as per the instruction of the Commission. Also it is mandatory to implement franchisees for RGGVY and BGJY consumers as per the direction of REC.

#### **Distribution Loss**

126. All the DISCOMs submitted that the Commission is approving the loss level on normative basis without considering the ground reality. However, the projections made for loss reduction is based on the actual position and considering the effect of capex and other SI work including support from the entire stakeholders.
127. On the objection of increase in tariff due to non-achievement of normative losses, CESU submits that because of non-achievement of loss targets, consumers don't suffer but CESU suffers because of low cash flow for which its operation becomes difficult. Further, to meet OERC directions CESU requires huge investment to reduce the technical and commercial losses. Apart from that support from Govt. and consumers are also required.

#### **Introduction of KVAH Billing**

128. The DISCOMS in their rejoinder stated that there was no need for amendment of OERC Regulation.

#### **Graded Slab Tariff**

129. The three DISCOMs submitted that the Commission while determining the average tariff for EHT category for FY 2013-14 had considered the average cost of supply and the tariff is within the  $\pm 20\%$  of cost of supply. Therefore, introduction of another slab in the Graded Tariff Structure shall further increase the tariff of other category of consumers which shall not be acceptable. Further, the scenario when LF incentive was introduced had vanished as the period of abundant power has gone.

#### **Take or Pay Tariff**

130. The three DISCOMs stated that as per introduction of "assured energy" concept, no such industries were coming forward to avail the same. As such the purpose of Take or Pay tariff has been defeated.

#### **ToD Benefit**

131. CESU agreed to the objectors and stated that ToD discount may be extended from 10 AM to 6 PM. Currently all three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @10 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as 12 Midnight to 6 AM of next day.

#### **Separate Tariff for Rural Consumers:**

132. CESU in its rejoinder stated that there could not be a separate tariff for rural consumers only as tariff is categorized depending upon the purpose for which it is used. The three DISCOMS stated that before implementation of dual tariff, a system study and proper deliberation in this regard was required

#### **Reliability Surcharge**

133. CESU in its rejoinder stated that the present tariff structure should be allowed to continue for the FY-2014-15. The three DISCOMs submitted that the Commission had

introduced Reliability Surcharge as per Regulation 87 of OERC Distribution Code, 2004 to the EHT & HT category of consumers. Reliability Surcharge should continue and there is no violation of Standard of Performance.

### **Reconnection Charges**

134. The licensees in their rejoinder have stated that Reconnection Charges were levied in case of non-payment of Energy Charges by the consumers who are not being charged DPS. This is a weapon in the hands of the licensees for improvement of collection.

### **Power Factor Penalty/Incentive**

135. While CESU has not agreed to the proposal, the three DISCOMs submitted that as per the analysis of the Commission, there is no need of continuance of Power Factor Incentive as the industries are already maintaining higher power factor for their own benefit. The DISCOMs stated that these consumers were given incentive under graded slab tariff like any other HT and EHT consumers. Therefore, PF penalty as well as PF incentive should be applicable to them till introduction of KVAh billing.

### **Disaster Mitigation Plan (DMP)**

136. CESU in its rejoinder pointed out that the Disaster Mitigation Plan contains the following activities: namely, Infrastructure strengthening through underground Cabling, NBS Towers etc in urban areas of Bhubaneswar and Cuttack, Provisions of Towers in River Crossing Locations, Provision of H-Pole in low lying areas, Institutional Set up as a capacity building measure etc. The three DISCOMs have claimed that to provide better and immediate service to the consumer in the event of Force Majeure condition, the organizational set up is required to face the unforeseen events.

### **Power Supply against Indemnity Bond**

137. The DISCOMs in view of the OERC Regulations and having been indemnified will not be liable for prosecution. One of the License Conditions mandates that there shall be no discrimination among same group of consumers. Further disconnection of supply is the prerogative of the Licensees when a consumer defaults in payment and it exceeds security deposit. Indemnity Bond is for compensating licensee for ownership disputes but not for asking more security. This requires amendment of OERC Distribution Code. CESU in its rejoinder, however, insisted that its proposal to enhance the security deposit for six months instead of two months might be considered by the Commission.

### **Allowing Rebate to the consumers for prompt payment by due date**

138. CESU in its rejoinder prayed that the Commission may decide on the proposal on paying customers who are continuously availing rebate for a period of one year against the proposal of CESU for a period of two year.

### **Billing and Collection**

139. On the objection of provision for bad and doubtful debts, NESCO submits that the Commission will decide the matter relating to the provision of bad and doubtful debts on the basis of the report of the independent auditors appointed by the Commission. The collection inefficiency may be considered as bad debt. Licensee is also taking action against the defaulting consumers by disconnecting the power supply.
140. NESCO submits that outstanding due as on September, 2013 with the Govt. Departments is Rs 54.92 Cr and PSUs is Rs 28.39 Cr.

### **Security Deposit**

141. NESCO submits that the details of revenue collection & billing are regularly supplied to the Commission. The same are also made available in the audited accounts of the licensee.
142. Licensee submits that it is regularly crediting interest on security deposit on 1st May of every year to all its customers.

143. In the matter of Security Deposit, licensee says that in case of excess SD it is refunded to consumers in time. Interest on SD is given as per the order of the Commission. Provision of SD is there to cover the charges of the licensee for two months in case of defaults by the consumers. Therefore, the collection of SD continues as per the present practice and not as per the prayer of the objector. The provision of DPS is there to dissuade the late payment of additional security deposit. Revision of the same will dissuade the consumer from depositing the required security amount.
144. With reference to Railways, Licensees say that since they are distributing power to more than 12 lakh consumers. If SD becomes acceptable through BG or LC mechanism it would be very difficult to handle such huge number of BGs and its expiry period etc. Hence, the proposal is not acceptable. Regarding the time limit of Additional SD, licensees submit that claim for SD and refund of same are being carried out as per Regulation 20 of OERC Distribution Code.
145. Interests on SD for FY 2013-14 has been approved @ 8.75% p.a. vide Para 283 of RST order. The licensee has credited interest for FY 2012-13 on 1<sup>st</sup> May 2013 @ 6% as per RST order FY 2012-13. When interest for FY 2013-14 will be credited (i.e. on 1<sup>st</sup> May 2014) it will be @8.75%.

### **Metering**

146. In reply to the observation made by the objectors that %age of working meters to total consumers is in %age of seventies, Reliance managed DISCOMs submitted that total number of meters installed as a %age of total consumers was even more than 90%. It will be out of place to mention here that as it is an electronic device, the chance that meter will become defective can't be avoided. However, when it is done deliberately by manual interference by the consumers, the %age of defective meters is becoming astoundingly high and the licensees are not able to replace those with OK meters keeping in pace with the rate the meters are becoming defective. However, replacement of meters is being regularly made. All possible steps are being taken to comply with the provisions of Section 55 of the Electricity Act, 2003.
147. On the objection of proper functioning of meters, CESU submits that 91% consumers are being supplied through proper working meters. However, to achieve 100% metering in CESU, it had completed the vender registration process and finalized 8 meter manufacturers / suppliers. Now the concerned SEs and EEs can directly procure the meters without going through the tendering process. CESU is billing to the consumers where meters are not in working condition as per OERC Regulation.

### **Meter Rent**

148. CESU in its rejoinder clarified that the cost of the meter might be recovered either through meter rent on month to month basis or through ARR. As per the existing regulation, this cost is recovered through meter rent only. Hence, CESU has given a proposal to increase the meter rent of prepaid meter or smart meters as the cost of these meters are high.

### **Energy Audit & Demand Side Management**

149. NESCO says that it has submitted Energy Audit Report to the Commission. SOUTHCO submitted that it was conducting Energy Audit at the 33kV/11kV level but due to defectiveness of the meters at 33kV and 11kV as well as at DTR level, the fruitful Energy Audit is not carried out. The provision has been made under CAPEX up to DTR level metering and to pin point losses.

### **Energy Police Station**

150. NESCO submitted that vigilance activities have been further strengthened. There has been 7753 nos. of checking till Nov 2013; 2606 nos. of Theft Cases detected & assessed u/s 126. Provisional Assessment Rs 8.17 Cr & Final Assessment Rs 3.25 Cr; Amount collected Rs 2.44 Cr; 78 nos. of FIR lodged & booked u/s 135, 42 nos. of accused forwarded to court; 10 AVOs working at circles; Rs 18.1 lakh realized out of assessment Rs 55.1 lakh by dump analysis in 2013-14 up to September, 2013.
151. WESCO submitted that at present 10 nos. of police stations are operating in the licensee's area. But the EPSs are yet to be fully functional as the requisite number of personnel has not been recruited. 587 nos. of FIRs have been lodged in different energy police stations. Due to delay in opening of EPSs and lack of adequate man power the theft of energy could not be controlled.

### **Energy Sales Forecast**

152. Licensees submitted that for projecting the consumption of different categories, they have analyzed the past trends of consumption pattern for last ten years i.e. FY 2001-2002 to FY 2012-13. From the past trend, it can be seen that the projection submitted by the licensees is justified and hence the contention made by the objector is not true.

### **BPL/RGGVY Category Consumers**

153. In case of higher consumption by BPL consumers over approved 30 kWh per month, the licensee had proposed to convert the said BPL consumers to the general category.

### **Cross-Subsidy**

154. Licensees submitted that the issue of Cross Subsidy has been addressed by the Commission in RST order for FY 2013-14 after considering the provisions in the NEP, NTP, Electricity Act, 2003 and OERC Regulations. The tariffs for FY 2013-14 are so designed that cross subsidy is within + or – 20% of average cost of supply.

### **Issues of Industries**

155. On the issue of increasing tariffs to the HT and EHT consumers, the licensees have submitted that the BST had also been increased in the past. Further, the Commission allows the normative distribution loss and not the actual loss incurred by the licensees. Hence, the licensees are being affected by shortfall in revenue because of higher actual losses than the normative targets.

### **Captive Generating Plants**

156. Licensees submitted that as provided under Regulation 2 (g) of OERC Distribution (Conditions of Supply) Code, 2004 demand charge refers to a charge on the consumer based on the capacity reserved for him by the licensee, whether the consumer utilizes such reserved capacity in full or not.
157. Even though such consumers are allowed to draw power for start up in case of capacity failure of the CGP as per the regulations, the corridor is reserved for them throughout like normal industrial consumers which could have otherwise been used for providing power supply to other consumers. Therefore, the application of the licensees to incorporate Demand Charge for Emergency Supply to CGP is not contrary to the regulations rather it is as per the provisions of the regulations.
158. It is submitted that adequate data has been submitted before the Commission that Industries those who have taken Emergency Power Supply only are consuming power

in a regular manner even though the quantum of drawl is less. That means the industries are deliberately opting for emergency power supply to avoid fixed charges.

### **East Coast Railways**

159. On the objection to reduce the tariff to railways, licensees submit that railways are paying HT and EHT tariff where loss is nominal. Accordingly, the average cost of supply Vs. average tariff realization is well within the permissible limit. Hence, suggestion for reduction of railways' tariff is not acceptable.
160. In the matter of Cross Subsidy, WESCO submits that Cross Subsidy surcharge on the basis of supply to consumer category is not feasible considering the nature of consumer categories available in the State. However, calculation of cost of supply and average tariff are well within the scope of regulation of the Commission and also within the ambit of Section 61 of Electricity Act, 2003.
161. Regarding Power Factor, licensees submit that as most of the industries are maintaining power factor more than 97%, they are supporting the supply systems. So waiver of penalty from below 85% instead of 92% would result in instability as all the consumers would prefer to do so. Also consumers are matured enough to maintain the desired power factor for which they can save the power factor penalty so they don't need power factor incentive anymore.
162. In the matter of load factor incentive up to 40%, WESCO submits that Commission in RST order has amended the load factor slab from 50% to 60% with a reason that most of the industries are operating at higher load factor. Railway is not able to achieve the same as because of its load pattern. Hence, there should not be any separate relaxation for railways.
163. In the case of off peak energy discount licensees submit that Railway is a two phase consumer who is not eligible for TOD benefit. If TOD benefit is extended to railways, the purpose of Regulation 7 (a) of OERC (Terms & Condition for determination of tariff) Regulation, 2004 would be defeated.

### **Computation of Tariff/Tariff Rationalization Measures**

164. Licensees submitted that the contention of the objector that the licensees are deliberately interrupting in power supply for minimum 60 hrs in a month is totally wrong. No scheduled power cut is being done except in places with Grid capacity constraints or there is requirement of load management as per instructions of SLDC.
165. Licensees submitted that for billing purpose they are highly affected if recorded demand is lower than the CD. As the licensees are reserving the contracted capacity for the consumers at the same time they are also liable to pay the MMFC/Demand Charges on the basis of CD/MD whichever is higher as in case of consumers with CD of >110kVA. Therefore, it has been proposed at CD/MD whichever is higher.
166. Licensees have submitted that the idea of introduction of 'Take or Pay' tariff was to encourage the consumers with low load factor to draw power at higher LF and thereby avail special rebate. Whereas in practice none of the consumers who were already drawing power at load factor more than 80% in the FY 2011-12 got this benefit in addition to graded slab tariff without any increase in their load factor. As per introduction of 'Assured Energy' concept no such industries are coming forward to avail the same. That means in the previous method there was no such efficiency gain and accordingly the same was discontinued by the Commission in the Tariff order FY 2013-14.
167. Regarding the Demand Charges licensees submit that out of the total distribution cost, more than 90% are fixed in nature and is normally required to be recovered through

Demand Charges. The fixed cost of power procurement by way of payment towards capacity charges has also increased during last few years. Hence, demand charges and MMFC as proposed in earlier section, as applicable to the respective categories during the ensuing year is justified.

#### **General Issues/Others**

168. On the issue of selection of members of GRF and the objection of ex-employee of the licensee being a member of GRF, the licensee replied that the selection of member of the GRF was based on their capabilities/abilities. The members of GRF are impartial.
169. On the objection of data not being submitted at section office under RTI, licensees submitted that the information which was not available at section level or division level could be made available at corporate level.
170. On the issue of consumer education and creating awareness among the consumers, licensees had replied that they were publishing hoardings, posters and clippings in the TV. Further, consumer interactions are also being organized. Licensees are making mike announcements about the payment of the bills on due date for avoiding disconnections, consumer awareness meetings at division level are being conducted every month.

#### **OBSERVATION OF THE STATE ADVISORY COMMITTEE (SAC) (Para 171)**

171. State Advisory Committee (SAC) was convened on 15.02.2014 to discuss about the proposed ARR and Tariff Applications of different utilities of the State for FY 2014-15. The Members of the SAC have given the following observations / suggestions to the Commission in this regard.
  - That from the inception of the reform the SAC has been giving valuable suggestions for effective reform. But so far all its efforts have been fruitless as the DISCOMs have not improved their performance and are encouraging dishonest consumers at the expense of honest innocent consumers.
  - They observed that interest, return and depreciation were directly dependant on fixed assets the record of which was not being maintained by DISCOMs in a transparent manner.
  - The SAC members pointed out that the key reason for the increasing gap in the cost of supply and cost of recovery among other things was inability of utilities in enhancing operating efficiencies and reduce T&D and commercial losses adequately.
  - DISCOMs are not having uniform policies on metering creating artificial shortage of meters and forcing the consumers to pay the full cost of meter instead of providing meters on hire violating the mandatory provisions which needs auditing.
  - The DISCOMs are not serious on safety aspects. No serious step has been taken to reduce the fatal and non-fatal accidents. There is no clear-cut guideline for payment of compensation in such cases.
  - SAC members expressed their concern about the financial health of the DISCOMs. They demanded that the Kolkata High Court order for CAG audit be followed in case of DISCOMs as their data were not reliable. Necessary amendment may be made in OERC regulation to ensure the same. They also demanded that ATE order for revealing details of bad debt be carried out.
  - Industry is going through a recession so any tariff increase will crush the system. At least one rupee incentive for off-peak tariff will do a lot.

- It is not known from the ARR filed by CESU how much improvement in revenue collection has been achieved in the 15 divisions where franchisees are working for the last one year. Also loss reduction by the franchisee operation has not been mentioned.
- The outstanding arrears against consumers are stated to be around Rs.1200 Crs. out of which around Rs.300 Crs. is collectable. Sincere and all out efforts should be made to collect these arrears in a time bound manner so that CESU will be able to meet its other financial commitments.
- DISCOMs are supposed to give reliable supply so why charge consumers extra in the form of reliable surcharge for it.
- Lots of irregularities in charging meter rent by the DISCOMs have been noticed. Principal Secretary, Dept. of Energy, GoO stated that some consumers had complained that they were being charged meter rent for the meters purchased by themselves as well as those provided by the Govt. under RGGVY. These irregularities should be rectified.
- Principal Secretary, Energy Dept., Govt. of Odisha suggested that instead of tariff increase for the retail consumers, DISCOMs should stress upon the AT&C loss reduction in their system. He also strongly objected to the proposal of DISCOMs for any revenue subsidy in the tariff for supplying power to dedicated agricultural and fishery feeders. In fact, the capital cost for such dedicated feeders is being met by the Govt. as a capital grant to the DISCOMs. Any further concession is not appropriate. He also objected to the proposal of DISCOMs for charging six months Security Deposit instead of normal two months for the consumers applying for new connection submitting the I-Bond. He stressed that the provision of new connection by submitting I-Bond is meant for poorest of poor consumers such as slum dwellers, street vendors etc. SAC members agreed with the contention of the Principal Secretary, Govt. of Odisha that the present provision of 2 months security deposit is adequate. DISCOMs should be very consumer friendly for allowing speedier service connections through I-Bond to reduce the illegal hooking, and equally proactive to go for disconnections for accumulation of arrear for more than 2 months, instead of suggesting 6 months security deposit only due to camouflage their own inefficiencies. He said the things required for power reform are to reduce pressure on Govt. and bring in investment. He was critical of all four DISCOMs for performing badly. He said this was a serious governance failure and there was no accountability. He added that to reduce loss, the DISCOMs were resorting to power cut. There should be no tariff increase as only 60% bonafide consumers bear the burden of 40% who do not pay.
- Subsidy is not being given directly but Govt. creating capital infrastructure so that funds can be used in development of 500 nos. 33/11kV substations which were planned and Rs.2600 crore given to create systems, resistant to 350 Kmph winds in cyclone zones. Dedicated 11 kV Agriculture and Fishery feeders along with transformers were planned to extend stable power supply. Govt. have made financial provision for disaster resilient distribution system in various part of the State including Puri Town. Some amount of such financial assistance has already been released.

#### **COMMISSION'S VIEWS AND ORDERS (Para 172 to 281)**

172. Commission has been consistently following the relevant sections of Electricity Act, 2003, i.e. section 61 to 66, National Electricity Policy and Tariff Policy and OERC (Terms & Conditions for determination of Tariff) Regulations, 2004 in balancing the



interest of all stakeholders while determining the Retail Supply Tariff, for different categories of consumers.

### Estimation of Distribution Loss

173. The WESCO, NESCO & SOUTHCO have requested the Commission for re-determination of their base line loss levels. They have quoted the extracts from the reports of the following committees on the reform and restructuring of power sector.

- (A) **Committee of Independent Experts (Sovan Kanungo Committee)** constituted by Govt. of Odisha
- (B) **Abraham Committee** constituted by Govt. of India

174. The loss levels and loss reduction targets recommended by the Kanungo Committee is as follows:

*There shall be 5% overall reduction of Distribution losses every year from financial year 2002-2003 to 2005-2006 bench-marking the starting Distribution loss of 42.21% in financial year 2001-2002.*

175. The loss levels and loss reduction targets recommended by the Abraham Committee is given below:

#### *“AT&C Loss Reduction Targets*

*The Task Force examined the targets set for AT & C losses reduction and after taking into consideration experience of the Utilities felt that the targets should be recast in a manner **that they are realistic and achievable based on the present level of AT&C losses in each State**. Accordingly the Task Force recommends the following targets depending on their present level of AT&C losses:*

- i) Utilities having AT&C losses above 40%: Reduction by 4% per year*
- ii) Utilities having AT&C losses between 30 & 40%: Reduction by 3% per year*
- iii) Utilities having AT&C losses between 20 & 30%: Reduction by 2% per year*
- iv) Utilities having AT&C losses below 20%: Reduction by 1% per year”*

176. It may be noted that the DISCOMs themselves furnished the level of distribution loss to Sovan Kanungo Committee in the year 2001-02 at 42.21% on the average for the four DISCOMs in transmission and distribution excluding the loss in EHT transmission system (NESCO-41.38%, WESCO-38.29%, SOUTHCO-39.14% and CESCO- 43.02%) which has been accepted in toto by the Committee in its report. In its Business Plan Orders for the 1<sup>st</sup> and 2<sup>nd</sup> Control Period, the Commission have adopted the loss level accepted by Sovan Kanungo Committee and accordingly set out the trajectory for loss reduction. As per the mandate of the Sovan Kanungo report DISCOMs’ AT&C loss in 4 years should have come down by 20% i.e. upto 22.21%. Even considering the recommendation of the Abraham Committee report, DISCOMs should have reduced its AT&C loss from 42.21% in 2001-02 by at least 15% by 2005-06 so as to achieve AT&C loss in 2006-07 at 27.00%. But during subsequent review the Commission found that in none of the years they have achieved the target as set out by the Commission which is evident from the table below. In fact, the Commission has considered a relaxed provision in approving the distribution loss targets of DISCOMs in the later years.

**Table – 15  
Distribution Loss Targets (in %)**

	2008-09		2009-10		2010-11		2011-12		2012-13	
	OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual for FY	OERC Approval	Actual

								<b>2011-12</b>		
<b>CESU</b>	29.30%	40.34%	26.30%	39.43%	25.37%	38.30%	24.00%	38.20%	23.00%	37.00%
<b>NESCO</b>	25.50%	34.57%	23.00%	32.52%	18.46%	32.75%	18.40%	34.28%	18.35%	34.93%
<b>WESCO</b>	25.00%	33.55%	22.50%	34.68%	19.93%	38.88%	19.70%	38.89%	19.60%	38.27%
<b>SOUTHCO</b>	30.40%	47.78%	27.92%	48.02%	27.82%	48.22%	26.50%	46.42%	25.50%	43.68%
<b>ALL ODISHA</b>	<b>27.00%</b>	<b>37.50%</b>	<b>24.45%</b>	<b>37.24%</b>	<b>22.22%</b>	<b>38.34%</b>	<b>21.71%</b>	<b>38.56%</b>	<b>21.29%</b>	<b>37.80%</b>

177. It is found that the gap between actual distribution loss and the relaxed target set by the Commission has been increasing year after year as in none of the years the DISCOMs have achieved the target level set for them. Their distribution loss has remained more or less at the same level what they have submitted before Sovan Kanungo Committee.

The Distribution licensees are now emphasizing the present distribution loss levels to be recognized by the Commission as baseline loss while determining the target loss level for the future. It may be noted that the Commission have already adopted the beginning loss levels at 42.21% for FY 2001-02 i.e. exactly as per the recommendations of the Kanungo Committee. Even these licensees have never attempted to adhere to the loss reduction target of 5% overall reduction every year from FYs 2002-2003 to 2005-2006 as suggested by Kanungo Committee keeping baseline loss level at 42.21% in FY 2001-02. Though the Kanungo Committee has recommended for annual loss reduction target of 5% considering non-infusion of fund immediately and ground realities, the Commission had set a relaxed target for reduction of 3% loss every year in the Business Plan.

178. The Commission has been continuously reviewing the performance of the DISCOMs minimum twice a year since FY 2001-02 and issued many directives like energy audit, metering of all 33 kV and 11 kV feeders upto distribution transformer (DTR) level. Renovation (including augmentation) of distribution network with suitable infusion of CAPEX by the DISCOMs to achieve the loss reduction targets recommended by the said Committees. But the DISCOMs have neither complied the directives of the Commission in reduction of losses nor they have made any equity infusion for CAPEX from the inception of their operation as private distribution licensees.

179. The distribution segment of the power sector in Odisha was privatized with a view to attract private capital for overall improvement in the sector leading to the achievement of desired efficiency enhancement for the turnaround of the sector as a whole. Instead of making required investment either in the form of equity infusion or raising loan, DISCOMs have tried to make profit with a meagre equity infusion at the time of taking over the utilities. After almost 15 years of operation, it is found that these DISCOMs have failed to achieve the overall loss reduction targets and the desired operational efficiency.

180. The Commission has treated distribution loss as a controllable parameter in its Long Term Tariff Strategy (LTTS) principle in the first control period and also in the MYT Order for successive two control period ending in 2017-18

181. The Commission has stated its decision in the Business Plan for the year 2014-15 that the same values as those of FY 2012-13 for these parameters shall be applicable in the RST Order FY 2014-15.

