ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO. 4, CHUNOKOLI,
SHAILASHREE VIHAR, CHANDRASEKHARPUR,
BHUBANESWAR-751021
****

Present : **Shri U. N. Behera, Chairperson**
Shri A. K. Das, Member
Shri S. K. Parhi, Member

CASE NOs. 66, 67, 68 & 69 of 2016

DATE OF HEARING : 14.02.2017 (NESCO Utility),
10.02.2017 (WESCO Utility),
09.02.2017 (SOUTHCO Utility) &
16.02.2017 (CESU)

DATE OF ORDER : 23.03.2017

IN THE MATTER OF: **Applications of Distribution Utilities (NESCO Utility, WESCO Utility, SOUTHCO Utility & CESU) for approval of their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff for the FY 2017-18 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 Wheeling and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

AND

CASE NOs. 70, 71, 72 & 73 of 2016

DATE OF HEARING : 18.02.2017

IN THE MATTER OF: **Applications under Section 42 of the Electricity Act, 2003 read with Regulations 4 (1) (xiv), 2 (vii) & 3 (vi) of the OERC (Determination of Open Access Charges) Regulations, 2006 and other enabling provisions of the OERC (Terms and Conditions of Open Access) Regulations, 2005 of DISCOMs namely NESCO, WESCO, SOUTHCO & CESU for approval of wheeling charges, surcharges and additional surcharges for FY 2017-18.**

ORDER

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

Table – 1

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

The Commission initiated proceedings on the filing of Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Applications (RST) for FY 2017-18 of these Distribution Utilities under relevant provisions of the Electricity Act, 2003. By this common Order, the Commission considers aforesaid Aggregate Revenue Requirement (ARR), Wheeling Tariff and RST applications of the above mentioned Distribution Utilities and other related tariff matters.

PROCEDURAL HISTORY (PARA 2 TO 17)

2. The Commission vide order dated 04.03.2015 in Suo Motu proceeding Case No. 55/2013 have revoked the licenses granted to NESCO, WESCO & SOUTHCO u/Sec. 19 of the Electricity Act, 2003 due to failure in meeting license requirements and have appointed the CMD, GRIDCO Limited as the Administrator under Section 20 (d) of the said Act, 2003 and vests the management and control of NESCO, WESCO & SOUTHCO Utilities along with their assets, interests and rights with the Chairman-cum-Managing Director, GRIDCO Limited in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern Zone in the interest of consumers. Presently another DISCOM CESU is being managed through a Scheme as per Section 22 (1) of the Electricity Act, 2003 due to exit of AES.

3. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 the Distribution Utilities i.e. NESCO Utility, WESCO Utility , SOUTHCO Utility and CESU have filed their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Application (RST) for FY 2017-18 on or before 30th November.

4. The said Aggregate Revenue Requirement (ARR), Wheeling Tariff & Retail Supply Tariff applications were duly scrutinized and registered as Case Nos.66/2016 (NESCO Utility), 67/2016 (WESCO Utility), 68//2016 (SOUTHCO Utility), and 69/2016 (CESU) respectively.

5. As per the direction of the Commission, applicants have published the Aggregate Revenue Requirement (ARR), Wheeling & RST tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspaper in their area of supply in order to invite objections/suggestions from the general public and also posted in the Commission's website www.orierc.org including the website of the Distribution Utilities respectively. The Commission had also directed the applicants to file their respective rejoinder to the objections filed by the all the objectors.

6. 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 respective distribution licensees:

On NESCO Utility's application: -

7. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (3) M/s. Tata Steel Limited, Plot No. 273, Bhouma Nagar, Unit-IV, Bhubaneswar, (4) M/s. Ferro Alloys Corporation Limited, GD-02/10, Chandrasekharpur, Bhubaneswar-751023, (5) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (6) Shri Ananda Kumar Mohapatra, Power Analyst, S/o Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps- Ainthapali, Dist-Sambalpur-768004,(7) Babuli Sahoo, At-Balipatna, Po-Samantarapur, Via-Kabirapur, Dist-Jajpur-755009, (8) Shri Devashis Mahanti, President, North Odisha Chamber of Commerce and Industry (NOCCI), Ganeswarapur Industrial Estate, Januganj, Balasore-756019, (9) M/s Emami Paper Mills Limited, Balgopalpur, Rasulpur, Dist-Balasore-756020, (10) M/s. Visa Steel Limited, Regd. Office, VISA House, 11 Ekamra Kanan, Nayapalli, Bhubaneswar-751015, (11) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (12) Shri Nilambar Mishra, M/s. Orissa Consumer Association, Balasore Chapter (Consumer Counsel), At/Po-Rudhunga, Via/Ps-

Simulia, Dist-Balasore-756126, (13) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (14) M/s. Balasore Alloys Limited, Balgopalpur, Balasore-756020, (15) M/s. Facor Power Limited, At/Po.- Randia, Dist-Bhadrak-756135, (16) M/s. IDCOL Ferro Chrome & Alloys Limited, Ferro Chrome Project, Jajpur Road, Dist-Jajpur-755020, (17) Shri Prasahna Kumar Mishra, S/o-Ainthu Mishra, At/Po-Tukuna, Keonjhar-758020, (18) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (19) Shri Biswaranjan Behera, S/o-Late Bhaskara Behera, At-Maguragardia, Po-Bari, Via/Ps-Simulia, Dist-Balasore-756126.(20) Secretary, PRAYAS, Energy Group (Consumer Counsel), Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector Nos.17, 18 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India 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 Councils and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar those who were present during hearing.

On WESCO Utility's application: -

8. (1) Shri G.N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur-768003, (2) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar,(3) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (4) M/s. Jagannath Alloys Pvt. Limited, Basanti Colony Road, Uditnagar, Rourkela, Odisha, (5) M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist-Sundargarh, (6) M/s. Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annexe Building, Janapath, Bhubaneswar-751022, (7) Mangturam Agrawal, Trustee & President of the Managing Committee, Srikrishna Goshala, At-Poddar Colony, Po-Khetrajpur, Dist-Sambalpur, (8) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (9) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (10) M/s. Linde India Limited, At-Oxygne

House, P-43, Taratala Road, Kolkata-700088, (11) M/s. Vishal Ferro Alloys Pvt. Limited, At- Plot No. 1562/2565, Vill- Balanda, Po-Kalunga, Dist-Sundargarh-770031, (12) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (13) M/s. Bajarangbali Re-Rollers Pvt. Ltd., Lal Building, Kachery Road, Rourkela-769012, Dist.-Sundargarh, (14) Shri Prasnta Kumar Pradhan (Retd. Engineer), Qr. No. 5R/3, GRIDCO Colony, Bhoi Nagar, Bhubaneswar-751022, (15) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (16) Shri Hrushikesh Panda, Secretary, Kaping, Ankula, Jajpur, (17) Shri Gobinda Ojha, Secretary, Upavokta Surakshya Abhiyan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (18) M/s. OCL India Limited, Rajgangpur-770017, Dist-Sundargarh, (19) Shri Prashanta Kumar Das,S/o. Late Birendra Kumar Das,204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (20) M/s. D. D. Iron & Steel (P) Limited, H-4/5, Civil Township, Rourkela-769004, Dist-Sundargarh, (21) M/s. Top Tech Steels (P) Limited, Hatibari Road, Kuamunda, Vedvyas, Rourkela-770039 (22) M/s. Shree Radharaman Alloys (P) Limited, P4/20, Civil Township, Rourkela-769004, Dist-Sundargarh, (23) M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031, (24) Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003 (Consumer Counsel), (25) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012(Consumer Counsel), (26) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel).

All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector Nos. 16, 17 & 19 and both Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India 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 Counsels and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

On SOUTHCO Utility's application:

9. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (3) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (4) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road,Cuttack-753012, (5) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (6) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (7) M/s. Sridhi Sai Ginning and Pressing (P) Ltd., At-Antamada, Po-Dondili, Dist-Rayagada, (8) M/s. Hanuman Cotton Industries, At-Hanuman Nagar, Chemtalpeta, Jkpur, Dist-Rayagada-765017, (9) M/s. Shree Sai Yarn Packaging (P) Ltd., At-Main road, Kothapeta, Dist-Rayagada-765017, (10) M/s. Maa Bana Devi Poultry (P) Limited, At-Nuababanpur, Po-Babanpur, Dist-Ganjam-761111, (11) M/s. Grasim Industries Limited, (Chemical Division, Ganjam), Po-Jayashree,-761025, Dist-Ganjam, (12) Shri Pranab Kumar Mishra, 116, Shree Towers, Near K.K College, Berhampur-760001, (13) Shri Sukanta Nayak, Secretary, SAHARA, At-In front of Kanyashrama, Raikia, Dist-Kandhamala-762101, (14) Hrushikesh Panda, Joint Secretary, Upavokta Surakshya Abhiyan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (15) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar, Cuttack-753009, (16) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati-761200(Consumer Counsel), (17) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India(Consumer Counsel).

All the above named objectors were filed their objections/suggestions and out of the above the following objector Nos. 12, 13, 14, 15 and both the Consumer Councils were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

On CESU's application:

10. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (3) Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (4) Shri Amar Kumar Jena, Secretary, Odisha Electricity Consumer's Association, At-Dasa Sahi, Jobra, Po-College Square, Dist-Cuttack-753003, (5) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (6) Shri Bhakta Charan Das, At/Po-Markendeswar Sahi, Jamuna Lane, Puri, (7) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (8) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (9) M/s. OCL India Limited, Kapilas Cement Manufacturing Works, Biswali, PO-Barunia, Cuttack-753004, (10) M/s. IDCOL Ferro Chrome & Alloys Limited, P.O-Ferro Chrome Project, Jajpur Road-755020, Dist.- Jajpur, (11) Shri Banshidhar Acharya, Secretary, Upavokta Surakshya Abhiyan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (12) Shri Bijan Kumar Mohapatra, S/o. Kelu Charan Mohapatra, At/Po-Redhua, Via-Nalibar, Dist-Jagatsinghpur-754104, (13) Shri Bhaskar Chandra Nayak, EWX-6/46, BDA Colony, Phase-1, Chandrasekharpur, Bhubaneswar-16, (14) Sri Sarit Mohapatra, Secretary, Samaj Bikash Mission, At/Po-Raghunathpur, Jagatsinghpur-754132, (15) Shri Pradip Kumar Swain, S/o-Prahallad Swain, At/po-Radhanga, Via-Nalibar, Dist-Jagatsinghpur-754104, (16) Shri Bandhu Pradhan, Janakalyan Seva Trust, Nabatia, P.o-Lakshminarayanpur, Via-Balakati, Dist-Khurda, (17) Shri Asutosh Behera, At/Po-Deuligrameswar, Dist-Jagatsinghpur-754103, (18) Shri Srinibas Sahoo, Director, RUPA, At/Po-Manipur, Via-Gobindapur, Dist-Dhenkanal-759027, (19) Shri Gobinda Ojha, Secretary, Upavokta Surakshya Abhiyan, L-41, Housing Board Colony, Baramunda, Bhubaneswar, (20) Shri Niranjan Barik, Secretary, RUSSA, At-Makundapur, P.o/Dist-Jagatsinghpur-754103, (21) Shri Prashanta Kumar Das, S/o. Late Birendra Kumar Das, 204, Sunamani Apartment, Tala Telenga Bazar,Cuttack-753009, (22) M/s. CRUX Power Pvt. Limited, Krupa Bhawan, Ground Floor, Plot No. 1281/3149, Jayadurganagar, Bomikhal, P.o-Rasulgarh, Bhubaneswar, (23) Shri K. P. Krishnan, Chairman, All Orissa Consumer

Protection Counsel, Jobra Road, College square, Cuttack-753003, (24) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (25) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 (Consumer Counsel).

All the above named objectors were filed their objections/suggestions and out of the above them the following objector Nos. 4, 11, 12, 13, 14, 15, 17, 21, 22 & both the Consumer Counsels namely Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were absent during hearing. However, their written submissions were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

Table – 2

Sl. No.	Name of the Organisations/persons with address	Name of the Distribution Utility from where the Consumer Counsel to represent
1	Orissa Consumers' Association, Balasore Chapter, Balasore	NESCO Utility
2	Sambalpur District Consumers' Federation, Balaji Mandir Bhavan, Khetrajpur, Sambalpur	WESCO Utility
3	Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela	WESCO Utility
4	Grahak Panchayat, Friends Colony, Parlakhemundi, Dist : Gajapati	SOUTHCO Utility
5	Secretary, Confederation of Citizen Association, 12/A, Forest Park, BBSR-9.	CESU
6	The Secretary, PRAYAS Energy Group, Pune	NESCO Utility, WESCO Utility, SOUTHCO Utility & CESU

The above named Consumer Counsels, those who have furnished their written submission and also participated in the hearing were considered by the Commission.

11. 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 authorized representative to take part in the hearing of the ensuing tariff proceedings.

12. In its consultative process, the Commission conducted public hearings in its Premises at Plot No.4, Chunokoli, Shailashree Vihar, Chandrasekharpur, Bhubaneswar-21, on 09.02.2017 for SOUTHCO Utility, 10.02.2017 for WESCO Utility, 14.02.2017 for NESCO Utility and 16.02.2017 for CESU. The Commission during hearing heard the Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and the Consumer Counsels from licensee's area of supply who had filed their views and participated in the hearing, the Objectors present during hearing and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.

13. Distribution Utilities of Odisha had filed their application for wheeling charges, surcharges and additional surcharges for financial year 2017-18 under Section 42 of the Electricity Act, 2003 read with Regulations 4(1)(xiv), 4(2) (vii) & 4(3)(vi) of the OERC (Determination of Open Access Charges) Regulation 2006 and OERC (Terms and Conditions of Open Access) Regulation 2005 which were registered as Case Nos. 70, 71, 72 & 73/2016. The Commission had directed the DISCOMs to publish the Public Notice regarding their application in widely circulated Odia and English newspaper inviting views/ suggestion of the public. The Commission had also posted a copy of their applications in its website. The following persons have filed their views / objection in response to such public notice.

Shri Chittaranjan Swain, DGM (Elec.), CESU, Shri T. K. Mohanty, GM (Elect.), CESU, Shri. K. C. Nanda, DGM (Fin.), WESCO Utility, Shri Radha Raman Panda, SOUTHCO Utility, Shri Subrat Kumar Routray, Manager (Fin.), SOUTHCO Utility, Shri Bijay Kumar Sahoo, A.O, NESCO Utility, Ms. Malancha Ghose, Manager (RA), NESCO Utility, Shri. P. K. Mohanty, Sr. GM (Fin.), NESCO Utility, Shri Dwijaraj Dash , DGM (Elect.), Shri S. K. Puri, GM (RT&C), OPTCL, Shri R. P. Mahapatra, the authorized representative of M/s. Balasore Alloys Ltd. and M/s. Grasim Industries Limited, Shri Bibhu Charan Swain, M/s. Facor Power Limited, M/s. Visa Steel Limited, M/s. Jagannath Alloys (P) Limited, M/s. Swain & Sons Power Tech Private Limited, M/s. Shree Radharaman Alloys Pvt. Limited, M/s. Bajaranga Steel & Alloys (P) Limited, M/s. Adhunik Metalik Limited, M/s. ACC Limited, M/s. Vishal Ferro Alloys Pvt. Limited, M/.s D. D. Iron & Steel Pvt. Limited, M/s. Top Tech Steels Pvt. Limited and M/s. Shree Salasar Castings Pvt. Ltd., M/s. Maa Girija Pvt. Limited, M/s. Visa Steel Limited, Shri P. K. Pradhan, the authorized representative of M/s.

Bajarangabali Re-rollers Pvt. Limited and M/s. Indian Energy Exchange have filed their objections/ views on the applications filed by the Distribution Utilities of their area of operation. The said filings are also taken on record and duly considered by the Commission.

14. The Commission clubbed Case Nos. 70, 71, 72 & 73 /2016 together for analogues hearing as the matter is similar in nature and posted the matter for hearing on 18.02.2017 in the Hearing Hall of its premises at Bhubaneswar with due notice to the applicants and the objectors.

15. During hearing on Open Access Charges the following persons were present on behalf of applicants and the objectors:

Shri Chittaranjan Swain, DGM (Elec.), CESU, Shri T. K. Mohanty, GM (Elect.), CESU, Shri. K. C. Nanda, DGM (Fin.), WESCO Utility, Shri Radha Raman Panda, SOUTHCO Utility, Shri Subrat Kumar Routray, Manager (Fin.), SOUTHCO Utility, Shri Bijay Kumar Sahoo, A.O, NESCO Utility, Ms. Malancha Ghose, Manager (RA), NESCO Utility, Shri. P. K. Mohanty, Sr. GM (Fin.), NESCO Utility, Shri Dwijaraj Dash , DGM (Elect.), Shri S. K. Puri, GM (RT&C), OPTCL, Shri R. P. Mahapatra, the authorized representative of M/s. Balasore Alloys Ltd. and M/s. Grasim Industries Limited, Shri Bibhu Charan Swain, M/s. Facor Power Limited, M/s. Visa Steel Limited, M/s. Jagannath Alloys (P) Limited, M/s. Swain & Sons Power Tech Private Limited, M/s. Shree Radharaman Alloys Pvt. Limited, M/s. Bajaranga Steel & Alloys (P) Limited, M/s. Adhunik Metalik Limited, M/s. ACC Limited, M/s. Vishal Ferro Alloys Pvt. Limited, M/.s D. D. Iron & Steel Pvt. Limited, M/s. Top Tech Steels Pvt. Limited and M/s. Shree Salasar Castings Pvt. Ltd., M/s. Maa Girija Pvt. Limited, M/s. Visa Steel Limited, Shri P. K. Pradhan, the authorized representative of M/s. Bajarangabali Re-rollers Pvt. Limited and Ms. Niharika Pattanaik, ALO, DoE, GoO were present. Nobody was present on behalf of M/s. Indian Energy Exchange. The filings made by the parties were taken on record and also considered by the Commission.

