

**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN, UNIT – VIII
BHUBANESWAR – 751012**

SCHEME

Dated 8th day of September, 2006

(As amended by order dated 13th October, 2006)

In exercise of power under section 22 of the Electricity Act, 2003, the Orissa Electricity Regulatory Commission hereby formulates and approves the following Scheme for operation and management of the Central Zone Electricity Distribution and Retail Supply Utility.

Aims and objectives of the Scheme:

In exercise of powers u/s 19 of the Electricity Act, 2003 the Commission revoked the Licence of CESCO (Central Electricity Supply Company of Orissa Ltd.) with effect from 01.04.2005. An Administrator was appointed u/s 20(1)(d) of the Electricity Act, 2003 vide Commission's order dated 02.04.2005 which was subsequently revised vide Commission's order dated 18.04.2005.

After the revocation, the Commission initiated the process for the sale of Utility of the licensee u/s 20 of the said Act. For this purpose, the Commission constituted a Supervisory Board and issued a Sale Policy Guideline/Order. In spite of Commission's best effort, due to unwillingness of the bidders, the Utility could not be sold to any bidder.

The Commission also explored the possibility of vesting the management of the Utility with NTPC for a limited period only which did not fructify despite Commission's repeated persuasion.

As a result, the Commission has decided to formulate a Scheme u/s 22 of the Electricity Act, 2003 for operation and management of the Central Zone Electricity Distribution and Retail Supply Utility. The prime aims and objectives of this Scheme are to protect the interest of the consumers and the public by maintaining continued and

quality supply of electricity in an efficient and safe manner and to make the Utility commercially viable for future sale.

1. (i) This Scheme may be called the **Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006.**
- (ii) The Scheme shall come into force with effect from 8th September 2006 and shall remain in force for a period of two years from the date of its commencement. The Commission may, in public interest, extend the said period, to further period as deems proper.

2. **Definitions:**

In this Scheme, unless the context otherwise requires,-

- i) 'Board' means the Management Board constituted by the Commission under this Scheme for management of the Utility.
 - ii) 'Chairman' and 'Member' mean the Chairman and Members of the Management Board nominated by the Commission under this Scheme.
 - iii) 'Chief Executive Officer' (Operation), and Chief Executive Officer(Finance & Commerce) mean the Members of the Management Board designated by the Commission under the Scheme.
 - iv) 'Commission' means the Orissa Electricity Regulatory Commission.
 - v) 'Licence Conditions' mean the conditions stipulated by the Commission in the Licence No. 1/99 issued to CESCO by order dated 31.03.1999, and modified for the Utility by the Commission from time to time in accordance with law.
 - vi) 'Scheme' means Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006.
 - vii) 'Utility' means the Utility of CESCO operated by the Chief Executive Officer & Administrator vide Commission's order dated 18.04.2005 which is renamed as the Central Electricity Supply Utility of Orissa under this Scheme.
3. After the operation of this Scheme, the Utility shall be known as :

The **Central Electricity Supply Utility of Orissa (in short CESU).**

- (i). All Assets, Liabilities, Rights, Proceedings, and Manpower as well as the licence for distribution and supply of electricity held by CESCO shall devolve on CESU and shall be vested in it.
- ii) The management of the affairs, and the power of administration and general superintendence including control of finance and manpower of the CESU shall be placed with the Management Board constituted by the Commission under this Scheme.
- iii) The CESU shall have the power to acquire, hold and dispose of any property movable or immovable and enter into any contract and may sue or be sued in its name.
- iv) The CESU shall comply with the provisions of Electricity Act,2003 and other relevant statutory provisions and licence conditions with regard to distribution of electricity in its area of supply.
- v) The Head Office of the CESU shall be at IDCO Tower, Janpath, Bhubaneswar, Orissa.
- vi) The CESU shall carry on the business of distribution of electricity in accordance with the licence conditions in respect of the area assigned to CESCO under the revoked licence and shall abide by the directions of the Commission issued from time to time.
- vii) The general/overall management of the CESU shall be vested with the Management Board. The day-to-day management of the CESU shall be carried out by the Chief Executive Officer CEO(O) under overall supervision and control of the Chairman and Management Board subject to the direction that may be given by the Commission from time to time.
- viii) The Management Board shall decide on the delegation of powers and authority to the officers of the in consultation with Chairman. For effective management and subject to the provisions of the Scheme the Management Board may make any necessary modifications in the powers delegated to CEO(O) & CEO(F&C).