182. In this regard, Hon'ble ATE in their Order in Appeal No. 77-79 of 2006 dtd. 13.12.2006 has directed as follows "*that the Regulatory Commission to take a relook of the entire matter while undertaking Truing Up exercise. We hasten to add that the Commission need not stick to its earlier view, but it shall have a relook in this respect by taking a practical view of the ground realities instead of proceeding on assumptions*

*and surmises. We are sure that Commission will take a relook of the matter and grant the benefits to the DISCOMs.”*

183. The Commission is of the opinion that Hon’ble ATE has erred in their judgement to note that Commission has already considered a relaxed loss reduction target that what has been recommended by the Sovan Kanungo Committee constituted by Govt. of Odisha and Abraham Committee constituted by Govt. of India.
184. The Commission has gone on appeal to Hon’ble Supreme Court against the above Order of Hon’ble ATE in CA No. 759 of 2007 and in CA No. 3595-3597 of 2011. The matters are part heard and pending before the Hon’ble Court.
185. The Hon’ble ATE in their order in Appeal No. 26-28 of 2009 dated 03.7.2013 observed the following regarding resetting of loss level trajectory:

*“17.15 To sum up, the loss level trajectory has to be reset by the State Commission from 2008-09 to 2012-13 in light of the judgment of the Tribunal in Appeal nos. 77 of 2006 and batch and 52 of 2007 and batch and also the findings in these Appeals referred to in the preceding paragraphs. The distribution loss trajectory has to be redetermined keeping in view ground realities that the requisite funds for augmentation of the distribution system have not been made available to the Appellants. However, the loss level trajectory has to be reduced gradually from 2006-07 to 2012-13 and in no case, it should increase. The State Commission shall then true up the accounts of the Appellants for the above period with the revised loss levels. Accordingly directed.”*
186. The Commission is of the opinion that Hon’ble ATE has erred in judgement in not looking into the fact that the Commission has made a relaxed AT&C loss reduction of 3% upto 2009-10 and thereafter only 1% whereas the actual loss of DISCOMs is much higher than OERC approval and in fact in some years it has actually increased.
187. The Commission has preferred Civil Appeal No.10251 to 10263 of 2013 against the said order of the Hon’ble ATE and Hon’ble Apex Court vide its order dated 06.01.2014 have admitted the appeal and tagged with Civil Appeal No.414 of 2007. The Hon’ble ATE in the above order have observed that the distribution loss trajectory has to be re-determined keeping in view ground realities that the requisite fund for augmentation of distribution system have not been made available to the appellant. The Commission in view of such an observation of the Hon’ble ATE have taken into consideration the ground realities and found that there has been absolute lackadaisical approach of the DISCOMs to curb losses. DISCOMs have also not been following the directions of the Commission to undertake loss reducing programmes such as Energy Audit, Consumer Indexing, Metering and measures to prevent to theft. The DISCOMs have also failed to put in place any such measures which are evident from the performance data submitted by them from time to time.
188. The Commission during the performance review of the DISCOMs for FY 2012-13 directed the DISCOMs to complete the energy audit programme and submit its report before 28<sup>th</sup> July, 2013. During the review of the performance of DISCOMs for the period from April to September, 2013 it was again found that no energy audit was conducted as per the direction. Commission during the next review of performance for the period from April to September, 2013 again directed DISCOMs to take at least one 33/11 kV substation and carry out complete energy audit and submit the report within one month.
189. However, barring CESU none of the other 3 DISCOMs have submitted such report. Commission also directed to make metering and other allied arrangement necessary for energy audit for all consumers fed from at least one no. 33/11 kV substation for each

circle. Action plan on such direction was to be given by 31<sup>st</sup> December, 2013. However, no such action plan has been submitted by the DISCOMs.

190. Another area of concern is the low billing efficiency of the DISCOMs, a major benchmark of loss assessment. During the performance review for April to September, 2013 it was found that in WESCO area the billing efficiency in the LT segment was only 41.93% which means that about 58% of the energy is lost and not billed. Commission observed that the main reason for low billing efficiency is the mischievous activities of the meter readers and the complete lack of control either knowingly or unknowingly by the DISCOM authorities. False and average meter reading are shown for billing purpose instead of the actual reading as indicated in the meter. This goes on to say that there has been a complete failure on the part of the management to curb such malpractices and fix responsibilities on the unscrupulous elements in the DISCOMs.
191. The Commission in order to assess the proper billing and collection got conducted Escrow audit in selected Divisions of the DISCOMs covering period from October 2012 to March 2013 of the FY 2012-13. Through such audit it was revealed that consumer billed was between 33% to 74% only. In RED, Rourkela the percentage of money receipt issued was only 74.04%, in Rourkela Sadar 59%, BED Baripada only 32.66% and PED Paradeep 66.25%. The auditors observed that there was gross mismatch between the percentage of money issued to be billed and percentage of collection efficiency. The auditors also observed that there is no system in place at divisions to ensure that all the regular consumers have been billed for the month and the amount collected from consumers are properly booked under the heads on which they have been billed.
192. Commission also during the performance review for April to September, 2013 directed DISCOMs to come with a plan of measures to reduce distribution loss, increase billing efficiency particularly in LT. segment and also enhance collection efficiency in the short run as well as long run and submit the way forward plan within two weeks time. DISCOMs have failed to submit such way forward.
193. The above non compliance of DISCOMs to the Commission's directions leads to conclude that the ground realities are far from what DISCOMs have been projecting. DISCOMs themselves are not serious to curb losses in order to mask their own inefficiency and pass on the buck to the consumers.
194. Another major factor for dismal reduction of losses by DISCOMs is the non infusion of capital for system improvement, reduction of losses, metering, up-gradation of transformers and line etc. The major objective of privatization of distribution business as evident from the Shareholders agreement is to induct private players capable of bringing in substantial amount of capital investment in the distribution sector. In the Business Plan Order for the period from 2008-09 to 2012-13 passed by the Commission on 20.3.2010 it was directed that the three Reliance managed companies namely, WESCO, NESCO & SOUTHCO should bring at least Rs.1556 cr. as additional equity/loan including amount generated from internal resources towards capital investment. During the proceedings in Case No.35 of 2005 and order dtd.12.5.2011 the Govt. of Odisha which owns GRIDCO which in turn owns 49% of stake in the reliance managed DISCOMs, informed the Commission that they are not averse to infusion of additional equity in DISCOM through GRIDCO provided similar commitments from reliance share holders are available. However, apart from the initial investment to acquire the DISCOMs in 1999 nothing has been invested the DISCOMs through infusion of fresh equity or through loan. The DISCOMS have also failed to fund counterpart fund required for ongoing Govt. of Odisha CAPEX programme.
195. In the light of the above backdrop the ground realities are in sharp contrast to the projection made by the DISCOMs themselves. The DISCOMs have not been adhering

to the directions of the Commission to conduct energy audit, improve billing and collection.

196. It can be seen that the calculated distribution loss for LT level has been increasing year after year considering EHT loss as zero percent and HT loss at normative eight percent as given in the table below.

**TABLE -16**

<b>LT DISTRIBUTION LOSS OF DISCOMs (Audited)</b>							
	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
CESU	50.48%	52.44%	54.86%	50.16%	46.36%	47.36%	49.75%
NESCO	62.26%	64.36%	65.14%	58.83%	62.14%	60.60%	59.20%
WESCO	60.64%	59.56%	63.29%	58.56%	63.43%	65.04%	65.52%
SOUTHCO	48.85%	49.20%	46.65%	45.91%	50.18%	47.81%	49.58%
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
CESU	53.19%	53.75%	52.00%	51.97%	51.63%	49.92%	47.53%
NESCO	59.54%	59.31%	59.40%	55.83%	55.36%	55.59%	54.98%
WESCO	64.96%	65.33%	65.65%	62.96%	64.81%	61.83%	62.22%
SOUTHCO	52.21%	54.87%	57.63%	56.23%	55.42%	53.63%	49.92%

197. Hon'ble ATE in its order in Appeal No. 26-28 of 2009 dated 3<sup>rd</sup> July 2013 has taken note of this situation in Paragraph 17.15 and inter alia stated that the distribution loss has to be reduced gradually from 2006-07 to 2012-13 and in no case it should increase.

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

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

199. The Hon'ble Apex Court has held that distribution loss is controllable. Therefore, the Commission have the power to determine the loss at a normative level as otherwise the actual loss which is largely a product of inefficiency of DISCOMs will be unfairly passed on to the consumers. The Commission for the last 12 years have been consistently directing the DISCOMs to take proactive steps with regard to energy audit, full scale metering, collection of arrears and taking action against the theft of electricity. Their performance in this respect has been dismal.

200. The inaction of the distribution companies is evident not from their present loss level but also from the fact that though the 2<sup>nd</sup> Control Period (2<sup>nd</sup> Business Plan Order) ended with FY 2012-13 they failed to submit their Business Plan for 3<sup>rd</sup> Control Period beginning with FY 2013-14 in time in spite of several reminders by the Commission. Therefore, the Commission was constrained to decide that distribution loss targets fixed by the Commission for the last year of the 2<sup>nd</sup> Control Period (FY 2012-13), as given in the table below, shall be applied on the power purchase quantum of respective DISCOMs for calculation of the sales:

**Table – 17**

### Distribution loss target for FY 2014-15

DISCOM	Distribution Loss (in %)
CESU	23.00%
NESCO	18.35%
WESCO	19.60%
SOUTHCO	25.50%
<b>ALL ODISHA</b>	<b>21.29%</b>

201. These DISCOMs also object to the “Top Down Approach” of arriving the LT sales from the power purchase quantum instead of the usual practice of calculating power purchase requirement from the sales projections made for the ensuing year using the “Bottom UP Approach”. Many objectors also objected to the “Top Down Approach” presently adopted by the Commission.
202. In this context, it may be noted that the Commission vide Regulation 2, 3 & 4 of OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 decided to compute sales by application of normative distribution loss to the estimated power purchases rather than the normal practice of “Bottom Up Approach” (to compute power purchase quantum from estimated sales and load forecast) with a view to not accounting the power purchase quantum due to inefficiency in operation and non-achievement of distribution loss target as a pass through in the Retail Supply Tariff with the proposed loss levels of the DISCOMs.
203. By adopting the Top Down Approach, the Commission intends to calculate the Retail Supply Tariff by adopting normative loss levels approved in the Business Plan based on the recommendations of the said Committees. This approach does not allow the additional losses incurred by the DISCOMs due to inefficiency in their operation. Furthermore, the Commission is of the firm view that the purchase of energy by DISCOMs is a recorded figure whereas the actual sale depends on the performance of DISCOMs. If a bottom up approach is adopted considering actual sale by DISCOM, (with its inherent inefficiency in billing) the total power purchase requirement with normative loss would be even below than the last year actual total energy purchase of the DISCOM. The Commission, therefore, on due consideration rejects the DISCOMs objection.

### Estimate of Power Purchase of DISCOMs for FY 2014-15

#### CESU

204. The monthly quantum of power purchase of CESU from April, 2013 to December, 2013 is available with us. It is seen from the drawal pattern of CESU that the average drawal from April, 2013 to December, 2013 is lower than its average drawal for the first six month of the current year i.e. April to September, 2013. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of CESU for first six months for a period of 12 months then CESU would purchase 8661.90 MU for 2014-15. Over and above the quantum of purchase, the additional sales estimated by the Commission basing on the projection submitted by the CESU is given as under:
- RGGVY- 122.72 MU  
HT – 151.58 MU  
EHT – 81.96 MU

Assuming normative loss as approved by the Commission in this Order, for the above additional sales, CESU is required to purchase 380.11 MU in addition to 8661.90 MU basing on the trend of power purchase of current year. Therefore, the power purchase requirement of CESU would be  $(8661.90 + 380.11) = 9042.02$  MU rounded to 9040 MU, which is approved for FY 2014-15.

#### **NESCO**

205. The monthly quantum of power purchase of NESCO from April, 2013 to December, 2013 is available with us. It is seen from the drawal pattern of NESCO that the average drawal from April, 2013 to December, 2013 is lower than its average drawal for the first six month of the current year i.e. April to September, 2013. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of NESCO for first six months for 12 months then NESCO would purchase 5353.41 MU for 2014-15. But considering the projection of NESCO both for additional and reduction of sales we estimate the same as follows:

RGGVY- 99.807 MU  
HT – (-) 14.919 MU  
EHT – (-) 114.480 MU

Assuming normative loss as approved by the Commission in this Order, due to above overall reduction of sales NESCO is required to purchase less of the order of 22.21 MU from the already estimated value basing on the trend of power for this year. This reduction has been attributed to some EHT consumers like Railways and Rohit Ferotech etc. availing part of their power requirement through Open Access. In addition to that there are also some consumers which are also likely to avail power from their own CGP in the coming year. Accordingly, considering overall reduction in sales the power purchase requirement of NESCO would be  $(5353.41 - 22.21) = 5331.20$  MU which is rounded to 5330 MU for FY 2014-15.

#### **WESCO**

206. The monthly quantum of power purchase of WESCO from April, 2013 to December, 2013 is available with us. It is seen from the drawal pattern of WESCO that the average drawal from April, 2013 to December, 2013 is lower than its average drawal for the first six month of the current year i.e. April to September, 2013. We accept that this drawal pattern will continue in the coming year also. If we prorate the average monthly drawal of WESCO for first six months for 12 months then WESCO would purchase 6630.55 MU for 2014-15. But considering the projection of WESCO both for additional and reduction of sales we estimate the same as follows:

RGGVY- 130.584 MU  
HT – 135.909 MU  
EHT – (-)100.909 MU

The above additional and reduction of sales would result in net additional purchase of the order of 188.758 MU basing on normative loss as approved by the Commission in this Order. Therefore, the power purchase requirement of WESCO would be  $(6630.55 + 188.76) = 6819.31$  MU which is rounded to 6820 MU for FY 2014-15.

#### **SOUTHCO**

207. The monthly quantum of power purchase of SOUTHCO from April, 2013 to December, 2013 is available with us. It is seen from the drawal pattern of SOUTHCO that the average drawal from April, 2013 to December, 2013 is lower than its average drawal for the first six month of the current year i.e. April to September, 2013. We accept that this drawal pattern will continue in the coming year also. If we prorate the



average monthly drawal of SOUTHCO for first six months for 12 months then SOUTHCO would purchase 3131.64 MU for 2014-15. But in addition to that considering the projection of SOUTHCO and our estimation the additional sales has been estimated as follows:

RGGVY- 106.468 MU

HT – 37.08 MU

EHT – 11.077 MU

Assuming normative loss as approved by the Commission in this Order, for the above additional sales SOUTHCO is required to purchase 207.77 MU. Therefore, the power purchase requirement of SOUTHCO would be (3131.64+ 207.77) 3339.41 MU which is rounded to 3340 MU for FY 2014-15.

#### Estimation of LT Sales of DISCOMs for FY 2014-15

208. We have already approved Business Plan for DISCOMs for the control period 2008-09 to 2012-13 wherein we have fixed overall distribution loss for each year of the control period. Since the DISCOMs could not submit the Business Plan for the next control period in time we provisionally approved distribution loss for 2013-14 at the same level that of FY 2012-13. Since in the meantime we have approved a yearly Business Plan for DISCOMs for the year FY 2014-15 we utilise the same overall distribution loss level as approved by us in that order for determination of LT sales assuming HT and EHT loss percentage as 8% and 0% respectively basing on top down approach as per Regulation 3 (b) of Tariff Regulation, 2004.

Accordingly, the power purchase and sales approval for FY 2014-15 is given below:

**Table – 18**  
**Approval of Power Purchase and Sale for DISCOMs for FY 2014-15 (In MU)**

	CESU		NESCO		WESCO		SOUTHCO		ALL ODISHA
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved	Approved
Purchase	9,100.39	9,040.00	5,414.51	5,330.00	7,165.00	6,820.00	3,400.00	3,340.00	24530.00
EHT Sales	1,755.96	1,755.96	1,542.83	1,542.83	1,490.00	1,527.93	413.85	427.03	5,253.75
HT Sales	1,238.18	1,238.18	433.33	449.20	1,313.00	1,313.00	191.68	191.68	3,192.06
LT Sales	3,256.91	3,966.66	1,789.10	2,359.92	2,067.00	2,642.35	1,552.79	1,869.59	10,838.52
Total Sales	6,251.05	6,960.80	3,765.25	4,351.95	4,870.00	5,483.28	2,158.32	2,488.30	19,284.33

209. In view of the above approved purchase and sales, we fix the performance criteria for different DISCOMs for FY 2014-15 as given in the table below:

**Table – 19**  
**Distribution Loss, Collection Efficiency & AT&C Loss (in %)**

	2012-13 (Actual)	2013-14 (Approved)	2013-14- Up to Sept. (Provisional)	2013-14 (Estimated by the Licensee)	2014-15 (Proposed by the Licensees)	2014-15 (Approved)
<b>DISTRIBUTION LOSS (%)</b>						
CESU	37.04	23.00	35.34	35.00	31.31	23.00
NESCO	34.93	18.35	35.78	32.54	30.46	18.35
WESCO	38.27	19.60	36.00	35.01	32.03	19.60
SOUTHCO	43.32	25.50	41.86	40.03	36.52	25.50
<b>ALL ODISHA</b>	<b>38.34</b>	<b>21.30</b>	<b>36.21</b>	<b>35.08</b>	<b>32.04</b>	<b>21.38</b>
<b>COLLECTION EFFICIENCY (%)</b>						
CESU	89.80	99.00	94.37	99.00	99.00	99.00
NESCO	92.00	99.00	94.02	99.00	99.00	99.00
WESCO	91.91	99.00	92.08	97.00	98.00	99.00
SOUTHCO	94.48	99.00	83.05	94.00	96.00	99.00
<b>ALL ODISHA</b>	<b>92.05</b>	<b>99.00</b>	<b>92.41</b>	<b>97.79</b>	<b>98.33</b>	<b>99.00</b>

	2012-13 (Actual)	2013-14 (Approved)	2013-14- Up to Sept. (Provisional)	2013-14 (Estimated by the Licensee)	2014-15 (Proposed by the Licensees)	2014-15 (Approved)
<b>AT &amp; C LOSS (%)</b>						
CESU	43.46	23.77	38.98	34.66	32.00	23.77
NESCO	40.14	19.17	39.62	33.21	31.16	19.17
WESCO	43.26	20.40	41.07	36.96	33.39	20.40
SOUTHCO	46.45	26.25	51.71	43.63	39.06	26.25
<b>ALL ODISHA</b>	43.24	22.09	41.05	36.97	33.17	22.17

### Computation of Revenue

210. Section 61(g) of the Electricity Act states that the tariff should progressively reflect the cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Appropriate Commission. Accordingly, the Commission has attempted to reduce the cross-subsidies among various categories of consumers existing under different voltage levels. Based on normative values for different parameters like distribution loss, AT&C loss and collection efficiency as approved in the Business Plan, Retail Supply Tariff has been determined so as to recover the cost of supply by the DISCOMs enabling them to pay for the power purchase cost, Transmission charges as well as other operational expenditure. It is observed that the licensees are able to meet their annual revenue requirement for FY 2014-15 with the existing Retail Supply Tariff with the approved sales as determined by the Commission. Hence, there is no need to enhance the Retail Supply tariff for FY 2014-15. The Commission has adopted the following methodology which appears to be more realistic to estimate the revenue of DISCOMs from different categories of consumers for ensuing year.

### EHT & HT Category

211. The average revenue billed per unit (P/Kwh) category-wise by DISCOMs for the first 9 months of current financial year (in T-6 Format) after normalization has been multiplied by the category wise estimated sales for FY 2014-15 to arrive at expected revenue in the respective category of each licensee. This calculated revenue for the respective category shall be the expected revenue at the existing tariff for the ensuing year. However, in some category where actual average revenue billed per unit is very high or low, the Commission has taken average tariff in that category in different load factor (considering the consumption pattern) to arrive at the expected revenue in the respective category of the Distribution licensee.

### LT Category

212. The Commission has approved the sales of DISCOMs at LT level by considering power purchase allowed to them and applying the target loss level for FY 2014-15 at that voltage. The Commission expects appreciable growth in LT sales due to rapid Rural Electrification and improved standard of living of the people of the State. But the licensees have projected less sale in LT than what is now approved for them by applying target loss level. It is difficult to assess the LT sales for ensuing year as per billing data within a reasonable accuracy limit. However, the Commission is optimistic of higher sales in LT sector in the coming year. Therefore, the Commission thinks it fit to allow revenue to DISCOMs at the approved sales level at LT. The average revenue billed per unit (P/kWh) category-wise for first 9 months of current year at LT level was submitted by DISCOMs. The DISCOMs are likely to maintain at least this trend or bill more revenue per unit of sale in ensuing year. This per unit revenue billed is multiplied by category-wise expected sale for FY 2014-15 to arrive at expected revenue of each

licensee. This calculated revenue for the respective category shall be the expected revenue at the existing tariff for the ensuing year. However, the Commission takes a pragmatic view on reasonableness of sales and revenue for the individual DISCOM in domestic category.

213. Therefore, following the above principle we approve the expected revenue of DISCOMs for FY 2014-15 as given in the table below:

**Table - 20**  
**Approved Revenue for FY 2014-15 (Rs. in Crore)**

Category	CESU	NESCO	WESCO	SOUTHCO	Total
EHT	979.58	855.13	838.87	229.85	2,903.42
HT	686.43	257.77	714.68	106.80	1,765.69
LT	1,533.41	871.51	960.89	640.48	4,006.29
Total	3,199.42	1,984.41	2,514.44	977.13	8,675.40

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

214. As a support to the Distribution licensee (including its franchisees) in the adoption of latest technology in Metering and Billing for energy auditing and accounting to help reduce AT&C losses, the Commission has provided Rs.48.00 crores to CESU, Rs.38.00 crores to WESCO, Rs.30.00 crores to NESCO & Rs.15.00 crores to SOUTHCO amounting to a total of Rs.131.00 crores under Special R&M during FY 2014-15 and directs the Distribution licensees to implement the following schemes as a time bound programme within a year i.e., during FY 2014-15 positively.

**Scheme 1 (Smart Metering):- Pilot Scheme**

Each licensee and franchisee in CESU shall adopt at least one 33/11 kV primary sub-station for smart metering project. All single phase and three phase consumers in the project area shall be provided with smart meters with remote disconnection/reconnection facilities by the licensee/franchisee. No meter rent shall be collected for the smart meters provided to the consumers. A special rebate of 25 Paise/Unit (including all other regular rebate in vogue) shall be provided to the consumers if they pay their bills within due date for availing the rebate.

Consumer will have the option for either pre-paid or post paid meter and can interchange on demand. All the DTRs in the project area will have Data Concentrating Units (DCU) and DT metering with bi-directional communication.

The smart metering scheme would enable DISCOM to generate daily automatic LT energy loss report (DTR meter reading minus summation of readings of all LT consumers served by DTR), and tamper detection and automatic alerts for theft detection.

**Scheme 2 (Feeder wise Energy Audit):- For all 11 kV Feeders**

All the 11 kV feeders in the license area shall be covered under this energy audit scheme. All consumers shall be tagged to the feeder with GIS mapping. All 11 kV feeders will have meters to determine input Energy of each feeder so that it can be compared with total billed energy and collection in the said feeder. Third party validation of energy audit data shall be made. DISCOMs shall submit the data to the Commission every month.

**Scheme 3 (SCADA Operation):- at Distribution System Operation and Control Centre of the DISCOM**

It is understood that new SCADA enabled primary s/s are being established by OPTCL in DISCOMs area, as per the Govt. Scheme. DISCOMs have also plan to replace the existing 11 kV breakers, wherever required, with the state of the Art breakers, with remote operation facilities from the control rooms. The Distribution

System Operation and Control Centre (DSOCC) of the DISCOM therefore, is required to be equipped with the SCADA control system software and hardware for remote operation of all 11 kV feeders along with Data Management and meter management software. New SCADA enabled primary sub-station being established by OPTCL on behalf of DISCOMs should be integrated with SCADA centre of DISCOMs. All the existing circuit breaker of primary sub-stations of DISCOM shall also be replaced with intelligent remote operated circuit breakers for better control of the operation from SCADA centre.

215. The Distribution Licensees are also directed to set the item-wise detailed monthly targets so as to complete the entire scope of work under the above schemes by 31<sup>st</sup> March, 2015. They shall submit monthly progress reports against the set targets for a month to the Commission by 10<sup>th</sup> of next month.

### **Important Issues related to Retail Supply Tariff**

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

216. The Commission after detailed analysis observed that the Licensees are not prepared with the necessary metering and billing arrangement for all the consumers to be covered under kVAh billing. Hence, the Commission declined to accept the proposal of the Licensees to introduce kVAh billing in a phased manner. However, the Licensees are required to justify their readiness to implement such system of billing as directed below:

*The Commission directs the Distribution Licensees to prepare a detailed sales database containing category wise and consumer wise contracted load / connected load and their month wise consumption for the latest three years ending 31<sup>st</sup> March, 2014 showing the consumer wise and month wise amount billed under Demand Charge/ MMFC, energy charge and power factor penalty of such consumers (for whom the Licensees intend to introduce kVAh billing) including information on types of meters fitted against each consumer showing the capability of each meter for kVAh billing and the software developed by the Licensees for such billing. They are required to submit the complete information in this regard latest by 30<sup>th</sup> September, 2014.*

#### **Emergency Power Supply to CGPs**

217. Distribution Licensees have proposed to introduce two-part tariff for Emergency Power Supply to Industries having Captive Power Plants. The Commission after detailed examination of the provision in the Supply Code and Tariff structure presently in vogue noted that Distribution Licensees in no way are susceptible to incur loss due to single part tariff since the rate is designed to take care of demand charge as well as energy charge for such industries. Regarding over-drawal by such industries, Distribution Licensees are directed to advise CGPs to give their day ahead schedule drawal for emergency supply in 15 minutes time block. CGP should restrict their drawal within a reasonable margin of their schedule (say  $\pm 10\%$ ) failing which they are liable for disconnection.
218. In this context, clause No.80 (15) of OERC Distribution (Conditions of Supply) Code, 2004 may be referred.
219. In view of the said provision, the Commission is of the view that Distribution Licensees will be able to recover all their charges applicable to any Industrial consumer within sufficient margin to take care of emergency supply to CGPs under the prevailing single part tariff. Hence, the Commission decides not to deviate from the existing practice.

**MMFC/Demand charges for consumers having contract demand 70 KVA and above but less than 110 KVA**

220. We reiterate that the same stand of the Commission as decided under paragraph 329 and 344 of RST order 2013-14 shall continue to apply during FY 2014-15. The HT(M) industrial consumers of 70 to 110 kVA capacity although pays higher demand charge/MMFC compared to LT(M) Industrial consumers upto 110 kVA, due to extra infrastructural cost, it is more than adequately compensated due to lower load factor based energy charge.

**Meter Rent**

221. CESU has proposed to enhance the meter rent for various types of meters and category of consumers. The three Reliance managed DISCOMs have submitted that inclusion of meter rent as miscellaneous income/revenue receipts in their ARR ought to be discontinued as expenditure on purchase of meters is treated as a capital expenditure.
222. Objectors stated that expenditure towards smart meters should be from CAPEX Plan or from own fund of CESU without taxing the consumers.
223. With a view to introducing latest technological innovation in metering and billing system, the Commission decides that the Distribution Licensees shall purchase meters with latest technology under special R&M as allowed by the Commission in the ARR specially for Commission monitored schemes described vide paragraph 212 & 213. Since Commission has decided to provide expenses towards purchase of meters for the smart metering scheme, DISCOMs are directed not to charge cost of meter or meter rent for such consumers who have been provided with smart meter with remote connection and disconnection.

**Reconnection Charge (without actual disconnection):**

224. During the public hearing many consumers objected to introduction of reconnection charges without actual disconnection. The Commission after detailed analysis of the data on implementation of such a charge by the DISCOMs found that the DISCOMs have failed to implement the scheme. Hence, the deemed reconnection charge stands withdrawn with effect from 1<sup>st</sup> April, 2014.