16. The Commission heard the applicants, objectors and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.

17. The Commission convened the State Advisory Committee (SAC) meeting on 20.02.2017 at 3.30 PM at its premises to discuss about the Aggregate Revenue

Requirement, Wheeling Tariff and Retail Supply Tariff application proposals of the Distribution Utilities. 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 2017-18 (PARA 18 TO 52)

Energy Sales and Purchase

18. A statement of Energy Purchase and Sales by the DISCOM utilities from FY 2015-16 to 2017-18 as submitted by the DISCOMs of Odisha namely Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Ltd.(NESCO), Western Electricity Supply Company of Odisha Ltd.(WESCO) and Southern Electricity Supply Company of Odisha Ltd.(SOUTHCO) are given below:

Table - 3
Energy Sales and Purchase

		EHT	HT	LT	TOTAL
CESU	Actual Sales during 2015-16	1,229.82	1,171.35	3,169.60	5570.77
	Approved Sales for FY 2016-17	966.54	1,234.14	4,398.22	6598.9
	Estimated Sales for FY 2016-17	857.28	1,254.90	3,640.27	5752.45
	Proposed Sales for FY 2017-18	872.63	1354.24	4062.59	6289.46
	Proposed rise over FY 2016-17	1.79%	7.92%	11.60%	9.34%
NESCO Utility	Actual Sales during 2015-16	1733.76	397.88	1675.05	3806.69
	Approved Sales for FY 2016-17	1638.19	421.04	2390.7	4449.93
	Estimated Sales for FY 2016-17	1935.34	398.43	1956.28	4290.05
	Proposed Sales for FY 2017-18	1827.45	382.6	2382.95	4592.99
	Proposed rise over FY 2016-17	-5.58%	-3.97%	21.81%	7.06%
WESCO Utility	Actual Sales during 2015-16	1362.66	1254.14	1981.16	4597.95
	Approved Sales for FY 2016-17	1300	1200	3168.2	5668.2
	Estimated Sales for FY 2016-17	1200	1400	2194	4794
	Proposed Sales for FY 2017-18	1235	1450	2355	5040
	Proposed rise over FY 2016-17	2.92%	3.57%	7.34%	5.13%
SOUTHCO Utility	Actual Sales during 2015-16	349.49	208.84	1519.54	2077.87
	Approved Sales for FY 2016-17	356.1	211.99	2017.06	2585.15
	Estimated Sales for FY 2016-17	321.92	213.4	1631.85	2167.17
	Proposed Sales for FY 2017-18	323.06	235.14	1836.52	2394.72
	Proposed rise over FY 2016-17	0.36%	10.19%	12.54%	10.50%
TOTAL	Actual Sales during 2015-16	4675.73	3032.21	8345.34	16053.28
	Approved Sales for FY 2016-17	4260.83	3067.17	11974.18	19302.18
	Estimated Sales for FY 2016-17	4314.54	3266.74	9422.4	17003.68
	Proposed Sales for FY 2017-18	4258.13	3421.98	10637.05	18317.17
	Proposed rise over FY 2016-17	-1.31%	4.75%	12.89%	7.72%
PURCHASE	Actual Purchase 2015-16	23787.57			
	Estimated purchase 2016-17	24589.50			
	Proposed Purchase 2017-18	25877.46			

Sales analysis for FY 2017-18

19. For projecting the energy sale to different consumer categories, the Licensee had analysed the past trends of consumption pattern for last sixteen years i.e. FY 2001-2002 to FY 2015-16.In addition, the Licensee has relied on the audited accounts for FY 2015-16 and actual sales data for the first six months of FY 2016-17. With this, the four distribution utilities have forecasted their sales figures for the year 2017-18 as detailed below with reasons for sales growth.

Table - 4
Sales Forecast

Licensee/ Utility	LT Sales for 2017-18 (Est.)		HT Sales for 2017-18 (Est.)		EHT Sales for 2017-18 (Est.)		Total Sales 2017-18 (Est.) MU
	(MU)	% Rise over FY 16-17	(MU)	% Rise over FY 16-17	(MU)	% Rise over FY 16-17	
CESU	4062.59	11.60%	1354.24	7.92%	872.62	1.79%	6289.45
Remarks	There is substantial increase in Irrigation and Allied Agriculture consumption		There is substantial increase in Irrigation and Allied Agriculture and agri-industrial activity. However, the consumption by mini steel plants is projected to be reducing may be due to industrial slowdown.		Reduction in power consumption by power intensive industries and CPPs.		
NESCO	2382.94	21.81	382.59	-3.97%	1827.44	-5.57%	4592.98
Remarks	Increase in demand is due to electrification under RGGVY, BSVY & BGJY and growth in domestic category consumers		Due to recession in steel and mining sector there is no increase in load further one of the HT consumer is shifting to EHT category		Most of the industries are shifting to their own CGPs and some have started drawing power from Open Access. This has resulted in reduction in EHT sales forecasts.		
WESCO	2355	7.33%	1450	3.57%	1235	2.92%	5040
Remarks	Impact of electrification of new villages under RGGVY, BSVY & BGJY, growth in domestic category and irrigation consumption		Marginal increase /lower growth because of slowdown and temporary closure in steel & mining industries, shifting of consumers to open access		Marginal increase in EHT sales because industries are depending on their own CPP		
SOUTHCO	1836.518	12.54%	235.14	10.19%	323.06	0.35%	2394.72

Licensee/ Utility	**LT Sales for 2017-18 (Est.)**		**HT Sales for 2017-18 (Est.)**		**EHT Sales for 2017-18 (Est.)**		**Total Sales 2017-18 (Est.) MU**
	(MU)	**% Rise over FY 16-17**	**(MU)**	**% Rise over FY 16-17**	**(MU)**	**% Rise over FY 16-17**	
Remarks	Impact of BPL & APL consumers from RGGVY, BGJ program, Increase in agriculture and Irrigation consumption from Mega Lift Irrigation project of GoO and energisation of community LIP/bore well projects of GoO		Nominal addition in consumption considered based on earlier trend and with addition of one HT consumer of for load 15MVA for a period of 6 months		EHT sales remains same because of a major consumer setting its own CGP and other opting for open access		

Rise of BPL Consumers in the State

20. During the past years Odisha has seen a substantial rise in BPL consumers which in turn is affecting the revenue of DISCOMs as submitted by them while filing their ARR for FY 2017-18. The trend observed during last year is as given bellow:

Table - 5
Trend of BPL Consumer and their consumption pattern

Year	**CESU**			**NESCO**			**WESCO**			**SOUTHCO**		
	No of Consumers as on 1st April	**Consumption MU**	**Consumption per consumer per Month (in Unit)**	**No of Consumers as on 1st April**	**Consumption MU**	**Consumption per consumer per Month (in Unit)**	**No of Consumers as on 1st April**	**Consumption MU**	**Consumption per consumer per Month (in Unit)**	**No of Consumers as on 1st April**	**Consumption MU**	**Consumption per consumer per Month (in Unit)**
2011-12 (Actual)	42,483	18.58	36.45	1,07,593	18.05	13.98	68,418	37.86	46.12	65,104	40.38	51.69
2012-13 (Actual)	1,01,041	45.88	37.84	1,69,264	38.94	19.17	1,43,740	53.78	31.18	1,50,767	99.34	54.91
2013-14 (Actual)	1,64,864	53.19	26.89	1,69,264	124.31	61.2	2,10,608	62.3	24.65	2,63,345	136.65	43.24
2014-15 (Actual)	1,52,862	62.14	33.88	2,15,528	106.91	41.34	3,18,026	128.45	33.66	3,07,803	186	50.32
2015-16 (Actual)	175671	60.81	28.85	2,09,651	85.07	33.81	2,87,211	143.21	41.55	3,69,028	228	51.46
2016-17 (Estimated)	1,80,309	124.61	57.59	1,79,336	77.68	36.1	2,23,316	114	42.54	4,04,454	216	45
2017-18 (Projected)	2,57,821	131.84	42.61	2,93,422	145.75	41.39	3,50,000	126	30	4,77,804	249	43

Losses

21. The Distribution Loss, Collection Efficiency and AT&C Loss as fixed by OERC and actual attained by the licensees by the four DISCOM Utilities since FY 2014-15 onwards along with their proposal for the ensuing year are given hereunder

Table - 6
Loss Statement of the DISCOMs (in %)

	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Approved)	2016-17 (Estimated by the Licensees)	2017-18 (Proposed by the Licensees)
DISTRIBUTION LOSS (%)						
CESU	34.63%	33.90%	33.42%	23.00%	32.16%	30.84%
NESCO	33.84%	31.10%	26.73%	18.35%	25.00%	24.00%
WESCO	36.68%	35.46%	33.76%	19.60%	32.00%	30.00%
SOUTHCO	40.99%	39.00%	36.70%	25.50%	35.11%	32.35%
ALL ODISHA	**35.88%**	**34.46%**	**32.51%**	**21.38%**	**30.85%**	**29.22%**
COLLECTION EFFICIENCY (%)						
CESU	92.56%	94.30%	94.26%	99.00%	94.50%	97.00%
NESCO	96.85%	96.96%	95.72%	99.00%	96.00%	97.00%
WESCO	93.75%	95.37%	93.45%	99.00%	95.00%	96.00%
SOUTHCO	90.85%	90.75%	88.60%	99.00%	94.00%	96.00%
ALL ODISHA	**94.02%**	**94.02%**	**93.80%**	**99.00%**	**95.80%**	**97.26%**
AT & C LOSS (%)						
CESU	39.50%	37.67%	37.25%	23.77%	35.89%	32.91%
NESCO	35.93%	33.19%	29.87%	19.17%	28.00%	26.28%
WESCO	40.64%	38.45%	38.10%	20.40%	35.40%	32.80%
SOUTHCO	46.39%	44.64%	43.92%	26.25%	39.01%	35.06%
ALL ODISHA	**36.52%**	**38.38%**	**36.70%**	**22.17%**	**33.75%**	**31.16%**

Revenue Gap Proposed by the DISCOMs

22. The Revenue requirement trend in Odisha DISCOMs as observed since FY2015-16 is as given bellow:

Table - 7
Possible Revenue Requirement

		EHT	HT	LT	TOTAL
CESU	Actual revenue during FY 2015-16	746.27	720.87	1454.51	2921.65
	Approved Revenue for FY 2016-17	561.96	712.71	1829.38	3104.05
	Estimated Revenue for FY 2016-17	532.46	736.24	1545.51	2814.21
	Proposed Revenue for FY 2017-18	541.10	785.40	1701.08	3027.58
	Proposed ARR for FY 2017-18				3886.91
	Proposed gap during FY 2017-18				-859.33
NESCO	Actual revenue during FY 2015-16	1017.27	240.35	681.27	1938.89
	Approved Revenue for FY 2016-17	938.39	239.50	927.93	2105.82
	Estimated Revenue for FY 2016-17	1136.32	231.94	775.20	2143.46
	Proposed Revenue for FY 2017-18	1067.55	223.53	917.59	2208.67
	Proposed ARR for FY 2017-18				2702.09
	Proposed gap during FY 2017-18				-493.42
WESCO	Actual revenue during FY 2015-16	879.91	742.82	809.20	2431.93
	Approved Revenue for FY 2016-17	734.54	692.12	1216.57	2643.23
	Estimated Revenue for FY 2016-17	763.60	804.33	940.83	2508.76
	Proposed Revenue for FY 2017-18	815.38	831.75	1005.63	2652.76
	Proposed ARR for FY 2017-18				3052.15
	Proposed gap during FY 2017-18				-399.39
SOUTHCO	Actual revenue during FY 2015-16	208.07	124.28	634.95	967.30

		EHT	HT	LT	TOTAL
	Approved Revenue for FY 2016-17	203.82	121.91	736.31	1062.04
	Estimated Revenue for FY 2016-17	187.53	139.80	653.07	980.40
	Proposed Revenue for FY 2017-18	188.46	151.28	721.96	1061.70
	Proposed ARR for FY 2017-18				1606.24
	Proposed gap during FY 2017-18				-544.54
TOTAL	Actual revenue during FY 2015-16	2851.52	1828.32	3579.93	8259.77
	Approved Revenue for FY 2016-17	2438.71	1766.24	4710.19	8915.14
	Estimated Revenue for FY 2016-17	2619.91	1912.31	3914.61	8446.83
	Proposed Revenue for FY 2017-18	2612.49	1991.96	4346.26	8950.71
	Proposed ARR for FY 2017-18				11247.38
	Proposed gap during FY 2017-18				-2296.67

23. **Inputs in Revenue Requirement for FY 2017-18**

i) Power Purchase Expenses

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 2015-16 and additional coming in the FY 2016-17 which is as shown in table given below.

Table - 8
Proposed SMD and Power Purchase Cost

DISCOMs	Est. Power Purchase in (MU)	Estimated Sales (MU)	Distribution Loss (%)	Current BSP (Paise/Unit)	Estimated Power Purchase Cost (Rs in Cr.) (Including Transmission and SLDC Charges)	SMD proposed MVA
CESU	9094.05	6289.45	30.84	270	2682.69	1752
NESCO Utility	6043.408	**4592.98**	24.00	297	1946.82	1000
WESCO Utility	7200.00	**5040.00**	30.00	296	2312.00	1350
SOUTHCO Utility	3540.00	**2394.72**	32.35	197	786.44	650

ii) Employees Expenses

CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have projected the employee expenses of Rs.593.57 Cr., Rs 392.25 Cr., Rs 399.73 Cr. and Rs 384.17 Cr respectively for FY 2017−18. Out of these proposed employee expenses, Rs 196.29 Cr, Rs.107.87 Cr, Rs 106.63 Cr and Rs 122.75 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2016−17. All the licensees have included the impact of 7th pay commission by multiplying 2.57 factor to (basic pay + Grade Pay) of 2015-16 and considered the arrears from 1.1.2016 to 21.03.2017 and included those arrears in the ensuing years salary cost.

iii) Administrative and General Expenses

CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have estimated the A&G expenses of Rs 99.73 Cr, Rs 75.37 Cr, Rs 84.66 Cr and Rs 59.06 Cr respectively based on expenses till September 2016. The 7% increase is taken on account of inflation on the normal A&G expenses. Apart from this all the licensees have proposed additional A&G expenses for some of the activities.

iv) Repair and Maintenance (R&M) expenses

All the DISCOMs have calculated R&M expenses as 5.4% of GFA including the RGGVY and BGJY assets at the beginning of the year. With regard to the R&M of the assets created through funding of the RGGVY and BGJY schemes, Commission in Para 331 the RST order for FY 2016−17 had allowed an additional sum of Rs. 5.00 Cr to each of the DISCOMs on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. They have prayed to allow the R&M on the RGGVY & BGJY assets so that they can maintain the assets. The details of proposal under R&M expenses for ensuing financial year FY 2016−17 are given below:

Table - 9
R&M Costs (Rs in Cr)

DISCOMs	GFA as at 31st March of current FY 2016-17	R&M (5.4% of GFA)	Additional R&M Requested for RGGVY and BGJY assets	Total R&M Requested
CESU	2232.67	120.56	--*	128.55
NESCO Utility	1639.44	71.85		88.53
WESCO Utility	1264.63	68.29	--*	68.29
SOUTHCO Utility	2014.51	47.14	62.64	109.78

(R&M for RGGVY and BGJY assets is included in R&M (5.4% of GFA))

v) Provision for Bad and Doubtful Debts

CESU has made provision towards bad and doubtful debts as 1% of the revenue (from LT and HT) which is to the tune of Rs.49.3 Cr for FY 2017−18. While NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection inefficiency, therefore they have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2016−17. NESCO UTILITY, WESCO UTILITY and SOUTHCO Utility has requested the Commission to consider the mentioned amounts to enable the petitioner to recover its entire costs after duly considering the performance levels.

Table - 10
Provision for Bad and Doubtful Debt

DISCOMS	Collection Efficiency (%)	Proposed Bad Debts (Rs in Cr.)
CESU	**99%**	**25.34**
NESCO Utility	**97%**	**66.26**
WESCO Utility	**96%**	**52.76**
SOUTHCO Utility	**96%**	**42.47**

vi) Depreciation

All the four DISCOMs have adopted straight- line method for computation of depreciation at pre- 92 rate. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2017−18 is projected at Rs.117.95 Cr for CESU, Rs 59.16 Cr for NESCO UTILITY, Rs 45.37 Cr for WESCO UTILITY and Rs 73.08 Cr for SOUTHCO UTILITY.

vii) Interest Expenses including Interest on Security Deposit

CESU, NESCO UTILITY, WESCO UTILITY & SOUTHCO UTILITY have submitted the interest expenses and the interest income for the FY 2017−18. The net interest expenses proposed by these licensees are Rs.266.80 Cr, Rs.82.94 Cr, Rs.104.69 Cr and Rs.47.68 Cr respectively. The major components of the interest expenses of these licensees are as follows:

viii) GRIDCO Loan

Commission in its Order dated 29.03.2012 and 30.03.2012 resolved the dispute on the Power Bond and the amount arrived after the settlement adjustments issued as New Loan to three DISCOMs. NESCO UTILITY and WESCO UTILITY don't have any outstanding payable to GRIDCO towards New Loan while SOUTHCO UTILITY has liability of Rs 5.37 Cr which is included in total interest cost. For CESU, no interest has been calculated on Rs. 174 Cr cash support provided by GRIDCO.

ix) World Bank Loan Liabilities

The Distribution licensees NESCO UTILITY, WESCO UTILITY & SOUTHCO UTILITY have calculated the interest liability of Rs 11.87 Cr, Rs 11.82 Cr and Rs 9.44 Cr respectively against the loan amount at an interest rate of 13% and repayment liability of Rs 9.10 Cr and Rs 7.26 Cr respectively for WESCO UTILITY & SOUTHCO UTILITY.

x) World Bank (IBRD) Loan

CESU has submitted that the interest on World Bank Loan has been calculated as Rs 154.65 Cr @ 13% as per the subsidiary loan & project implementation agreement with Government of Orissa.

xi) Interest on CAPEX Loan from Govt. of Odisha

WESCO UTILITY & SOUTHCO UTILITY have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 7.50 Cr and Rs 1.92 Cr respectively for the ensuring year.

xii) Interest on APDRP Loan Assistance

About loan from Govt, CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt of Orissa whose interest cost works out to be Rs 21.74 Cr; and borrowed counter funding from PFC amounting Rs 35.52 Cr whose interest cost works out to be Rs 0.18 Cr.