4. **Management Board:**

- (i) The Commission shall, by order, constitute a Management Board for operation and management of the CESU. The Board shall consist of a Chairman and not more than eight Members to be nominated by the Commission out of which two shall be full time Members. One of the full time Member shall be designated as Chief Executive Officer(Operation) and other full time Member shall be designated as Chief Executive Officer(Finance & Commerce). The Management Board shall be headed by the Chairman to be designated by the Commission. The Board may constitute Committees, for smooth and effective functioning of the CESU, as and when necessary.
- (ii) The composition of the Management Board shall be as follows: -
 - a) Chairman (designated by the Commission).
 - b) Two Members from the Govt. of Orissa to be nominated by the Commission in consultation with Govt. of Orissa. In addition, Commission may nominate either the Chairman and Managing Director, GRIDCO or the Chairman Managing Director, OPTCL to act as an Ex-Officio Member of the Board.
 - c) Three Members to be nominated by the Commission from amongst the eminent persons having wide experience in Power Sector of Orissa.
 - d) Chief Executive Officer(Operation) [in short CEO(O)] designated by the Commission under the Scheme.
 - e) Chief Executive Officer(Finance & Commerce) [in short CEO(F&C)] designated by the Commission under the Scheme.
- (iii) The Chairman and Members of the Board shall hold office for a period of two years from the date of notification of the Commission and the said period may be extended further by the Commission, as it thinks fit. The honorarium for non-executive Members/Chairman and other terms and conditions of their assignments shall be such as to be decided by the Commission by order issued under the Scheme.

- (iv) The CEO(O) and the CEO(F&C) should not hold any other posts/office during their tenure in the CESU. The terms of office, emoluments and conditions of service of CEO(O) and CEO(F&C) shall be such as to be decided by the Commission by order issued under this Scheme. The Commission may extend their tenure for a further period, as it thinks fit.
 - (v)
 - a) The quorum for the meeting of the Management Board shall be three with at least one of the full time Members in attendance.
 - b) After due approval of the Commission, the Board shall formulate its Rules of Business for Conduct of its Meetings and Proceedings.
 - (vi) The Commission may, at any time, reconstitute the Management Board by an order issued for the purpose.
 - (vii) The Commission may dissolve the Management Board of the CESU and may pass appropriate orders.
 - (viii) No proceeding, act, resolution or decision of the Management Board shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in constitution of the Management Board.
5. **The powers and functions of Chairman, Chief Executive Officer (Operation) and Chief Executive Officer(Finance & Commerce).**
- (i) **Chairman:**
 - a) He shall preside over all Board Meetings.
 - b) He shall guide, advise and have overall superintendence and control over the CEO(O) & CEO(F&C) for smooth and efficient functioning of the CESU.
 - c) He shall decide all the matters referred to him by the Board, CEO(O) or CEO(F&C).
 - d) He shall discharge all other duties assigned by the Commission under the Scheme.
 - ii) **Chief Executive Officer(Operation)**
Subject to overall supervision, control and delegation of power by the Management Board and directions of the Commission -

- a) He shall act as Chief Executive and Chief Spokesman of the CESU.
- b) He shall manage the day-to-day affairs and management of the CESU and shall represent the CESU before the Commission, Govt. and other Authorities.
- c) He shall take decisions involving financial implications with concurrence of CEO(F&C).
- d) He shall carry out and implement the orders and directions issued - by the Commission to the CESU.
- e) He shall carry out and implement the resolutions/decisions taken by the Management Board.
- f) In consultation with the Management Board, he in association with CEO(F&C), shall design and implement the organizational structure and management of the CESU.
- g) In the name and on behalf of the CESU , he shall enter into contract with all external agencies and take loans from funding/financial institutions.
- h) On behalf of the CESU, he shall discharge all its statutory/regulatory requirements and obligations.
- i) Any other function as may be assigned by the Commission or the Management Board from time to time under the Scheme.
- j) The CEO(O) shall report to the Chairman.

iii) **Chief Executive Officer(Finance & Commerce)**

Subject to overall supervision, control and delegation of power by the Management Board and directions of the Commission-

- a) He shall head the finance, accounts, internal audit and shall manage all commercial activities for the CESU.
- b) Any other function as may be assigned by the Commission or the Management Board from time to time under the Scheme.
- c) The CEO(F&C) shall report to the Chairman.

- d) He shall look after the Legal and Regulatory affairs of the CESU at the Corporate level.
- e) He may represent the CESU in all legal proceedings before the Commission, Courts, Forums and Tribunals, etc.

6. **Accounts and Audit.**

Subject to the provisions of the Electricity Act,2003, Rules and Regulations framed there under, the accounts of the CESU shall be maintained and audited in accordance with the licence conditions/directions issued by the Commission. The Management Board shall appoint Auditors for the CESU and shall approve the Auditor's Report. The Chairman under his seal and signature shall furnish the Auditor's Report to the Commission forthwith.

7. **Annual Report.**

The Chief Executive Officer(Operation) shall prepare once in every financial year, the Annual Report of the CESU giving the summary of its activities and audited account, achievement and constraints during the previous financial year. The said Annual Report after approval of the Management Board, shall be forwarded to the Commission.

8. **Removal of difficulties.**

If any difficulty arises in giving effect to the provisions of this Scheme, the Commission may, by order in writing, make such provision not inconsistent with the provisions of the Electricity Act, 2003, as may appear to be necessary for removing the difficulties.

9. **Power to amend.**

Subject to the provisions of the Electricity Act, 2003, the Commission may at any time, in the public interest, amend any provisions of this Scheme.

10. **Issue of orders.**

- (i) Subject to the provisions of the Electricity Act,2003, the Commission may, from time to time, issue orders and circulars for implementation of the provisions of this Scheme.

- (ii) Nothing in this Scheme shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for meeting the ends of justice or to prevent abuse of any provision of this Scheme.

By Order of the Commission.

SECRETARY