**Own-Your-Transformers (OYT) scheme**

225. The Commission has introduced the OYT Scheme in its earlier RST orders to encourage LT less distribution only. The scheme was intended for individual LT Domestic and individual/group General Purpose consumers who would like to avail single point HT supply by owning their distribution transformers. In such a case the licensee would extend a special concession of minimum 5% rebate on the total bill (except Electricity Duty and meter rent) of the respective category apart from the normal rebate for prompt payment of the bill by the due date.
226. It was further clarified that the bulk supply domestic category of consumers i.e. consumers in an apartment building or a colony were entitled to avail bulk domestic HT supply at a concessional flat rate and, therefore, not covered under 'OYT' scheme although they install their own distribution transformers for availing power supply.
227. The existing OYT scheme for an individual group of consumers under domestic and general purpose category having one point of supply at HT is allowed to continue without any change. DISCOM should make a sufficient awareness programme so that individual or group consumers can own small transformers (10 kW/16 kW capacity) and take LT less power supply so that they can avail rebate in electricity bill as well as quality power supply in the form of steady voltage and reliability by making a small capital expenditure.

#### **Rebate for part payment**

228. CESU has proposed not to allow rebate to the consumers who are not paying their energy charges in full (including arrears) so as to enable the licensee to collect past arrears.
229. The Commission decides not to accede to the above proposal. Instead the Commission directs the DISCOMs to accept even part payment for any month as given below:
- a) Part payment of minimum Rs.50/- for consumers having outstanding billed amount upto Rs.100/- (including arrears)
  - b) Part payment of minimum Rs.100/- for consumers having outstanding billed amount upto Rs.300/- (including arrears)
  - c) Part payment of minimum 50% of the bill having outstanding billed amount above Rs.300/- (including arrears)

#### **Allowing Special Rebate to the consumers for prompt payment by due date**

230. CESU also proposed to introduce a Special Rebate for consumers who are availing normal rebate continuously for a period of two years. Some objectors stated that the rebate may be disallowed to consumers having disputed arrears or availing instalment scheme for payment of arrears. However, a special rebate may be allowed to the consumers who are continuously availing rebate for a period of one year, instead of two years. Commission examined the proposal carefully and decided to continue with the existing rebate for timely payment of energy bills.
231. A special rebate of 25 paise per unit (all inclusive) shall be provided to the consumers opting for smart meters/pre-paid meters. DISCOMs are directed to initiate one pilot scheme to provide smart meters for all LT consumers connected to one 33/11 kV sub-station or at least to one 11 kV feeder. All these LT single/3-phase consumers who are connected complete with smart metering for the entire 33/11 kV sub-station area or 11 kV feeder area for energy auditing shall be eligible for such special rebate.
232. DISCOMs are also directed to maintain an inventory of electric meters with facilities of meter reading without human interface (IR port facility/downloading) and/or smart meters to replace the existing faulty meters as well as giving new connection. As far as practicable consumers shall not be forced to buy its own meter.

#### **Facility of agro-based tariff as per para-258 of RST 2012-13**

233. In the RST order for FY 2012-13 vide para 258, it was directed that the food processing units attached with cold storage shall be charged at Agro-Industrial Tariff if the cold storage load is not less than 80% of the entire connected load. This has encouraged other consumers who are manufacturing only say, ice-cream, to demand for such tariff benefits causing financial loss to DISCOMs.
234. CESU proposed to exclude the food processing units from Agro-based tariff. Some objectors stated that the present tariff for Agro-Industrial consumers was equitable and needed no change. Food processing is an allied Agro-based activity which should not be excluded from Allied Agro-Industrial activity as a category of consumer.
235. In this context, the Commission decides to introduce the concept of substantive activity, like cold storage for preservation of perishable commodities, to prevail upon the practical difficulties in segregating cold storage load from food processing, e.g. the food processing unit attached with cold storage shall be charged at Agro-Industrial Tariff if cold storage load is not less than 80% of the entire connected load.
236. If the load of the food processing unit other than cold storage unit exceeds 20% of the connected load, then the entire consumption by the cold storage and the food processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be.

#### **Increase of Security Deposit from two months to six months**

237. CESU has proposed to enhance security deposit amount from present practice of 2 months of consumption to 6 months for supplying power against indemnity bond. In this context clause 7 of OERC Distribution (Conditions of Supply) Code, 2004 is reproduced below for reference:
- “An applicant, who is not the owner of the premises occupied by him, shall execute an indemnity bond, indemnifying the licensee against any damages payable on account of any dispute arising out of supply of power to the premises.”
238. Some objectors stated that increasing the security deposit for consumers availing power with indemnity bond would only increase the liquidity of the DISCOMs.
239. The Commission after careful examination of the issue decides not to increase the Security Deposit amount from two months’ current consumption bill to that of six months’ since the Supply Code emphasises the DISCOMs to collect the electricity dues within a month from the date of billing.

#### **Tariff for Temporary Service Connection**

240. CESU has submitted that since temporary service connections were given at a short notice and for a short period, the MMFC/ Demand Charges are prorated for no of Days which is not sufficient to meet the related expenditure i.e. preparation of estimate, connection charge, and disconnection charge etc.
241. The objectors felt that the submission of CESU was not clear and maintained that it was the duty of the DISCOM to supply within its area of license. It cannot deny temporary power supply. Obviously a pre-paid meter shall be more suitable in this case. CESU in its rejoinder clarified that as the supply is temporary in nature, CESU has proposed to raise the temporary connection charges as a measure to bridge the revenue gap.
242. The Commission considered the said proposal and decides to increase the energy charge for temporary connection by 10% compared to the normal tariff applicable to the category for which supply has been extended under temporary connection.

### **Captive Solar Generation & Rooftop Solar PV**

243. CESU has proposed that If existing customers propose to install captive solar power projects, then CESU may be allowed to charge the consumer as per the prevailing RST and will pay the generator at the rate of APPC after deducting the standard transmission losses. In addition, the developer will be recommended for REC.
244. CESU also proposes to pay to the Rooftop Solar PV generators at the rate of APPC in case of net export to the Licensee's System. An incentive mechanism to promote Rooftop Solar PV plants may be envisaged by the Commission.
245. Some objectors are of the view that the submissions of CESU are not proper. The question of forcing the industry having captive solar plant for compulsory sale of power to DISCOM at APPC rate is not proper (with extra cost towards connectivity and power supply). CESU in its rejoinder stated that as per Clause 3 of OERC (Renewable and Co-generation Purchase Obligation and its Compliance) Regulations the designated entities which include DISCOMs are responsible to meet the RPO. There is no such proposal for loading any charges to customers, as understood by the objector.
246. The Commission after careful consideration opines that any industry having captive renewable plant can consume its own captive generation for its own use to meet its RPO or otherwise. However, if he opts to avail REC for captive renewable generation then he has to sale such renewable power to DISCOM at APPC rate and DISCOM should certify such receipt and inform to nodal authorities of the State and NLDC for crediting REC in the account of Renewable Captive Generator.
247. The Commission has already addressed the issue of Rooftop Solar PV connectivity and surplus generation through the concept of net metering introduced in the generic tariff order for Renewable Technologies vide its order passed in Case No.80/2013 dt.15.01.2014. Regarding Captive Solar generation in the scale of MW, the principle of APPC and REC may be implemented by the DISCOMs.

### **Reliability Surcharge**

248. Some objectors submitted that the reliable power supply to consumers is possible due to the performance of OPTCL and not due to the performance of DISCOMs. Hence, they argued that collection of reliability surcharge by DISCOMS is not justified. The Commission is of the view that reliable power supply is possible due to the best performance of the power system and reliability index achieved by the electricity supply chain as a whole. Hence, the Commission decides that the collection of reliability surcharge by the DISCOMs shall continue without any change as described under paragraph No.196 of RST order for FY 2013-14.

### **Delayed Payment Surcharge (DPS)**

249. The Commission vide paragraph No.358 of RST order for FY 2013-14 has ordered that Delayed Payment Surcharge shall be charged for every day of delay at 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as mentioned below:
- i) Large industries
  - ii) LT/HT Industrial (M) Supply
  - iii) Railway Traction
  - iv) Public Lighting
  - v) Power Intensive Industries



- vi) Heavy Industries
- vii) General Purpose Supply  $\geq$  110 KVA
- viii) Specified Public Purpose
- ix) Mini Steel Plants
- x) Emergency supply to CGP
- xi) Allied Agro-Industrial Activities
- xii) Colony Consumption

250. At present, LT Domestic, General Purpose, HT Bulk Supply Domestic and some other categories of consumers (not mentioned in the above list) are not covered under the DPS scheme. It is observed that, most of them happen to be negligent in paying their bills even after two months beyond the due date of payment mentioned in their bills due to which the cash flows of DISCOMs are badly affected. They are not able to manage their Working Capital for payment of salaries and other O&M expenses. This creates gross indiscipline on the part of non-paying consumers and de-motivation on the part of consumers who have been paying their bills regularly.
251. The Commission after careful consideration of this serious issue has decided that DISCOMs shall charge DPS to the defaulting consumers every two month as per the flat rates shown in the following table:-

**Table - 21**

<b>Category of Consumers</b>	<b>Amount of Arrears</b>	<b>Rate Applicable</b>
LT Single Phase Domestic Consumer	Less than Rs.1000/-	Rs.50/-
	Rs.1000/- & above	Rs.100/-
LT Single Phase other consumer	Less than Rs.5000/-	Rs.150/-
	Rs.5000/- & above	Rs.300/-
LT 3 Phase consumers	Less than Rs.5000/-	Rs.200/-
	Rs.5000/- & above	Rs.500/-
HT & EHT consumers	Less than Rs.10000/-	Rs.500/-
	Rs.10000/- & above	Rs.2000/-

**Subsidy to consumers under dedicated agricultural and fishery feeders**

252. The DISCOMs have submitted that Government should pay subsidy to meet the cost of supply to consumers under dedicated agricultural and fishery feeders. The Commission is of the view that capital subsidy being paid by Government for development of infrastructure is a better option than payment of revenue subsidy towards energy consumption by such consumers.

**Metering of consumers under agriculture and irrigation pumping**

253. As stated in Sec.55 (1) of the Electricity Act, 2003, no licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Authority. Hence, the DISCOMs are directed not to extend power supply to consumers under agriculture and irrigation pumping category without a correct meter.

**UI Charges**

254. Based on Open Access Regulations, CESU proposes that UI Charges shall be applicable to HT and EHT consumers. The objectors felt that this submission of CESU was not clear. Since Phase-II of Intra-state ABT is yet to be implemented the proposal of CESU is not acceptable. In view of recent amendment of CERC notification on inter-state ABT; the intra-state ABT also needs suitable change. Commission desires that all

stakeholders including GRIDCO/DISCOMs/all state generators/IPP may discuss the matter in threadbare to implement phase-II of intra-state ABT.

#### **Disaster Mitigation Plan (DMP)**

255. All the DISCOMs have proposed some measures for execution of disaster mitigation plan (DMP). For execution of DMP, the utilities require huge investments. Hence, DISCOMs have planned to execute the DMP in a phased manner and to execute additional they have proposed to levy a charge of 5 p/u in electricity bill.
256. Objectors have stated that the proposal of a cess of 5 p/u sold to all consumers was not justified and hence unacceptable. CESU in its rejoinder pointed out that the Disaster Mitigation Plan contained the following activities: namely, Infrastructure strengthening through underground Cabling, NBLS Towers etc in urban areas of Bhubaneswar and Cuttack, Provisions of Towers in River Crossing Locations, Provision of H-Pole in low lying areas, Institutional Set up as a capacity building measure etc. The three DISCOMs have claimed that to provide better and immediate service to the consumer in the event of Force Majeure condition, the organizational set up is required to face the unforeseen events.
257. We feel that Disaster Mitigation is an important objective of modern governance and Govt. has major role to play with proactive support from DISCOMs. However, the natural disasters happen casually and sporadically over geographical regions. Therefore, taxing all consumers of the State @ 5 Paisa/Unit for implementation of DMP in certain calamity-prone locations is not a wise proposal and also not equitable.

#### **Demand Charge for HT Industrial (M) Consumers**

258. Some objectors submitted that the demand charge for HT Industrial (M) consumers should be the same as applicable for the corresponding LT consumers on the ground that a consumer availing power supply at HT results in lower losses as well as reduction in the capital investment by the DISCOMs. But it should be noted that the energy charges for those LT consumers are higher and the Load Factor benefit is not availed by to them. Hence the Commission decided to continue with the existing Demand charges for HT Industrial (M) Consumers.

#### **Guidelines for replacement of burnt transformers**

259. SOUTHCO has proposed for enterprise wide regulatory intervention for the replacement of the burnt transformers. The Commission have been requested to fix guidelines for replacement of burnt transformers wherein a minimum percentage of around 50% of arrear payment may be made a precondition for replacement of burnt transformers. In this regard commission opine that it is the responsibility of the DISCOMs to collect payments timely from the consumers. Had they collected the amount timely and had taken necessary actions for non payment, such situation as faced by the DISCOMs would not have arisen.

#### **Rebate on Prompt Payment of BST bills by DISCOMs**

260. NESCO, WESCO & SOUTHCO prayed to approve the rebate of 2% to the licensees for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to considering 1% rebated per month to GRIDCO by NTPC. Currently, for payment of bills through a letter of credit or by cash within 2 working days (except holidays under NI Act), a rebate of 2% is allowed. If the payments are made by a mode other than through a letter of credit but within a period of one month of presentation of bills by the DISCOMs, a

rebate of 1% is allowed. The Commission examined the proposal carefully and decided to continue with the existing rebate policy for the DISCOMs.

### **Separate Tariff for Rural Consumers**

261. Some objectors stated that there should be separate tariff for rural consumers on the ground that the quality of supply is very poor in rural areas. CESU in its rejoinder stated that there could not be a separate tariff for rural consumers only as tariff is categorized depending upon the purpose for which it is used. The three DISCOMS stated that before implementation of dual tariff, a system study and proper deliberation in this regard was required. Though very few states have adopted dual tariff, we are of the opinion that separate tariff for rural and urban consumers is not a viable proposition on socio-political ground. Further, the quality of supply in rural areas has improved in recent years as compared to those during the pre-reform period. We want to further emphasize that due to massive industrialization of the State, urbanization is spreading very fast now in comparison to yesteryears. Therefore, the rural area of today will be urban area tomorrow. In this context, the rural consumers are very likely to be converted to urban consumers at some point of time availing the similar standard of performance what urban consumers are getting today. Furthermore, it is to be noted here that the licensees incur more cost to supply electricity to the remote rural areas in comparison to urban areas. Hence it will not be prudent to introduce a separate tariff for rural category at present juncture.

### **Open Access Charges**

262. Some objectors stated that the existing cross subsidy surcharge for EHT consumers in CESU area is very high. It is becoming unviable for any EHT consumer to avail power supply from other sources through open access. We clarify that the open access charges for HT & EHT consumers are fixed by the Commission in accordance to para 8.5.1 of National Tariff Policy based on the difference between Tariff and Cost of Supply of the concerned zone. That is why it varies across various distribution zones of the state depending on cost of supply of that particular DISCOM. When the BSP rates are different for all DISCOMs, it is natural that the cost of supply for CESU is also different. However, with improvement in loss level by the DISCOMs the open access charges will gradually come down in due course of time.

### **Take or Pay Tariff**

263. Some objectors requested for reintroduction of take or pay tariff. The three DISCOMS stated that as per introduction of “assured energy” concept, no such industries were coming forward to avail the same. As such the purpose of Take or Pay tariff has been defeated. After looking into the submission of the DISCOMs, we have felt that the ‘Take or Pay’ tariff scheme introduced by the Commission in FY 2012-13 has not borne the desired result. The expectation of more and more industries going for higher load factor and opting for ‘Take or Pay’ scheme had not been achieved in practice. That is why we had withdrawn the scheme w.e.f. FY 2013-14.

### **Interest on Security Deposit**

264. Some objectors stated that they are not being paid interest on security deposits. To this query the three DISCOMS replied that Interest on Security Deposit @ 8.75% per annum effective for the FY 2013-14 shall be paid on 1<sup>st</sup> of May, 2014. The interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply) Code, 2004. The said regulation provides that the licensees shall pay interest on security deposit of the consumer at the Bank rate notified by RBI provided that the Commission may direct a higher rate of interest from time to time by notification in official gazette. Though we had allowed 6% interest on the Security

deposits in our earlier orders, we had enhanced the same to 8.75% per annum based on the then prevailing bank rate as notified by RBI in the RST order for FY 2013-14. Accordingly Commission directs to adjust the interest on security deposit as per Regulation 21 OERC Distribution (Condition of Supply) Code, 2004.

#### **TOD benefit**

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

#### **Issue of Railways**

266. The various demands of East Coast Railways as presented by them during public hearing have been stated under paragraph 102. After careful consideration of the objections and suggestions of the East Coast Railways the Commission have decided to continue with the existing tariff structure for Railway Traction.

#### **Tariff Issues drawn from earlier RST orders**

267. The Commission had allowed different schemes which were introduced in earlier RST orders and were continued during 2013-14 vide paragraph 179 until further orders. The same decisions shall continue during FY 2014-15.

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

268. The Fisheries Department of the Government of Odisha has introduced a seasonal prohibition on fishing by trawlers for a distance of 20 km from the seashore at the Devi (Jatadhari River mouth to Devi River mouth) and Rushikulya (Chilika lake mouth to Rushikulya River mouth). The annual ban was for the turtle season from January to May. Considering this ban we have allowed some concession to Ice Factories dependant on fishing in terms of demand charges in FY 2012-13 vide Para 250 to 257 in our RST Order for that year. We direct that same concession would continue for FY 2014-15 also. Accordingly during the statutory restriction imposed by the Fisheries Department, the Ice factory located at a distance not more than 5 KM towards the land from the seashore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period. There will be no changes in energy charges and other charges payable to the DISCOMs as per the existing Tariff Order and Regulations.
269. Regarding modalities of implementation of the concession with regard to payment of demand charges on actual maximum demand recorded during restriction period, it is difficult on the part of the Commission to identify which of the ice factory actually suffer from low business turn over due to the statutory restriction on fishing. It is the concerned distribution companies which are to identify only such ice factories located within a distance of not more than 5 KM towards the land from the sea shore of the restricted zone and then after periodical inspection and checking of meter reading the DISCOMs may allow payment of demand charges based on the actual maximum demand recorded during the restriction period only. The demand charges shall be based on maximum demand or 80% of the contract demand whichever is higher during the period other than the restriction period. In order that this special dispensation for the Ice factories located upto 5 KM towards land from the sea shore of the restriction zone is not misused, the DISCOMs should periodically inspect the functioning of the Ice

factory and the manner of the consumption of electricity during the statutory restriction period. The above provision regarding fixation of demand charges shall continue until further orders.

### **Issue of Public lighting**

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

### **Pre-paid meters**

271. Regulation 54(3) of OERC Distribution (Conditions of Supply) Code, 2004 provides that the licensee shall make out a plan for introduction and adoption of new technologies (such as Pre-paid Meters, time of the day meters, automatic remote meter reading system through appropriate communication system) becoming available with the approval of the Commission or as per the directions of the Commission. Therefore, licensees must try to adopt new metering technologies for better consumer service. A pre-paid meter not only helps the consumers to manage their purchase of electricity well, but also reduces the receivable of DISCOMs.
272. Govt. of Odisha vide their notification No.914 dtd.04.02.2013 have been pleased to decide to install prepaid energy meters in government establishments including public sector undertakings, autonomous bodies, urban local bodies, govt. societies etc. at State, District and Block levels by 31.03.2013. Therefore DISCOMs are directed to stick to the above guidelines of the Govt. scrupulously. Any electricity dues accruing after this date shall not be treated as receivables by the Commission.
273. We also direct that all such consumers who default in payment thrice during a particular financial year should mandatorily be fitted with pre-paid meters. The DISCOMs therefore immediately finalise the list of vendors for pre-paid meters and develop associated infrastructure for its installation. The pre-paid meters should have easy charge facilities. The vendor should provide facilities for sale of recharge vouchers in their respective licensed area. The DISCOMs are expected to provide all temporary connection through pre-paid meters only. No security deposit or rent should be collected from pre-paid consumers. The security deposit of existing consumers who will be fitted with pre-paid meters should be refunded in terms of recharge vouchers. The consumers having pre-paid meters pay their electricity charges up front before consuming the energy. The Commission would like to give a special incentive in the form of the two times of rebate of the applicable category. The DISCOMs will give this special concession in the form of additional energy in the recharge vouchers. The pre-paid metering facilities are applicable only for LT single phase and 3-phase consumers. As no HT prepaid meters are available in the market and standards of HT prep-aid meter is yet to be finalised, the pre-paid metering facilities are not applicable to HT consumers. HT consumers shall have to deposit usual security deposit.

### **Tatkal Scheme for New Connection**

274. The Commission has received a number of grievances regarding undue delay in providing new power connection to their premises with one plea or other by the field Engineers of DISCOMs. The Commission would like to introduce a "Tatkal Scheme" for immediate power connection to the consumer premises after compliance of the following requirements.
- (a) New connection application filled in as far as practicable.
  - (b) Contractors' completion certificates of internal wiring including test reports.
  - (c) Indemnity Bond / Ownership document of the premises

- (d) Deposit of processing fee and estimated amount for service connection.
275. On compliance of the above requirement licensee shall communicate to the consumer the technical feasibility and remunerativeness of the application within three working days. On deposit of Tatkal charges, thereafter, the licensee shall extend the service connection within three working days. In case Tatkal connection is not effected the Engineer shall communicate the reason of delay, in writing to the consumer, as well as his/her next higher authority.
276. This Tatkal scheme is applicable to consumers availing LT supply for Domestic, Agricultural and General Purpose only. The Tatkal charges are given below:

**Table - 22**

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

The above Tatkal charges do not include meter cost.

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

277. The provisional billing has been allowed by us under Regulation 93 (8) and 99 of OERC Distribution (Condition of Supply) Code, 2004. The amount thus billed shall be adjusted against the bill raised on the basis of actual meter reading during subsequent billing cycle. Such provisional billing shall not continue for more than one meter reading cycle at a stretch. If the meter remains inaccessible even for the next cycle the licensee is free to proceed as per Section 163 of the Electricity Act, 2003 which may lead to cut-off the supply to the consumers. Therefore, the licensee must act expeditiously in case of inaccessibility of meter for reading purpose. In no case billing should be made on provisional basis for more than one billing cycle.
278. Average billing is allowed by us under Regulation 97 of Supply Code, 2004 for the period the meter remains defective or is lost. The billing shall be made on the basis of average meter reading for the consecutive three billing periods succeeding the billing period in which the defect or loss was noticed. We have not allowed average meter reading in any other case except in case of defective meter or when the meter is lost. Therefore, the licensees must desist from billing on average basis in other cases.
279. Load factor billing has been abolished by us w.e.f. 01.4.2004. It should not be utilized as a substitute billing methodology when the licensees are unable to read meter for any other reason. Therefore, we direct that the licensees must adhere to the codal provision strictly. The consumers are at liberty to take recourse to remedial measures as provided in the Electricity Act, 2003 and Supply Code, 2004.

**Adoption of new Metering Technology / Meter Rent**

280. CEA (Installation and operation of Meters) Regulation, 2006 regarding adoption of new technologies OERC Supply Code, 2004 provides as follows:
- “The licensee shall make out a plan for introduction and adoption of new technologies (such as Pre-paid Meters, time of the day meters, automatic remote meter reading system through appropriate communication system) becoming available with the approval of the Commission or as per the directions of the Commission.”* As per Section 55 of Electricity Act, 2003 the licensee may require the consumers to give him security for price of a meter and enter into agreement for the hire thereof, unless

the consumer elects to purchase a meter. In view of the above the consumer should have the first option to provide the meter so that they could have a genuine correct meter. If that option is not exercised, it is the duty of the licensee to give initial supply with a correct meter and not force the consumer to purchase one. It is needless to say that if subsequently the meter gets defective the licensee has to follow the procedure as laid out in the Regulation 97 of Supply Code. The Commission fixes monthly meter rent for FY 2013-14 as follows:

**Table - 23**

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

Note: Meter rent for meter supplied by DISCOMs henceforward shall be collected for a period of 60 months only.

281. The monthly meter rent shall be charged from the consumers to whom meter has been supplied by the licensee. The licensee should strengthen their meter testing laboratories so that they can handle repair and replacement of defective meters quickly. Meter test report should be supplied to the consumer at the time of installation of the meter. The Commission desires that DISCOMs may initiate advance metering technology like pre-paid meters, automatic meter reading system (AMR/AMI) etc. by replacing sluggish yesterday technology meters in line with CEA and OERC Regulation. The DISCOMs, in line with the stated smart metering policy may introduce AMR / AMI compliant pre-paid/post-paid smart meters (as per consumer choice) in selected urban areas to start with. No meter cost except usual meter rent shall be charged to the consumers of such areas.

## FINANCIAL ISSUES FY 2014-15 (Para 282 to 402)

### Employees Cost

282. The petitioners WESCO, NESCO, SOUTHCO and CESU in their ARR and tariff petition for the FY 2014-15 have projected employees cost and a comparison of the approved Employees cost for FY 2013-14 and proposed employees cost by DISCOMS for FY 2014-15 is shown in table below.