In the ensuing year, NESCO UTILITY, WESCO UTILITY & SOUTHCO UTILITY have estimated nothing to be expended under APDRP scheme. For the assistance already availed by the licensees previously interest @ 12% per annum has been considered for the ensuing year on the existing loan. NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have estimated an interest of Rs 0.76 Cr, Rs 0.66 Cr and Rs 0.76 Cr, respectively on this account.

xiii) Interest on SI scheme Counterpart funding from REC for GoO CAPEX

SOUTHCO UTILITY has existing balance of loan of Rs 1.56 Cr taken from REC and the interest on such loan for FY 2017−18 is estimated as Rs 0.22 Cr.

xiv) Interest on Security Deposit

CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have submitted that the interest on security deposits for FY 2017−18 have been worked out at 7.75% on the closing balance for 2016-17 based on the bank rate of RBI. This interest on security deposit proposed as Rs 57.65 Cr, Rs.40.98 Cr, Rs.47.18 Cr and Rs.14.23 Cr respectively. However, due to fall in Bank Rate SOUTHCO UTILITY has proposed to reduce the rate of interest of security deposit as per prevailing Bank rate declared by RBI for FY 2017-18.

24. **Revenue and Truing up ARR**

i) Non Tariff Income

NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have proposed non- tariff income for FY 2017−18 to the tune of Rs 86.50 Cr, Rs.125.14 Cr and Rs 17.01 Cr respectively. However, NESCO UTILITY and WESCO UTILITY have proposed to exclude the income from meter rent as the same is intended to be used towards replacement of the meters. CESU has proposed non tariff income of Rs.93.17 crore.

ii) Provision for contingency Reserve

NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2017−18. The exposure towards contingency provisions is to the tune of Rs 1.60 Cr, Rs 4.74 Cr and Rs 3.21 Cr respectively.

iii) Return on Equity/Reasonable Return

CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three Licensees submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the Company for improvement of the infrastructure. As it is followed by various Commissions, the Licensees submit that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services. Therefore, NESCO UTILITY, WESCO UTILITY, SOUTHCO UTILITY have assumed reasonable return amounting to Rs10.55 Cr, Rs 7.78

Cr and Rs 6.03 Cr as calculated @ 16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

iv) Truing Up for FY 2016−17

Based on the actual sales, revenue and expenses for the first half of the current year 2016−17 and based on estimates for next half of current year, the uncovered gap for NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY are Rs 195.31 Cr, Rs 291.71 Cr and Rs 334.00 Cr as against the surplus of Rs 2.49 Cr, Rs 6.43 Cr and Rs 7.01 Cr respectively. To avoid tariff shock NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have submitted 1/3rd of uncovered gap i.e. Rs 65.10 Cr, Rs 97.24 Cr and Rs.111.33 Cr respectively for consideration in the ensuing year ARR.

v) Revenue at Existing Tariff

The Licensees have estimated the revenue from sale of power by considering the sales projected for FY 2017−18 and by applying various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs.3080.97 Cr, Rs 2208.69 Cr, Rs 2638.10 Cr and Rs 1061.70 Cr by CESU, NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY respectively.

Summary of Annual Revenue Requirement and Revenue Gap

25. The proposed revenue requirement of DISCOMs have been summarised below:

Table – 11
Proposed Revenue Requirement of DISCOMs for the FY 2017-18 (Rs in Cr)

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY
Total Power Purchase, Transmission & SLDC	2682.88	1946.82	2312.0247	786.44
Total Operation & Maintenance and Other Cost	1285.56	764.517	755.4968	716.23
Return on Equity	11.63	10.55	7.78	6.03
Total Distribution Cost (A)	3980.07	2721.887	3075.3015	1508.7
Total Special Appropriation (B)	0	66.7038	101.9802	114.45
Total Cost (A+B)	3980.07	2788.5908	3177.2817	1623.15
Less: Miscellaneous Receipt	93.17	86.498	125.1359	17.01
Total Revenue Requirement	3980.07	2,702.09	3,052.15	1,606.14
Expected Revenue(Full year)	3080.97	2208.6858	2638.1018	1061.7
GAP at existing(+/-)	(805.93)	(493.41)	(414.04)	(544.44)

Tariff Proposal

26. CESU has proposed the change in distribution wheeling tariff from 53.18 Paisa/Unit to 103.12 Paisa/Unit to meet the wheeling business revenue gap of Rs 410.53 Cr. Apart from this CESU has made some proposals on retail tariff. NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have proposed to reduce the revenue gap through revision in Retail Tariff and/or Govt. subsidy as the Commission may deem fit or combination of all above as the commission may deem fit to the extent as given below.

Table - 12
Revenue Gap for Ensuing Year 2016−17 (Rs in Cr)

	CESU	NESCO Utility	WESCO Utility	SOUTHCO Utility
Revenue Gap with existing Tariff	805.93	493.41	414.04	544.54
Excess Revenue with Proposed Tariff	410.53	0	0	0
Proposed Revenue Gap	395.40	493.41	414.04	544.54

Allocation of Wheeling and Retail Supply Cost

27. All the licensees have submitted the allocation of wheeling and retail supply cost of their total ARR based on the Hon. Commissions Regulations on Bifurcation of Wheeling and Retail Supply Business.

Tariff Rationalization Measures proposed by Licensees:

(A) Tariff Rationalization Measures Proposed By NESCO,WESCO, SOUTHCO

BPL/ Kutir Jyoti Consumers – Minimum fixed monthly charge of Rs. 100/-

28. Para 8.3.1 of the National Tariff Policy, 2016 also states that consumers below poverty line who consumes below a specified level will pay atleast 50% of the average cost of supply. Accordingly, to bridge the revenue gap, Hon'ble Commission may kindly consider fixed monthly charge of Rs. 100/-per month. It is also proposed that the Utility may be allowed to bill bimonthly to such category of consumers while allowing those consumers to pay on monthly basis @ Rs 100/- per month if they desire so. In case these consumers consume in excess of 30units per month, they should be billed like any other domestic consumers depending on their consumption and will lose their BPL status.

Domestic Consumers

29. The three licensees also proposes that the domestic consumers shall be billed for minimum of Rs 130/- p.m. towards energy charges when their monthly consumption is less than 50 Kwh irrespective of actual consumption to recover the fixed expenses made by the licensee for metering, billing, collection activities alongwith the fixed charge. The above proposal is made to avoid disparity among Kutirjyoti consumer's vis-à-vis consumers under Domestic category who are consuming less than 50 KWH p.m. & also paying less than Rs 80/- per month. The licensee has also proposed to increase tariff of Domestic category of consumers in the following manner.

Table - 13

Tariff	Existing (paise/ kwh)	Proposed (paise/ kwh)
0-50 KWH	250	260
51 to 200 KWH	420	450
201 to 400 KWH	520	550
>401 KWH	560	575

Levy of Minimum Demand Charges

30. 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. In case of zero meter reading they are not able to collect any demand Charge. However utility has 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.

Increase in Contract Demand ratio for calculation of Demand Charges

31. The existing method of billing to the consumer with the Demand Charge with Contract Demand of < 110 KVA is on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. In view of the same it is proposed that for adequate recovery of such fixed cost incurred by the Utility, the monthly demand charges may be permitted to recovered on the basis of 85% of the CD or MD whichever is higher.

MMFC or Demand Charges for Consumers with Contract Demand <110 KVA

32. As per the current tariff structure, the Monthly Minimum Fixed Charges are to be levied to consumers with contract demand less than 110 KVA on the recorded demand rounded to nearest 0.5 kw requiring no verification irrespective of the agreement. For billing purposes this adversely affects the Licensee in case of the recorded demand is lower than the contract demand/connected load. As the licensee is 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 or MD whichever is higher as like of consumers with CD of >110 Kva. The Licensee proposes that the Monthly Minimum Fixed Charges or Demand Charges for such consumers shall be levied at Contract Demand or Maximum Demand whichever is higher.

Increase in MMFC and Demand charges.

33. The distribution cost of the License which is a fixed cost has increased many folds during the recent years, which is required to be recovered from the Demand Charges. The revenue recovery on account of the demand charges and monthly minimum fixed charges is approximately ½ half of the amount spends on account of fixed cost of the utilities.

In view of the above, the Utilities propose to recover the full fixed distribution costs by suitably revising the Demand charges and monthly minimum fixed charges as proposed, as applicable to the respectively category during the ensuing year.

Additional Rebate of 1% to LT category of Consumers

34. Presently the country is experiencing shortage of currency notes due to demonetization effect. Government has also permitted to collect the old currency of Rs 500 denomination till 15th of December 2016 from individuals for payment of current & arrear electricity dues.

In view of the above to supplement and reduce the pressure on currency notes and to move towards cash less economy the utilities have also own responsibility to promote collection of revenue through plastic money. Hence, it is proposed to extend additional rebate of 1% over and above normal rebate to LT category of consumers who shall be paying their current energy charges in full.

Levy of Meter Rent on Smart, Prepaid Meters

35. NESCO, WESCO and SOUTHCO prayed that in view of the revenue deficit in the Utilities & for smooth operation of Prepaid metering system following suggestions may be considered by the Hon'ble Commission.

- The Meter Rent fixed for the LT Single Phase and Three Phase AMR / AMI Compliant meters need to be reviewed by Hon'ble Commission and the Meter rent for the AMR / AMI Based Meters and Pre-paid type single Phase Meters should be Rs 300/- Per Month and three Phase Meters Rs 500/- Month. Or
- Since the existing meter rent recovered by the Utility from the consumers are negligible Hon'ble Commission may kindly allow difference in such recoveries and recurring costs
- The additional rebate of Rs 0.25 per unit allowed in smart metering scheme may be withdrawn
- Adjustment of outstanding arrears along with its part payment may be allowed by the Commission before implementation of Prepaid metering system.

Introduction of KVAH Billing in place of Power factor Penalty

36. Hon'ble Commission in its RST order for FY 2016-17 orders for continuance of the power factor penalty as a percentage (%) of Monthly demand Charge and Energy Charges on the following HT & EHT consumers:

- Large Industries
- Public Water Works (110 KVA and Above)
- Railway Traction
- Power Intensive Industries
- Heavy Industries
- General Purpose Supply
- Specific Public Purpose (110 KVA and above)
- Mini Steel Plant.
- Emergency Power Supply to CGP.

It is worthy to mention that incompliance to the above direction of Hon'ble commission vide Para-246 of RST Order dated 22.03.2014 for FY-2014-2015, regarding readiness of the utilities in implementation of KVAH billing, the Utilities have submitted the required data for consumers with 20 KW load and above before the Hon'ble Commission During month of Nov'2014.

It has been verified that all the 3-phase meters, especially those installed for consumers having Contract Demand 20KW and above in the DISCOMs are enabled with all the energy parameters and storing dump record of 35 days. All such meters show instantaneous Power Factor and monthly average Power Factor can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOMs are fully equipped to implement KVAH billing in respect of all those consumers in place of existing KWH Billing.

In case the above proposals of DISCOMs are not considered by the Hon'ble Commission for implementation due to any reason, DISCOMs pray for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation till the KVAH billing is made applicable.

HT Category

Specified Public Purpose
General Purpose < 110 KVA
HT Industries (M) Supply

LT Category

LT industries Medium Supply
Public Water Works and Swerage Pumping > 22 KVA

Verification of CGP Status of Power Plants:

37. The Hon'ble Commission under para 334 of Tariff order for the FY 2015-16 has agreed to the suggestion of the DISCOMs that Chief Electrical Inspector (Generation) should be authorized to verify the CGP status of the Captive Generators since that office gets information on generation and self consumption of the industries from their CGPs for calculation of Electricity Duty to be levied by the Government.

However, no information has been notified regarding CGP status, even after almost two financial years are over. Therefore, Hon'ble Commission is requested to kindly consider a time bound mechanism for evaluation and notification of CGP status for a particular financial year

Emergency Power Supply to Captive Power plants

38. DISCOMs submitted that normally the Emergency /Startup power requirement of Captive generators are very less whereas as per OERC Distribution (Condition of Supply) Code regulations-2004 Chapter – VIII ,Para-15 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-2015-16, no demand charges are payable by industrial consumers availing Emergency power supply having contract demand of 100% of the rated capacity of largest Unit.

They further submitted that the quantum of energy to be used for emergency supply for start up loads should be scientifically determined based on the age of the industrial plant, size of the industrial plant, technology of the unit. 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 Hon'ble Commission is requested to frame norms/ guidelines for estimation of such requirement. As observed by them in case of shut down or low generation the CGP's are requested to avail startup power for emergency requirement maximum up to 15% of their lowest rated unit.

In view of the above it is proposed to have demand charges in addition to Energy Charges to such category of consumers. The consumers should keep CD of 15% of lowest unit of CGP with the distribution Licensee.

Continuation of bi-monthly billing

39. Presently monthly billing in rural areas is not cost effective considering the rate being charged by billing agency per bill vis-à-vis the amount billed to such subsidized category of consumers. Sometimes meter readers are trying to generate bills without moving to consumer premises which is also not solving the basic purpose of monthly billing.

Therefore, to avoid such practices, the utility may be allowed to declare Sub-divisions in rural areas as **Rural Sub-divisions** and adopt bi-monthly billing in those sub-divisions to ensure effectiveness of billing and also to save the extra A&G cost.

The utility may also be allowed to adopt bi-monthly billing for BPL consumers as the billing amount for these consumers is low. However, in such cases the consumer may make advance payment of Rs.100/- .

L.F. Billing to Irrigation Category of Consumers

40. The three utilities of Odisha have submitted that presently due to difficulty in putting meters in case of irrigation category of consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same the licensee may be permitted to bill such category of consumers on L.F. basis with L.F. of 30%.

Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer

41. Presently, the NESCO, WESCO, SOUTHCO are having outstanding of more than Rs.5000 crores under LT category as on 30th Sep-2016. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC).

Considering the same, NESCO, WESCO and SOUTHCO submitted before Hon'ble commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly instalments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS. As a result cash flow of the Utility will improve and able to clear its outstanding dues to GRIDCO as well as Employees terminal liabilities.

Rebate on Prompt Payment

42. In the BSP Order for the financial year 2014-15, the Hon`ble Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% if paid within 30 days. Further, the Hon'ble Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

Considering the above, it is prayed before the Hon'ble Commission to approve the rebate of 2% to the Utility 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 30^{th} day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

Overdrawal beyond contract demand and charges thereof

43. The DISCOMs have submitted that during assessment proceeding primarily against industrial and GP consumers, under Section 126, some core issues have immerged which requires detail deliberation urging suitable intervention of Hon'ble Commission. Those issues are as highlighted below:

a. Whether during the pendency of assessment procedure, the Consumer can be allowed for enhancement of Contract Demand without payment of the assessment dues?

b. Whether a Consumer will be entitled for continuous overdrawl of energy thus leading to successive assessment procedure?

c. Whether the method of computation of assessment adopted by the Utility is just and proper?

The views of the Utility to the above enraging issues are placed below.

a. Whether during the pendency of assessment procedure, the Consumer can be allowed for enhancement of Contract Demand without payment of the assessment dues?

Views of Utility: As per Reg.73 of the OERC Distribution (Conditions of Supply) Code, 2004 permission for load enhancement can not be allowed if the consumer is in arrear of electricity dues. The assessment dues of the consumer, if remains un-paid, gets into the account of the consumer, thus showing arrear dues and prohibiting the Utility for permission of load enhancement. Further if the consumer files appeal u/Sec.127 of the Electricity Act, 2003 by paying 50% of the assessment dues, Utility is constraint to allow for load enhancement even with pending litigation.

Therefore in order to ease of the process the Utilities suggest that, if Hon'ble Commission approves, permission for load enhancement shall be given by the Utility on payment of 50% of the assessment dues by a Consumer, without prejudice to the right of the consumer to take appropriate legal recourse against such assessment.

b. **Whether the Consumer can be entitled for continuous over drawl of energy thus leading to successive assessment procedure?**

Views of The Utility: In some cases it is observed that, inspite of issuance of warning letter the Consumer is indulging in continuous over drawal of energy, thus attracting successive assessment proceedings which has eventually led to series of legal disputes pending before different Court(s)/Forum(s). Therefore the Utility suggests that, if after first assessment proceeding, the Consumer indulges into continuous overdrawal of energy, the licensee should be entitled to disconnect the power supply of the consumer u/Sec.56 of the Act, 2003, after giving sufficient notice to the Consumer.

c. **Whether the method of computation of assessment adopted by the Utility is just and proper?**

Views of the Utilities: The utility is of the opinion that when the consumer is drawing power beyond its contract demand the quantum of excess energy drawn over and above the standard energy as calculated with 100% LF may be treated as overdrawal and needs to be paid at double the rate like demand charges.

Presently a consumer is paying ODP for excess drawal of demand, Utilities feels that such consumer has to pay for the excess energy also along with Over Drawl Penalty.

That it is further submitted that, many consumers have applied for enhancement of contract demand which are pending before the Utility. Due to pending assessment dues against such consumers, the Utilities are constrained to permit enhancement of load due to outstanding of assessment amount. Hence the Utility suggests that, if the aforesaid proposal is approved by the Hon’ble Commission, same may be adopted for the existing consumers.

It is pertinent to mention here that Chhatisgarh State Electricity Regulatory Commission in Para 14.1.11 (II) of RST order for the F.Y. 2016-17 provides clear guideline in this regard.

In view of the above it is once again submitted before Hon’ble Commission for suitable direction in the tariff order for levy of additional energy charges for overdrawal beyond permitted CD.

(B) <u>Tariff Rationalization Measures Proposed by CESU</u>

Individual power supply to different categories in Residential-cum -Commercial Complexes

44. CESU submitted that presently, some consumers/ society having residential cum commercial complex avail/intends to avail power supply under Bulk Supply-Domestic category. With present regulation allowing up to 20% of power drawn on commercial basis they are misusing the said provision by availing that 20% power on commercial basis. If such consumers will be allowed to avail power supply on Bulk Supply-Domestic then its 20% connected load will be a significant load and will result a revenue loss for CESU. Hence, it is proposed that 20% non domestic load may be allowed on commercial basis only in case of individual house and not to the apartment having commercial complex. More specifically if there is a commercial load in a composite apartment (Domestic & Commercial) then they should avail two separate power supply connection (Single Point) one for domestic and one for commercial/other purpose load.

Electricity charges according to the consumption in Agro Industrial/ GPS/Industrial Category

45. CESU proposes that the present system of limiting the connected load to 20% of the total processing and feed unit in case of Allied Agricultural Consumers and Allied Agro-industrial Consumers to avail tariff rebate should be modified for benefit of the licences. CESU is facing a lot disputes on segregation and verification of load for which billing dispute is quite common leading to difficulties in collection of revenue. Hence instead of 20% it is proposed that consumer having food processing unit attached with cold storage should pay the energy charge on the basis of consumption at the ratio of the connected load for food processing unit to the total connected load in General Purpose tariff and in Allied Agro Industrial tariff at the ratio of connected load for cold storage unit to total connected load.

Modification of Estimated cost in Make-In-India Programme

46. Govt. of India is making a platform to carry out business simple under "Make-in-India" programme. Accordingly the Principal Secretary, Department of Energy, Govt. Of Odisha vide letter No-4546 dt 19.05.2015 has issued a guideline and approved a fixed cost amounting to Rs 6000/- per KVA on contract demand if the new industry is

coming up within the industrial Estate/ Urban Area where the infrastructure is available and Rs 11,300/- per KVA on contract demand outside the industrial Estate/ Urban Area where the infrastructure has to be created for giving power supply to new industry.

CESU submitted that as per Regulation-12 of the OERC Distribution (Conditions of Supply) Code-2004, the consumer shall pay in full the cost of laying the service line as per estimate prepared by the engineer. Further As per Regulation-13(i) of the OERC Distribution (Conditions of Supply) Code-2004, the supply of power shall be made, if it is available in the system, technically feasible and remunerative as per the norms fixed at Appendix I (OERC condition of supply code 2004) by the Commission and in case the scheme of supply is not remunerative, the applicant shall be required to bear the portion of charges to make the scheme remunerative.

In view of the above CESU prayed for necessary instructions and guidance in the RST order for FY 2017-18 to take care of the concern of the licensee.

Reliability surcharge

47. CESU submitted that the collection from Reliability Charges was Rs 1950. 013 lacks during FY 2014-15, Rs 889.071 Lacks during FY 2015-16 with shared feeder concept @ 10 paise per unit and Rs 478.64 lacks during FY 2016-17 so far. Hence, it is proposed to levy reliability surcharge @ 20 paise per unit (which was prevailing in the FY 2014-15) along with shared feeder concept applicable for EHT or HT consumer so as collect sizeable amount for maintenance and infrastructure for reliable power.

Termination of Agreement for Supply of Power

48. As per Regulation 16(1) of OERC (Condition of supply code) 2004 "If power supply to any consumer remains disconnected for a period of two months for non payment of charges or dues or non-compliance of any direction issued under this Code, and no effective steps are being taken by the consumer for removing the cause of disconnection and for restoration of power supply, the agreement of the licensee with the consumer for power supply shall be deemed to have been terminated on expiry of the said period of two months, without notice, provided the initial period of agreement is over." Accordingly the licensee is unable to terminate the agreement, if the power supply of a consumer has been disconnected for non-payment of charges during the regime of initial period of agreement. In such eventuality the licensee claims the

demand charge/MMFC till initial agreement period without terminating the agreement in the intervening period. CESU submitted before the Commission to bring in necessary amendment so as to empower the licensee to act even in case of initial period of Agreement.

Submission of Generation Data In case of CGPs

49. CESU submitted that the CGPs under its territory are not submitting the generation data for identification of their CGP status. Hence CESU proposed to the Hon'ble commission to direct the CGPs to submit both the captive consumption data and generation data to the DISCOMs particularly by the CGPs under the Licensee area and the captive consumption share availing by the consumptions through open access power from CGPs. (CGP are situated in two different DISCOM's licenses area).

Demand Side Management (Time of Day)

50. CESU proposes to undertake Demand Side management with incentives instead of any type of penalty. Accordingly CESU proposes further incentive in the form of additional rebate of 10 paisa per unit to all the HT consumers for the consumption of power during off-peak hour, instead of relaxing overdrawal penalty.

Guideline for Collection of Revenue from Rooftop Solar

51. Commission has allowed third party owned Rooftop PV Net metering /bidirectional arrangement in its order dated 26/11/2014 and 10.8.2016 on net metering / Bi-directional Metering and their Connectivity with respect to the Solar PV Projects. Accordingly, Project Implementation Agreement (PIA) for installation of 4 MW Roof Top Solar in Govt Buildings around Bhubaneswar and Cuttack has been signed between GEDCOL (providing leased premises to private operator to set up roof top project), CESU and Project Developer, M/s Azure Power India Pvt Ltd.

As per this Agreement, the meter reading, both net meter and solar generation meter shall be taken by the Distribution licensee and shall form the basis for commercial settlement. CESU shall continue to bill the consumer against its total consumption i.e. summation of energy from solar generation (i.e. Solar Consumption) and from grid energy from CESU (i.e. Grid Consumption) as per the applicable OERC Regulations and tariff order and also collect the dues from consumers against its total consumption. After the collection of revenue, CESU will reimburse the Energy Charges collected against the solar generation from the consumers to GEDCOL for payment to Private Operators and retain the remaining amount of energy charges, fixed charges and misc. charges.

CESU prays Hon'ble Commission to approve the aforesaid mechanism of commercial settlement between CESU, GEDCOL and M/s Azure Power for installation of Roof Top Solar in Government Buildings.

Revenue Impact of Renewable Power Generation

52. With installation of Solar Plants the CESU will lose the Tariff for higher slabs interns of Cross Subsidy from those levels of consumption. Hence CESU prays Hon'ble Commission to consider the revenue impact of renewable power generation where solar installation capacity may go up from 3.8 MWp to 30 MWp or more in FY 2017-18 in CESU area while finalizing the RST order for FY 2017-18.

OBJECTIONS & QUERIES RAISED DURING THE HEARING (PARA 53 TO 157)

53. Public hearing on ARR and Tariff application of all the DISCOMs for the FY 2017-18 was initiated with a Power Point Presentation followed by presentation by World Institute of Sustainable Energy, Pune who was the consumer counsel appointed by the Commission. The consumer counsel presented the summary of the submissions made by the licensee, analysis of the ARR with observations.

54. Consumer associations, individuals in their written submission had raised issues contesting the proposal of the DISCOMs. The Commission has considered all the issues raised by the participants in their written as well as oral submissions made in the public hearing. Many objections were found common in nature. These are summarized and addressed as follows:

<u>Performance Related Issues</u>

AT&C Loss and Collection Efficiency

55. Some of the objectors submitted that, in spite of AT&C loss targets fixed by the OERC, DISCOMs have not reduced the same and projecting fictitious loss figures at the beginning of a financial year and ending up with increased losses year after year. Further, some of the objectors submitted that the figures related to AT&C losses are fabricated and not realistic as all the feeders and substations are not metered. DISCOMs are not taking action for AT&C loss reduction and its prayer for bridging the revenue gap through increase in RST, decrease in BST, and by truing up exercise

may be rejected.

56. One of the objector submitted that Hon. The Commission in Para 82 of RST Order 2014-15 has issued direction to the licensee to indicate the arrear collected from the consumers out of the past arrears. But DISCOMS has not followed these directions

57. Some of the objectors submitted that to show the collection efficiency, the DISCOMs are forcing the consumers to make payments on faulty bills and in some cases the licensee is disconnecting the power supply without giving any notice to the consumers for such faulty bills which is not in line with the provision of law.

58. Some of the objectors submitted that in the absence of actual energy audit, technical and commercial losses cannot be segregated and DSICOMs have failed to achieve the targets set by Hon. Commission and it is the deliberate action of DISCOMs to overstate distribution loss to obtain higher tariff.

59. Some of the objectors submitted that the collection efficiency includes the collection of past arrears. However, the licensee should submit the data related to the collection of past arrears.

60. Some of the objectors submitted that the AT&C loss trajectory set by Hon. Commission is constant since past few years and the same needs to be reduced progressively.

Energy Audit

61. Several objectors submitted that none of the licensees have been able to conduct proper Energy Audit. The DISCOMs have claimed that they have taken serious effort for metering of HT and LT feeders as per direction of the Commission in 2003. However, the data submitted by the DISCOMs suggests that there is substantial absence of metering to carry out "Energy Audit". The Energy Audit data has not been submitted by DISCOMS along with the application for approval of ARR. They further submitted that the DISCOMs should carry out third party verification of energy audits through the accredited energy auditors.

62. Some of the objectors submitted that all the DTCs are not having energy meters and in such case the energy audit activity will not yield desired results. The Energy audit activity should be carried out only after the implementation of 100% DTC metering.

63. One of the objector submitted that as per BEE guidelines, if the DISCOMs fail to

implement the energy efficiency measures so as to bring down the distribution loss below the base line determined for them, then they will be required to purchase energy saving certificates under the PAT scheme. Hence, the licensees need to execute third party energy audits from the accredited energy auditors and improve the energy efficiency.

Employees' expenses

64. Most objectors have requested for prudent check of employee costs for all DISCOMs. They pointed that, major activities like billing and collection are being outsourced and hence the employee cost should come down. The licensees may be directed to submit the audited statement for O&M expenses including the employee cost.

65. Some of the objectors have objected on the proposed manpower recruitment plan of the DISCOMs. As many activities of DSCOM are outsourced or executed through franchisees hence the proposed increased manpower is not justified.

66. Some of the objectors have objected on the incremental employee costs due to implementation of the 7th pay commissions and arrears thereof. They proposed not to allow such costs till the implementation of 7th pay commission salary.

67. One of the objectors submitted that the licensees may be directed to submit the incentive and disincentive scheme to improve the productivity of the employees.

Administrative &General expenses

68. Some of the objectors submitted that prudent check of A&G cost is required and submitted that the additional A&G expenses may not be approved as the Licensees have failed to reduce losses and improve the collection efficiency.

69. Some of the objectors submitted that Intra State ABT and Energy Audit activities are carried out with existing employees and no third party has been engaged by licensees, hence these costs are included in employee costs and should not be allowed under A&G expenses.

Depreciation cost

70. Objectors submitted that depreciation should not be allowed on assets funded by consumer contribution and capital subsidy/grants.

Repair and Maintenance expenses

71. Objectors submitted that DISCOMs should furnish details of plan and budget for periodic maintenance of distribution network including emergency repairs and restoration work under each division. Further, DISCOMs should furnish the details of work and expenditure incurred for undertaking critical activities towards loss reduction, energy audit. Also furnish the detailed breakup of gross fixed assets and detailed lists of RGGVY, BGGY assets taken over by the DISCOM.

72. Some of the objectors submitted that since details of RGGVY, BGJY assets taken over by DISCOMs are not furnished, no additional R&M expenses on these assets may be allowed.

73. Objector has submitted that the percentage claimed under R&M head should not be allowed as these lines and sub stations are new and having guaranteed period. If any incidental expenditure comes on it, it should be passed on the executing agency within the guarantee period. Beyond the guarantee period.

74. Some of the objectors submitted that the licensee has failed to execute the proper R&M of distribution infrastructure. Despite of approval of R&M expenses the licensees are not able to spend the budget under the R&M and most of the R&M expenses are incurred in the last six months of the financial year. In such scenario the additional R&M requirement by DISCOMs is unjustified.

Provision for Bad and Doubtful Debts

75. Some of the objectors objected on the higher provision for bad and doubtful debts and submitted that it should not be allowed more than 1% of the LT and HT revenue realisation. They further submitted that Hon. Commission may direct the license to meet its working capital requirement by recovering the outstanding receivables.

<u>Issues Related to HT / EHT Consumers</u>

Demand Charges for GP > 70 KVA < 110 KVA and HT Industrial (M) Supply

76. Objectors submitted that proposal of DISCOMs for consumers having contract demand more than 70KVA but less than 110KVA to bill based on contract demand or maximum whichever is higher irrespective of connected load is without ant rationale and should not be accepted.

77. It is submitted that the tariff at HT should be lower than at LT based on cost of power

supply. The tariff approved by the Commission for all other categories of consumers (domestic agricultural, specified public purpose) having connected load more than 70KVA but less than 110KVA, have same tariff whether the supply is LT or HT. Therefore, the submission of demand charges and MMFC should not be considered.

Over Drawl by Existing HT/EHT Category Consumers

78. Objectors submitted that Commission may reject the submission of DISCOMs for penal demand charges for over drawal beyond contract demand. The objector requested the Commission to determine a period of continuous overdrawal (Beyond 120% of contract demand) which shall be treated as guide line to take action against evading the enhancement of contract demand.

79. Some of the objectors submitted that with the availability of surplus power the restriction on overdrawl during the off-peak period should not be imposed and the consumers may be allowed to overdraw during the off-peak period.

Take or Pay Benefit

80. Some objector requested to reintroduce the take or pay benefit scheme or special tariff for energy intensive industries /consumers having contact demand of 110 kVA and more and industries should guarantee in writing to pay for minimum load factor of 70%.

81. Some of the consumers proposed to allow special rebate of 50 paise per unit under this scheme.

Imposition of Reliability Surcharge on all HT/EHT consumers

82. Some of the objectors submitted that in obedience to the tariff order of the Commission none of the DISCOMs are providing reliability index calculation as well as voltage variation report along with energy bill in case reliability surcharge is to be assessed and claimed.

83. One of the objector submitted that the reliability surcharge may be deleted while determining for RST for FY 2017-18 as the Commission has provided the incentive to OPTCL for FY 2015-16 and FY 2016-17 for meeting availability requirement. Availability of EHT lines and corresponding voltage of supply is related to performance of Transmission Licensee. Therefore, a second incentive and that too to DISCOM on same parameters is not justifiable.

84. Further, some of the consumers submitted that when reliability surcharge is payable by a consumer to the licensee for achieving a certain level of performance on “availability” and “voltage of supply”, a penalty should also have been imposed for not achieving these standards.

Introduction of KVAH Billing (OR) PF Penalty for Three-phase Consumers having CD<110 KVA

85. One of the objector submitted that kVAh billing may require huge investment and may not be implemented immediately. Similarly, there is no justification on imposition of PF penalty for HT and LT consumers with CD above 20 kW and less than 110 kVA.

86. One of the objector submitted that if KVAH billing is adopted, the SI, MI & other consumers who are not under PF folder in present tariff system will be affected badly which is not desired for the common ignorant consumers.

87. The objector further submitted that demand for Power Factor penalty itself is absurd when the licensees are insisting for implementation of KVAH billing for consumers.

88. One of the industrial consumer submitted that kVAh billing shouldn’t be implemented as there are chances of leading power factor, high voltages and system instability.

Re introduction of third slab for HT & EHT consumers

89. Some objectors have requested to reintroduce the three slab based graded incentive tariff for HT/EHT as it promotes higher consumption industries. Reintroducing this incentive will have the effect of reduction in tariff for all HT and EHT consumers for higher consumption and in turn will help the licensee.

90. One of the objector has proposed to re-introduce 3 slabs based graded incentive tariff i.e. upto 40% load factor, above 40% and below 50 % load factor, and above 50% load factor. This may help the Industries run and not to be tempted for procuring power from third party through open access.

Interest on Security Deposit and acceptance of Bank Guarantee

91. Some objectors submitted that security deposits should not be obtained in cash from all consumers including HT/EHT consumers whose monthly electricity charges are in terms of crores. Option may be given to all consumers whose security deposit is more than Rs 1 lakhs to furnish Bank Guarantee as security deposit.

92. Some objectors requested suitable amendment in OERC Distribution (Condition of Supply) Code 2004 to permit bank guarantee against the security deposit.

Applicability of MMFC and Fixed Charges in the Tariff design

93. One of the objector strongly objected the proposed enhancement of MMFC by utilities and pray for a direction from the Commission to collect MMFC from consumers as per recorded maximum demand and not contract demand during the month and adjust extra amount already collected in the bills as per contract demand.

94. One of the objectors submitted that MMFC and demand charges are without any basis and should not be taken into consideration. Further the objector pointed out that NESCO UTILITY, WESCO UTILITY and SOUTHCO UTILITY have made a wrong statement that in case of consumers with CD > 110 KVA, the demand charges are made on the basis of CD or MD whichever is higher. The demand charges in such cases are actually based on the MD or 80% of the CD whichever is higher, as per the orders of the Commission.

Meter Rent

95. Objectors submitted that the recovery of meter rent for tri-vector and bi-vector meter is very high considering the actual cost of meter for a recovery period of 60 months in place of 40 months earlier. For instance, the cost of three phase tri-vector meter is about Rs.20,000.00, but as per the present order the consumer has to pay Rs.60,000. Collection of meter rent may be allowed only till the recovery of landed cost of the meter.

96. It is further submitted that the commission may direct the DISCOMs to submit the data related to meter rent collected and may reduce the same thereafter conducting detailed scrutiny.

Emergency Supply to Captive Generating Plants (CGPs)

97. One of the objector submitted that the CGPs are paying at higher rate than the other category of consumers. CPPs do not avail power regularly & they should not be burdened with paying the demand charge throughout the month. Further Hon. Commission has done detailed examination of the provision in the supply code and tariff structure and the present single part tariff is taking care of the demand charges and energy charges for this category of consumers.