**Table – 24**

**(Rs. in Cr.)**

Sl.	Particulars	WESCO		NESCO		SOUTHCO		CESU		TOTAL DISCOMs	
		Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15
1	Basic Pay + GP	63.17	59.79	56.33	53.63	48.40	44.19	71.32	70.99	239.22	228.61
2	Addl. Emp. Cost			2.86	2.86	0.82	0.82			3.68	3.68
3	DA	69.49	65.77	65.11	59.00	53.24	48.61	74.87	78.09	262.71	251.47
4	Other allowance	1.82	1.82	1.88	1.88	1.44	1.44	4.48	4.48	9.62	9.62
5	Bonus	0.01	0.01					1.26	1.26	1.27	1.27

Sl.	Particulars	WESCO		NESCO		SOUTHCO		CESU		TOTAL DISCOMs	
		Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15
6	Contractual Employees	2.66	2.66	14.41	6.36	12.93	5.95	25.88	22.59	55.88	37.56
6	Total Emoluments (1 to 5)	137.15	130.06	140.59	123.73	116.83	101.01	177.81	177.42	572.38	532.21
7	Reimbursement of medical expenses	3.16	3.16	2.96	2.96	2.42	2.42	3.57	3.57	12.11	12.11
8	Leave Travel Concession			0.3	0.3	0.07	0.07			0.37	0.37
9	Reimbursement of HR	11.37	8.97	11.84	8.04	9.2	6.63	14.26	10.65	46.67	34.29
10	Interim relief of Staff							0.93		0.93	0.00
11	Encashment of Earned Leave	5.53								5.53	0.00
12	Honorarium	0.02	0.02			0.2	0.2			0.22	0.22
13	Payment under workmen compensation Act			0.2	0.2	0.1	0.1	0.48	0.48	0.78	0.78
14	Ex-gratia	0.02	0.02	3.66		0.79				4.47	0.02
15	Other Staff Costs							2.2		2.20	0.00
16	Total Other Staff Costs (7 to 15)	20.10	12.17	18.96	11.50	12.78	9.42	21.44	14.70	73.28	47.79
17	Staff Welfare Expenses	1.05	1.05	0.96	0.96	0.34	0.34	1.24	1.24	3.59	3.59
18	Terminal Benefits (Pension + Gratuity + Leave)	95.38	95.38	126.53	96.53	77.73	77.73	122.89	122.89	422.53	392.53
19	Total (6+16+17+18)	253.68	238.65	287.04	232.72	207.68	188.50	323.38	316.25	1071.78	976.12
20	Less : Empl. cost capitalized	4.13	4.13	1.27	1.27	0.62	0.62	6.97	6.97	12.99	12.99
21	Total Employees Cost	249.55	234.52	285.77	231.45	207.06	187.88	316.41	309.28	1058.79	963.13
	% rise over approved 2013-14		0.79		31.67		9.76		-18.47		

283. The table above reveals that for the ensuing year the licensees except CESU have proposed a rise in employee's cost compared to the approval for the FY 2013-14. WESCO, NESCO, SOUTHCO and CESU have projected an increase over the approval for the FY 2013-14 at 0.79%, 31.67%, 9.76% and (-)18.47%, respectively. The projected enhancements in case of NESCO and SOUTHCO is mainly attributable to higher estimation towards Terminal liabilities based on the actuarial valuation appointed by these distribution companies.

284. The audited accounts of all the licensees are now available with the Commission upto the FY 2012-13.

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

***“ 16.1 Employee Cost***

*The three DISCOMs, WESCO, NESCO & SOUTHCO submitted to provide employee cost through indexation mechanism linked to CPI during the control period in line with the model FOR MYT Regulations. CESU submitted to take into account the employee*



cost due to massive RGGVY expansion of network. DISCOMs also submitted that incentive and dis-incentive scheme may be introduced to improve productivity level.

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

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

286. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the assessment of number of employees as on 31.3.2014 and 31.3.2015 is essential. Regarding number of employees, DISCOMs have submitted the information on the induction and reduction in the number of employees from year to year in their ARR submissions. The position upto the year ending 2014-15 as proposed by the Licensees is depicted in table below:

**Table – 25**

<b>Employees Proposed (2014-15)</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
No. of employees as on 31.3.2013	4149	3447	3114	6869
Add: Addition during 2013-14	0	41	62	159
Less: Retirement/Expired Resignation during 2013-14	351	252	199	411
No. of employees as on 31.3.2014	3798	3236	2977	6617
Add: Addition during 2014-15	0	156	175	0
Less: Retirement/Expired/ Resignation during year	280	217	171	306
No. of employees as on 31.3.2015	3518	3175	2981	6311

287. The Commission in view of the above after discussions with the licensees approves following number of employees to the DISCOMs for FY 2014-15.

**Table – 26**

<b>Employees Approved (2014-15)</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
No. of employees as on 31.3.2013	4149	3447	3114	6670
Add: Addition during 2013-14	0	41	62	159
Less: Retirement/Expired Resignation during 2013-14	351	252	199	411
No. of employees as on 31.3.2014	3798	3236	2977	6418
Add: Addition during 2014-15	0	150	175	0
Less: Retirement/Expired/ Resignation during year	280	217	171	306
No. of employees as on 31.3.2015	3518	3169	2981	6112
Average no. of employees for FY 2013-14	3974	3342	3046	6544
Average no. of employees for FY 2014-15	<b>3658</b>	<b>3203</b>	<b>2979</b>	<b>6265</b>

288. The Commission in last few years have relied on the actual expenses on (as per cash flow) Basic Pay including Grade Pay incurred during the current financial

year. Commission has found that assessment of Basic Pay and Grade Pay on actual drawl is more reliable which is further extrapolated for the ensuing year. The Licensees were accordingly asked to furnish the data on Basic Pay and Grade Pay for the current year i.e. FY 2013-14 upto November, 2013.

289. The Commission in accordance with the MYT principle allows 3% escalation on Basic Pay and Grade Pay, towards normal annual increment on year over year basis. The Commission has adopted the same method of arriving at the Basic pay and grade pay as was done in the previous year and explained in the Para above. In order to arrive at the Basic pay and Grade pay for the ensuing year i.e. FY 2014-15, the Basic Pay and GP actually paid during last eight months of the current year i.e FY 2013-14, is averaged and extrapolated for the whole year. The basic pay and GP for the ensuing year is thereafter calculated by escalating current year's average basic pay and GP at the rate of 3% and factoring the average number of employees for the current and ensuing year. A table below shows such calculation of the Basic Pay and Grade Pay for FY 2013-14 on the basis of above discussion.

**Table - 27**

(Rs. in Cr.)

	WESCO	NESCO	SOUTHCO	CESU
Average( Basic Pay + GP) Per month	5.26	4.53	3.66	6.00
Pro-rated for FY 2013-14	63.06	54.33	43.86	72.00
<b>Approved for FY 2014-15</b>	<b>59.79</b>	<b>53.63</b>	<b>44.19</b>	<b>70.99</b>

290. On the basis of the calculation in the above table, Commission approves Basic Pay and Grade Pay for the ensuing year 2014-15 in respect of four DISCOMs as detailed below:

**Table – 28**

(Rs. in Cr.)

Name of the DISCOM	Approved Basic Pay with Grade Pay for FY 2014-15
WESCO	59.79
NESCO	53.63
SOUTHCO	44.19
CESU	70.99

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

**Table – 29**

DA Rate		
Date effective from	Rate	Status
1.01.09	22%	Notified By GoO
1.07.09	27%	Notified By GoO
1.01.10	35%	Notified By GoO
1.07.10	45%	Notified By GoO
1.01.11	52%	Notified By GoO
1.07.11	58%	Notified By GoO
1.01.12	65%	Notified By GoO
1.07.12	72%	Notified By GoO
1.01.13	80%	Notified By GoO
1.07.13	90%	Notified By GoO
1.01.14	100%	Notified By GoO
1.07.14	110%	Estimated

1.01.15	120%	Estimated
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292. The DA rate as it stands now is 100% with effect from 01.01.2014. The next revisions are due with effect from 01.7.2014 and 01.01.2015 which would have bearing on the DA estimation for FY 2014-15. According to the previous trend and likely revision in future it would be prudent to consider DA rate at an average of 110% for the FY 2014-15. DA has accordingly been calculated at such rate for the ensuing year FY 2014-15.
293. For the year 2014-15 Medical Reimbursement has been approved at the rate of 5% over Basic Pay and Grade Pay. House rent allowance is approved at an average rate of 15% of the Basic Pay and Grade Pay instead of 20% considering the fact that many employees are staying in quarters. On the scrutiny of Audited Accounts, it is also seen that the HRA as a proportion to the Basic Pay and GP is about 15% and hence such rate is allowed towards HRA.
294. Due to reduction in number of employees on account of retirement and otherwise, DISCOMs are relying on persons engaged through contract and outsourced services. These contract and outsourced services are basically engaged in billing, collection and customer care services. The expenses towards engagement of these services can be allowed after prudent check. The DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2013-14. The DISCOMs have accordingly been allowed the cost on additional employees and outsource employees projected by them in the ARR under additional employee cost.
295. The Commission from time to time have been insisting on induction of additional man power to carry out energy audit for reduction of commercial losses of the utilities. The licensees are being repeatedly directed to fill up the vacancies due to retirement and attrition so as not to affect services to the consumer. At the same time the Commission makes it absolutely clear that mere addition of manpower is not going to improve delivery of services and collection of revenue unless productivity of the employees is ensured by holding them accountable to the management. The principle of hire and fire should be followed to ensure accountability. Engagement should be made on contract basis for a definite period which can be renewed subject to satisfactory performance and increased productivity.

#### **Terminal Liability**

296. The DISCOMs have projected increase in their terminal liability for the ensuing year FY 2014-15 except CESU. A comparative position of the approved terminal liability in ARR of FY 2013-14 vis-a-vis projection made by the DISCOMs for FY 2014-15 is given in the following table:

**Table – 30**

Name of the Company	Approved FY 2013-14	Proposed FY 2014-15	(Rs. Cr.)
			increase (in % )
WESCO	93.21	95.38	2.32
NESCO	71.21	126.53	77.69
SOUTHCO	55.66	77.73	39.64
CESU	210.50	122.89	-41.62

297. WESCO, NESCO and SOUTHCO in their submission have stated that the estimate on contribution to the pension fund, gratuity fund and leave encashment to be made for the FY 2014-15 is based on the actuarial valuation carried out by M/s. Bhudev Chaterjee as on 31.3.2013. These licensees have assumed that the trend in the

requirement of Terminal Benefit Corpus for the FY 2013-14 shall continue for the year 2014-15. While computing the contribution required by the Licensees to fund the employees trust, the actual investments as on 01.4.2013, estimated investments as on 01.4.2014, income from the investments during the year 2014-15 and payments during 2014-15 have been considered.

298. The Commission has been analysing the expected corpus available with the DISCOMs taking into account the provision allowed in the successive tariff orders of the Commission. The expected corpus liability as per funds approved in the ARRs from FY 1999-00 onwards till FY 2013-14 is stated in the table below:

**Table – 31**

(Rs. in Cr.)

<b>Expected Corpus Availability</b>				
	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
OB as on 01.4.99/Fund transfer from GRIDCO to DISTCOs	70.77	68.00	67.39	138.56
Allowed by the Commission				
1999-00	6.71	5.62	7.78	0.00
2000-01	6.27	7.07	7.07	0.00
2001-02	7.92	7.00	6.63	6.09
2002-03	8.08	7.21	6.81	6.27
2003-04	8.96	7.56	7.57	6.90
2004-05	11.30	8.35	9.40	3.25
2005-06	12.06	8.92	10.03	3.51
2006-07	12.07	9.55	9.73	13.19
2007-08	16.36	15.30	13.97	18.28
2008-09	37.02	25.16	24.49	48.10
2009-10	37.04	27.19	20.53	49.68
2010-11	51.81	51.13	58.22	75.84
2011-12	55.91	59.86	60.78	131.39
2012-13	66.13	67.88	68.81	149.84
2013-14	93.21	71.21	55.66	210.50
Sub-Total	430.85	379.01	367.48	722.84
<b>Grand Total</b>	<b>501.62</b>	<b>447.01</b>	<b>434.87</b>	<b>861.40</b>

299. The DISCOMs were asked to submit the actual Corpus availability upto 31<sup>st</sup> March 2013. As per the information submitted by the DISCOMs the actual corpus availability is far less than what actually should have been by 31.3.2013. The following table shows the actual corpus availability:

**Table - 32**

<b>Actual Corpus Availability as on 31.3.2013</b>			
	<b>Pension Fund</b>	<b>Gratuity Fund</b>	<b>Total</b>
WESCO	102.56	20.06	122.62
NESCO	88.72	18.75	107.47
SOUTHCO	32.97	9.60	42.57
CESU	174.48	29.05	203.53

300. Commission from time to time have been appointing independent actuary to undertake assessment of pension, gratuity and leave encashment liability of the employees of four DISCOMs WESCO, NESCO, SOUTHCO & CESU. Commission at present have appointed an independent actuary to assess terminal valuation upto 31.3.13 with projection upto 31.3.2014 and 31.3.2015. However, the said actuary is yet

to submit its final report and therefore the commission has not been able to consider any valuation towards terminal benefit in the ensuing ARR 2014-15. In order to meet the requirement towards terminal liability Commission therefore allows the liability as projected by the DISCOMs in their ARR submission for FY 2014-15 except in case of NESCO. NESCO has projected a liability of Rs.126.53 crore which is much higher than the approved terminal amount of Rs.71.21 crore for FY 2013-14. Commission after prudent check allows Rs.96.53 as terminal liability to NESCO and amounts as projected by other three DISCOMs.

301. Commission accordingly allows following amount towards terminal Liabilities of DISCOMs for FY 2014-15.

**Table – 33**

(Rs. in Cr.)

Name of the DISCOM	WESCO	NESCO	SOUTHCO	CESU
Amount to be charged to ARR (in Crore)	95.38	96.53	77.73	122.89

302. In light of the discussions in the foregone paragraphs, the Employee cost proposed by the DISCOMs vis-à-vis approval by the Commission for FY 2014-15 is shown in the table below:

**Table – 34**  
**Employee Cost**

(Rs. in Cr.)

Sl.No.		WESCO		NESCO		SOUTHCO		CESU		Total DISCOMs	
		Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15
1	Basic Pay + GP	63.17	59.79	56.33	53.63	48.40	44.19	71.32	70.99	239.22	<b>228.61</b>
2	Addl. Emp. Cost			2.86	2.86	0.82	0.82			3.68	<b>3.68</b>
3	DA	69.49	65.77	65.11	59.00	53.24	48.61	74.87	78.09	262.71	<b>251.47</b>
4	Other allowance	1.82	1.82	1.88	1.88	1.44	1.44	4.48	4.48	9.62	<b>9.62</b>
5	Bonus	0.01	0.01					1.26	1.26	1.27	<b>1.27</b>
6	Contractual Employees	2.66	2.66	14.41	6.36	12.93	5.95	25.88	22.59	55.88	<b>37.56</b>
6	Total Emoluments (1 to 5)	<b>137.15</b>	<b>130.06</b>	<b>140.59</b>	<b>123.73</b>	<b>116.83</b>	<b>101.01</b>	<b>177.81</b>	<b>177.42</b>	<b>572.38</b>	<b>532.21</b>
7	Reimbursement of medical expenses	3.16	3.16	2.96	2.96	2.42	2.42	3.57	3.57	12.11	<b>12.11</b>
8	Leave Travel Concession			0.3	0.3	0.07	0.07			0.37	<b>0.37</b>
9	Reimbursement of HR	11.37	8.97	11.84	8.04	9.2	6.63	14.26	10.65	46.67	<b>34.29</b>
10	Interim relief of Staff							0.93		0.93	<b>0.00</b>
11	Encashment of Earned Leave	5.53								5.53	<b>0.00</b>
12	Honorarium	0.02	0.02			0.2	0.2			0.22	<b>0.22</b>
13	Payment under workmen compensation Act			0.2	0.2	0.1	0.1	0.48	0.48	0.78	<b>0.78</b>
14	Ex-gratia	0.02	0.02	3.66		0.79				4.47	<b>0.02</b>
15	Other Staff Costs							2.2		2.20	<b>0.00</b>
16	Total Other Staff Costs (7 to 15)	20.10	12.17	18.96	11.50	12.78	9.42	21.44	14.70	73.28	<b>47.79</b>
17	Staff Welfare Expenses	1.05	1.05	0.96	0.96	0.34	0.34	1.24	1.24	3.59	<b>3.59</b>

Sl.No.		WESCO		NESCO		SOUTHCO		CESU		Total DISCOMs	
		Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15	Proposed for FY 2014-15	Approved for FY 2014-15
18	Terminal Benefits (Pension + Gratuity + Leave)	95.38	95.38	126.53	96.53	77.73	77.73	122.89	122.89	422.53	<b>392.53</b>
19	Total (6+16+17+18)	<b>253.68</b>	<b>238.65</b>	<b>287.04</b>	<b>232.72</b>	<b>207.68</b>	<b>188.50</b>	<b>323.38</b>	<b>316.25</b>	1071.78	<b>976.12</b>
20	Less : Empl. cost capitalized	4.13	4.13	1.27	1.27	0.62	0.62	6.97	6.97	12.99	<b>12.99</b>
21	Total Employees Cost	<b>249.55</b>	<b>234.52</b>	<b>285.77</b>	<b>231.45</b>	<b>207.06</b>	<b>187.88</b>	<b>316.41</b>	<b>309.28</b>	1058.79	<b>963.13</b>

303. The total employee cost of four distribution companies approved for 2013-14 was Rs.1,041.40 crore. DISCOMs for FY 2014-15 have proposed total employee cost of Rs.1,058.79 crore. The Commission now approves Rs. 963.13 crore as total employee cost for FY 2014-15 against Rs.1,041.40 crore approved for 2013-14.

#### **Administrative and General Expenses**

304. The Administrative and General Expenses broadly covers property related expenses, Licence Fees to OERC, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The licensees have projected their estimates for FY 2014-15 in their ARR in the following manner which are compared with approved A&G expenses for previous year FY 2013-14.

**Table -35**

**(Rs. in Cr.)**

A&G Expenses	Approved 2013-14			Ensuing year FY 2014-15 (Proposed)		
	Normal A&G	Additional A&G	Total A&G	Normal A&G	Additional A&G	Total A&G
WESCO	25.41	2	27.41	38.22	15.79	54.01
NESCO	16.99	2	18.99	30.19	24.81	55.00
SOUTHCO	14.63	2	16.63	28.39	30.54	58.93
CESU	36.63	4.5	41.13	48.00	10.44	58.44

305. WESCO, NESCO & SOUTHCO have submitted that they have forecasted the A&G expenses for FY 2014-15 based on actual expenses till September, 2013 as against the approved A&G expenses including special additional expenditure towards customer care, IT automation and special police station for FY 2013-14.
306. The A&G expenses for ensuing year have been forecasted based on estimated expenses during FY 2013-14 in line with the Commission's earlier orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase on account of inflation over the approved A&G expenses for FY 2013-14. They have proposed to undertake following initiatives for the ensuing year to be met under A&G expenses.

- Annual Inspection Fees of Lines and substations.
- Operating expenses of Customer Care centres in each Divisions
- Introduction of Spot Billing in various Divisions
- Creation of Infrastructure to carryout enterprise wide Energy Audit exercise

- Implementation of Intra State ABT including Metering with connectivity to DSOCC, Server, Digital Display Board and Software, Software for day ahead load forecasting, Installation of VCBs for Control of drawal
- Implementation of Right to Information Act
- Demand Side Management
- Development of franchisee in licensee area
- Cess as per the Building and other construction Workers (RE&CS) Act, 1996 & Building and other construction Workers Welfare Cess Act, 1996.

307. The Commission in its order on MYT principles for the second Control period FY 2013-14 to FY 2017-18 in its order dated 20.3.2013 have decided to the following effect.

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

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

309. Commission scrutinised the proposal towards A&G expense for the ensuing year FY 2014-15. The Commission has considered an escalation of 7% over the normal A&G expenditure for the last year tariff FY 2013-14 towards normal A&G expenditure for the FY 2014-15 in terms of the MYT order for the current control period.

310. Commission in its query to Licensees asked to furnish the details of actual expenses made on additional A&G expenses vis-a-vis approval in the ARR, during the year FY 2013-14:

**Table - 36**

**(Rs. in Cr.)**

Additional A&G Expenses	WESCO		NESCO		SOUTHCO		CESU	
	Approved (2013-14)	Actual Expenses (upto Nov 2013)	Approved (2013-14)	Actual Expenses (upto Nov 2013)	Approved (2013-14)	Actual Expenses (upto Nov 2013)	Approved (2013-14)	Actual Expenses (upto Nov 2013)
Expenses for Customer Care Centres/ Call Centres								
Special Police Station.	0.25	0.18	0.25		0.25	0.06	2.50	2.31
Automation/IT expenses	1.00	0.55	1.00	0.66	1.00		1.00	0.4
Inspection Fee towards SI works	0.25	0.11	0.25		0.25		0.25	0.081
Compensation for	0.25	0.04	0.25		0.25	0.21	0.25	

Additional Expenses	A&G	WESCO		NESCO		SOUTHCO		CESU	
		Approved (2013-14)	Actual Expenses (upto Nov 2013)	Approved (2013-14)	Actual Expenses (upto Nov 2013)	Approved (2013-14)	Actual Expenses (upto Nov 2013)	Approved (2013-14)	Actual Expenses (upto Nov 2013)
Electric Accidents									
<b>Total Additional Expenses</b>		<b>1.75</b>	<b>0.88</b>	<b>1.75</b>	<b>0.66</b>	<b>1.75</b>	<b>0.27</b>	<b>4.00</b>	<b>2.79</b>

### Inspection fees towards SI Works

311. WESCO, NESCO and SOUTHCO have submitted that the State Govt. is insisting for payment of Inspection Fees on installation of lines and substations. Licensee is not recovering the inspection fees in the previous ARR's and now proposes that the annual inspection fees of service connection may be imposed separately which shall be recovered from the consumers and shall be deposited on collection basis with the State Govt. They have also submitted that the Commission may recommend to the State Govt. to waive the arrears of the past years.
312. Commission in previous ARR for FY 2013-14, allows an amount of Rs.0.25 crore to each DISCOMs to meet the Inspection fees towards SI Works. However, on scrutiny of actual expenses incurred during the current year upto November, 2013 as submitted by the Licensees, it is seen that very little or no payment has been made by any DISCOMs to the State Government. Commission therefore, allows Rs.0.25 crore towards inspection fees of SI Works for FY 2014-15.

### Energy Police Station

313. Regarding additional expenses on the Energy Police Station, Govt of Odisha have notified for establishment of 35 nos. of Energy Police station all over the state. Out of 35 Energy Police Stations established in the State 10 are situated WESCO area, 3 in SOUTHCO, 5 in NESCO and 11 in CESU area.
314. Commission have been emphasizing on the reduction of AT& C losses and with the effective involvement of the Energy Police station such a task would be achieved in a more effective manner. However DISCOMs have repeatedly submitted that there is total lack of support from the Energy Police Stations and there is absolutely no accountability from them. Commission in order to fully functionalize the Energy Police stations have been allowing the expenses on this account as proposed by the DISCOMs in successive tariff orders.
315. It is however seen that in spite of all the Energy Police Stations being operationalised there is no perceptible reduction in AT&C losses, which is the primary aim of setting up of the Energy Police Stations. Commission is therefore of opinion that there has been a radical change in the entire set up of Energy Police Station in order to make them accountable and contribute effectively to the task of loss reduction. Commission have also advised Govt. of Odisha to delink the officials posted in Energy Police Stations from the general law and order functioning and hierarchy. These officials must be directly responsible and report to the Licensee and shall not be diverted for any other duties other than prevention of theft of electricity. In this regard the Commission will write separately to Govt. of Odisha to create a senior position like Director (Vigilance and Enforcement) in GRIDCO to be manned by a senior IPS Officer in the rank of IG and above so that the Energy Police Stations can be brought under his control instead of the present reporting to the concerned S.P. of a District.



316. The Commission is of the firm opinion that intervention of IT is important to minimise human intervention and error. The DISCOMs should make all out effort to introduce newer technologies through IT intervention to effectively reduce AT&C losses and automate various processes required for settling various problems in billing, collection and other consumer related issues. On Automation and IT related expenses, however, on scrutiny of the actual expenses incurred by the DISCOMs during the current year upto November, 2013, it is seen that all the DISCOMs have spent nominal amount on account of Automation and IT related expenses except SOUTHCO. WESCO have spent Rs.0.55 crore, NESCO spent Rs.0.66 crore and CESU have spent Rs.0.40 crore amounts on Automation and IT related expenses. Commission therefore, allows Rs. One crore to each DISCOM for undertaking various automation and IT initiatives for FY 2014-15.
317. Electrical Accidents - Commission finds that there has been large number of electrical related accidents and deaths reported in the various electronic and print media. Commission also receives large number of petitions of such accidents and compensation related issues regarding related to such accidents. The DISCOMs should take necessary precaution in order to minimise these electrical accidents and compensate the victims quickly as provided in Regulation and Rules. DISCOMs are advised to procure the safety equipment of adequate nos. of sets for each section and insist upon and train their staff to take precautionary measures for electrical safety. DISCOMs should take advantage of the recent seminar conducted at OPTCL Training Centre under aegis of the Commission. The Commission allowed Rs.0.25 crore to each DISCOMs towards compensation for electrical related accidents during FY 2013-14 pending issue of guidelines for compensation towards electrical accidents by the State govt. On scrutiny of the actual expenses incurred by the DISCOMs on this account it is seen that WESCO & SOUTHCO have paid some amount towards compensation for electrical accidents whereas NESCO & CESU have not incurred any expenses on this account. In view of this, Commission allows Rs.0.25 crore to each DISCOMS towards compensation for electrical accidents for the FY 2014-15.
318. In view of the observations as above, the total A&G expenses allowed for FY 2014-15 to the DISCOMs are summarized below:

**Table - 37**

(Rs. in Crore)

A & G Expenses Approved for FY 2014-15	WESCO	NESCO	SOUTHCO	CESU
Normal A&G expenses (Escalated @7% over FY 2013-14)	27.19	18.18	15.65	39.19
Additional expenses:				
Expenses for Customer Care Centres/ Call Centres	1.00	1.00	1.00	1.00
Special Police Station				
Automation/IT expenses	1.00	1.00	1.00	1.00
Inspection Fee towards SI works	0.25	0.25	0.25	0.25
Compensation for Electrical Accidents	0.25	0.25	0.25	0.25
Total Additional Expenses	2.50	2.50	2.50	2.50
<b>Total A&amp;G expenses</b>	<b>29.69</b>	<b>20.68</b>	<b>18.15</b>	<b>41.69</b>

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

319. Training of officers and staff of the utilities has become an urgent need for development of the organization. This is more so important in view of the lack of knowledge with regard to evolving technologies and best practices being used by the

other organizations. Commission, therefore, attaches much importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities consequently should have a calendar of training schedule for their employees in order to upgrade their skills and infuse motivation to take their task efficiently. Commission in order to bring about more seriousness to the training of utility personnel earmarked a sum of Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses for FY 2013-14 for the respective DISCOMs. Commission in line with last year's order directs Licensees to earmark Rs. 50 lakh towards training programme for FY 2014-15.

### Repair and Maintenance Expenses

320. The distribution companies in their ARR and tariff petition for FY 2014-15 have proposed an enhanced requirement over the previous year's approved expenses in the following manner:

**Table – 38**

(Rs. in Cr.)

R&M Proposal FY 2014-15	Approved for FY 2013-14	Proposed for the Year 2014-15	% rise proposed over FY 2013-14 approved figure
WESCO	51.30	56.05	8.47%
NESCO	56.73	86.91	34.73%
SOUTHCO	43.53	52.90	17.71%
CESU	81.87	98.88	17.20%
<b>TOTAL</b>	233.43	294.74	

321. As revealed from the above table that WESCO, NESCO, SOUTHCO and CESU have enhanced requirement in the R&M expenses with percentage of 8.47%, 34.73%, 17.71% and 17.20% respectively over and above approved expenses for the previous FY 2013-14.