98. Some objectors submitted that there is no justification for levy of demand charges or limiting the quantum of drawal to only 15% of the "lowest unit" for emergency power supply to CGPs as proposed by DISCOMs and permit use of emergency power supply upto 100% of the capacity of the largest unit in the CGP for drawl of power for production purpose during long shutdown of the CGP and emergency power can be utilized for running the essential units of the plant before the CGP unit is restored.

99. Further the objectors submitted that it is possible to submit a "day ahead schedule" for drawal of emergency power only in case of pre-arranged shut down of a Unit and not during failure of Unit due to tripping. The commission may direct the industry drawing emergency power to intimate the 15 minute drawal schedule within a reasonable time say within one and hour of such drawal.

100. One of the objector submitted that, the Emergency Power Supply up to the capacity of the largest unit of the CPP be permitted for operation of the plant, for survival requirement and also during shutdown of units of the CGP for statutory annual inspection of boilers.

Calculation of Load Factor

101. One objector submitted that load factor should be calculated based on the actual period of availability of unrestricted power supply during the month and that the demand charges be calculated be calculated on prorate basis if the total period of shutdown of the plant due to interruptions and planned shutdowns exceed 30 hours in a month instead of 60 hrs a month.

Power Factor Incentive

102. Some objectors requested that the power factor incentive may be continued in the future RST orders.

103. Some objectors proposed to provide 1% incentive for every 1% increase in power factor above 97% instead of 0.5% for every 1% increase as approved in the Order of 2015. Alternatively, power factor incentive be provided at 0.5% for every 1% increase in of above 92%.

Verification of CGP status

104. On the issue of generation data in the case of CGPs, few objectors submitted that the Hon Commission may reiterate that the 51% consumption on annual basis to be

classified as CGP should be based on net generation which is gross minus auxiliary consumption.

105. One of the objector submitted that, Hon. Commission may issue orders to the concerned Chief Electrical Inspector to submit the data relating to the captive consumption and CGP status by June of next financial year.

ToD Benefit

106. Some objectors have requested the Commission to modify the present TOD Off-peak period from 00:00 Hrs to 06.00 Hrs of Next Day to 22.00 Hrs today to 06.00 Hrs of the Next Day.

107. Some consumers have also requested to increase TOD benefit from 20 paisa per unit to 30 or 50 paisa per unit to encourage off-peak consumption.

108. One of the objector has submitted that CESU has not extended TOD benefit to consumers of CD less than 110 kVA and the same may be extended with retrospective effect.

Cross Subsidy

109. Some objectors submitted that the cross subsidy of EHT and HT category are very high and needs reduction at a faster rate in view of the provisions of Electricity Act 2003.

110. The objector further proposed that the cross subsidy may be reduced @ 5% per year and the tariff for a particular consumer may be determined based on the cost to serve the consumer and not based on the "average cost of supply". Globally, the EHT tariff is the lowest and the LT tariff is the highest, based on cost to serve a consumer of that category.

111. Some of the HT consumers submitted that DISCOMs do project higher purchase and sales of energy intentionally for LT category which ultimately leads to more cross subsidy to be paid by HT / EHT consumers.

112. One of the objectors submitted that cross subsidy in several states is around +/-40%, however in Orissa it is +/-20%. The gap between industrial and domestic retail tariff of Odisha has been set at a low level among all states in India, thereby causing very much hardship to domestic consumers. Therefore, Commission may consider the cross subsidy of around +/-30% to 35% so as to keep the domestic tariff at reasonable.

113. One of the industrial consumer submitted that Commission may determine a separate tariff for EHT industries assuming 15% cross subsidy or lower and also consider a separate Tariff for the Industry considering the "purpose for which power supply is required".

Special Tariff Measures

114. **Reduction in Cold Storage Tariff:** Some of the cold storage industries have requested to include Cold storages in Agriculture tariff category instead of Allied Agro-industrial Activities. Due to higher electricity costs many cold storages were closed off and the electricity connection were disconnected. Presently the cold storages fall under the Allied Agro-industrial activities for which tariff is Rs. 410 Rs/kWh under HT category verses the Ag tariff of 1.50 Rs/kWh. The objector urged before the Commission to initiate suitable steps u/s 86(2) & 108 of EA to redress the concerns so as to categories such Cold storages under agricultural tariff by initiating necessary amendments in the supply code.

115. **Power Intensive Tariff:** One of the industrial consumer requested to reintroduce special tariff for industries more than 100MVA and above with a guaranteed off take of 80% shall pay a consolidated energy charge of 400 paisa/unit.

116. **Introduction of inversed Graded Tariff:** One of the objector suggested that in view of the surplus power scenario inversed graded tariff structure may be introduced in the state. This will encourage the consumers to consume more. Such a structure will also reduce the theft since people are tempted to theft or by pass to avoid higher slab of tariff.

117. One of the consumers managing a cow farm submitted that as per OERC supply code 5thamendment, the industry comes under "Allied Agro Activities" tariff category. But WESCO is not reclassifying the category form LT industry to "Allied Agro Activities" despite of repeated requests.

118. **Separate Rural and Urban Tariff:** Some of the objectors submitted that there should be separate tariff for the consumers in the rural area as the quality and availability of power supply to rural consumers compared to the urban consumers is different and same tariff is not rational.

119. **Separate connection in a single housing complex:** On the proposal of CESU, some of the objectors objected on charging two different tariffs for a single building

complex instead of treating them under bulk domestic category consumers as per the prevailing practice. Similarly they also objected to the proposal of proportionate billing in case of agro industrial consumers. They submitted that it is difficult to differentiate in agriculture and industrial activity based on the connected load and hence objected the proposal.

120. One of the objector submitted that there should be special tariff category for the mega steel plants for contract demand above 120 MW.

121. **Issue of Rice Mill:** One objector insisted to consider Rice mills under agro Industrial category in the interest of rural economy.

Supervision Charges

122. One of the objector submitted that supervision charges are being charged when no supervision is done and even when the transformers are being maintained by consumers. The objector submitted that the Commission may review the decisions of GRF & Ombudsman on the issues where they have extended benefit under such scheme.

123. The licensees are issuing quotations for proposed line extensions / infrastructure developments for issue of new service connections. One of the objectors submitted that, on completion of the works the licensees are required to issue final bill of completed works to the consumer in compliance to the OERC Regulations. However, none of the licensees are issuing such bills to their consumer which is violation of the Regulations of the Hon. Commission.

124. One of the objector submitted that the Electricity Duty charged in the bills is not properly shown and requested for the audit of electricity duty collected by the licensee and that paid to the Government.

General Issues related to Retail Supply Tariff of DISCOMs

Energy Sales Forecast and Addition of BPL & LT Consumers

125. Many objectors submitted that the sales projections made by the licensees are not realistic and are overestimated; The trend of LT sales, LT sales approved and the power purchase data shows that the LT sales are never been achieved and the same are projected only to procure more power.

126. The objectors further submitted that sales to the LT consumers needs to be done based

on the realistic distribution loss and the energy purchase should be reduced accordingly by adopting bottom up approach.

127. Some of the objectors submitted that the proposal of licensee to charge monthly fix charges from Rs 80 to RS 100 to the BPL consumers should be not accepted. Further the proposal to charge fix amount for consumption up to 30 units is not acceptable and these consumers should be charges based on their consumption.

Review of Inefficient Operations and Quality of Power Supply

128. One of the objectors submitted that the DISCOMs have not taken any interest for quality power supply to the consumers. Most of the consumers especially rural consumers are suffering a lot due to low voltage and blackout. The power cut without any notice and time limit is a day to day affair of SOUTHCO license area.

129. One of the objectors requested the Hon. Commission to redress the issues of inefficiencies, corruptions, irregularities' and maladministration of licensees and initiate necessary action as per rules of law so as to decrease the RST.

130. One of the objectors had submitted that the licensee is deliberately interrupting the power supply for minimum 60 hours in a month and in some cases the power supply is available for less than 18 hours a day. In such cases no bills are prepared as per availability of power supply which is the violation of RST Order for FY 2013-14 (Para 194 and 195).

131. One of the objectors submitted that the operation of Franchisees in CESU area is inefficient and corrupt for which T&D and AT&C losses have increased in the franchisee operated zones. Operation of these franchisees is not better and they are focusing on collection of revenue and consumers are forced to pay illegal bills for avoiding disconnection.

132. Many objectors have raised the issue where utilities consistently fail to meet the Standard of Performance as per regulation and could not satisfy the consumers.

133. Most of the objectors raised the issue that DISCOMs are delivering false statements that reason for power cuts is because of power scarcity.

134. One of the objector submitted that licensees need to undertake meter ceiling and inspection activities. Further, he submitted that licensees need to maintain meter replacement history. Further, licensees do not have accredited meter testing facility.

Demand Side Management

135. Many objectors submitted that NESCO UTILITY, WESCO UTILITY, SOUTHCO UTILITY should submit detailed action taken for implementation of DSM regulations in its area.

136. As a part of DSM measure CESU proposed to offer more discount in TOD tariff so as to encourage the consumers to use more electricity during off-peak period. On the said proposal one of the objector welcomed the initiative however objected on any proposal to reduce the contract demand drawl limit during off-peak period.

Audit of Books of Accounts

137. Many objectors submitted that, DISCOMs have not submitted the audited account for 2015-16. In view of non-availability of audited statements the licensee's prayer for truing up of revenue requirement should be rejected.

Consumer Awareness and Consumer Grievances

138. One of the objector submitted that, NESCO shall make a copy of "Consumer Rights Statement", "Code of practice on Payment of Bills", "Complaint Handling Procedure", "Copy of the Tariff Schedule", both in English and Oriya Language, as revised from time to time, available to the public.

139. One objector submitted that, GRFs are not acknowledging the grievance petition and not dispatching orders to the petitioners. They further submitted that though the GRF and Ombudsman can't adjudicate the cases u/s 126 and 135 of the Electricity Act, 2003 but they should be able to adjudicate as to whether a case is coming under purview of section 126 of Electricity Act, 2003 or not.

140. Consumer awareness and display of citizens charter at all the billing stations and offices of DISCOMs is not being carried. The objector requested its implementation.

Other Issues

141. **Permitting a fixed percentage of consumption from bulk supply SPP category to be billed under domestic bulk supply category.**

At present the tariff for Special public Purpose Category is higher than the Bulk Domestic category of consumers when the load factor of SPP is below 60%. That is why a domestic consumers residing within the campus of a SPP category of consumer has to pay more. To isolate such effect in case of industrial category of consumers 10% of industrial consumption has been allowed by the Commission with a separate tariff lower than the industrial tariff. NIT Rourkella which comes under SPP category has prayed before the Commission to allow a similar treatment for domestic consumption with respect to the consumers residing in their campus.

Electrical Accidents, Death of Animals and Human beings

142. Some of the objectors submitted that licensee has to produce the division wise details of death of human beings and animals due to electric shock and compensation paid to them for the period from 2001 to Dec 2016.

143. One of the objectors submitted that as per the IE Rules the licensees are required to depute safety officers in their area of operation to ensure proper human and animal safety and requested its compliance by the licensees.

Prompt Payment Rebate

144. **Increase in rebate on bills for prompt payment:** Some of the Objectors submitted that licensees are getting 2% rebate on the BST tariff. The same rebate should also be allowed to the consumers. Further, they have submitted to increase the time limit for payment of electricity bill to avail rebate.

145. One of the objectors has reported that the DISCOMs are not giving clear 15 days' time for payment of energy bills to the domestic and commercial consumers as notified by Hon. Commission. They submitted that if the bills are served below the schedule time for payment then the consumers are required to allow further 10 paisa per unit rebate for each day of short fall of the prescribed date.

Business Plan

146. Some objectors have submitted that the Commission has notified the OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 on 14th November, 2014. As per Regulation 2.1 (h), the 1st control period is from 1st April 2014 upto 31st March, 2019. Further as per Regulation 5.1, the DISCOMs should have submitted its Business Plan within 120 days from the date of notification of the RST Regulations. The Business Plan should have been submitted by DISCOMs for the full control period i.e. upto 31st March 2019 with full details of sales/ demand forecast for each consumer category and sub-categories for each year of

the Business Plan, distribution loss trajectory and collection efficiency trajectory for each year Business Plan, its power procurement plan, in line Regulation 5.1. However instead of submitting the Business Plan in accordance to the Regulation, DISCOMs have shifted their responsibility to the Commission for suitable design of Business Plan, which is quiet illogic. As the DISCOM Utilities have not submitted their Business Plan prior to the filling of ARR their ARR application should be dismissed and their petition may not be admitted.

Regarding effectiveness of tariff exercise design by the Commission

147. As per the EA 2003, Hon. Commission should gradually move towards rationalized tariff and the tariff should actually reflect the cost of supply. Further, as per section 62(3) of EA the Commission shall not show undue preference to any consumer but differentiate according to LF, PF, voltage, total consumption etc. In spite of these the Industrial Consumers are being charge very high as compared to other consumers of same voltage level. The Objector has given the table containing tariff across different category of consumers with load factor to justify that the Industrial tariff are comparatively on higher side. Subsidizing any category of consumer can be done u/s 65 of EA by the state government by giving appropriate tariff subsidy for that category of consumer.

148. The retail electricity tariff of various categories of consumers of Odisha is much higher than that of the other states. Therefore, reasonable, rational, competitive and affordable tariff concepts have not been taken in to consideration during determination of RST.

149. As per these provisions the Commission should make an effort for rationalization of tariff based on voltage level, load factor, power factor, voltage, total consumption from 2017-18

150. One of the objectors submitted that, during the tariff proceedings / hearings there is no presence of the representatives from Govt. of Odisha, Electrical Inspector, other distribution licensees representatives, OREDA etc. He further submitted that, there is no synchronization among the licensees.

Franchisee Operation

151. One of the objectors submitted that the operation of Franchisees in CESU area is inefficient and corrupt for which T&D and AT&C losses have increased in the

franchisee operated zones. Operation of these franchisees is not satisfactory and they are only focusing on collection of revenue and consumers are forced to pay illegal bills for avoiding disconnection.

152. The franchisees were expected to bring in investment to the tune of 500 Crs in infrastructure and network so as to bring down the loss levels by 15%. However, the losses have not reduced.

153. One of the objectors had objected on the poor performance of franchisees in some of the divisions in terms of collection efficiency and proposed to revoke the mandate issued to them.

Electricity Billing and Payment

154. The proposal of DISCOM to bill the rural consumer bimonthly needs to be reviewed. Further, one of the objector submitted that the billing be made fully computerised. 100% photo billing be implemented to reduce the billing related issues.

155. There are many complaints related to energy bills. One of the objector requested the information related to bills issues, no of discrepancy of bills complaints received, no of complaints still not complied and pending with reasons etc.

156. There are complaints that the bills are not being delivered to end consumers and hence, one of the objector submitted that to avoid this, payment to the billing agencies be made on the basis of acknowledgments of consumer.

157. During hearing one of the objector submitted that there are limited options available for electronic payment of bills. In the case of net banking only Axis bank payment gateway is available. The objector further submitted that maximum banks should be included in the online net banking payment gateway and licensees need to explore all the new digital payment options like paytm and other mobile applications.

REJOINDER BY DISCOMS TOWARDS PERFORMANCE RELATED ISSUES (PARA 158 TO 241)

AT&C Loss and Collection Efficiency

158. WESCO UTILITY submitted that, desired level of AT&C Loss reduction as directed by Hon'ble Commission has not been made due to various factors. They submitted that. Hon'ble Commission is approving the T&D loss and AT&C loss as 19.60% & 20.40% respectively however the actual loss is more than 30%. In view of this their

humble submission is to approve loss figures as proposed in the ARR by considering the ground realties.

159. The AT&C loss of CESU has reduced from 62.4% in FY 1999-00 to 37.29% in FY 2015-16, resulting AT&C reduction of 25.11%. Similarly, AT&C loss has reduced by 6.31% between FY 2009-10 to FY 2015-16 i.e. from 43.6% to 37.29%.CESU is adopting the following measures on revenue improvement to achieve the AT&C loss target set by Hon'ble Commission:

(i) Improving Billing Efficiency

(ii) Reducing Technical loss

(iii) Improving Collection Efficiency

160. SOUTHCO UTILITY has reduced the AT&C loss by 8% i.e., from 52.14 % to 43.92% during FY 2011-12 to FY 2015-16. SOUTCO has projected AT&C loss reduction of 4.91% during FY 2016-17 and projected 3.95 % reduction for FY 2017-18 as per the MoP guidelines. In order to reduce AT&C loss the utility has taken several steps. Further to improve the billing and collection efficiency utility has taken various steps inspite of the fact that out of 15.43 lakh consumers 6.88 lakh are BPL category consumers. To improve the billing of industrial high value consumers many steps has been taken by the utility.

161. NESCO submitted that APTEL has already given direction to the Hon. Commission to re-determine the distribution loss trajectory based on the ground realities.

Energy Audit

162. WESCO submitted that the progress made under energy audit has already been submitted by the Utility in the ARR filing vide page 21 to 28. The suggestion of the respondent regarding reduction of T&D loss through energy audit in a scientific manner would be possible only when the actual loss would have been less than 20%. When the actual overall loss is more than 30% and LT loss is more than 60%, the real meaning of Energy Audit is being diluted. Suitable suggestion to curb high LT loss is the only need of the hour.

163. SOUTHCO submitted that the energy audit has already been carried out in 166 nos of 11 kV feeders and submitted before the Hon'ble Commission. During the FY 2016-17, SOUTHCO has metered 226 nos of 11 kV feeders against total 11 kV feeders of

575 nos. In order to complete metering arrangement at all 33kV feeders, 11kV feeders, Distribution transformers and consumers, an amount of Rs 156.58 Cr &Rs 27.3 Cr has been approved under DDUGJY & IPDS Schemes respectively. The work will be taken up soon as per receipt of funds in this regard. The details of EA of 33 kV and 11 kV feeders is enumerated in Para 5.8 of the application.