322. The Commission has been analyzing the pattern of spending in R&M by the Licensees, through the information available in the audited accounts of the companies. The audited figures in respect of all the four DISCOMs upto FY 2012-13 except CESU, are available with the Commission. The approved and audited figures under R&M expenses are updated and given in the table below.

**Table - 39**

(Rs. in Cr.)

R&M Expenses Years	WESCO		NESCO		SOUTHCO		CESU	
	Approved	Audited	Approved	Audited	Approved	Audited	Approved	Audited
99-00	14.43	15.9	14.22	16.19	12.63	13.39	19.05	24.01
00-01	14.43	10.25	14.22	11.02	12.63	7.31	19.57	19.92
01-02	13.62	10.12	16.32	7.02	15.57	9.29	23.43	15.6
02-03	15.33	8.04	14.62	5.65	16.82	6.43	22.11	25.04
03-04	16.89	16.27	17.59	8.84	16.38	9.93	24.12	21.22
04-05	17.28	12.85	17.66	11.13	13.25	8.43	31.95	20.27
05-06	21.3	9.61	22.63	11.21	18.55	6.07	33.67	12.26
06-07	24.25	12.44	24.48	12.88	17.35	5.54	41.31	22.09
07-08	23.82	12.37	24.43	13	18.38	5.5	43.64	25.11
08-09	25.66	17.90	25.87	20.86	19.08	7.79	41.87	34.79
09-10	27.01	18.01	27.88	22.79	20.73	11.59	40.46	28.45
10-11	34.77	16.56	37.22	19.26	26.11	13.09	51.19	29.38
11-12	36.81	18.04	47.46	16.39	28.47	8.28	56.77	28.92

R&M Expenses	WESCO		NESCO		SOUTHCO		CESU	
	Approved	Audited	Approved	Audited	Approved	Audited	Approved	Audited
12-13	40.06	14.71	51.17	17.52	28.28	8.97	57.78	27.11
13-14*	51.30	5.28	56.73	9.33	43.53	2.51	81.87	22.59
<i>*Expenditure as per cash flow upto Nov- 13</i>								

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

**Table – 40**

Escrow Relaxation on R&M FY 2013-14	(Rs. in Cr.)			
	WESCO	NESCO	SOUTHCO	CESU
Relaxation Due	51.30	56.73	43.53	81.87
Relaxation Availed	5.28	9.33	2.51	22.59
	Upto Nov -13	Upto Nov -13	Upto Sept -13	Upto Nov -13

324. Commission is aware that timely and efficient R&M activities are essential to the optimum utilisation of the distribution network. The Commission is not averse towards allocating of higher amounts on R&M activities but the DISCOMs have to exhibit sincerity of purpose by undertaking adequate R&M activities and increased revenue collection out of current as well as arrears in order to enable Commission to allow more money by way of ESCROW relaxation. Non relaxation of ESCROW is not the problem, the real problem is inadequate revenue collection efforts. If sufficient revenue is collected there will be no difficulty in allowing withdrawal from ESCROW account after meeting the BST, salary and other important item of expenditure.
325. The Commission allows the R&M expenses based on the principles enunciated in the MYT order for the second Control FY 2013-14 to FY 2017-18 in its order dated 20.03.2013 and have decided therein to the following:

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

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

326. In the FY 2014-15, WESCO, NESCO, SOUTHCO and CESU have proposed following amounts towards asset addition as tabulated below:

**Table – 41**

**(Rs. in Cr.)**

<b>Proposed addition of Fixed Assets FY 2013-14</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Land Building Furniture and Fixtures	1.6	5.33	1.26	
Network Assets				
REC	0.33			
RE/LI/MNP			1.84	
PMU			3.86	
APDRP			0.45	
S.I. Scheme	7.84	26.46	3.13	12.30
Deposit work	23.09	35.45		209.71
Metering & others				
RGGVY	258.46	504.24		
Biju Gram Jyoti		17.00	13.07	84.87
Biju Sahar BY			0.94	8.59
DESI (GoO)		15.81	6.31	32.42
RLTAP			5.06	
CAPEX Plan (GoO)	11.77	66.16	88.58	327.19
<b>Other works</b>	8.69		4.57	
<b>Total</b>	<b>311.78</b>	<b>670.45</b>	<b>129.07</b>	<b>675.08</b>

327. In order to approve asset addition during FY 2013-14, scheme wise asset addition considered by the Commission are discussed below:
328. **RGGVY & Biju Gram Jyoti Scheme** - The asset addition under these Schemes shall be entirely funded by Govt. of India and Govt. of Odisha and the projects are being implemented by the Central PSUs as per the terms of agreement. Once the assets are handed over to the Licensees they would be responsible to operate and maintain those assets. As regards R&M of the assets, Commission in its tariff order for FY 2009-10 observed that the State Govt. should provide revenue subsidy to the DISCOMs to compensate for undertaking such non remunerative work under RGGVY & Biju Gram Jyoti Scheme. DISCOMs were advised to approach State Government in this regard for obtaining revenue subsidy. DISCOMs in their present petition for the ARR of FY 2014-15 have submitted that Government of Odisha have not provided any revenue subsidy for undertaking works under RGGVY & Biju Gram Jyoti Scheme. DISCOMs have submitted to allow the R&M on the RGGVY & BGJY assets in order to maintain those assets. In the event the State Government provides revenue subsidy, the R&M of the corresponding year may be reduced. They have further submitted that if such funds are not provided by the State Government, they would not be able to effect proper maintenance of RGGVY and BGJY assets which has been entrusted by the terms of agreements made by the GoO, GoI and DISCOMs. In view of such a stalemate Commission in line with advice in ARR 2012-13, again advises Government of Odisha to share its obligation to provide quality supply to the lifeline consumers as mandated in the Electricity Act 2003. Government of Odisha therefore may consider allocating revenue subsidy in order to enable Licensees to maintain and operate these lines. Commission is not sure of addition of the exact quantum of assets under RGGVY & Biju Gram Jyoti Scheme for the purpose of determination of R&M and depreciation during FY 2014-15.
329. As regards the RE/LI, APDRP, PMU schemes these are ongoing schemes. Hence, Commission allows the asset addition proposed by the licensee.
330. **System Improvement Scheme** - WESCO, NESCO, SOUTHCO and CESU have projected asset addition of an amount of Rs.7.84 crore, Rs.26.46 crore, Rs.3.13crore and Rs.12.30 crore respectively under system improvement scheme. In reply to the query raised in this account, the companies submitted the actual amount of drawal of SI loan by end of January, 2014 from REC. After discussions with the licensees, Commission allows asset addition on SI ongoing projects. WESCO and NESCO are accordingly allowed Rs.1.30 cr. and Rs.25.33 cr. respectively as asset addition under S.I. Scheme.
331. **Deposit works** - WESCO, NESCO and CESU have proposed asset addition under deposit work to the tune of Rs.23.09 cr., Rs.35.45 cr., Rs.209.71 cr., respectively. It is found that no amount is received till January 2014. Hence nothing is allowed as asset addition towards deposit works.
332. In view of the discussions in the foregone paragraphs, the asset addition during 2013-14 is determined and approved as detailed below:

**Table – 42**

(Rs. in Cr.)

<b>Approved addition of Fixed Assets FY 2013-14</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Land Building Furniture and Fixtures	0.29	0.84	0.30	

<b>Approved addition of Fixed Assets FY 2013-14</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
RGGVY				
Biju Gram Jyoti				
RE/LI/MNP			1.84	
PMU				
APDRP				
System Improvement	1.30	25.33		
Deposit work				
Metering & others				
RGGVY				
Biju Gram Jyoti			0.46	
DESI (GoO)		8.99	4.18	41.33
Capex	27.63	5.07	43.32	52.76
RLTP			0.31	
Other works (including PMGY)			0.05	
<b>Total</b>	<b>29.22</b>	<b>40.23</b>	<b>50.46</b>	<b>94.09</b>

333. The Gross Fixed Assets as on 31.3.2014 calculated on the basis of the asset addition allowed in the above table is given as below:

**Table – 43**

**(Rs. in Cr.)**

<b>Gross Book Value</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
As on 01.04.1996	139.867	137.89	122.41	188.697
Addition of Fixed Assets (Audited)				
1996-97	13.74	13.54	12.02	18.53
1997-98	16.84	16.6	14.74	22.72
1998-99	0	0	0	0
1999-00	53.32	41.11	37.53	87.16
2000-01	19.9	26.83	13.8	85.09
2001-02	19.58	30.63	20.72	67.25
2002-03	21.31	30.55	7.64	127.01
2003-04	35.14	28.63	12.6	88.42
2004-05	71.74	55.09	39.78	66.26
2005-06	23.52	30.2	13.89	-95.95
2006-07	22.21	30.73	11.1	22.57
2007-08	24.79	32.49	18.91	35.52
2008-09	35.16	92.14	31.85	38.68
2009-10	38.07	101.33	10.70	52.29
2010-11	42.46	64.65	11.46	71.59
2011-12	31.01	59.71	7.32	112.29
2012-13	37.04	75.44	9.00	137.17
2013-14 (Approved)	29.22	40.23	50.46	94.09
<b>Total up to 2013-14</b>	<b>674.92</b>	<b>907.79</b>	<b>445.93</b>	<b>1219.39</b>

334. The position of Gross Fixed Asset as on 31.3.2013 were computed based on their audited accounts available for the previous years. After taking into consideration the addition of assets during the FY 2013-14 and the position of GFA as on 31.3.2014, the approved R&M for FY 2014-15 is given in the table below:

**Table - 44**

(Rs. in Cr.)

R&M for FY 2014-15	WESCO		NESCO		SOUTHCO		CESU	
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
Gross fixed asset as on 01.04.2014	1037.87	674.92	1609.45	907.79	979.66	445.93	1831.1	1219.39
% of GFA	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
R&M on GFA	56.04	<b>36.45</b>	86.91	<b>49.02</b>	52.90	<b>24.08</b>	98.88	<b>65.85</b>
Special R&M for addition of RGGVY and BJGY assets		5.00		5.00		5.00		5.00
R&M for FY 2014-15		<b>41.45</b>		<b>54.02</b>		<b>29.08</b>		<b>70.85</b>
Special R&M on Commission monitored scheme		38.00		30.00		15.00		48.00
Total R&M incl Spl R&M		<b>79.45</b>		<b>84.02</b>		<b>44.08</b>		<b>118.85</b>

335. Besides the normal R&M expenses allowed on the basis of 5.4% of GFA, Commission allowed in addition a sum of Rs.5 crore provisionally towards R&M expenses to each of the four DISCOMs on account of asset addition under RGGVY and BGJY. The approval of Rs.5 crore was subject to detailed scrutiny in next tariff processing for FY 2014-15. From the filing it is revealed that no asset under RGGVY or BGJY has been transferred to the Licensees. These assets continue to be with the Government of Odisha. It may be noted that in order that consumers getting new connection under RGGVY and BGJY do not face difficulties for non-maintenance assets, this additional provision is being allowed to the DISCOM to ensure power supply to these vulnerable groups.

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

### Interest on Loan

337. The source-wise interest on loan proposed by the four DISCOMs for FY 2014-15 is given in the table below:

**Table – 45**

**Proposed Loans FY 2014-15**

(Rs. in Cr.)

Source	WESCO	NESCO	SOUTHCO	CESU
GRIDCO loan	-	-	-	-

World Bank loan	11.82	10.38	8.57	111.80
APDRP Net of 50% grant (GoO)	0.66	0.76	0.72	15.36
R-APDRP LOAN Counterpart Funding				2.29
REC/PFC (Counter Part Funding APDRP) and SI Scheme	4.60	4.43	0.85	
Interest on security deposit	43.18	34.01	11.62	32.18
CAPEX (REC)			5.30	
Govt. of Odisha CAPEX loan	3.68	3.60	3.86	
Working Capital Loan			4.50	
Other interest and finance charges	26.06	30.88	1.6	
New Loan			2.81	
Loan From SBI			2.32	
UBI SOD Interest			5.77	
Total interest before capitalisation	90	84.06	47.92	161.63
Less: Interest Capitalised	0.96	4.01	1.06	2.29
<b>Total Interest proposed</b>	<b>89.04</b>	<b>80.05</b>	<b>46.86</b>	<b>159.34</b>

338. In order to approve the interest on loans the position of individual loan as on 01.4.2013 is discussed below:

#### **World Bank Loan**

339. In line with the Commission's previous order, the licensees have calculated the interest on World Bank Loan @ 13%, considering 30% of loan as grant and balance 70% as loan. WESCO, NESCO, SOUTHCO & CESU have proposed interest liability towards World Bank loan of Rs.11.82 crore, Rs.10.38 crore, Rs.8.57 crore and Rs.111.80 crore respectively. Besides the WESCO, NESCO and SOUTHCO have projected repayment loan liability of Rs.9.10 Cr., Rs.9.13 Cr. and Rs.7.26 Cr., respectively. The loan balance (Net of 30% grant) is projected by the DISCOMs along with the interest for the FY 2014-15.

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

**Table – 46**

**(Rs. in Cr.)**

World Bank Loan	Loan as on 31.3.2013	Receipt during 2013-14	Repayment Due in 2013-14	Loan as on 31.3.2014	Receipt during 2014-15	Repayment Due in 2014-15	Loan as on 31.3.2015	Interest for FY 2014-15 (Proposed)	Interest for FY 2014-15 (Approved)
<b>WESCO</b>	90.96	0		90.96		9.10	81.86	11.82	11.23
<b>NESCO</b>	91.28		9.13	82.15		9.13	73.02	10.38	10.09
<b>SOUTHCO</b>	72.59	0	3.63	68.96		7.26	61.70	8.57	8.49
<b>CESU</b>	204.51			204.51			204.51	111.18	26.59
<b>Total</b>	459.34	0.00	12.76	446.58	0.00	25.49	421.09	142.57	56.40

#### **CAPEX Loan from Government of Odisha**



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

**Table – 47**  
**Sources of funding**

(Rs. in Cr.)

Sl. No.	Sources	Financial Year				
		2010-11	2011-12	2012.13	2013-14	Total
<b>A</b>	<b>State Govt. Funding</b>					
1	Financial Commission Grant (FCG)	-	200.00	150.00	150.00	500.00
2	1/3 <sup>rd</sup> matching share of State Govt. to FC Grant	-	66.67	50.00	50.00	166.67
3	1/3 <sup>rd</sup> matching share of GRIDCO (State Govt. Loan) to FC Grant	-	66.67	50.00	50.00	167.67
4	State's own Contribution	300.00	66.66	-	-	366.66
	<b>Sub-total (1+2+3+4)</b>	<b>300.00</b>	<b>400.00</b>	<b>250.00</b>	<b>250.00</b>	<b>1200.00</b>
<b>B</b>	<b>DISCOMs Counterpart Funding</b>					
5	1/3 <sup>rd</sup> matching share of DISCOMs to FC Grant	-	66.67	50.00	50.00	166.67
6	DISCOMs own Contribution	-	133.33	350.00	550.00	1033.33
	<b>Sub-total (5+6)</b>	-	<b>200.00</b>	<b>400.00</b>	<b>600.00</b>	<b>1200.00</b>
<b>C</b>	<b>Total (A+B)</b>	<b>300.00</b>	<b>600.00</b>	<b>650.00</b>	<b>850.00</b>	<b>2400.00</b>

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

#### **Progress Status**

343. From the date of notification of this CAPEX programme, the following progresses have been achieved till the end of February 2014:

- (a) DISCOMs have floated tender of worth Rs.826.77 crore (Reliance managed DISCOMs - Rs.443.55 crore and CESU – Rs.383.22 crore) for supply as well as turnkey projects.
- (b) Purchase Orders worth Rs.375.74 crore have been placed for procurement of materials such as Power Transformers, A.B. Cable, Conductor, VCB and D.T etc. and turnkey Works orders worth Rs.355.20 crore have been placed for execution of erection works. In total Rs.730.94crore orders have been placed.
- (c) Govt. of Odisha has been released **Rs.680.83 Crore** and out of which **Rs.276.16 Crore** have been spent by DISCOMs towards procurement of equipments and erection works till 12.3.2014. The details are furnished below:

**Table - 48**

Fund Released by Govt.		Amounts Spent by DISCOMs	
Financial Year	Amts(Rs. in Cr)	DISCOMs	Amts (Rs. in Cr.)
2010-11	205.00	CESU	156.83
2011-12	215.83	WESCO	28.90
2012-13	135.00	NESCO	41.76
2013-14	125.00	SOUTHCO	48.67
<b>Total</b>	<b>680.83</b>	<b>Total</b>	<b>276.16</b>

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

344. The achievement could not be made as per schedule due to following major bottlenecks encountered during the implementation:
- The programme started functioning during 3<sup>rd</sup> quarter of FY 2010-11 at Govt. level.
  - Reconstitution of Technical Committee to scrutinize and finalize the Technical matter including specification of material/equipment.
  - Delay in finalization of Technical Specification of equipment/ materials, commercial terms and condition of turnkey projects.
  - Poor response to the tenders led to relaxation of terms and conditions time to time laid down in both Technical and Commercial specification and re-tendering of some of the major items in order to increase more participation.
  - DISCOMs had lack of organizational capability to handle such bigger size CAPEX. However they have developed over the period.
  - Non-availability of adequate no. of contractor to execute the work. As the capital expenditure in last one decade was insignificant, contractors have not developed to taken up this work in electricity distribution sector.
  - The Programme also got delayed because of inability on the part of the Reliance Managed DISCOMs (WESCO, NESCO & SOUTHCO) to arrange necessary counter-part funds for the Project.
345. In view the reasons of delay stated above, the scheme period is extended upto FY 2015-16 vide notification dated 08-08-2013. The revised source of funding is given below:

**Table – 49  
Sources of funding****(Rs. in Cr.)**

Sl No	Sources	Financial Year					Total
		2011-12	2012-13	2013-14	2014-15	2015-16	
<b>A</b>	<b>State Govt. Funding</b>						
1	Financial Commission Grant (FCG)	125.00	125.00	125.00	125.00	-	500.00
2	1/3 <sup>rd</sup> matching share of State Govt. to FC Grant	20.00	-	73.33	73.34	-	166.67
3	1/3 <sup>rd</sup> matching share of GRIDCO (State Govt. Loan) to FC Grant	20.00	-	73.33	73.34	-	167.67
4	State's own Contribution	255.83	10.00	50.00	50.83	-	366.66
	<b>Sub-total (1+2+3+4)</b>	<b>420.83</b>	<b>135.00</b>	<b>321.66</b>	<b>322.51</b>	<b>-</b>	<b>1200.00</b>

<b>B</b>	<b>DISCOMs Counterpart Funding</b>						
5	1/3 <sup>rd</sup> DISCOMs share to FC Grant	-	-	83.34	83.33	-	166.67
6	DISCOMs own Contribution	-	-	-	133.33	900.00	1033.33
	<b>Sub-total (5+6)</b>	-	-	<b>83.34</b>	<b>216.66</b>	<b>900.00</b>	<b>1200.00</b>
<b>C</b>	<b>Total (A+B)</b>	<b>420.83</b>	<b>135.00</b>	<b>405.00</b>	<b>539.17</b>	<b>900.00</b>	<b>2400.00</b>

### Accelerated Power Development Reform Programme (APDRP)

346. Licensees in their filing have submitted that no amount has been estimated to be spent under APDRP scheme during the ensuing year FY 2014-15. The interest liability on APDRP has been considered on the adjusting loan only @ 12% for Govt. of Odisha loan and @13.5% on the loan received from REC/ PFC.
347. The interest liability on loans from GoO & REC/PFC is computed on the basis of the actual expenditure of APDRP during the current year and balance expenditure to be incurred during the ensuing year. The DISCOMs have not projected any receipts on account of APDRP loan from GoO or REC/PFC during the years FY 2013-14 & 2014-15. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2014-15 are tabulated below:

**Table - 50**

(Rs. in Cr.)

APDRP	Balance upto FY 2012-13		Receipt during FY 2013-14 & 2014-15		Repayment during FY 2013-14 & 2014-15		Balance upto FY 2014-15		Interest due for FY 2014-15		Total interest approved for FY 2014-15
	GoO	REC/PFC	GoO	REC/PFC	GoO	REC/PFC	GoO	REC/PFC	GoO	REC/PFC	
<b>WESCO</b>	10.83	5.18	0	-	0	1.97	10.83	3.21	1.30	0.46	<b>1.76</b>
<b>NESCO</b>	6.36	0				0.00	6.36	0.00	0.76	0.00	<b>0.76</b>
<b>SOUTHCO</b>	6.625	2.69			0.66	1.03	5.965	1.66	0.76	0.24	<b>0.99</b>
<b>CESU</b>	37.09	16				7.09	37.09	8.91	4.45	1.49	<b>5.95</b>

### System Improvement Scheme

348. WESCO, NESCO, SOUTHCO and CESU have not estimated to avail long-term loan during FY 2014-15 for funding the System Improvement Schemes. Till the end of January, 2014 DISCOMs have not received any amount on the said scheme. WESCO & SOUTHCO have proposed to repay the loan of Rs.2.05 cr. and Rs.1.95 cr. in the FY 2013-14 and Rs.2.05 cr. & Rs.2.07 cr. in the FY 2014-15 respectively. Considering the above repayment schedule Commission therefore allows the following interest on the continuing loan only under the System Improvement Scheme to WESCO, NESCO and SOUTHCO to be included in the revenue requirement for FY 2014-15 as indicated below:

**Table - 51**

(Rs. in Cr.)

System Improvement scheme	Opening Balance as on 1.4.2013	Proposed Loan for FY 2013-14	Loan received from REC till Jan 14	Anticipated repayment during 2013-14	Balance as on 31.3.2014	Proposed Loan for FY 2014-15	Anticipated repayment during 2014-15	Balance as on 31.3.2015	Interest for FY 2014-15 (Approved)
WESCO	10.2	0.00	0.00	2.05	8.15	0	2.05	6.10	1.00
NESCO	0		0	0	0.00	0	0	0.00	0.00
SOUTHCO	7.91	0.00	0	1.95	5.96	0	2.07	3.89	0.66
CESU	0	0.00	0	0	0.00	0	0	0.00	0.00

### Interest on Security Deposit

349. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code), 2004. The said regulation provides that The Licensee shall pay interest on security deposit of the consumer at the Bank rate notified by RBI provided that the Commission may direct a higher rate of interest from time to time by notification in official gazette.
350. The prevailing bank rate as notified by RBI is 8.75% per annum as ascertained from the RBI website. Commission in previous RST orders have allowed 6% interest on the Security deposits. The Commission accordingly allows the interest at the rate of 8.75% on the closing balance on consumer's security deposit as on 31.3.2014 as shown in the table below:

**Table - 52**

(Rs. in Cr.)

Interest on Consumer's Security Deposit	Proposed interest on Consumer's SD for FY 2014-15	Consumer's Security as on 31.03.2014 (Proposed)	Approved interest on Consumer's SD for FY 2014-15
WESCO	43.18	486.46	42.57
NESCO	34.01	388.70	34.01
SOUTHCO	11.62	123.51	10.81
CESU	32.18	536.33	46.93

### Interest to be Capitalised

351. The Commission examined the item Interest during construction and observes that the Licensees have proposed to capitalize the interest on system improvement works only, Commission has allowed the Interest on system improvement works based on the actual loan drawal during the FY 2013-14. Hence the Commission does not feel it necessary to adjust any amount towards interest during construction.
352. Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2014-15 is summarized below:

**Table – 53**  
**Total Annual Interest**

**(Rs. in Cr.)**

Interest on Loans of DISCOMs	WESCO			NESCO			SOUTHCO			CESU		
	Appr. 2013-14	Prop. 2014-15	Appr. 2014-15	Appr. 2013-14	Prop. 2014-15	Appr. 2014-15	Appr. 2013-14	Prop. 2014-15	Appr. 2014-15	Appr. 2013-14	Prop. 2014-15	Appr. 2014-15
World Bank loan	11.23	11.82	11.23	10.09	10.38	10.09	8.02	8.57	8.49	26.59	111.8	26.59
NTPC Bond – Differential amount		0			0.00			0			-	
Carrying Cost(NTPC bond and default in securitization obligation)		-			-			-			-	
APDRP Net of 50% grant (GoO)	0.66	0.66	1.30	0.76	0.76	0.76	0.73	0.72	0.76	4.45	15.36	4.45
REC/PFC	0.62	4.6	0.46	0.66	4.43	0.00	0.3	0.85	0.24	1.71	0	1.49
(Counter Part Funding APDRP)												
R-APDRP Counterpart Funding											2.29	
SI Scheme	1.57	-	1.00	1.60	-	0.00	1.32	-	0.66	0	-	
Interest on security deposit	37.29	43.18	42.57	32.50	34.01	34.01	8.99	11.62	10.81	37.57	32.18	46.93
Capex (REC)		0						5.3			0	
Gov of Odisha Capex Loan	0	3.68		0	3.6		0	3.86		0	0	
Working Capital Loan								4.50				
Other interest and finance charges		26.06			30.88			1.6			-	
New Loan					0.00			2.81				
SBI								2.32				
Union Bank (SOD)								5.77				
Total interest	51.37	90.00	56.56	45.61	84.06	44.86	19.36	47.92	20.96	70.32	161.63	79.46
Less Interest Capitalised		0.96			4.01			1.06			2.29	
Interest chargeable to revenue	<b>51.37</b>	89.04	<b>56.56</b>	<b>45.61</b>	80.05	<b>44.86</b>	<b>19.36</b>	46.86	<b>20.96</b>	<b>70.32</b>	159.34	<b>79.46</b>

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

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

“21. As per the principle in the LTTS order for first control period and MYT order for the second control period, the amount of working capital is the approved shortfall in collection minus amount approved towards bad and doubtful debt. Since the benchmark collection efficiency target is set at 99% for the third control period,

*the remaining 1% would be treated as Bad and Doubtful debt. Hence there is no allowance for working capital for during the third control period.”*

354. In view of the above principle of the MYT no financing on working capital is allowed to the DISCOMs in the ARR for FY 2013-14.

### **Depreciation**

355. DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base plus asset addition after 01.4.1996 for FY 2014-15. The depreciation amounts claimed by the four DISCOMs are given as under.

**Table - 54**

(Rs. in Cr.)

<b>Year</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
FY 2014-15	37.19	58.90	21.98	118.57

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

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

357. The asset addition from 01.4.1999 has been based on the audited annual accounts of the DISCOMs. For ascertaining the asset addition in case of all the four DISCOMs audited accounts upto FY 2012-13 are available with the Commission.
358. The gross book value as on 01.4.1996 and year wise asset addition thereafter till FY 2012-13 and during FY 2013-14 have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.4.2014 has been depicted in the Table No. 51 under R&M expenses.
359. The depreciation is calculated on the approved asset base as on 1.04.2014 at Pre-92 rate in pursuance to the directive of the Hon'ble High Court. The classification of assets has been done proportionately based on the audited accounts and tariff filing submitted by DISCOMs. Accordingly, the Commission approves the following amount towards depreciation for the year 2014-15.

**Table – 55**

<b>Depreciation</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Asset value as on 01.4.2014	674.92	907.79	445.93	1219.39
Depreciation for FY 2014-15	<b>25.52</b>	<b>34.51</b>	<b>17.02</b>	<b>46.08</b>

### **Provision for Bad & doubtful debts**

360. The WESCO, NESCO, SOUTHCO and CESU have proposed Bad and doubtful debts for the ARR for FY 2014-15 which is shown in the table below:

**Table – 56**

<b>Bad &amp; Doubtful Debt FY 2014-15 (Proposed)</b>	<b>(Rs. cr)</b>			
	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Proposed revenue billed (Rs. in Cr.)	2387.61	1782.55	853.47	2971.43
Proposed Bad and Doubtful debt (Rs. in Cr.)	63.75	17.83	34.14	29.71

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

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

362. The Commission in line with the above quoted Order on MYT principles allows on normative basis Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2014-15 is summarized below:

**Table – 57**  
**Bad & Doubtful Debt FY 2014-15**

**(Rs. in Crore)**

<b>Bad &amp; Doubtful Debt FY 2014-15 (Approved)</b>	<b>Proposed</b>		<b>Approved</b>		
	<b>Revenue</b>	<b>Bad debt</b>	<b>Total Revenue</b>	<b>Revenue at HT and LT</b>	<b>Bad debt</b>
<b>DISCOM</b>					
<b>WESCO</b>	2387.61	63.75	2,567.40	1713.25	17.13
<b>NESCO</b>	1782.55	17.83	2,026.19	1155.63	11.56
<b>SOUTHCO</b>	853.47	34.14	1,000.03	765.92	7.66
<b>CESU</b>	2971.43	29.71	3,266.85	2269.72	22.70

### **Truing up**

363. Commission carries out the true up of the expenses allowed in the previous ARR with the annual audited accounts as available for that year along with the ARR for the ensuing year. The Commission finalised the truing up upto FY 2011-12, for all DISCOMs during the finalisation of last year ARR for FY 2013-14.

364. In the meantime all the four DISCOMs have submitted their audited accounts upto 31.3.2013 and basing on such audited account further truing up has been carried out upto 31.3.2013 applying principles for the previous years. As per the said truing up exercise all the four DISCOMs have landed up with positive true up amounts therefore no provision is made on the account of true up in the ARR for FY 2014-15. The summary of true up over the years is tabulated below:

**Table – 58**  
**True up of DISCOMs**

**(Rs. in Cr.)**

	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
1999-00	(21.68)	(65.79)	(55.97)	(172.64)
2000-01	(50.78)	(53.43)	(50.45)	(86.73)
2001-02	8.85	(83.28)	(34.85)	(30.02)
2002-03	36.36	(21.92)	(18.34)	(68.63)
2003-04	48.19	(21.31)	(38.84)	(59.19)
2004-05	32.86	(64.90)	(86.51)	(2.73)
2005-06	123.32	54.39	4.75	99.49
2006-07	107.45	70.07	(26.74)	26.82
2007-08	149.13	87.14	43.66	165.69
2008-09	192.68	69.28	67.89	67.00
2009-10	241.74	167.07	66.16	132.02
2010-11	355.33	180.10	128.77	319.35
2011-12	357.31	220.50	144.43	263.48
2012-13	440.01	98.68	130.30	259.31
<b>TOTAL</b>	<b>2020.77</b>	<b>636.56</b>	<b>274.27</b>	<b>913.21</b>
Regulatory Assets allowed				
2006-07	0.00	41.36	31.91	0.00
2007-08	0.00	41.36	31.91	43.23
2008-09	0.00	65.00	0.00	118.00
2009-10	0.00	0.00	19.00	151.00
2011-12			35.00	7.30
2012-13			9.00	
Total Regulatory Assets allowed	<b>0.00</b>	<b>147.72</b>	<b>126.82</b>	<b>319.53</b>
<b>NET TOTAL</b>	<b>2020.77</b>	<b>784.28</b>	<b>401.09</b>	<b>1232.74</b>

### **Return on Equity**

365. WESCO, NESCO and SOUTHCO in their ARR filing have submitted that due to negative returns( gaps) in their ARR and carry forward of huge Regulatory Assets in previous years, the Licensee could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. They have further submitted that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous years.

366. The Commission in its Order towards approval of MYT principles for FY 2013-14 to FY 2017-18 in its order dated 20.3.2013 have enunciated the return all share holder equity in the following manner:

“22. *The Commission allowed 16% return on equity on the approved equity capital infusion during the first and second control period. The Commission had observed that return on equity incentivises the investor for the equity infusion to the business. A return of 16% suitably covers the risk associated with the distribution business. The Commission would continue to allow 16% return on equity on the approved equity capital infusion during the third control period also. Adjustments on account for variations between the actual and approved values of equity capital shall be made in the ARR subsequently in truing up”.*



367. The Commission examined the audited annual accounts of all the four DISCOMs for FY 2012-13. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

**Table - 57**

<b>(Rs. in crore)</b>	
<b>Name of the Company</b>	<b>Share Capital (Equity Base)</b>
WESCO	48.65
SOUTHCO	37.66
NESCO	65.91
CESU	72.72

368. From the audited accounts of the DISCOMS for FY 2012-13, it is revealed that there has been no infusion of owner's capital by the DISCOMs and the share capital initially invested while acquiring the distribution Licence by the Licensees remaining unchanged. The Commission thus allows a return of 16% on the equity base (share capital) in terms of MYT principles and approves following amounts against the proposed ROE:

**Table - 58**

<b>(Rs. in crore)</b>				
<b>Particulars</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Amount proposed by DISCOMs	7.78	10.55	6.03	11.64
Amount approved by the Commission	7.78	10.55	6.03	11.64

369. It may be noted that though accumulated loss of all the DISCOMs upto 2012-13 have far exceeded the equity base but as per the provision in the MYT, the Commission has been allowing return on actual infusion of equity at time of taking over the management of the DISCOMs.

**Miscellaneous receipts**

370. The miscellaneous receipts proposed by the licensees for the FY 2014-15 against the approved for FY 2013-14 are given in the table below:

**Table - 59**

<b>(Rs. in crore)</b>				
	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Amount approved for FY 2013-14	59.94	47.875	19.99	70.12
Amount proposed for FY 2014-15	83.91	44.00	6.98	103.52

371. The miscellaneous receipt of the DISCOMS is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOMs is much more than the proposed receipts in the ARR. The audited accounts are available upto the year 2012-13 in case of all the four DISCOMs.

372. The position of miscellaneous receipts during the last two years of audited accounts available to the Commission is tabulated below:

Table – 60

(Rs. in cr.)

Year	WESCO		NESCO		SOUTHCO		CESU	
	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Misc. Receipt	132.99	101.39	97.81	69.37	55.6	65.95	94.11	115.75
Less: DPS & OD penalty	70.6	13.99	47.87	6.04	33.11	20.58	12.32	31.34
Net Misc Receipt	62.39	87.4	49.94	63.33	22.49	45.37	81.79	84.41
Average Receipt (Approved for FY 2014-15)	74.90		56.64		33.93		83.10	
Approved 2014-15	74.90		56.64		33.93		83.10	

373. Commission observes that the receipts under miscellaneous receipts are of fluctuating nature and the reasonable estimate of future receipts would be on the basis of the analysis of past actual trends. The Commission thus estimates the average actual receipts for last two years audited accounts available to the Commission as the likely receipts during the ensuing year FY 2013-14 and which is calculated in the above table. The miscellaneous receipts thus approved by the Commission for FY 2014-15 are shown in the table below:

Table - 61

(Rs. in cr.)

WESCO	NESCO	SOUTHCO	CESU
74.90	56.64	33.93	83.10

**Receivables of GRIDCO from DISCOMs**

374. GRIDCO in its filing submitted that during the current financial year the DISCOMs have not paid any amount towards arrear dues as directed by Hon'ble Commission in the Securitisation order dtd.01.12.2008. The following table as filed by the GRIDCO indicates detailed position of arrear approved in ARR of different years vis-a-vis actual amount paid by DISCOMs

Table – 62

(Rs. in Cr.)

Particulars	Securitized dues payable by 31.3.2013	Amount paid by 31.3.2013	Outstanding by 31.3.2013
<b>WESCO</b>	295.68	127.38	168.30
<b>NESCO</b>	321.72	156.01	165.71
<b>SOUTHCO</b>	209.16	38.52	170.64
<b>CESU</b>	1177.68	196.69	980.99
<b>TOTAL</b>	<b>2004.24</b>	<b>518.60</b>	<b>1485.64</b>

375. In this regard the Commission observes that regarding securitization of outstanding dues the Commission in their Business Plan order dtd. 20.7.2006 and in securitization order dated 01.12.2008 finalised the securitized amount as on 31.3.2005. The Commission considered this date as cut-off date since after such period the DISCOMs started paying 100% of current BST bill to GRIDCO in full without any default.

376. The securitization order of the Commission dtd.01.12.2008 finalized the following amounts as on 31.3.2005 to be discharged by the respective DISCOMs to

GRIDCO in 120 monthly (maximum) equal instalments starting from FY 2006-2007 and ending in 2015-16 which is shown in the subsequent table.

377. From the year 2006-07 to 2013-14, Commission in their RST orders have also determined the amounts over and above the current BST bills to be adjusted against the securitization of BST dues. A statement showing the details of securitised amount, amount approved by the Commission in the ARR from 2006-07 to 2013-14 and the amount paid by the licensee over and above the 100% current BST bills and balance default amount is given in Table below.

**Table – 63**  
**Dues as per OERC Order Dtd. 01.12.2008 and Actual Payment upto 28.02.2014**  
**(Rs. in crore)**

SI No	Particulars	WESCO	NESCO	SOUTHCO	CESU	TOTAL
<b>1</b>	<b>BST</b>					
	OB 01-04-99	46.18	41.66	26.5	80.16	194.5
	From 01-04-99 to 31-03-05	118.41	194.83	47.19	605.2	965.63
	<b>Sub total</b>	<b>164.59</b>	<b>236.49</b>	<b>73.69</b>	<b>685.36</b>	<b>1160.13</b>
<b>2</b>	<b>DPS on Above</b>	<b>58.72</b>	<b>87.2</b>	<b>32.02</b>	<b>526.41</b>	<b>704.35</b>
<b>3</b>	<b>Loan</b>					
	Principal	138.46	94.64	134.36	307.61	675.07
	Interest	60.31	41.05	58.43	162.86	322.65
	<b>Sub total</b>	<b>198.77</b>	<b>135.69</b>	<b>192.79</b>	<b>470.47</b>	<b>997.72</b>
<b>4</b>	<b>Outstanding as on 31-03-2005 vide OERC Order Dated 01-12-2008 (1+2+3)</b>	<b>422.08</b>	<b>459.38</b>	<b>298.5</b>	<b>1682.24</b>	<b>2862.2</b>
<b>5</b>	<b>Average dues per month</b>	3.52	3.83	2.49	14.02	23.85
<b>6</b>	<b>Dues from 2006-07 to 2013-14 as per securitization order</b>					
	2006-07	42.24	45.96	29.88	168.22	286.3
	2007-08	42.24	45.96	29.88	168.22	286.3
	2008-09	42.24	45.96	29.88	168.22	286.3
	2009-2010	42.24	45.96	29.88	168.22	286.3
	2010-11	42.24	45.96	29.88	168.22	286.3
	2011-12	42.24	45.96	29.88	168.22	286.3
	2012-13	42.24	45.96	29.88	168.22	286.3
	2013-14	42.24	45.96	29.88	168.22	286.3
	<b>Total Dues to be paid as per Securitisation order</b>	<b>337.92</b>	<b>367.68</b>	<b>239.04</b>	<b>1345.76</b>	<b>2290.4</b>
<b>7</b>	<b>Dues Allowed in ARR from 2006-07 to 2013-14</b>					
	2006-07	36.83	41.36	31.91		110.1
	2007-08	36.83	41.36	31.91	43.23	153.33
	2008-09	36.83	65	-	118	219.83
	2009-2010	-	-	19	151	170
	2010-11	-	-	-		

SI No	Particulars	WESCO	NESCO	SOUTHCO	CESU	TOTAL
	2011-12			35	7.30	
	2012-13			9		
	2013-14					
	<b>Total dues allowed in ARR to be paid</b>	<b>110.49</b>	<b>147.72</b>	<b>126.82</b>	<b>319.53</b>	<b>653.26</b>
<b>8</b>	<b>Excess BSP paid by DISTCOs to be adjusted against securitized dues</b>					
<b>A</b>	Downward Revision of BST in 2007-08	88.31	3.32	11.07	93.37	196.07
<b>B</b>	Payment by DISCOMS over and above the current dues					
	2006-07	36.83	41.36	-		78.19
	2007-08	4.4	41.36	9.53		55.29
	2008-09	-	65	5.86	32.47	103.33
	2009-10	2	-	9.69	80.5	92.19
	2010-11	-	-	-		
	2011-12					
	2012-13	-	-	-	-	-
	<b>Total payment made over and above Current dues</b>	<b>43.23</b>	<b>147.72</b>	<b>25.08</b>	<b>112.97</b>	<b>329</b>
	<b>Total payment including Downward revision of BST dues</b>	<b>131.54</b>	<b>151.04</b>	<b>36.15</b>	<b>206.34</b>	<b>525.07</b>
<b>9</b>	<b>Short fall (6-8) as per securitization order</b>	<b>206.38</b>	<b>216.64</b>	<b>202.89</b>	<b>1139.42</b>	<b>1765.33</b>
<b>10</b>	<b>Short fall (7-8B) against the amount allowed in ARR</b>	<b>67.26</b>	<b>0</b>	<b>101.74</b>	<b>206.56</b>	<b>324.26</b>
<b>11</b>	<b>Total Balance due(4-8)</b>	<b>290.54</b>	<b>308.34</b>	<b>262.35</b>	<b>1475.9</b>	<b>2337.13</b>

378. As revealed from the table above, except NESCO, all the three DISCOMS have not complied with the direction of the Commission on payment of outstanding dues allowed in ARR of different years. These outstanding amount approved by the Commission in different ARR are to be adjusted against the total outstanding dues mentioned in Para 20 of the securitisation order of 01.12.2008. Commission, therefore, directs the defaulting DISCOMS to ensure payment of outstanding dues relating to securitised dues and amounts as ordered in various tariff orders that falls short of the amount approved by the Commission, by the end of 2013-14 and during FY 2014-15 by taking systematic steps to collect the arrears outstanding.

379. Therefore, the Commission reiterates that directions given vide order dtd.01.12.2008 relating to securitization of receivables of GRIDCO as on 31.03.2005 must be scrupulously followed by the DISCOMS.

#### **Resolution of NTPC Bond**

380. WESCO, NESCO & SOUTHCO filed a petition under Sec.86(1)(f) of Electricity Act, 2003 for resolution of Power Bond(NTPC Bond) dispute of Rs.400.00 cr. in line with the direction of the Commission in Case No.35 of 2005. This was registered as case no. 107 of 2011. Commission after hearing the matter disposed the case.
381. The Commission has reviewed the implementation of the Order in case no. 107/2011 dtd. 29.3.2012 and it is seen that WESCO, NESCO and SOUTHCO have paid Rs.100 cr. by 30.4.2012 and another Rs.10 crore as on 13.6.2012 collectively out of the total amount due of Rs.308.45 crore. The balance amount of Rs.198.45 crore is due to be paid by WESCO, NESCO & SOUTHCO by 30.3.2013. The said order of the Commission has also stipulated that from May, 2012 onwards the monthly payment should not be less than Rs.10 crore for the 3 DISCOMs taken together.
382. WESCO, NESCO & SOUTCHO have defaulted in paying monthly dues of Rs.10 crore June, 2012 onwards which the three DISCOMs have not paid. Commission therefore directs the three DISCOMs to clear their dues to GRIDCO in terms of the case no. 107/2011 dtd. 29.3.2012.

#### Revenue Requirement

383. In the light of above discussion, the Commission approves the revenue requirement of 2014-15 of four DISCOMs, as shown in **Annexure-A**.
384. A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2014-15 by the Commission is given below:

**Table - 64**

(Rs. in Cr.)

DISCOM	Revenue Requirement Approved (Rs. in Cr)		Expected Revenue from Tariff (Rs. in Cr.)		Gap (-)/Surplus(+)	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
WESCO	2422.10	2,497.49	2422.27	2514.44	0.17	16.95
NESCO	2014.70	2,007.24	2015.02	1984.41	0.32	-22.83
SOUTHCO	898.04	968.99	900.32	977.13	2.28	8.14
CESU	2868.70	3,169.15	2870.91	3199.42	2.21	30.27
<b>Total</b>	<b>8203.54</b>	<b>8642.86</b>	<b>8208.52</b>	<b>8675.40</b>	<b>4.98</b>	<b>32.54</b>

#### Treatment of Surplus Revenue and Revenue Gap

385. As shown in the table above the Commission has approved surplus to the tune of Rs.16.95 Cr., Rs.8.14 Cr. and Rs.30.27 Cr. to WESCO, SOUTHCO and CESU respectively. The surplus revenue earned by WESCO, NESCO and CESU should be treated towards liquidation of past power purchase dues of GRIDCO. In case of NESCO since they have been left with negative gap of Rs.22.83 cr. this would be treated as Regulatory Asset to be liquidated against the positive true up amount arrived till 2012-13.
386. The Commission hereby directs that the surplus revenue in case of DISCOMs shall be maintained by the company in its own fund and shall not be utilised for any other purpose or shall not be transferred to any other account without specific approval of the Commission. Any surplus has to be utilized to clear the outstanding dues of the GRIDCO at the first instance as directed by the Commission's orders towards Escrow relaxation.

#### Cross-subsidy in Tariff

387. Section 61(g) of Electricity Act 2003 stipulates that the appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Commission. Para 8.3.2 of Tariff Policy enjoins that *for achieving the objective that tariff progressively reflects the cost of supply of electricity, the SERC would notify road map within 6 months with a target that latest by the end of year 2010-11 tariffs are within  $\pm 20\%$  of the “average cost of supply”*.
388. Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. In conformity to para 8.3.2 of Tariff Policy and para 5.5.2 of National Electricity Policy the Commission has framed regulation 7(c)(iii) of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004 which is reproduced below:
- “7 (c) (iii)**
- For the purpose of computing Cross-subsidy payable by a certain category of consumer, the difference between average cost-to-serve all consumers of the State taken together and average tariff applicable to such consumers shall be considered.”*
389. According to that Regulation, cross subsidy is to be worked out based on the average cost to supply to all consumers of the State taken together and average tariff applicable to such consumers. The average cost of supply for Odisha for FY 2014-15 is follows:

**Table – 65**  
**Average Cost of Supply (per Unit) FY 2014-15**

<b>Expenditure</b>	<b>(Approved)</b>
Cost of Power Purchase	6,456.42
Transmission Cost	613.25
SLDC Cost	3.94
<b>Total Power Purchase, Transmission &amp; SLDC Cost(A)</b>	<b>7,073.61</b>
Employee costs	963.13
Repair & Maintenance	195.39
Special R & M for Smart Metering	131.00
Administrative and General Expenses	110.22
Provision for Bad & Doubtful Debts	57.72
Depreciation	123.13
Interest Chargeable to Revenue including Interest on S.D	201.84
Sub-Total	1,782.43
Less: Expenses capitalised	0.62
Total Operation & Maintenance and Other Cost	1,781.81
Return on equity	36.00
<b>Total Distribution Cost (B)</b>	<b>1,817.81</b>
Amortisation of Regulatory Asset	-
True up of Past Losses	-
Contingency reserve	-
Total Special Appropriation (C)	-
<b>Total Cost (A+B+C)</b>	<b>8,891.42</b>
Approved Saleable Units (MU)	19,284.33
<b>Average Cost (paisa per unit)</b>	<b>461.07</b>

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

$$\text{Average Tariff realization for a category} = \frac{\text{Total expected revenue to be realized from that category as per ARR}}{\text{Total anticipated sale to that category as per ARR}}$$

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

**Table - 66**  
**Cross-subsidy for FY 2014-15**

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below of cost of supply
1	2	3	4	5=(4-3)	6= (5 / 3)
2012-13	EHT	460.51	551.04	90.53	19.66%
	HT		552.09	91.58	19.89%
	LT		368.52	-91.99	-19.98%
2013-14	EHT	466.68	559.18	92.50	19.82%
	HT		559.69	93.01	19.93%
	LT		374.66	-92.02	-19.72%
2014-15	EHT	461.07	552.64	91.57	19.86%
	HT		553.15	92.08	19.97%
	LT		369.63	-91.44	-19.83%

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

**Prioritization of release of fund from Escrow account.**

393. As per Clause 7.1 of the License Conditions the licensee is required to develop and maintain an efficient, co-ordinate and economical distribution system in the Area of Distribution and effect supply of electricity to consumers in such area of supply in accordance with the provisions of the Act, the State Act, Rules, Regulations, Orders and Directions of the Commission. Timely repair and maintenance of the distribution network is absolutely essential to maintain the quality of service to the consumers which pay for the service provided. This is one of the most important requirements to comply with the conditions of Clause 7.1 of the License Conditions of the distribution companies.

394. The Commission finds that contrary to the mandatory requirement distribution companies don't pay adequate attention for timely repair and maintenance. This is evident from the fact that while they incur more expenditure on salary and administration and general purposes compared to the amount approved by the

Commission in different years. The expenditure incurred by them for repair and maintenance is less than 50% of the amount approved in the respective ARR. For example, for the year 1999-2000 to 2010-12 the four distribution companies taken together have spent Rs.774.57 crore on repair and maintenance against Rs.1275.29 crore approved by the Commission. On the other hand, they have spent Rs. Rs.5864.88 crore on employees cost during the year 1999-2000 to 2010-12 against Rs.4999.95 crore approved by the Commission for those years taken together. In case of administration and general expenditure, the expenditure incurred is Rs.693.88 crore during these years against Rs.669.26 crore approved by the Commission. The DISCOM wise and year wise amount approved for repair and maintenance, employees cost, administration and general expenditure vis-à-vis the actual expenditure incurred by them may be seen from the table given below:-

**Table - 67**

(Rs. in Cr.)

<b>Repair and Maintenance (Approval)</b>						<b>Repair and Maintenance (Audited)</b>					
	CESU	NESCO	WESCO	SOUTHCO	Total		CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	19.05	14.22	14.43	12.63	<b>60.33</b>	1999-00	24.01	16.19	15.9	13.39	<b>69.49</b>
2000-01	19.57	14.22	14.43	12.63	<b>60.85</b>	2000-01	19.91	11.02	10.25	7.31	<b>48.49</b>
2001-02	23.43	16.32	13.62	15.57	<b>68.94</b>	2001-02	15.6	7.02	10.12	9.29	<b>42.03</b>
2002-03	22.11	14.62	15.33	16.82	<b>68.88</b>	2002-03	25.04	5.65	8.04	6.43	<b>45.16</b>
2003-04	24.12	17.59	16.89	16.38	<b>74.98</b>	2003-04	21.22	8.84	16.27	9.93	<b>56.26</b>
2004-05	31.95	17.66	17.28	13.25	<b>80.14</b>	2004-05	20.26	11.13	12.85	8.43	<b>52.67</b>
2005-06	33.67	22.63	21.3	18.55	<b>96.15</b>	2005-06	12.26	11.21	9.61	6.07	<b>39.15</b>
2006-07	41.31	24.48	24.25	17.35	<b>107.39</b>	2006-07	22.1	13.37	12.5	5.19	<b>53.16</b>
2007-08	43.64	24.43	23.82	18.38	<b>110.27</b>	2007-08	25.11	13.02	12.38	5.5	<b>56.01</b>
2008-09	41.87	25.87	25.66	19.08	<b>112.48</b>	2008-09	34.79	20.86	17.9	7.79	<b>81.34</b>
2009-10	40.46	27.88	27.01	20.73	<b>116.08</b>	2009-10	28.45	22.8	18.01	11.6	<b>80.86</b>
2010-11	51.19	37.22	34.77	26.11	<b>149.29</b>	2010-11	29.39	19.26	16.58	13.09	<b>78.32</b>
2011-12	56.77	47.46	36.81	28.47	<b>169.51</b>	2011-12	28.92	16.39	18.04	8.28	<b>71.63</b>
2012-13	57.78	51.17	40.06	28.28	<b>177.29</b>	2012-13	27.11	17.51	14.71	8.97	<b>68.3</b>
<b>TOTAL</b>	<b>506.92</b>	<b>355.77</b>	<b>325.66</b>	<b>264.23</b>	<b>1452.58</b>	<b>TOTAL</b>	<b>334.17</b>	<b>194.27</b>	<b>193.16</b>	<b>121.27</b>	<b>842.87</b>

**Table - 68**

(Rs. in Cr.)