164. CESU submitted that they have already planned for complete energy audit in all the 11 kV feeders by March 2017 by gradually covering 10 feeders each month. Already 680 nos of feeders have been audited by Sep 2016, but the progress has been slow mainly due to the financial constraint. The energy audit report for 1st half yearly of FY 2016-17 has been submitted to Hon. Commission vide letter no 30240 dated 26.12.2016. As per direction of Hon. Commission, CESU has completed the metering in all the 33 kV feeders emanating from the GRIDs. The metering in 11kV feeders have been done in 728 out of 806 nos.

Employees' expenses

165. WESCO submitted that the Actual Employee Cost's are as per audited accounts of the Utility and the major part of Employee Cost is towards terminal dues. The Commission is not approving the terminal dues as per actuarial valuation while approving ARR of the licensee. Mostly in all the past years the Actual employee cost is higher than the approval. Due to non-recruitment of employees, activities like maintenance of grid substations are being made through contractual employees who are not being approved by the Commission. But the same is required to be approved under Employee cost.

166. The details of Employee Cost projected by SOUTHCO for FY 2017-18 is based on the actual employee existing as on Sept 2016, actual retirement during FY 2016-17 & 2017-18 and the number of employees to be recruited during FY 2016-17.Above cost has been projected considering the effect of 7th Pay Commission which is due from 1st January 2016.

167. NESCO has submitted employee expenses based on historical cost and loading normative increase, expected DA and projection of terminal benefits. The rise of employee cost despite reduction in of number of employees is due to the consideration of 7th pay wage revision.

Administrative &General expenses

168. WESCO submitted that, there are more than 100 items under A&G head where expenses are being booked. Further, every year the Commission directs /suggests various activities towards the benefit of consumers which further increases the cost. To provide better services the licensee is also required to be equipped better. To cater service for 48,000 sq km of the area, licensee is having more than 200 Sections, 55 SDO's, 17 Distribution Divisions, 5 Electrical Circles, one central store with three sub-stores, vigilance wing, MRT wing, Energy Police Station, etc for which more than 250 nos of hire vehicles has been engaged. The average monthly hire charges are around Rs 60 Lakh so, annually it will be more than Rs 7 Cr. Apart from the above, the other major expenses under A&G are Tour & Travel, Telephone, Insurance, Watch & Ward, Billing, Meter reading, License fee, etc which requires substantial amount. Therefore they submitted that the requested A&G expenditure may kindly be approved.

169. SOUTHCO and NESCO submitted that A&G expenses for the ensuing year have been forecasted based on estimated expenses during FY 2016-17 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 over the estimated A&G expenses for FY 2016-17 along with additional expenses for the ensuing year.

Depreciation Cost

170. CESU submitted that due to increase in volume of the assets under various schemes like Capex, Deposit Works, System Improvement, Desi, Elephant Corridor etc., there is an increase of GFA to the tune of Rs. 425.33 Crs. during the FY 2017-18.

171. SOUTHCO submitted that the proposed depreciation is against the proposed addition of fixed assets during the FY 2017-18.

172. WESCO submitted that if depreciation would not be considered on the RGGVY and BGJY then in case of replacement of the same how the same would be funded.

173. NESCO submitted that depreciation has been provided only on the assets available at beginning of year and no depreciation has been provided on assets added during the period.

Repair and Maintenance expenses

174. WESCO submitted that, suggestions regarding disallowance of R&M expenses on assets created under RGGVY & BGJY are not correct. They raised the question that without the R&M expenses, how these assets would be maintained. In view of this, they submitted that the R&M expenses as projected by the utility may kindly be approved.

175. CESU submitted that the demand for R&M was based on GFA as on 31.03.2017. There is an increase of GFA during the year 2016-17, for which CESU require additional R&M expense. Further, for special R&M a sizeable amount is required. Due to the funds flow problem, CESU could not spend the required amount for R&M as per the norms of OERC i.e. 5.4% of GFA (opening). They submitted that, considering expected improvement in performance of CESU during the FY 2017-18, they will have better cash flow for meeting R&M expenses. CESU has engaged Franchise to maintain its Distribution Sub-Station lines and further to reduce AT&C loss.

Provision for Bad and Doubtful Debts

176. CESU submitted that, while finalizing the accounts of CESU, the Bad & Doubtful Debts was considered at 1% of the total revenue billing of last 36 months. The same data has been derived from the database of the consumer. The Commission had also allowed the same in the last ARR.

177. WESCO submitted that the Utility has put collection inefficiency as 4% for FY 2017-18. The sales projection has been made for an amount of Rs 2638 Cr for FY 2017-18. With the collection inefficiency of 4% the provision for Bad & Doubtful debt comes to Rs 105.52 Cr however the utility has considered only Rs 52.76 Cr, which they requested for approval.

178. NESCO has submitted that the Commission may decide the matter relating to the provisions of bad and doubtful debt on the basis of the report of Independent Auditors appointed by the Commission. The collection inefficiency may be considered as bad debt. NESCO is also taking action against defaulting consumers by disconnecting the power supply and hence the collection efficiency at LT level has increased during first six months of current financial year.

<u>Issues Related to HT / EHT Consumers</u>

Demand Charges for GP > 70 kVA < 110 kVA and HT Industrial (M) Supply

179. SOUTHCO submitted that their intension behind this proposal was to bridge the disparities between consumers in same category in different voltage levels of consumers so there will be level playing field in the above category of consumers in regard to the business.

Overdrawl by Existing HT/EHT Category Consumers

180. WESCO submitted that some objectors have tried to establish that nowhere in the Regulation or Tariff order, provision has been made for levy of penalty U/s 126 of Electricity Act 2003. In reply to that they submitted that if the detail procedure would have been notified in the tariff order for levy of penalty U/s 126 in case of overdrawal beyond CD, the Utility would not have requested/submitted for including the same in the RST order for FY 2017-18. Therefore, they requested the Commission to approve the same as proposed.

181. CESU submitted that, over drawl by a consumer leads to over drawl beyond the agreed contract demand. Such over drawl always destabilizes a balanced system. Over drawl also leads to deviation of petitioner's drawl schedule as per OGC; warranting deviation charges. So, any over drawl beyond agreed load is against Grid discipline which should be discouraged by levy of penalty both in demand as well as energy. As per supply code provisions, EHT/HT consumers choose their contract demand and they should not get a free hand to draw load as per their wish.

182. CESU further submitted that, the over drawl penalty is a discouraging factor and penal amount is not considered as revenue from sale of energy. Cross subsidy inbuilt into the retail tariff is estimated on the approved sales which does not include estimation for any future over drawl. The licensee further clarified that over drawl penalty on demand is already in force. The Objector's proposal for penalty on proportionate energy charge is justified because that will make further caution for over drawl by a consumer which leads to deviation of licensees's scheduled drawl from the Bulk Trader and such deviation charge is applicable on energy drawl by the licensee. Further, for a single block of overdrawal by consumers, SMD of the licensee may exceed the permitted SMD, for which licensees are liable to pay SMD charges excess of the permitted SMD in monthly basis and again may pay SMD charges if the

annual average SMD exceeded the approved SMD to the bulk supplier.

183. NESCO submitted that, the factors, views of the proposal for overdrawal beyond CD, charges and issues are clearly spelt in the application.

Take or Pay Benefit

184. SOUTHCO submitted that, the Commission has withdrawn the “Take or Pay” Tariff during FY 2013-14 and the reason were also mentioned in the Tariff Order for FY 2013-14. Licensee is not in favour of further introduction of Take or Pay Tariff.

185. WESCO submitted that suggestion made by the consumer for reintroduction of take or pay tariff may be considered but with proper evaluation. The suggestion made by the industry regarding calculation of LF is not correct the same should be on the basis of Demand recorded or CD whichever is higher. Regarding guaranteed off take of 70% the same may be taken as at least 80%.

186. CESU submitted that, during the enforcement of ‘Take or Pay’ tariff, on achieving higher Load Factor, none of the consumers have come forward to avail the tariff. The main reason was long duration annual shut-down of plants by CGP/CPPs. Due to this the consumers didn’t perceive to achieve the targeted LF to get the benefit of “Take or Pay” tariff. The licensee has no objection for reintroduction of the “Take or Pay” tariff as this will make optimum utilization of system capacity and guaranteed revenue gain.

187. NESCO 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 load factor and thereby avail special rebate. None of the consumers enhanced their consumption to avail this benefit, instead the consumers who were already drawing power at load factor more than 80% in FY 2011-12, availed this benefit in addition to graded slab benefit without any increase in LF load factor. The purpose of take or pay benefit was defeated and accordingly the same was discontinued by the Commission in Tariff order for FY 13-14.

Imposition of Reliability Surcharge on all HT/EHT Consumers

188. WESCO submitted that, the objector is objecting the levy of reliability surcharge, citing the reason that the industries are paying Demand charges & Energy charges. In this perspective the industry should not expect the related benefit like TOD, PF Incentive, off-peak overdrawal benefit etc. Presently, the industries are availing TOD

benefit of 20 Paise/kWh and the reliability surcharge is only 10 Paise/kWh. The Utility is of the view that, the reliability surcharge should also be 20 Paise/kWh. Further, providing the reliability index calculation & voltage variation report to the consumers, the licensee submitted that they always supply to the consumer and the dump data is being provided with deposition of requisite fees.

189. SOUTHCO submitted that, the Commission introduced the Reliability Surcharge as per Regulation 87 of OERC Dist. (Conditions of Supply) Code, 2004 to the EHT and HT category of consumers. As there is compensation as per the Standard of Performance Regulation, so there must be reliability surcharge for providing reliable power supply. The reliability index calculation and voltage variation report is attached with the energy bill in case of SOUTHCO Utility.

190. CESU submitted that more than 95% of the consumers are availing supply in LT and rest 5% are only availing supply in HT and EHT. Reliability surcharge is levied to customers who draw load in HT or EHT and satisfying the reliability conditions. The Petitioner always intends to maintain reliable supply by adequate maintenance of the network and timely capacity addition. When HT and EHT supply network is maintained efficiently, then only more reliable power will be available in the LT. So, a consumer availing supply in such condition enjoys quality and reliable power. This surcharge is levied only when the required reliability index is achieved by the licensee. Under power deficit situations, LT consumers being large in number are subjected to situational black outs whereas dedicatedly supplied consumers are excluded from black outs and are getting reliable supply. Hence, the licensee submitted that, the reliability surcharge at 20 Paise/kWh which was prevailing in the FY 2014-15 may be considered so as to collect sizeable amount for maintenance and infrastructure development for extending reliable power supply.

Introduction of kVAh Billing (OR) PF Penalty for Three-phase Consumers having CD<110 kVA

191. WESCO submitted that, the objector is of the opinion that if kVAh billing would be adopted then system will collapse. SI, MI & other category consumers will incur severe loss etc. This is absolutely incorrect. The actual energy consumption is in kVAh only. They further submitted that, if energy is measured in kW then only real power is calculated & reactive power is neglected & hence consumer will pay less.

For this reason PF incentive/penalty is adopted to address the reactive power consumption. Further, in modern scenario the existing loads with poor PF will generate harmonic problem which is not possible to measure in kWh. So the fairness is only kVAh billing which is not debatable at all. Most of the states have already adopted kVAh billing which may also be adopted in our state. Earlier in compliance of the direction of the Commission, the licensee has already submitted the data to facilitate analysis for introduction of kVAh billing. They submitted to accept their submission made in his regard.

Reintroduction of Third Slab for HT & EHT Consumers

192. CESU submitted that, the graded slab tariff is intended for optimum utilization of system capacity. Lowering the ceiling will lead to stranding of capacity. The objector should optimize their utilization to get the benefit of graded slab rates which is available for consumption >60% LF.

193. NESCO and SOUTHCO submitted that, as more and more industries are operating at higher LF, leading to the modification of graded slab structure by the Commission.

194. WESCO submitted that, presently almost all the EHT (except railways, MCL, ordinary factory) consumers are having their own CGPs & also many HT industries have their CGP for which their drawal is less than 50% LF. The licensee feels that on implementation of 3 graded slab tariff no one will opt to procure power from licensee and that to by closing their own CGPs. Therefore, the licensee feels that, existing 2 graded slab tariff is good enough to protect the interest of industries, rather they feel that the tariff difference for LF up to 60% & LF >60% should be reduced to draw parity among other category of consumers.

Interest on Security Deposit

195. CESU submitted that, the existing provision of submission of security deposit in cash should continue and BG should not be accepted as there could be delayed in giving power supply to the prospective consumers due to delay in receiving confirmation from the bank regarding Bank Guarantee, requirement of renewal of BG in regular interval from the bank with the intervention of the consumer and in line with the observations of the Commission made in the para-326 of RST Order for the FY 2010-11. Further, CESU is providing interest on security deposit at the rate approved by the Commission through the RST order. However, the licensee requested to reduce the

interest on security deposit instead of giving hike as prayed by the objectors because the licensees are not getting that amount of interest while parking the amount in bank.

196. SOUTHCO submitted that, the issue of security deposit has been dealt in Regulation 19,20,21 and other allied provisions of OERC Distribution (Conditions of Supply) Code 2004.The utility is regularly paying interest on security deposit to the consumers as per approved rate and never defaulted in same. Further if the present security deposit is adjusted in the bill of the consumer it will create imbalance the immediate cash flow of the utility there by affecting the sustainability.

197. NESCO submitted that, security deposit other than cash is not acceptable with the introduction of awarding interest on the security deposit to consumers. Deposit is the normal mechanism applied in every retail business other than electricity. The licensee further submitted that, the proposal of deposit other than cash should not be accepted and the interest on SD be made at par with the Bank Rate notified by RBI.

Applicability of MMFC and Fixed Charges in the Tariff Design

198. NESCO submitted that, the inadequacy in recovering the fixed cost at 80% of CD is the reason behind to proposal for levy of fixed charges at 85% of the CD. The licensee submitted that this proposal shall help in reducing the gap by insulating the financial risk.

199. SOUTHCO submitted that, the present tariff is fixed to support the industrial policy resolution of the Government for which the demand charges is payable on 80% of CD and not on CD where the MD is less then CD. There is an urgent look to reassess the policy of fixing demand charges.

Meter Rent

200. CESU is following the Clause 56(2) (a), (b) of OERC Regulation 2004, amended up to May-2011. As such there is no violation of Act. The meters procured by licensee are BIS certified and compliant to relevant Indian Standard and CEA (Installation and operation of meters) Regulation, 2006. Hence, they submitted that the allegation of the objector is false. Further, on realisation of 60 monthly instalments, the billing software stops such rent.

201. NESCO submitted that, meter rent on meters are claimed from consumers when consumer opts to pay meter rent in place of procuring the meter as per provisions of

the Regulations and the direction of the Commission in Tariff Order.

Emergency Power Supply to Captive Generating Plants (CGPs)

202. WESCO submitted that, the Utility has made comprehensive submission for adoption of two part tariff of CGP's and they are supposed to be permitted only to the extent of 15% of the largest unit of the CGP not 100% which is as per Regulation. They are supposed to draw the power for their survival & start-up purposes only and not for regular production. So, the view of objector is not correct & not acceptable.

203. WESCO submitted that, the suggestion regarding penalty for energy overdrawn during overdrawal period of 15 minutes time block on the basis of meter data, if factored in the tariff order as like of demand overdrawn then it will facilitate the DISCOMs for proper assessment.

Power Factor Incentive

204. SOUTHCO submitted that, the power factor is related with the load factor. The load factor of the particular consumer is determined on the basis of maximum demand recorded as well as the power factor. So, once the consumer is getting graded slab tariff, the PF incentive should not be passed on to such consumers. However, they submitted that the present PF incentive may be continued.

205. WESCO submitted that the Commission has rightly withdrawn the power factor incentive during FY 2014-15 and again reintroduced from FY 2015-16 which is not correct. Maintaining adequate power factor is the basic necessity for safety and stability of the grid along with safety and stability of the electrical installations at the premises of the consumer. For better grid discipline there should be PF penalty but there should not be any incentive for the same.

Verification of CGP status

206. SOUTHCO submitted that they have already clarified their intention behind verification of the CGP status in the ARR application.

ToD Benefit

207. WESCO submitted that, the suggestion of the objector to increase TOD benefit from 20 Paise/kWh to 50 Paise/kWh is not at all acceptable. Previously when there was disparity in drawal pattern, TOD benefit was extended to promote off-peak hour drawal. Now, the load curve is almost flat. So, there should not be any increment

TOD benefits. Previously, the TOD benefit was 10 Paise/kWh but now it is 20 Paise/kWh which needs to be withdrawn or required to be fixed at 10 Paise/kWh.

208. SOUTHCO & NESCO submitted that, the present TOD benefit is appropriate so the licensee feels that ToD benefit should be retained as it is.

209. On the issue of not allowing the TOD benefit to all the 3 phase consumers, CESU submitted that they are extending the ToD benefit to all the eligible 3 phase consumers where static meters are installed and the energy measurements is being carried out separately during the peak and off-peak period. The licensee is initiating the process of AMR facility for meter reading for all such meters to simplify the metering process.

Cross Subsidy

210. WESCO submitted comprehensive calculation of cross subsidy and is in the opinion that the cost of supply should be on the basis of particular class of consumers. The licensee submitted that, objector has completely relied upon "Odisha Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014" while submitting its views in other parameters. However, the objector has taken different stand in the case of calculation of cross subsidy surcharge. As per the said regulation, the cross subsidy difference between average cost of supply to all category of consumers of the state taken together and average voltage wise tariff applicable to such consumers comes to Rs 7.77 Cr.

211. On the suggestion regarding reduction of cross subsidy at 5% per annum, the licensee feels that it is quite higher even reduction of 1% will be on higher side, in terms of unit price. No specification has been made in the Act regarding the quantum, so the Commission is to look after the entire category of consumers without discriminating the consumers. The suggestion regarding consideration of cost to serve a consumer instead of "average cost of supply" is not correct. Now as per prevailing regulation when "average cost of supply" for the entire state has been defined the same is not being acceptable to the objector.