<b>Employees cost (Approved)</b>						<b>Employees Cost (Audited)</b>					
	CESU	NESCO	WESCO	SOUTHCO	Total		CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	82.75	39.84	48.62	43.87	<b>215.08</b>	1999-00	97.92	44.61	54.01	44.3	<b>240.84</b>
2000-01	89.37	46.26	56.92	46.26	<b>238.81</b>	2000-01	99.58	46.47	55.17	45.61	<b>246.83</b>
2001-02	93.27	49.6	56.86	47.53	<b>247.26</b>	2001-02	95.31	51.88	57.09	47.34	<b>251.62</b>
2002-03	95.63	51.11	58.16	48.53	<b>253.43</b>	2002-03	89.91	52.22	58.66	47.58	<b>248.37</b>
2003-04	108.86	56.17	60.79	52.92	<b>278.74</b>	2003-04	97.83	49.68	59.49	48.4	<b>255.4</b>
2004-05	107.49	54.31	65.18	56.85	<b>283.83</b>	2004-05	216.11	52.51	68.22	48.55	<b>385.39</b>
2005-06	113.3	62.56	70.76	63.73	<b>310.35</b>	2005-06	108.8	66.51	85.5	61.54	<b>322.35</b>
2006-07	113.1	69.6	80.16	68.18	<b>331.04</b>	2006-07	108.38	104.65	145.17	85.87	<b>444.07</b>
2007-08	126.14	85.07	89.88	77.48	<b>378.57</b>	2007-08	212.93	105.45	96.35	106.47	<b>521.2</b>
2008-09	163.19	102.33	109.97	93.06	<b>468.55</b>	2008-09	242.14	127.83	135.58	115.71	<b>621.26</b>
2009-10	194.85	114.28	138.88	98.59	<b>546.6</b>	2009-10	341.02	103.63	150.98	118.15	<b>713.78</b>



2010-11	223.63	147.58	166.73	133.96	<b>671.9</b>	2010-11	207.02	155.08	203.23	163.37	<b>728.7</b>
2011-12	294.08	157.29	170.83	153.59	<b>775.79</b>	2011-12	363.88	204.95	178.69	137.55	<b>885.07</b>
2012-13	339.89	180.02	206.82	186.17	<b>912.9</b>	2012-13	375	310.72	359.04	274.09	<b>1318.85</b>
<b>TOTAL</b>	<b>2145.55</b>	<b>1216.02</b>	<b>1380.56</b>	<b>1170.72</b>	<b>5912.85</b>	<b>TOTAL</b>	<b>2655.83</b>	<b>1476.19</b>	<b>1707.18</b>	<b>1344.53</b>	<b>7183.73</b>

**Table - 69**

**(Rs. in Cr.)**

<b>Admn&amp; General (Approved)</b>					
	<b>CESU</b>	<b>NESCO</b>	<b>WESCO</b>	<b>SOUTHCO</b>	<b>Total</b>
1999-00	6.28	4.55	2.79	2.01	<b>15.63</b>
2000-01	7.78	5.91	4.01	3.02	<b>20.72</b>
2001-02	8.17	6.21	4.21	3.17	<b>21.76</b>
2002-03	8.58	6.52	4.42	3.33	<b>22.85</b>
2003-04	9.18	6.98	4.73	3.56	<b>24.45</b>
2004-05	9.82	7.86	12.51	8.22	<b>38.41</b>
2005-06	10.51	8.42	13.39	8.79	<b>41.11</b>
2006-07	13.11	10.48	15.78	10.88	<b>50.25</b>
2007-08	14.03	12.83	17.48	12.08	<b>56.42</b>
2008-09	26.29	14.52	20.91	12.88	<b>74.6</b>
2009-10	28.82	15.75	22.81	14.79	<b>82.17</b>
2010-11	35.86	17.11	24.79	17.96	<b>95.72</b>
2011-12	45.95	23.54	30.81	24.87	<b>125.17</b>
2012-13	39.73	21.38	29.25	19.17	<b>109.53</b>
<b>TOTAL</b>	<b>264.11</b>	<b>162.06</b>	<b>207.89</b>	<b>144.73</b>	<b>778.79</b>

<b>Admin &amp; General (Audited)</b>					
	<b>CESU</b>	<b>NESCO</b>	<b>WESCO</b>	<b>SOUTHCO</b>	<b>Total</b>
1999-00	11.51	4.87	5.91	4.47	<b>26.76</b>
2000-01	16.4	8.74	9.42	6.43	<b>40.99</b>
2001-02	9.78	8.38	9.64	6.09	<b>33.89</b>
2002-03	17.88	7.95	9.91	7.05	<b>42.79</b>
2003-04	21.61	7.48	11.02	7	<b>47.11</b>
2004-05	22.33	8.89	14.3	11.95	<b>57.47</b>
2005-06	30.67	9.41	15.54	14.55	<b>70.17</b>
2006-07	11.8	10.14	15.82	16.4	<b>54.16</b>
2007-08	13.84	9.86	17.17	13.14	<b>54.01</b>
2008-09	12.29	11.76	17.05	10.58	<b>51.68</b>
2009-10	12.48	15.44	16.64	12.39	<b>56.95</b>
2010-11	30.66	18.5	21.51	12.63	<b>83.3</b>
2011-12	21.55	21.74	11.87	19.44	<b>74.6</b>
2012-13	59.89	23.61	14.11	21.24	<b>118.85</b>
<b>TOTAL</b>	<b>292.69</b>	<b>166.77</b>	<b>189.91</b>	<b>163.36</b>	<b>812.73</b>

395. The main reason for neglecting the timely Repair and maintenance is stated to be the inadequate availability of fund in the Escrow account. This is mainly because after meeting the power purchase cost and transmission cost, the employees cost are met fully and whatever is left only is utilized for repair and maintenance. This is not a desirable state of affairs and totally unacceptable to the Commission.

396. With the above stipulation as indicated in above paragraphs, keeping in view the statutory requirement to protect the interest of the consumers and the need for adequate attention to refurbish the fragile network of the DISCOMs, the Commission, has therefore, decide that w.e.f. 01.4.2014 release of fund from the Escrow account by GRIDCO would be regulated as indicated as below:-

#### **Escrow Relaxation**

397. From Current Revenue

- (a) Annual Licence Fees to be paid by DISCOMs to OERC in full by 10<sup>th</sup> April every year as per the Clause 31.1 of the Licence Condition of DISCOMs.
- (b) (i) Transmission charges, BSP dues, SLDC charges of the current month of the current financial year, (ii) the unpaid amount of transmission charges, BSP dues and SLDC charges of any previous months of the current financial year, (iii) the energy bill of DISCOMs in respect of direct power purchase from CGPs or other agencies, if any and any other charges approved by the Commission from time to time.

- (c) Monthly Special R&M expenditure under Commission monitored Smart Metering, Energy Audit Schemes and SCADA centers, as approved by the Commission in the tariff order from FY 2014-15 onwards. The relaxation for successive months would be done only after submission of monthly progress report by DISCOMs to the Commission and GRIDCO.
- (d) Monthly R&M expenditure excluding special R&M as approved by the Commission in the tariff order from FY 2014-15 onwards.
- (e) Monthly Employees cost as approved by the Commission in the tariff order from FY 2014-15 onwards.
- (f) The monthly obligation for repayment of principal and interest in respect of loan obtained/to be obtained from the financial institutions for CAPEX programme/system improvement.
- (g) Average monthly obligation of the defaulted arrear transmission charges, BSP dues of the previous financial years, if any.
- (h) The balance amount towards arrear of BSP dues worked out upto 31.3.2005 as approved in the securitization order of the Commission dated 01.12.2008.

398. From Arrear Revenue

The collection to be made out of the arrear outstanding as on 01.4.2014, would be utilised towards payment of the outstanding NTPC Bond dues. After NTPC dues have been cleared the arrear collection would be adjusted against the outstanding securitized dues, as per the Order of the Commission dtd. 01.12.2008.

399. GRIDCO and the Distribution companies are also required to adhere strictly to the following guidelines while relaxation of Escrow is made:-

- i. GRIDCO is to strictly comply with the above prioritisation of the operation of Escrow account. In case GRIDCO makes any deviation to the above prioritisation, then any financial liability arising out of that relaxation will be entirely borne by GRIDCO on its own and cannot be allowed as a pass through in its ARR.
- ii. GRIDCO is to relax escrow for an amount of Rs.1 Cr. towards Special R&M under Commission monitored Smart Metering and Energy Audit Schemes for the first month of the scheme without requirement of any permission from the Commission. However the relaxation for successive months would be done only after submission of monthly progress report by DISCOMs to the Commission by 10<sup>th</sup> of next month. GRIDCO would accord the relaxation subsequently from the second month onwards only after permission is received from the Commission.
- iii. GRIDCO is to relax escrow towards repair and maintenance in each month to DISCOMs proportionately based on the figures approved in the ARR of the respective financial year, considering the revenue deposited in escrow and the LC limit allowed by the banks to DISCOMs taken together. If the DISCOMs fail to draw the amount earmarked towards R&M for a particular quarter by the end of its succeeding quarter, then the claim of DISCOMs will automatically lapse and the unutilized amount for a lapsed quarter shall not be carried over to next quarter.
- iv. WESCO, NESCO, SOUTHCO and CESU should open letter of credit in the form prescribed by the bank and communicate the same to GRIDCO.
- v. In each month WESCO, NESCO, SOUTHCO and CESU should give the following statements to GRIDCO:
  - a. Amount of revenue collected

- b. Amount deposited in escrow account
- c. Amount paid to GRIDCO, OPTCL, SLDC
- d. Amount drawn towards R&M cost, Employees cost, Special R&M
- e. Amount diverted from SOD account.
- f. Statement of arrear collection out of the amount outstanding at the beginning of the year and deposited in escrow account.

#### **Audit of Escrow account by Independent Auditors**

400. The Commission on 06.5.2013 awarded the work of independent Escrow Audit of five distribution divisions under four DISCOMs for the FY 2012-13 (01.10.2012 to 31.3.2013) to two nos. of Chartered Accountant Firms. They are (i) BED, Baripada under NESCO, (ii) PED, Paradeep under CESU (iii) RED, Rayagada under SOUTHCO, (iv) RED, Rourkela under WESCO, (v) Rourkela Sadar Electrical Division under WESCO. The auditor submitted the report by 05.10.2013. The observations of the auditors were communicated to the DISCOMs for their compliance. The important observations of the auditors are mentioned below:

- (a) There is no system in place at divisions to ensure that all the regular consumers have been billed for the month.
- (b) There is no system in place to ensure that the amount collected from consumers is properly booked under the heads on which they have been billed.
- (c) In some of the cases money deposited in the division office by the bill collectors is less than the money collected and is being deposited subsequently after the verification by the division office in a different date.
- (d) The exact amount of money collected on account of ESCROW and NON-ESCROW account is not deposited on day to day basis in the respective Bank account. The amount is being deposited on an approximate basis and duly adjusted in subsequent month after preparation of the assessment report.
- (e) The money collected is not deposited within the schedule time of 48 hours.
- (f) Money due to be collected at the month are extended till the 7<sup>th</sup> of the next month. The money so collected is shown as previous month receipt by putting the month end date on the money receipt.
- (g) The time lag between the collection and deposit by the bill collector in certain cases varies from 8 to 10 days which amounts to teeming and lading practice.

401. The money collected by the bill collectors is not segregated between current bill and arrear bill collection.

402. The Commission further directed GRIDCO to undertake the work of Escrow Audit of all four DISCOMs at Division level along with audit of escrow account at corporation level pertaining to the financial year 2012-13 and submit the report to the Commission by the end of the March, 2014. The Commission further directs GRIDCO to conduct Escrow Audit of DISCOMs on a continuous basis and submit the report to the Commission for a proper monitoring of the escrow mechanism approved by the Commission in the tariff order of every year.

#### **DETERMINATION OF TARIFF (Para 403 to 472)**

403. The Commission has been determining Retail Supply Tariffs after examination of all details on the usage and consumption pattern of the different categories of consumers and factors ensuring efficient use of resources. Prudence of

licensees' expenses on cost of supply has been checked based on the ARR filings, queries for additional information and subsequent records submitted by the licensees.

404. Written and oral representations of the objectors and rejoinders by the licensees have been taken into consideration while approving the ARR and in the process of determination of tariffs. Based on the facts and figures on the cost of supply, the Commission made analysis on different scenario of rate design and found that the licensee is able to recover its costs through the revenue at the current tariffs and charges determined for FY 2013-14 to be implemented during FY 2014-15. Hence, the Commission has decided to keep the Retail Supply Tariffs unaltered. However, minor changes have been made, wherever specific decisions have been made by the Commission without affecting the main Tariff structure.

#### **The present tariff structure**

405. In line with the prevailing practice of tariff design, Commission has decided to continue with the single part, two part and three part tariffs for the ensuing year. While single part tariff is applicable to consumers covered under Kutir Jyoti, the other categories of consumers are covered under two part and three part tariffs.
406. Two part tariff under LT supply covers consumers with connected load/contract demand less than 110 kVA having demand charges (based on Rs./kW or kVA) and energy charges (Rs./kWh). Most of the categories under LT supply, where the concept of connected load (in kW) is regarded as contracted demand, are based on Monthly Minimum Fixed Charge (MMFC in Rs./kW) in place of demand charge.
407. Three part tariff under HT and EHT supply is applicable to consumers with contract demand of 110 kVA and above having demand charges (based on Rs./kVA), energy charges (Rs./kWh) and customer service charge (Rs./month).

#### **Single Part Tariff**

Kutir Jyoti consumers: Fixed Monthly Charge (Rs./Month) for consumption upto 30 units per month.

#### **Two Part Tariff - LT Supply less than 100 kW/110 kVA**

All classes of consumers other than Kutir Jyoti

- (a) Energy Charge (Paise/unit)
- (b) Monthly Minimum Fixed Charge (MMFC) (Rs./kW/Month)

#### **Three Part Tariff - LT consumers with connected load 110 kVA and above**

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/unit)
- (c) Customer Service Charge (Rs./Month)

#### **HT Consumers**

- (a) Demand Charge (Rs./kVA, Rs./kW)
- (b) Energy Charge (Paise/Unit)
- (c) Customer Service Charge (Rs./Month)

#### **EHT Consumers**

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/Unit)
- (c) Customer Service Charge (Rs./Month)

408. In addition, certain other charges like power factor penalty, prompt payment rebate, meter rent, delayed payment surcharge, over drawal penalty/incentive, other

miscellaneous charges, etc. are payable in cases and circumstances mentioned in the later part of this order.

409. The details of charges applicable to various categories of consumers classified under OERC Distribution (Conditions of Supply) Code, 2004 are discussed hereafter.

**(a) Tariff for Consumers availing Power Supply at LT**

**(i) Tariff for consumers with CD <110 kVA**

410. The consumers availing power supply at LT with CD less than 110 kVA have to pay MMFC and energy charges as described below:
411. The MMFC is payable by the consumers with contract demand less than 110 kVA who are supplied power at LT. This is intended to meet a component of the fixed cost incurred in the system for meeting the consumer's load and also to recover the expenses on maintenance of meter, meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts.
412. The Commission decides that rate of MMFC determined for FY 2013-14 shall continue to apply for FY 2014-15.

**Table – 70**  
**MMFC for LT consumers**

Sl. No	Category of Consumers	Monthly Minimum Fixed Charge for first KW or part (Rs.)*	Monthly Fixed Charge for any additional KW or part (Rs.)
<b>Approved For FY 2014-15</b>			
<b>LT Category</b>			
1.	Domestic (other than Kutir Jyoti)	20	20
2.	General Purpose LT (<110 kVA)	30	30
3.	Irrigation Pumping and Agriculture	20	10
4.	Allied Agricultural Activities	20	10
5.	Allied Agro-Industrial Activities	80	50
6.	Public Lighting	20	15
7.	LT Industrial (S) Supply	80	35
8.	LT Industrial (M) Supply	100	50
9.	Specified Public Purpose	50	50
10.	Public Water Works and Sewerage Pumping <110 kVA	50	50

\* When agreement stipulates supply in kVA this shall be converted to kW by multiplying with a power factor of 0.9 as per Regulation 2 (j) of OERC Distribution (Conditions of Supply) Code, 2004.

413. Some consumers with connected load of less than 110 kVA might have been provided with simple energy meters which record energy consumption and not the maximum demand. But the OERC Distribution (Conditions of Supply) Code, 2004, Regulation 64 provides that “contract demand for loads of 110 kVA and above shall be as stipulated in the agreement and may be different from the connected load. Contract Demand for a connected load below 110 kVA shall be the same as connected load. However, in case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of

calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 kVA, the above shall form the basis. The licensees are directed to follow the above provision of Regulation strictly.

**Energy Charge (Consumers with Connected Load less than 110 kVA)**

**Domestic**

414. The Commission is aware of the paying capability of our BPL consumers. Therefore, the Kutir Jyoti consumers will only pay the monthly minimum fixed charge @ Rs.65/- per month for consumption upto 30 units per month. In case these consumers consume in excess of 30 units per month, they will be billed like any other domestic consumers depending on their consumption and will lose their BPL status from that month onward.
415. The Commission is also conscious of affordability of non-Kutir Jyoti consumers. Keeping this in view the Energy Charge for supply to domestic consumers availing low tension supply shall remain the same as determined for FY 2013-14 which are given below:

<u>Domestic consumption slab per month</u>	<u>Energy charge</u>
Upto and including 50 Units	230 paise per unit
From 51 to 200 units	400 paise per unit
From 201 to 400 units	500 paise per unit
Balance units of consumption	540 paise per unit

416. In accordance with the provision under the OERC Distribution (Condition of Supply) Code, 2004, initial power supply shall not be given without a correct meter. **Load factor billing has been done away w.e.f. 1<sup>st</sup> April, 2004, as stipulated in the Commission's RST order for FY 2003-04.** As such licensees are directed not to bill any consumer on load factor basis.

**General Purpose LT (<110 kVA)**

417. The Commission reviewed the existing tariff structure and also decided to retain the existing rates for GP LT category of consumers.

**Table - 71**

<b>Slab</b>	<b>Revised Energy charge (P/U)</b>
First 100 units	510
Next 200 units	620
Balance units	690

### **Irrigation Pumping and Agriculture**

418. The Commission decides that the Energy Charge for this category will remain unchanged i.e. 110 paise per unit for supply at LT. Consumers in the irrigation pumping and agriculture category availing power supply at HT will pay 100 paise per unit.

### **Allied Agricultural Activities**

419. After hearing the stakeholders the Commission decides not to revise the energy charge of this category since allied agricultural activities are very much related to agriculture. The Commission, therefore, decides that energy charge for allied agricultural activities shall continue to be 120 paise per unit at LT and 110 paise per unit at HT.

### **Allied Agro-Industrial Activities**

420. The Commission after careful consideration decides to bring no change in the this category and it shall continue to be ₹ 400 paise per unit at LT and 390 paise per unit at HT.

### **Energy Charges for Other LT Consumers**

421. The Commission, in keeping with its objective of rationalisation of tariff structure by progressive introduction of a cost-based tariff, has linked the Energy Charge at different voltage levels to reflect the cost of supply. The following tariff structure as determined for FY 2013-14 has been retained to be applied during FY 2014-15 for all loads at LT except domestic, Kutir Jyoti, general purpose, irrigation pumping, allied agricultural activities and allied agro-industrial activities.

#### **Voltage of Supply**

#### **Energy Charge**

LT

540 paise per unit

#### **The above rate shall apply to the following categories:**

- 1) Public lighting
  - 2) LT industrial(S) supply <22 KVA
  - 3) LT industrial(M) supply  $\geq 22$  KVA <110 KVA
  - 4) Specified Public Purpose
  - 5) Public Water works and Sewerage pumping < 110 KVA
  - 6) Public Water works and Sewerage pumping  $\geq 110$  KVA
  - 7) General Purpose  $\geq 110$  KVA
  - 8) Large Industries  $\geq 110$  KVA
- (ii) **Tariff for consumers availing power supply at LT with contract demand of 110 kVA and above are given hereunder.**

#### **Customer Service Charge at LT**

422. As explained earlier these categories of consumers are required to pay three part tariff. The existing customer service charge for consumers with connected load of 110 kVA and above shall continue for FY 2014-15.

**Table -72**

<b>Category</b>	<b>Voltage of Supply</b>	<b>Customer Service Charge (Rs. per month)</b>
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Public Water Works (=>110kVA)	LT	30
General Purpose (=>110kVA)	LT	30
Large Industry	LT	30

### **Demand charges at LT**

423. The Commission examined the existing level of Demand Charge of Rs.200/kVA/month payable by the consumers with a contract demand of 110 kVA and above and decides not to revise it. This shall include Public Water Works and Sewerage Pumping, General Purpose Supply and Large Industry of contract demand of 110 kVA or more.

#### **Voltage of Supply**

LT (110 kVA & above)

#### **Demand charge**

Rs.200/ kVA/month

### **(b)Tariff For HT & EHT Consumers**

- (i) **Customer Service Charge for consumers with contract demand of 110 kVA and above at HT & EHT**

424. All the consumers at HT and EHT having CD of 110 kVA and above are liable to pay customer service charge. This charge is meant for meeting the expenditure of the licensees on account of meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts etc. The licensee is bound to meet these expenses irrespective of the level of consumption of the consumer. The customer service charges as existing shall continue as per details in the table below:

**Table – 73**

<b>Category</b>	<b>Voltage of Supply</b>	<b>Customer service charge (Rs./month)</b>
Bulk Supply (Domestic)	HT	Rs.250/- for all categories
Irrigation Pumping and Agriculture	HT	
Allied Agricultural Activities	HT	
Allied Agro-Industrial Activities	HT	
Specified Public Purpose	HT	
General Purpose (HT >70 kVA <110kVA)	HT	
HT Industrial (M) Supply	HT	
General Purpose (=>110kVA)	HT	
Public Water Works and Sewerage Pumping	HT	
Large Industry	HT	
Power Intensive Industry	HT	
Mini Steel Plant	HT	
Emergency Supply to CGPs	HT	
Railway Traction	HT	
General Purpose	EHT	Rs.700/- for all categories
Large Industry	EHT	
Railway Traction	EHT	
Heavy Industry	EHT	
Power Intensive Industry	EHT	
Mini Steel Plant	EHT	
Emergency Supply to CGPs	EHT	



(ii) **Demand charge for HT & EHT consumers**

425. The Commission examined the existing level of Demand Charge of Rs.250/kVA/month payable by the HT and EHT consumers and Rs 150 for HT Industrial (M) Supply consumers only ( $\geq 22$  kVA and less than 100 kVA) and decides not to revise the same. The class of consumers and the voltage of supply to whom this charge shall be applicable are listed below.

**HT Category**

Specified Public Purpose

General Purpose ( $>70$  kVA  $<110$  kVA)

General Purpose ( $\geq 110$  kVA)

Public Water Works and Sewerage Pumping

Large Industry

Power Intensive Industry

Mini Steel Plant

Railway Traction

HT Industrial (M) Supply ( $\geq 22$  kVA and less than 100 kVA)

**EHT Category**

General Purpose

Large Industry

Railway Traction

Heavy Industry

Power Intensive Industry

Mini Steel Plant

426. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. To arrive at that cost the Commission studied the pattern of demand recorded by the demand meters of all such consumers of the licensee for the period from April, 2012 to September, 2012. The Commission after taking into consideration this aspect has decided that **the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue.** The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2004. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.

427. As per the OERC Distribution (Conditions of Supply) Code, 2004, for contract demand above 70 kVA but below 555 kVA, supply shall be at 3-phase, 3-wire, 11 kV. However, these consumers connected prior to 01.10.95 may be allowed to continue to receive power at LT. But there are some consumers in the categories of Bulk Supply Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities, who have availed power supply at HT. **For such types of consumers the Commission have decided to allow the existing Demand Charges to**

**continue.** Accordingly, the rates applicable to all such consumers who are to pay demand charges are given below:

**Table - 74**

<b>Category</b>	<b>(Rs./KW/month)</b>
Bulk Supply Domestic	20
Irrigation pumping	30
Allied Agricultural Activities	30
Allied Agro-Industrial Activities	50

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

**(iii) Energy Charge for HT and EHT consumers**

429. The Commission, aiming at rationalisation of tariff structure by progressive introduction of a cost-based tariff, has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining Energy Charge, the principle of higher rate for supply at low voltage and gradually reduced rate as the voltage level goes up has been adopted. However, the Commission has made certain exceptions to the above provisions in respect of Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities consumers availing power at HT. Similarly, Emergency supply to CGPs and Colony consumption at both HT and EHT level have also been exempted.

430. For domestic HT bulk supply consumers the energy charges has been fixed at 410 paise per unit.

**Graded Slab Tariff for HT/EHT Consumers**

431. Considering more and more industries are running in higher load factor the Commission has decided to continue with the present Graded slab tariff for HT and EHT consumers where the Demand charges are billed on kVA basis as given below:

**Table – 75**

**Slab rate of energy charges for HT & EHT (Paise per unit)**

<b>Load Factor (%)</b>	<b>HT</b>	<b>EHT</b>
= < 60%	505	500
> 60%	400	395

432. Load factor has to be calculated as per Regulation 2 (y) of OERC Distribution Code, 2004. **However, in calculation of load factor, the actual power factor of the consumer and power-on-hours during billing period shall be taken into consideration.**

433. Power on hours is defined as total hours in the billing period minus allowable power interruption hour. The allowable power interruption hours should be calculated by deducting 60 hours in a month from the total interruption hour. In case power interruption is 60 hours or less in a month then no deduction shall be made.

## **HT Supply for Irrigation pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities Consumers**

434. For encouraging Agro-Industrial growth and with a view to continue with the present tariff in respect of Irrigation pumping, Allied Agricultural/Agro-Industrial Activities availing power at HT, the Energy Charge applicable to them has been fixed as follows:

<u>Category</u>	<u>Energy Charge</u>
Irrigation Pumping	- 100 paise per unit
Allied Agricultural Activities	- 110 paise per unit
Allied Agro-Industrial Activities	- 390 paise per unit

### **Industrial Colony Consumption**

435. Since the purpose of incentive scheme is to encourage higher consumption by the EHT & HT consumers, the Commission after reviewing the scheme, directs that, the units consumed for the colony shall be separately metered and the total consumption shall be deducted from the main meter reading and billed at 450 paise per unit for supply at HT and 440 paise per unit at EHT. For the energy consumed in colony in excess of 10% of the total consumption, the same shall be billed at the rate of Energy Charge applicable to the appropriate class of industry.

### **Emergency power supply to CGPs/Generating stations**

436. Industries owning CGPs/ Generating Stations have to enter into an agreement with the concerned DISCOMs subject to technical feasibility and availability of required quantum of power/energy in the system as per the provision under the OERC Distribution (Condition of Supply) Code, 2004. For them, (i) a flat rate of 700 paise/kwh at HT and (ii) 695 paise/kwh at EHT would apply. The industry owning CGP and having zero contract demand can draw power supply for its CGP from the Grid maximum upto the capacity of the highest unit of its CGP. If the industry draws more than highest unit of its CGP the energy rate of power supply as allowed would cease and normal industrial two part tariff with payment of demand charge at highest MD for the full financial year shall apply.