212. SOUTHCO submitted that, the Commission is determining the Cross Subsidy on the basis of average cost of supply to the all consumers of the State as there is uniform RST. Commission fixes the tariff as per the mandate of the National Electricity Policy

and Tariff Policy where in the cross subsidy shall be within ± 20% of average cost of supply excluding kutirjyoti and agriculture consumers.

213. Further the licensee submitted that the high cross subsidy and inability to control the T&D losses increased the tariff from year to year is not justified due to the following reasons:

- The tariff has not increased for a period of 10 years commencing from FY 2001-02 to FY 2009-10 and was remain static. The Commission fixes the tariff as per the Electricity .Act 2003 and Regulations framed there under and there is no unusual high cross subsidy in case of any category of consumers.
- Although, the utility is having high T&D loss but the Commission fixes the tariff as per the approved T&D loss which is substantially low in comparison to the actual loss level of the Utility.

Special Tariff Measures

214. WESCO submitted that, the consumer having cow farming is located in the heart of the Sambalpur town where in cows are being kept for milking. The Goshala is running through a managing committee which is a trust. The objection of the consumer is that they are supposed to be billed under Allied Agriculture Activities which classified under regulation 80(5)(ii) as they are covered under Animal husbandry has not been accepted by WESCO since the purpose of use of electricity is not coming under Animal Husbandry. Further, the Regulation 80(5)(ii) is not applicable to the consumer which are within NAC/Municipality Area. Hence, the contention of the consumer is not correct & the consumer is being billed under appropriate category.

215. SOUTHCO submitted that, it is made clear that captive feed units attached to the poultry farm being treated as integral part of poultry. If the consumption is less than 20% of total connected load, it should be charged on allied agro industrial category not on GP(LT) basis. The judgement is clear that "if the consumption is less than 20% of connected load it should be charges on allied agro industrial category". Interpreting the Judgement of Hon'ble High court, the Commission in the Para 236 of the tariff order directed that "In view of the above order of High Court poultry firms with attached feed units having connected load less than 20% of total connected load of poultry firms should be treated as Allied Agricultural activities instead of general purpose category for tariff purpose. As a corollary, if the connected load of attached

feed unit exceeds 20% of the total connected then the entire consumption by the poultry firm and feed processing unit taken together shall be charged with tariff as applicable for general purpose or industrial purpose as the case may be”.

216. CESU submitted that, their proposal was to resolve majority consumer’s complaint and billing without load verification for applicability of Allied Agricultural Activity as well as Allied Agro Industrial Activity category. While verification if the processing unit load is not within 20% of the total load, the entire consumption will be billed in Industrial/GPS category even for a minor variation of load under the respective head. Similarly, the case may be in Allied Agricultural Activity consumers while the attached feed unit load exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be. Further, while verification certain common load is also available in such type of premises and while segregation of load this determines improper classification for which the consumer is not getting the actual benefit and creating dispute through legal forum and also not paying dues on that plea. Hence, the licensee submitted that the Commission may consider their proposal which is in the interest of the consumer and could be resolve such disputes.

Supervision Charges, Infrastructure Development Charges and Electricity Duty

217. CESU and WESCO has submitted that, as per OERC Distribution (Condition of supply) Code-2004, it is mentioned that, the licensee is entitled to collect the requisite supervision charge for checking and ensuring that the capital works have been done as per the standards and in addition, the inspection fees for inspection pertaining to safety and security as notified by Govt. of Odisha from time to time. The Licensee has to ensure inspection of works by the Electrical Inspector. Accordingly, at present the supervision charge is levied @6% of the cost of the materials while preparing the estimate of works.

218. SOUTHCO submitted that they have collected as amount of Rs 85.62 lakhs towards 6% of supervision charges for capital works executed. They have submitted this information in their application in P-16 format.

General Issues related to Retail Supply Tariff of DISCOMs

Energy Sales Forecast and Addition of BPL & LT Consumers

219. CESU submitted that, the LT sales projections by the licensee were based on the past trend. Detailed category wise sales projection under LT is available in ARR document. But in case of BPL category the sales projection seems to be very high as around 3.46lacs BPL consumers consuming at @ 30units/month and the consumption also includes the cases where BPL kit is charged but not included in billing fold. Hence, as compared to actual billing, the projection will be high for this category due to non-billing sales. CESU further submitted that if they do not propose the higher sales under LT category then they will not get power purchase approvals for the non-billing loss under LT category. The licensee's power purchase cost be ultimately passed on to the consumer. Hence, with the interest of LT consumers, the CESU is projecting higher LT sales to pass on within the approved power purchase and reduce the BSP expenditure. Further, the Commission is allowing power purchase at normative loss level instead of actual and hence, the Commission may consider the proposal of the petitioner.

220. WESCO and NESCO submitted that, the projection of sales has already been substantiated with data by the Utility in its ARR. For HT & EHT category of consumers, consumer wise forecast has been made which is depicted in ARR filing. Regarding LT sales the same has been made considering actual of previous year & current years till Sep-16. The licensees submitted that their LT sale projection is achievable and may kindly be approved..

221. SOUTHCO submitted that they have projected realistic LT sales of 1836.51 MU by considering the growth under Kutir Jyoti Category and loss reduction measures to be undertaken during FY 2017-18. They have considered 1, 20,000 BPL consumers addition during the year and accordingly, the sales forecast were made by them.

222. NESCO and SOUTHCO submitted that, it is matter of fact that most of the BPL consumers are consuming more than 30 units but it was not recorded in meter because most of the meters are either defective. The one LED bulb concept is far from reality in rural villages. So, they proposed to charge monthly fix charges from Rs 80 to Rs 100 equitable.

Review of Inefficient Operations and Quality of Power Supply

223. WESCO submitted that, the quality and reliability of power supply has been drastically improved due to ongoing massive system strengthening works under DDUGY, ODSSP, IPDS, CAPEX, DESI etc. There are no such low voltage pockets as like of previous years. During the ensuing year the condition will improve further. Presently there is no such power cut except planned shut down for maintenance or for erection of system improvement networks.

224. CESU submitted that, the efforts have been made for lines and sub-stations for strengthening and improvement of existing infrastructure for providing quality power supply under CESU area. The infrastructure works executed for uninterrupted and reliable power supply with proper voltage MR / SI Schemes by CESU. Further, CESU is not doing any power cut in CESU area. But only as per instruction of SLDC/GRIDCO, during the crisis of power for a limited period in exigency & due to GRID stability & security problem power regulation is being made in CESU area for a limited period only to follow SLDC instruction as per Odisha Grid Code.

225. SOUTHCO committed to provide quality power supply and better consumer services to its consumers. SOUTHCO 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. The expenditures are prudent and the pricing is fixed in transparent bidding process. The voltage problem is not an issue in SOUTHCO Utility area. The power cut without any notice is not being implemented in SOUTHCO. Further, as per the drawl schedule of SLDC and grid constraints the power restriction is being imposed at SLDC/OPTCL level.

Demand Side Management

226. SOUTHCO submitted that they are implementing DSM activity with the help of ESSL. Till now they have distributed 11.57Lakh LED bulbs in SOUTHCO UTILITY area.

Audit of Books of Accounts

227. SOUTHCO submitted that, the segregated Audited Accounts for FY 2014-15 and Wheeling and Retail Business has not yet made. However, the cost allocation of Wheeling and Retail Supply Cost have been submitted vide para 7 of the Petition. On reply to submission of Business Plan they seek time for its submission.

228. WESCO submitted that, the books of accounts of the Utility are being audited by Statutory Auditor which is a third party. Internal Audit, Cost Audit, Store physical verification, Escrow Audit are also being done by third party only through Chartered & Cost firms.

Consumer Awareness and Consumer Grievances

229. SOUTHCO is implementing the orders of GRFs and Ombudsman immediately and no such complaints are received from the consumers. SOUTHCO has complied 6638no's of GRF cases against the receipt of GRF order of 6740 nos as during FY 15-16 and first half of 2016-17. The same is submitted in ARR & RST application for FY 2017-18

230. WESCO submitted that, the consumer complaints are addressed within the schedule time wherever possible. However, consumers are taking the benefit of GRF wherever delay is being made by Utility employees.

Other Issues

Electrical Accidents, Death of Animals and Human beings

231. SOUTHCO submitted that, they have submitted the data related to death of animals and human both fatal and nonfatal in the format of ARR.

Business Plan

232. SOUTHCO Utility had submitted that they have submitted their Business Plan for 3rd Control Period ending FY 2017-18 (FY 2013-14 to FY 2017-18) for approval of the Commission. The Commission in its order dt 21.03.2014 had approved different parameters only for the FY 2013-14 & FY 2014-15. The Business plan for the next three years shall be decided under the revised Regulation i.e., OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014. As per this Regulations the 1st Control period commence from 1st April-2014 and up to 31st March-2019. The Utility have already filed its ARR for FY 2015-16, FY 2016-17 and FY 2017-18 and Hon'ble Commission has approved the parameters for FY 2015-16 FY 2016-17. At present SOUTHCO Utility has submitted before the Hon'ble Commission to approve the loss level as projected by the Utility as per the approval of GoO submitted before the GoI.

Regarding Effectiveness of Tariff Exercise Design by the Commission

233. SOUTHCO submitted that, the utility has put sincere efforts in replacement of defective meters of agriculture and irrigation category. Most of the OLI/PLI consumers are located in far flung areas were meters are open and exposed to rain and the climatic conditions. So actual recovery of meter rent become remote considering the L.F billing is proposed in ARR application. Further, the practice of charging 85% of CD is prevalent in Bihar and West Bengal. There is no intension of getting undue revenue.

234. CESU submitted that the, licensee has estimated the gap considering AT&C loss level of 31.53% for the ensuing year. For the last 2 to 3 years reasonable improvement in AT&C loss could not be achieved due to large scale connection of BPL consumers to the network & reduced EHT sales due to availing CGP share power through open access or from own CGP/ CPP. Retail Tariff during last 10 years was almost static and does not commensurate with increased cost of supply. This has resulted in non-availability of adequate funds for system improvement, metering technology and different collection mediums for improvement of AT & C. All stakeholders must propose solution to reasonably increase the tariff for bridging the revenue gap.

235. The justification of 85% of CD with a reason that the Utility is keeping reserve for entire Contract Demand of the consumers when the consumer is not availing its load then there is no such compensation for the Utility with respect to such non drawal/ under drawal rather BST is fixed considering the licensee's approved SMD. So, to insulate the financial loss in term of BST the billing with 85% CD may kindly be approved.

Franchisee Operation

236. The division wise AT&C loss reduction and performance of Distribution Franchisees against CAPEX,O&M works and Metering activities has been described in details in our ARR application (refer Page No. 27 to 31). Further it is to mention here that the engagement of Distribution Franchisees (DFs) for a period of five years is one of the measures for reducing AT&C loss to a greater level, so that the BST cost is recovered from Franchised Divisions. This will be checked while reviewing the performance of DFs.

Electricity Billing and Payment

237. SOUTHCO utility submitted that, more than 85% of BPL consumers are not paying electricity bills on monthly basis. Further, revenue recovery from this category not encouraging. Utilities have to spend Rs 6.50(average) per bill for billing to such type consumers. The Regulations also allow the bi-monthly billing. Their proposal is limited to BPL predominant subdivisions so as to save the A&G cost.

238. NESCO submitted that, there is a provision that the billing should have definite billing cycle not necessarily monthly. It is a fact that the units billed shall be proportionately divided into no of cycles i.e. if the billing is done bi-monthly then the consumption units shall be divided into two months equally to bill the quantum as per applicable tariff. The motto behind to go for bi-monthly billing is to curtail the administrative cost and proper manoeuvring the MBC which will definitely give impetus in reduction of revenue gap.

Solar Roof Top Net Metering System

239. CESU submitted that, voltage variations in its area are within the permissible limits set as per as per the Clause 2.1 of Schedule-1 of OERC (Licensees' Standards of Performance) Regulations, 2004; which are as follows:

- In the case of Low/Medium Voltage, +6% and -6%;
- In the case of High Voltage, +6% and -9%;

CESU has not violated the OERC Regulation. On-grid solar power project developer may adjust the solar inverter settings to the above voltage range/variation as stipulated in the Regulation.

240. CESU submitted that, the solar generation meters as well as Net Meter/Bi-Directional meter are installed in the consumer premises. As such there is no restriction on the consumer/ consumer to note down the data recorded in the meters to get all information related to their solar generation, import /export to grid. However, CESU is preparing separate billing software for solar consumers (PROSUMERs) under 4 MWp solar rooftop PV power projects on buildings specified by the GOO in the cities of Cuttack and Bhubaneswar by GEDCOL.

241. CESU is issuing net metering/ bidirectional metering permission for solar PV power project within 15 days from the date of submission of application in complete shape

by consumers as per OERC net metering Order dated 19/08/2016. However, they informed that in some cases the process is getting delayed due to non submission of required document by the consumer viz. form-1, single line diagram etc. Also, the numbers of applications for solar PV projects are least and hence, CESU is encouraging the consumer to procure net meter as per OERC net metering Order Once, the number of application goes up CESU will be in a position to procure net meters in bulk.

OBSERVATION, ANALYSIS AND RECOMMENDATIONS OF CONSUMERCOUNSEL "WISE" ON ARR, WHEELING AND RETAIL SUPPLY APPLICATION OF DISCOMS (PARA 242 TO 254)

242. The licensees have over projected the LT demand and the demand of BPL categories which is not as per the norms of consumption allowed for this category. The overconsumption due to unmetered / unbilled consumption or defective meters cannot be permitted and requested for review.

243. The BPL domestic category should be restricted for consumption upto 30 units per month and the same should be converted to APL after crossing 30 units consumption on annual basis.

244. Increase in LT sales require more cross subsidy from HT & EHT consumers or this needs to be recovered from the Government through tariff subsidy. SOUTHCO is the most affected as their HT & EHT consumer base is very less compared to other DISCOMs of Odisha

245. It is observed form the past data that all the DISCOMs have consistently failed to realize LT revenue per input fixed by the Commission.

246. In case of employees costs all the licensees have projected an increase in technical and non technical employees by way of new recruitments. Apart from that, the licensees have also outsourced many of the activities like meter reading, billing and distribution, collection, energy auditing etc which has been included in A&G expenditure. Due to inclusion of franchisee operations and outsourcing activities the actual manpower requirement should go down and hence the licensee's submission towards additional manpower requirement and consequential increase in employee cost is not justified. As per the Commission's decision in last year and also at present there should not be new induction. Further, the impact of 7th pay commission may be

considered only after implementation of the pay commission and effect can be realized during true-up exercise.

247. It is observed that the DISCOM's are not utilizing the approved expenses by the Commission for proper R&M of the network due to shortage of funds.

248. In the case of bad and doubtful debts all the licensees have increased requirement for making provision for bad and doubtful debt. Further, despite appointing various collection franchisees, outsourcing of the billing and collection activities and imposition of DPS to domestic category consumers the billing and collection efficiency of the licensees have not shown any sign of improvement. The licensees have also failed to recover the arrears which are pending for more than a year. It has been observed that more than 50% bad debts across all the licensees are more than 24 months old. This shows that the licensees are not putting enough effort to recover the old bad debts. The arrears older than 2 years are piling up and DISCOMs need to recover the same to meet their working capital requirements. Further, the proposal of the licensee to introduce the amnesty arrear clearance scheme for LT non industrial category of consumer to recover such old debts if introduced could help to improve the recovery of such bad debts.

249. It is observed that all the DTRs and feeders are not metered and the licensees have proposed to undertake the energy audit in the next year. The Commission had given clear guidelines to undertake the energy audit in the previous RST orders. However, the licensees have failed to follow those guidelines. Further, the DISCOMs claims that they undertake energy audit with their own employees and have also not incurred expenditure in first six months. Further, they propose to spend energy audit related expenditure in later six months and have also proposed such expenses for next year. Further, it is observed that the Commission had allocated additional funds to the DISCOMs for installation of energy audit meters above the A&G expenses, which has not been utilized by the utilities The expenditure under this head needs to be reviewed and may only be permitted only after 100% energy metering.

250. It is observed that all the licensees have not submitted the audited accounts for the FY 2015-16. Hence their proposal related to truing up of the revenue gap for the FY 2015-16 should only be accepted after submission of the Audited Accounts. Also the audited accounts related to fixed assets have not been submitted by the licensees for

the FY 2015-16.

251. The domestic consumers with consumption less than 24 kWh per month are paying less than the BPL consumers. The proposal to charge fix amount of Rs 130 per month for consumption less than 50 kWh is not acceptable. The consumers should be charges based on their actual consumption. Commission may thoroughly check if the tariff enhancement is required or not

252. It is observed that CPPs are already paying special higher tariff that is 720 paisa per unit by HT and 710 paisa per unit by EHT category during FY 2016-17. Although Demand Charge is not applicable to CPPs yet they are indirectly paying fixed cost to DISCOM because of higher tariff. When DISCOM pays deviation charges only for extra unscheduled energy with drawl how can it ask CPPs to sign an agreement for Demand charges.

253. In the case of emergency power supply to CGP the licensees have proposed to charge the demand charges at double the normal rate when the load factor of CGP exceeds 10% of their installed capacity. The Regulation has specified the provisions related to maximum demand while adopting the tariff to CGP. However, the Regulation is silent in the case of load factor condition while adopting tariff to CGP. Hence, the licensee should submit the data related to the LF achieved by the CGP to analyse the issue further.

254. DISCOM Utilities had submitted the calculation for Open Access Charges basing on existing tariff and other relevant provisions of Tariff Policy Regulation etc.

OBJECTIONS ON PROPOSALS OF THE UTILITIES ON OPEN ACCESS CHARGES (PARA 255)

255. The respondents/ objectors have submitted the following points on the proposed Open Access Charges before the Commission for consideration.