### **Peak and Off-Peak Tariff**

437. Section 62(3) of the Electricity Act, 2003 mandates as follows:

*“The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”*

438. Further, in accordance with the provision of Para 7(a) (i) of OERC (Terms and Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. Accordingly, the Commission decides to continue off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 10 paise per unit of the energy consumed

during this period. This discount, however, will not be available to the following categories of consumers.

- i) Public Lighting Consumers
- ii) Emergency supply to captive power plants

### **Charges for Overdrawl**

#### **Penalty for overdrawal**

439. Demand charge shall be calculated on the basis of 80% CD or actual MD during other than off peak hour whichever is higher. Any overdrawal more than 120% of CD during off-peak hours, the overdrawal penalty shall be charged on the excess of demand over the 120% CD. The penalty rate is Rs.250/KVA. In case there is overdrawal during other than off peak hours, no off peak benefit is available as per Para 444 of this Order. Therefore, the overdrawal penalty @ Rs.250/KVA shall be charged over the excess drawal of demand over CD irrespective of hours it occurs. This penalty for overdrawal in any case shall be over and above the normal demand charges.
440. When Maximum Demand is less than the Contract Demand during hours other than off peak hours then the consumer is entitled for over drawal benefit limited to 120% of Contract Demand during off peak hours. If MD exceeds 120% of CD during off peak hours then the consumer is liable for overdrawal penalty only on the excess demand recorded over 120% of CD @ Rs.250/- per KVA per month. If Maximum Demand exceeds the Contract Demand during hours other than off peak hours then the consumer is not entitled to get off peak hour over drawal benefit even if the drawal is more than the contract demand but within 120% of CD.
441. Thus the overdrawal penalty shall be Rs.250/KVA/Month for overdrawal during hours other than the off-peak hours and off-peak hours.

#### **Incentive for Overdrawl**

442. As per the existing Commission's Order all the consumers who pay two-part tariff with > 110 KVA are allowed to draw upto 120% of contract demand during off peak hours on payment of demand charge as per the 80% of the contract demand or maximum demand drawn during other than off peak hours whichever is higher where drawal of maximum demand is within CD.
443. Commission has decided to continue with the existing tariff provisions wherein there is no penalty for overdrawal during off-peak hours upto 120% of the contract demand. The off-peak hours is defined as 12 Midnight to 6 AM of the next day. However, any consumer overdrawing during hours other than off-peak hours shall not be eligible for overdrawal benefit during off-peak hours. In case of Statutory Load Regulation deemed contract demand shall be the restricted contract demand.

#### **Eligibility for availing overdrawal benefit during off peak hours**

444. HT and EHT consumers are allowed for 120% overdrawal benefit only if, their maximum demand drawn during other than off peak hours remains within the contract demand. In case the consumer overdraws than contract demand during other than off peak hours, but within 120% of contract demand during off-peak hours, no overdrawal benefit shall be allowed to such consumer. In that case the demand charge will be calculated as per the recorded maximum demand, irrespective of hours of its drawal.

#### **Charges for Power Factor**

445. The Commission has withdrawn the incentive for maintenance of high power factor from FY 2013-14 onwards. However, penalty for lower power factor shall continue.

### Power Factor Penalty

446. The Commission also orders for continuance of the power factor penalty as a percentage of monthly Demand Charge and Energy Charge on the following HT/EHT categories of consumers:
- (i) Large Industries
  - (ii) Public Water Works (110 KVA and above)
  - (iii) Railway Traction
  - (iv) Power Intensive Industries
  - (v) Heavy Industries
  - (vi) General Purpose Supply
  - (vii) Specified Public Purpose (110 KVA and above)
  - (viii) Mini Steel Plants
  - (ix) Emergency supply to CGP
447. As decided by the Commission vide para-193 of Retail Supply norder 2013-14 the incentive for maintaining Higher Power Factor has been withdrawn with effect from FY 2013-14. The penalty for Power Factor below 92% is given as under:

**Table - 76**

Below 92% upto and including 70%	0.5% penalty for every 1% fall from 92% upto and including 70% plus
Below 70% upto and including 30%	1% penalty for every 1% fall below 70% upto and including 30% plus
Below 30%	2% for every 1% fall below 30%

(Pro-rata penalty shall be calculated and the power factor shall be calculated upto four decimal points). The penalty shall be on monthly demand charge and energy charge of the HT and EHT industries as prescribed above.

However, the licensees may give a 3 months' notice to install capacitor for reduction of reactive drawl failing which licensee may disconnect the power supply if the power factor falls below 30%.

There shall be no power factor penalty for leading power factor recorded in the meter.

#### **Metering on LT side of Consumers Transformer**

448. As per Regulation 54 of OERC Distribution (Conditions of Supply) Code, 2004 Transformer loss, as computed below has to be added to the consumption as per meter reading.

Energy loss =  $(730 \times \text{rating of the transformer KVA}) / 100$ .

Loss in demand = 1% of the rating of the transformer in KVA (for two part tariff)

#### **Incentive for prompt payment**

449. The Commission examined the existing method of incentive and its financial implications. The Commission has decided to grant incentive for early and prompt payment as below:

- a) A rebate of 10 paise/unit shall be allowed on energy charges if the payment of the bill (excluding all arrears) is made by the due date indicated in the bill in respect of the following categories of consumers.

**LT:** Domestic, General purpose <110 KVA, Irrigation Pumping and Agriculture, Allied Agricultural Activities and LT Industrial (S), Public Water Works and Sewerage Pumping.

**HT:** Bulk supply Domestic, Irrigation Pumping and Agriculture, Allied Agricultural Activities, General purpose >70 <110 KVA, Public Water Works and Sewerage Pumping.

- b) Consumers other than those mentioned at Para 'a' above shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding all arrears), if payment is made within 3 working days of presentation of the bill.

450. **Special Rebates**

- (a) Hostels attached to the Schools run by SC/ST Dept. of Govt. of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT/HT).

- (b) All Swajala Dhara consumers shall get 10% special rebate on total bill (except electricity duty and meter rent) in addition to other rebates they are otherwise eligible if the electricity bill is paid within the prescribed due date of normal rebate.

- (c) Own Your Transformer – “OYT Scheme” is intended for the existing individual LT domestic, individual / Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. They will continue to be LT consumers with appropriate tariff category. In addition licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the ‘OYT’ transformer shall be made by DISCOMs. For removal of doubt it is clarified that the “OYT Scheme” is not applicable to any existing or new HT/EHT consumer.

- (d) A special rebate of 25 paise/unit (including the regular rebate in vogue) shall be provided to the consumers covered under Commission monitored smart metering scheme if they pay their bills within due date for availing the rebate.

**Reconnection Charge**

451. The Commission decided that existing re-connection charges shall continue as follows:

**Table - 77**

<b>Category of Consumers</b>	<b>Rate Applicable</b>
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
HT & EHT consumers	Rs.3000/-

### **Delayed Payment Surcharge**

452. The Commission has examined the present method and rate of DPS and has decided that if payment is not made within the due date, Delayed Payment Surcharge shall be charged for every day of delay at 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as mentioned below:
- i. Large industries
  - ii. LT/HT Industrial (M) Supply
  - iii. Railway Traction
  - iv. Public Lighting
  - v. Power Intensive Industries
  - vi. Heavy Industries
  - vii. General Purpose Supply  $\geq 110$  KVA
  - viii. Specified Public Purpose
  - ix. Mini Steel Plants
  - x. Emergency supply to CGP
  - xi. Allied Agro-Industrial Activities
  - xii. Colony Consumption
453. There is a tendency among the category of LT Domestic, General Purpose and HT Bulk Supply Domestic etc. consumers who don't pay delayed payment surcharge to be negligent towards bill payment once the due date is over. But the licensees are to disconnect those consumers after giving them required notice.
454. The Commission after careful consideration of this serious issue has decided that DISCOMs shall charge DPS to the defaulting consumers for every two months of such defaults as per the flat rates shown in the following table:

**Table - 78**

<b>Category of Consumers</b>	<b>Amount of Arrears</b>	<b>Rate Applicable</b>
LT Single Phase Domestic Consumer	Less than Rs.1000/-	Rs.50/-
	Rs.1000/- & above	Rs.100/-
LT Single Phase other consumer	Less than Rs.5000/-	Rs.150/-
	Rs.5000/- & above	Rs.300/-
LT 3 Phase consumers	Less than Rs.5000/-	Rs.200/-
	Rs.5000/- & above	Rs.500/-
HT & EHT consumers	Less than Rs.10000/-	Rs.500/-
	Rs.10000/- & above	Rs.2000/-

455. The tariff as determined above is reflected in **Annexure-B**. For any discrepancy Annexure-B is final.

### **Rounding off of consumers billed amount to nearest rupee**

456. The Commission directs for rounding off of the electricity bills to the nearest rupee and at the same time directs that the money actually collected should be properly accounted for.

### **Charges for Temporary Supply**

457. The tariff for the period of temporary connection shall be at the rate applicable to the relevant consumer category with the exception that Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection. Connections, temporary in nature, shall be provided as far as possible with pre-paid meters to avoid accumulation of arrears in the event of dismantling of the temporary connection etc.

#### **New Connection Charges for LT**

458. Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges.

#### **Fuel Surcharge Adjustment Formula**

459. The Commission has already prescribed a fuel surcharge adjustment formula for the distribution licensees in the OERC (Conduct of Business) Regulations, 2004, which shall continue to be valid.

#### **Meter Rent**

460. As discussed in earlier para wherever Commission monitored smart meters are provided, no meter rent for such meter with remote disconnection/reconnection facilities shall be charged. For other consumers, existing meter rent shall continue as follows:

**Table - 79**

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

Note: Meter rent for meter supplied by DISCOMs henceforward shall be collected for a period of 60 months only.

#### **Effective date of Tariff**

461. The revised tariff schedule shall be made effective from 01.4.2014. Since there is no change in tariff structure there should not be complicity on the date of application of tariff order.
462. CESU has taken a number of initiative in engaging Franchisee and extending the same to different areas unfortunately other DISCOMs have not shown similar urgency. During FY 2014-15 other DISCOMs should identify high loss prone areas and engage revenue sharing model franchisees. It has been brought to our notice that some unruly elements are creating law and order problem. Protection given by Police and District Administration has been grossly inadequate. This is a matter of



serious concern. It is expected that Govt. should take proactive steps. DISCOMs should identify the theft prone (loss making) 11 kV feeders and enforce graded restriction in such feeders to curb the excessive AT&C loss.

463. Conscious consumers are strength of the DISCOMs. The DISCOMs should take proactive steps for such as road show, electronic/print media campaign for consumer awareness. The consumers are to be sensitised about their rights and obligation.
464. WESCO, NESCO & SOUTHCO in Appeal Nos. 77, 78 & 79 of 2006 in respect of RST Order for FY 2006-07, Appeal Nos. 52, 53 & 54 of 2007 in respect of RST Order for FY 2007-08, Appeal Nos. 26, 27 & 28 of 2009 in respect of RST Order for FY 2008-09, Appeal Nos. 160, 161 & 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149/2011 for RST Order of FY 2011-12, Appeal Nos. 193, 194 & 195 of 2012 for RST Order of FY 2012-13 before the Hon'ble ATE raised several issues such as those concerning distribution loss, mode of calculation of estimated sales and income and truing exercises etc. The three DISCOMs challenged the Truing up Order dated 19.03.2012 of the Commission passed in Case Nos.29, 30, 31 of 2007 and 6, 7 & 8 of 2012 before the Hon'ble ATE in Appeal No.196 of 2012. The Hon'ble ATE has set-aside the said Orders of the Commission vide its Judgment dated 03.07.2013 passed in Appeal Nos.160,161,162 of 2010 in respect of RST Order for FY 2010-11,Appeal Nos. 147, 148, 149 of 2011 for RST Order of FY 2011-12 and also Appeal Nos. 193, 194 & 195 of 2012 for RST Order for FY 2012-13. The Hon'ble ATE has also set-aside both the Truing up Orders dated 19.03.2012 of the OERC passed in Case Nos.29, 30, 31 of 2007 and 6, 7 & 8 of 2012 in Appeal No.196 of 2012 preferred by the R-Infra Managed DISCOMs.
465. In the aforesaid Appeals relating to RST Order of FY 2006-07, 2007-08 and 2008-09 the Hon'ble ATE have already passed their orders. The Commission have subsequently preferred appeals against those Judgments of the Hon'ble ATE before the Hon'ble Supreme Court of India vide Civil Appeal No. 759 of 2007, Civil Appeal No. D.4688 of 2011 (Civil Appeal Nos. 3595, 3596 & 3597 of 2011).
466. The Commission has also preferred Civil Appeal Nos.10251 to 10263 of 2013 against the Judgment dated 03.07.2013 passed in Appeal Nos. 160, 161 & 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149 of 2011 for RST Order for FY 2011-12, Appeal Nos. 193, 194 & 195 of 2012 for RST Order of FY 2012-13 and Judgment in Appeal No.196 of 2012 in respect of Truing up order of the Commission set-aside by the Hon'ble ATE before the Hon'ble Supreme Court of India. The Hon'ble Apex Court vide their order dated 06.01.2014 have admitted the above Civil Appeals and tagged with Civil Appeal No.414 of 2007 for analogous hearing.
467. The Commission has also now preferred Civil Appeal Nos.3858- 3860 of 2014 against the Judgment dated 11.02.2014 of the Hon'ble ATE passed in Appeal Nos. 112, 113 & 114 of 2013 in respect of RST Order for FY 2013-14.
468. Thus all the above matters are pending before the Hon'ble Supreme Court of India. In none of these cases CESU the other Distribution Company has preferred any appeal or has been impleaded as a respondent. When above appeals will be finally disposed of, the effect of those final judgments of the Hon'ble Apex Court shall be taken into consideration while determining tariff for ensuing years by the Commission.
469. In view of the coming general election to Lok Sabha and State Legislative Assembly it was decided in the 39<sup>th</sup> Meeting of FOR held at Chandigarh on 18.01.2014 that a reference shall be made on behalf of all SERCs and CERC to the Election Commission regarding the release of Tariff Order during the currency of Model Code

of Conduct. Accordingly a reference in this regard had been made by Chairman FOR on 20.01.2014 to the Election Commission of India. The Election Commission of India in their reply dtd. 17.02.2014 stated that Model Code of Conduct is applicable to Electricity Regulatory Commission as has been done during last Lok Sabha Election in the year 2009. In case any Commission requires relaxation then the matter may be referred to the Election Commission.

In view of the above the Commission decides as follows:

470. Since the last date of election in Odisha is 17<sup>th</sup> April, 2014 and this may get extended by a day or two in case of re-polling the Commission decide to pass the Order on 22.3.2014 but it will be kept under sealed cover for release to the general public on the day following the last day of election in Odisha (including day re-polling). The Secretary, OERC shall take appropriate action to release the order as directed above.
471. The Tariff Order shall be made effective from 01.4.2014 and shall be in force until further orders.
472. The applications of CESU bearing Case No.85 of 2013, WESCO bearing Case No.86 of 2013, NESCO bearing Case No.87 of 2013 and SOUTHCO bearing Case No.88 of 2013 and are disposed of accordingly.

**(S.P.SWAIN)**  
**MEMBER**

**(B. K. MISRA)**  
**MEMBER**

**(S. P. NANDA)**  
**CHAIRERSON**

REVENUE REQUIREMENT OF DISCOMs FOR THE FY 2014-15										
Expenditure	WESCO		NESCO		SOUTHCO		CESU		Total DISCOMs	
	Proposed 2014-15	Approved 2014-15	Proposed 2014-15	Approved 2014-15	Proposed 2014-15	Approved 2014-15	Proposed 2014-15	Approved 2014-15	Proposed 2014-15	Approved 2014-15
Cost of Power Purchase		1,950.52		1,492.40	612.00	617.90	2356.59	2395.6		6,456.42
Transmission Cost		170.50		133.25	85.00	83.50	226.11	226		613.25
SLDC Cost		1.09		0.86	0.51	0.54	1.81	1.45		3.94
<b>Total Power Purchase, Transmission &amp; SLDC Cost(A)</b>	<b>2,406.22</b>	<b>2,122.11</b>	<b>1,706.41</b>	<b>1,626.51</b>	<b>697.51</b>	<b>701.94</b>	<b>2,584.51</b>	<b>2,623.05</b>	<b>7,394.65</b>	<b>7,073.61</b>
Employee costs	254.11	<b>234.52</b>	285.79	<b>231.45</b>	207.70	<b>187.88</b>	316.44	<b>309.28</b>	1,064.04	<b>963.13</b>
Repair & Maintenance	56.05	<b>41.45</b>	86.91	<b>54.02</b>	52.90	<b>29.08</b>	98.88	<b>70.85</b>	294.74	<b>195.39</b>
Spl R&M for Smart Metering		<b>38.00</b>		<b>30.00</b>		<b>15.00</b>		<b>48.00</b>		<b>131.00</b>
Administrative and General Expenses	54.01	<b>29.69</b>	55.00	<b>20.68</b>	58.93	<b>18.15</b>	58.44	<b>41.69</b>	226.38	<b>110.22</b>
Provision for Bad & Doubtful Debts	63.75	<b>16.76</b>	17.83	<b>11.29</b>	34.14	<b>7.47</b>	29.71	<b>22.20</b>	145.43	<b>57.72</b>
Depreciation	37.19	<b>25.52</b>	58.90	<b>34.51</b>	21.98	<b>17.02</b>	118.57	<b>46.08</b>	236.64	<b>123.13</b>
Interest Chargeable to Revenue including Interest on S.D	89.04	<b>56.56</b>	80.05	<b>44.86</b>	46.87	<b>20.96</b>	191.52	<b>79.46</b>	407.48	<b>201.84</b>
<b>Sub-Total</b>	<b>554.15</b>	<b>442.49</b>	<b>584.48</b>	<b>426.81</b>	<b>422.52</b>	<b>295.57</b>	<b>813.56</b>	<b>617.56</b>	<b>2,374.71</b>	<b>1,782.43</b>
Less: Expenses capitalised					0.62	<b>0.62</b>			0.62	0.62
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>554.15</b>	<b>442.49</b>	<b>584.48</b>	<b>426.81</b>	<b>421.90</b>	<b>294.95</b>	<b>813.56</b>	<b>617.56</b>	<b>2,374.09</b>	<b>1,781.81</b>
Return on equity	7.78	7.78	10.55	10.55	6.03	6.03	11.64	11.64	<b>36.00</b>	36.00
<b>Total Distribution Cost (B)</b>	<b>561.93</b>	<b>450.27</b>	<b>595.03</b>	<b>437.36</b>	<b>427.93</b>	<b>300.98</b>	<b>825.20</b>	<b>629.20</b>	<b>2,410.09</b>	<b>1,817.81</b>
Amortisation of Regulatory Asset	74.77		74.26		117.23				266.26	-
True up of Past Losses	109.88		115.72						225.60	-
Contingency reserve	3.89		6.04		2.25				12.18	-
<b>Total Special Appropriation (C)</b>	<b>188.54</b>	<b>-</b>	<b>196.02</b>	<b>-</b>	<b>119.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>504.04</b>	<b>-</b>
<b>Total Cost (A+B+C)</b>	<b>3,156.69</b>	<b>2,572.38</b>	<b>2,497.46</b>	<b>2,063.87</b>	<b>1,244.92</b>	<b>1,002.92</b>	<b>3,409.71</b>	<b>3,252.25</b>	<b>10,308.78</b>	<b>8,891.42</b>
Less: Miscellaneous Receipt	83.91	74.90	44.00	56.64	6.98	33.93	103.52	83.10	238.41	248.56
<b>Total Revenue Requirement</b>	<b>3,072.78</b>	<b>2,497.49</b>	<b>2,453.46</b>	<b>2,007.24</b>	<b>1,237.94</b>	<b>968.99</b>	<b>3,306.19</b>	<b>3,169.15</b>	<b>10,070.37</b>	<b>8,642.86</b>
<b>Expected Revenue(Full year )</b>	<b>2,387.61</b>	<b>2,514.44</b>	<b>1,782.55</b>	<b>1,984.41</b>	<b>853.47</b>	<b>977.13</b>	<b>2,971.43</b>	<b>3,199.42</b>	<b>7,995.06</b>	<b>8,675.40</b>
<b>GAP at existing(+/-)</b>	<b>(685.17)</b>	<b>16.95</b>	<b>(670.91)</b>	<b>(22.83)</b>	<b>(384.47)</b>	<b>8.14</b>	<b>(334.76)</b>	<b>30.27</b>	<b>(2,075.31)</b>	<b>32.54</b>

## RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST APRIL, 2014

Sl. No.	Category of Consumers	Voltage of Supply	Demand Charge (Rs./KW/Month)/ (Rs./KVA/Month)	Energy Charge (P/kWh)	Customer Service Charge (Rs./Month)	Monthly Minimum Fixed Charge for first KW or part (Rs.)	Monthly Fixed Charge for any additional KW or part (Rs.)	Rebate (P/kWh)/ DPS
<b>LT Category</b>								
1	Domestic							
1.a	Kutir Jyoti <= 30 Units/month	LT	FIXED MONTHLY CHARGE-->			65		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		230.00		20	20	
	(Consumption >50, <=200 units/month)	LT		400.00				
	(Consumption >200, <=400 units/month)	LT		500.00				
	Consumption >400 units/month)	LT		540.00				
2	General Purpose < 110 KVA							10
	Consumption <=100 units/month)	LT		510.00		30	30	
	Consumption >100, <=300 units/month)	LT		620.00				
	(Consumption >300 units/month)	LT		690.00				
3	Irrigation Pumping and Agriculture	LT		110.00		20	10	10
4	Allied Agricultural Activities	LT		120.00		20	10	10
5	Allied Agro-Industrial Activities	LT		400.00		80	50	DPS/Rebate
6	Public Lighting	LT		540.00		20	15	DPS/Rebate
7	L.T. Industrial (S) Supply <22 KVA	LT		540.00		80	35	10
8	L.T. Industrial (M) Supply >=22 KVA <110 KVA	LT		540.00		100	50	DPS/Rebate
9	Specified Public Purpose	LT		540.00		50	50	DPS/Rebate
10	Public Water Works and Sewerage Pumping<110 KVA	LT		540.00		50	50	10
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	540.00	30			10
12	General Purpose >= 110 KVA	LT	200	540.00	30			DPS/Rebate
13	Large Industry	LT	200	540.00	30			DPS/Rebate
<b>HT Category</b>								
14	Bulk Supply - Domestic	HT	20	410.00	250			10
15	Irrigation Pumping and Agriculture	HT	30	100.00	250			10
16	Allied Agricultural Activities	HT	30	110.00	250			10
17	Allied Agro-Industrial Activities	HT	50	390.00	250			DPS/Rebate
18	Specified Public Purpose	HT	250		250			DPS/Rebate
19	General Purpose >70 KVA < 110 KVA	HT	250		250			10
20	H.T Industrial (M) Supply	HT	150		250			DPS/Rebate
21	General Purpose >= 110 KVA	HT	250		250			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	250		250			10
23	Large Industry	HT	250		250			DPS/Rebate
24	Power Intensive Industry	HT	250		250			DPS/Rebate
25	Mini Steel Plant	HT	250		250			DPS/Rebate
26	Railway Traction	HT	250		250			DPS/Rebate
27	Emergency Supply to CGP	HT	0	700.00	250			DPS/Rebate
28	Colony Consumption	HT	0	450.00	0			DPS/Rebate
<b>EHT Category</b>								
29	General Purpose	EHT	250		700			DPS/Rebate
30	Large Industry	EHT	250		700			DPS/Rebate
31	Railway Traction	EHT	250		700			DPS/Rebate
32	Heavy Industry	EHT	250		700			DPS/Rebate
33	Power Intensive Industry	EHT	250		700			DPS/Rebate
34	Mini Steel Plant	EHT	250		700			DPS/Rebate
35	Emergency Supply to CGP	EHT	0	695.00	700			DPS/Rebate
36	Colony Consumption	EHT	0	440.00	0			DPS/Rebate

**Note:****Slab rate of energy charges for HT & EHT (Paise/unit)**

Load Factor (%)	HT	EHT
= < 60%	505	500
> 60%	400	395

- (i) The reconnection charges w.e.f. 01.4.2014 shall be as follows.

Category of Consumers	New Rate Applicable
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
All HT & EHT consumers	Rs.3000/-

- (ii) Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection in respective categories.
- (iii) The meter rent w.e.f. 01.4.2014 shall be as follows:

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

Note: Meter rent for meter supplied by DISCOMs henceforward shall be collected for a period of 60 months only.

- (iv) A Reliability surcharge has been introduced for such HT and EHT consumers availing power through dedicated feeder from grid/primary sub-station. Reliability surcharge @ 20 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit.
- (v) Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges.
- (vi) A "Tatkal Scheme" for new connection is applicable to LT Domestic, Agricultural and General Purpose consumers.
- (vii) In case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis.
- (viii) The billing demand in respect of consumer with Contract Demand of less than 110 KVA should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification.
- (ix) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @10 paise/unit for energy consumed

during off peak hours. Off peak hours has been defined as **12 Midnight to 6 AM** of next day.

- (x) Hostels attached to the Schools recognised and run by SC/ST Dept., Govt of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT / HT) which shall be over and above the normal rebate for which they are eligible.
- (xi) Swajala Dhara consumers under Public Water Works and Sewerage Pumping Installation category shall get special 10% rebate if electricity bills are paid within due date over and above normal rebate.
- (xii) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from **12 Midnight to 6.00 A.M.** of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged over and above the 120% of contract demand. When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.
- (xiii) General purpose consumers with Contract Demand (CD) < 70 KVA shall be treated as LT consumers for tariff purposes irrespective of level of supply voltage. As per Regulation 76 (1) (c) of OERC Distribution (Conditions of Supply) Code, 2004 the supply for load above 5 KW upto and including 70 KVA shall be in 2-phase, 3-wires or 3-phase, 3 or 4 wires at 400 volts between phases.
- (xiv) Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual/Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. In such a case licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOMs. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.
- (xv) Power factor penalty shall be
  - i) 0.5% for every 1% fall from 92% upto and including 70% plus
  - ii) 1% for every 1% fall below 70% upto and including 30% plus
  - iii) 2% for every 1% fall below 30%

The penalty shall be on the monthly demand charges and energy charges

There shall not be any power factor penalty for leading power factor. Power factor incentive is hereby withdrawn. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

- (xvi) The printout of the record of the static meter relating to MD, PF, number and period of interruption shall be supplied to the consumer wherever possible with a payment of Rs.500/- by the consumer for monthly record.
- (xvii) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.4.2014.

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