- Computation of cross subsidy surcharge for EHT consumers is to be made based on the methodology provided under para 8.5.1 of National Tariff Policy and as per Electricity Act, the Cross subsidy Surcharge should be gradually reduced every year as per Section 42 of the Electricity Act, 2003. For that a road map is to be made by the Commission for reduction of same.

- Due to very high cross subsidy surcharge in SOUTHCO, the total cost of the energy is very high and no consumer in SOUTHCO area can afford to purchase power through open access. In fact Open Access charges should be same throughout the state to speed up industrialization.
- The calculation "C" needs to be changed and it should be the avoided cost of power procured by GRIDCO instead of the present method of taking BSP of a respective DISCOM in to consideration for calculating Cross Subsidy Surcharge as per Reg 4(2)(iv) OERC (Determination of Open Access Charges) Regulation 2004..
- The Commission is adopting dual policy for calculating cost of supply while calculating Cross Subsidy and Cross Subsidy Surcharge. As per para 8.5.1 of national tariff Policy Cross Subsidy Surcharge should not exceed 20% of the cost of supply of that category of consumer.
- In Case of Consumers procuring power corresponding to their partial demand through open access and are paying demand charges towards full contract demand to DISCOMs, in such cases Demand Charges/ Fixed Charges should be adjusted from the calculated CSS.
- It is observed that SLDC delays tactfully while giving approval for open access. Hence a time frame should be created for auto clearance of open access applications.
- While calculating wheeling charges HT loss should be taken as 1% as found by some DISCOMs while carrying out the Energy Audit.
- There should be three categories of open access charges such as Long term, medium term and short term open access charges.
- Wheeling charges should be different for different voltage wise category of consumers.
- The existing open access charges and proposed open access charges of DISCOMs in Odisha is high compared to the other states, due to which consumer is generally disinterested to purchase power from other sources, therefore, very purpose of open access is defeated.

- Cross subsidy surcharge should not be levied on the open access customer for procuring extra power from third party for the quantum beyond its contract demand at the beginning of a financial year.
- Further, in case a DISCOM is not able to supply power due to Power Regulation or shortage of power then in such case the industries should be allowed to source from the third party through open access without payment of cross subsidy surcharge.

REJOINDERS ON OBJECTIONS ON OPEN ACCES SURCHARGE (PARA 256)

256. In reply to the objection raised by the Objector, the DISCOMs have submitted the rejoinder on the proposed Open Access Charges of DISCOMs for the year 2017-18 which are as follows:

- Regarding calculation of 'C', they submitted that to consider average power purchase cost as avoided cost for GRIDCO may not be correct in the present scenario as the DISCOMs are not purchasing power from the Generator directly to distribute the same to the consumers. GRIDCO is sourcing the power from different generator as a Trading Licensee under Single Buyer Model in Odisha.
- Regarding the contention of some objectors that Average Cost of Supply "to serve all the consumers of the state" may be taken against "C" for calculation of CSS the Utilities submitted that it will not be correct as the average cost of supply includes all other costs like Employee cost, R & M cost, interest expenses, Depreciation, provision for Bad & Doubtful debts etc. along with BST, transmission and SLDC charges. The licensee would no way stop incurring the other costs except BSP in case a consumer chooses to avail power supply under open access mechanism. Then recovery of other costs would require to be levied to the category of consumers not eligible for open access. Therefore, consideration of average cost of supply for calculation of CSS is not correct as it will defeat the purpose of recovery of CSS.
- The objective of Cross Subsidy as per the act is to cross subsidize the lower end consumers by HT/EHT consumers in RST considering the average cost of supply to the consumer in the state whereas the cross subsidy surcharge is

payable by the consumer who opt to avail power other than the DISCOMs, hence different approach taken by the Commission is justified,

- Regarding HT loss of 1% as reported by one objector the Utilities have submitted that there are so many feeders wherein the losses are as high as 11%. Hence the 8% loss considered by the Commission is quite judicious.
- Consumers drawing open access beyond their Contract Demand need to be discouraged and there is no logic for not to pay CSS for drawl of power beyond Contract Demand, since the capacity of a feeder is limited and shared by many consumers.
- The approach of some objector regarding levy of proportionate demand charges for consumers seeking partial open access is not correct. The utilities are reserving the entire load on the basis of long term perceptive but they are free to reduce their demand in case they are interested to depend more on open access.

OBSERVATION OF STATE ADVISORY COMMITTEE (SAC) (PARA 257 TO 264)

257. The State Advisory Committee (SAC) was convened on 20.02.2017 to discuss on the proposed ARR and Tariff Applications of different utilities in the state for FY 2017-18. The members of the SAC deliberated on the various issues and gave following observations /suggestions to the Commission in this regard.

258. SAC members stated that after nearly 20 years reform, the Distribution Companies in Odisha had negative equity due to heavy losses. They stated that tariff setting should not be seen in terms of pricing of power only. There should be clear focus on renewable energy, incentive for DSM and strong measures for loss reduction activities. Since 70% of the revenue requirement goes towards the cost of power purchase, the scope lies here for reduction of tariff. The reduction of tariff can be achieved by two ways such as reduction of per unit power purchase cost and/or reduction of distribution loss. They suggested review of the existing PPAs as the prevailing market price of power has come down substantially. According to them the CAPEX driven subsidy is a wonderful step by the Govt. They pointed out that the asset related expenses such as R&M, depreciation, interest on loan etc. account for around 30% of the ARR. According to them the DISCOMs are not able to maintain their system due to paucity of funds available to them; Govt. may be requested to pay

for the R&M of the assets created under CAPEX to DISCOMs with imposition of certain conditions.

259. Some members stated that the utilities have not given any balance sheet or accounts details in their tariff filling only to circumvent tariff determination process. Those SAC members said that the they could not ascertain whether the utilities have a reserve fund or not. They, therefore, suggested that the Commission should look thoroughly into all aspects before considering any hike in tariff. SAC members' expressed concern that though power reform had started 20 years back and we now stand at the same place as it was in the beginning, so far as loss is concerned. They pointed out that the AT&C losses are presented by different licensees without any reliable energy audit although it is the only component available for the licensees to be efficient and viable. The consumers as well as the Commission have been insisting from the beginning for an energy audit at each distribution transformer point to study the losses and improve the quality of supply but the licensees have so far avoided the same by taking advantage of the leniency of the Commission.

260. The SAC members requested the Commission to introduce Uniform (Dress Code) for the employees of DISCOMs. They stated that this will facilitate easy identification of employees of DISCOMs by the consumers. This will help in quicker consumer grievance redressal and at the same time shall give a sense of belongingness to the employees.

261. SAC members further submitted that though Government of Odisha has invested more than Rs.5000 crores for the development of power sector, appreciable improvement in reduction of distribution loss is yet to be achieved. Whatever loss has been reduced it is mainly due to strengthening of system like upgradation of transformers, conductors, erection and commissioning of 33/11 KV substation, new 220 KV and 132 KV grid substations. They insisted for formation of a team to implement energy audit recommendations. They suggested that the utilities should replace defective meters and old meters and install pre-paid meters, wherever possible. Further the consumption of industries is gradually coming down, since they are installing CGP for reliable & cheaper power and procuring power from other sources on open access. Hence, while fixing the tariff, the Commission should take suitable steps to ensure that the tariff of HT & EHT consumers is viable so that their product can be produced at a competitive price. This will also help in reduction of losses.

262. The State power sector has four distribution segments with equal rate of power for each. Under the circumstance, how competition can be introduced? This can be done through the ARR. Some members submitted that there should be separate rate for

different entities, depending on their performance. Better performance should get incentive and non performance should be penalised. Regarding arrears, they pointed out that as the DISCOMs take Security Deposit, why cannot the supply be disconnected when the period covered by SD is over. They said that in rural areas there are no meters or collection counters and departmental staff are collecting and depositing dues illegally. They observed that the DISCOMs are investing where they should not invest and not investing where they should. Under the code, purchase of meter is the consumers' option but WESCO has issued a circular to the contrary. It is buying meters and forcing consumers to purchase from it.

263. SAC members stated that the Government of Odisha is now promoting 'Make In Odisha' in the industrial sector. GST is poised to take away incentives for industry so cheaper power and quality power will help industrialisation. They added that theft and pilferage is the biggest component of commercial loss. Therefore, we must enforce laws under changed Electricity Act to bring power theft under control. They felt that in both rural and urban slum areas there is no sensitisation or attempt to collect dues. There should be a sustained public education campaign down to the Panchayat level to pay for consumption. They emphasized for implementation of carrot and stick policy. Further they demanded that names and mobile numbers of contact persons for grievance redressal and fuse call should be given adequate publicity. They also said that uniforms be given to employees of DISCOMs to identify them.

264. Secretary Energy emphasized the investments made by Government under various schemes. Regarding State Govt. investment under CAPEX and other projects, he informed that a huge amount had been invested in both distribution and transmission sectors. Out of Rs.5000 crore invested in rural electrification in three years, 2015-16, 2016-17 and 2017-18, 40% had been contributed by the State Govt. Similarly, under the RAPDRP and UE projects programmes, out Rs.400 crore, 40% was the State Govt. contribution. Under Rs.1600 crore in IPDS also the State Govt. contributes in same percentage. Rs.500 crore had been spent on transformer replacement and up-gradation in the last two years. Similarly, State Govt. had borne the cost of shifting lines/transformers from schools, wild life corridors etc. The State Govt. has started constructing 500 nos. of 33/11KV substations at cost of Rs.4000 crore. In the last five years about Rs.2500 was given to OPTCL under CAPEX. As all this investment was in the form of grants and there was not much impact on tariff.

VIEWS OF GOVT. OF ODISHA ON TARIFF ISSUES (PARA 265)

265. Govt. of Odisha communicated its views on various issues involving tariff setting for the year 2017-18 vide their letter No.1929 dated 08.03.2017 which stated as follows:

"(a) Keeping in abeyance of upvaluation of assets: Regarding the issue of up-valuation of assets pertaining to OPTCL, Generations and other licensees the Government for the time being agrees with the views of the Commission to keep in abeyance the up-valuation of assets like previous years. Considering the present difficult situation, the Government agrees to extend the status quo on up-valuation till 2017-18.

(b) Demand of subsidy: Numbers of LT consumers are increasing due to introduction of various schemes by Govt. of Odisha and Government of India. Further, the State Government is committed to provide electricity to all villages by May 2017 and all habitations by March, 2018 and all house hold by 2019. Government is investing huge funds for the development of infrastructure in the Power transmission and Distribution Sector in Odisha through various schemes like ODSSP, IPDS, DDUJY, RLTAP, RRCP etc. Government is also providing funds for taking measures for development of elephant corridor, shifting of lines from School and Anganwadi centres. A table containing figures of the budgetary provisions is enclosed for kind reference.

Like previous years the Commission may strike a balance in fixation of the cross subsidy in tune with the National Tariff Policy and taking into consideration the practical aspect of power supply and consumer base of Odisha which is predominantly rural and low consumption.

Relating to OHPC, the Commission may consider to include both payment of interest and repayment of principal in the ARR of UIHEP. However, the interest w.e.f. 2006-07 to 2017-18 may be kept as Regulatory Assets of OHPC to be paid in future tariff.

In addition to this it is stated that, in the mean time restructuring of manpower of SLDC has been approved and Government is moving in the desired direction for the betterment of SLDC in pursuance of observation."

OBSERVATION OF THE COMMISSION (PARA 266 TO 510)

Tariff Design Methodology

266. All the DISCOMs of Odisha have filed their Aggregate Revenue Requirement (ARR), Wheeling and Retail Supply Tariff (RST) applications for ensuing financial year in pursuance to Regulation 6(1) of (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 within 30th November, 2016. The DISCOMs have proposed segregation methodology for segregating their cost and revenue into wheeling business and retail supply business for approval of the Commission under said Regulation at 4.4. Last year, the Commission had approved the cost allocation matrix provisionally (in para 385 to 393 of RST order 2016-17) consistent with the Regulations. The same shall continue for FY 2017-18 also.

267. According to Regulation 5.1 of the aforesaid Regulations, licensees are supposed to submit the long term Business Plan for approval of the Commission. NESCO, WESCO and SOUTHCO Utilities have submitted that in absence of the audited accounts for 2014-15 and FY 2015-16 it is difficult for them to file the Business plan along with the application for ARR. The Commission had segregated the different cost components of the DISCOMs in their earlier Long Term Tariff Strategy (LTTS) Principle in the first control period and also in the MYT orders for successive two control periods ending in 2017-18. Similarly the Commission had approved the Business Plan of DISCOMs which has a validity upto the end of the control period FY 2012-13. Due to failure of DISCOMs to submit Business Plan in time the Commission continued to adopt the normative distribution loss and collection efficiency targets fixed for the DISCOMs for FY 2012-13 in their successive Tariff Orders upto FY 2016-17. Under present circumstances also the Commission intends to continue with the same normative distribution loss and collection efficiency targets fixed for FY 2016-17. This approach does not allow the additional losses incurred by the DISCOM Utilities due to inefficiency in their operation. The Commission is of the view that the purchase of energy by DISCOMs is a recorded figure whereas the actual sale depends on the performance of DISCOM Utilities which can be determined through only energy audit. This has not been done by Utilities till date.

268. As per Section 61 (i) of the Electricity Act, 2003 the Commission is to be guided by National Electricity Policy and Tariff Policy. Ministry of Power, Government of India

has notified the second Tariff Policy on 28th January, 2016 replacing the earlier one. The Commission continue to be guided by features in the Tariff Policy including MYT framework and cost and linkage of tariffs to cost of service etc. as far as applicable to our State.

Estimate of Power Purchase Requirement of DISCOM Utilities for FY 2017-18

269. The monthly quantum of power purchase of Utilities from April, 2016 to December, 2016 is available with the Commission and extrapolating the same, the following quantity of power purchase is estimated for the Utilities in the FY 2016-17.

CESU - 8382.32 MU
NESCO - 5411.07 MU
WESCO - 6829.46 MU
SOUTHCO - 3272.43 MU

Additional sales projected by Utilities are as follows:

Table - 14

	LT Sales (In MU)	HT (In MU)	EHT (In MU)
CESU	422.32	114.16	(-) 88.46
NESCO	426.67	(-) 23.89	(-) 146.37
WESCO	161.00	(-) 20.83	(-) 75.35
SOUTHCO	204.67	34.74	(-) 3.25

Because of higher losses, the Commission accepts purchase to the tune of meeting 70% of LT sales, recovering balance 30% from reduction of loss. The additional purchase of LT, HT and EHT sales factoring loss at appropriate level will be CESU - 469.85 MU, NESCO – 266.37 MU, WESCO – 258.10 MU and SOUTHCO – 244.96 MU. Therefore power purchase requirement for the Utilities in the year 2017-18 is projected as follows:

Table - 15

	CESU (In MU)	NESCO (In MU)	WESCO (In MU)	SOUTHCO (In MU)
Existing annual purchase	8382.32	5411.07	6829.46	3272.43
Additional requirement for 2017-18 projected	469.85	267.37	258.10	244.96
Power purchase requirement in 2017-18 (rounded to)	8850.00	5680.00	7090.00	3520.00

Estimation of LT Sales of DISCOMs for FY 2016-17

270. As stated earlier in absence of Business Plan for FY 2017-18 we adopt the target distribution loss of current year for the ensuing year FY 2017-18 also. Using this loss

we determine LT sales assuming HT and EHT loss percentage as 8% and 0% respectively in accordance with Regulation 7.11 of Tariff Regulation, 2014. The purchase and sales of DISCOMs for FY 2017-18 is approved as follows:

Table – 16
All Odisha Purchase & Sales Approved by the Commission for FY 2017-18 (In MU)

	CESU		NESCO		WESCO		SOUTHCO		ODISHA	
	Proposed	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**
Purchase	9094.05	8850.00	6043.41	5680.00	7200.00	7090.00	3540.00	3520.00	25877.46	25140.00
Sales										
EHT	872.63	872.63	1827.45	1827.45	1235.00	1235.00	323.06	323.06	4258.14	4258.14
HT	1354.24	1354.24	382.60	382.60	1450.00	1450.00	235.14	235.14	3421.98	3421.98
LT	4062.59	4587.63	2382.95	2427.67	2355.00	3015.36	1836.52	2064.20	10637.06	12094.86
Total Sales	**6289.46**	**6814.50**	**4593.00**	**4637.72**	**5040.00**	**5700.36**	**2394.72**	**2622.40**	**18317.18**	**19774.98**

Table – 17
Proposed and Approved Loss of DISCOM Utilities

	2015-16 (Unaudited)	**2016-17 Approved**	**2016-17 Estimated**	**2017-18 Proposed**	**2017-18 (Approved)**
CESU					
Distribution Loss	33.42%	23.00%	32.16%	30.84%	23.00%
Collection Efficiency	94.26%	99.00%	97.00%	99.00%	99.00%
AT & C Loss	37.25%	23.77%	34.20%	31.53%	23.77%
NESCO Utility					
Distribution Loss	26.73%	18.35%	25.00%	24.00%	18.35%
Collection Efficiency	95.72%	99.00%	96.00%	97.00%	99.00%
AT & C Loss	29.87%	19.17%	28.00%	26.28%	19.17%
WESCO Utility					
Distribution Loss	33.76%	19.60%	32.00%	30.00%	19.60%
Collection Efficiency	93.45%	99.00%	95.00%	96.00%	99.00%
AT & C Loss	38.10%	20.40%	35.40%	32.80%	20.40%
SOUTHCO Utility					
Distribution Loss	36.70%	25.50%	35.11%	32.35%	25.50%
Collection Efficiency	88.60%	99.00%	94.00%	96.00%	99.00%
AT & C Loss	43.92%	26.25%	39.01%	35.06%	26.25%
ODISHA					
Distribution Loss	32.51%	21.35%	30.85%	29.22%	21.35%
Collection Efficiency	93.80%	99.00%	95.80%	97.28%	99.00%
AT & C Loss	36.70%	22.14%	33.75%	31.14%	22.14%

Computation of Revenue

271. Basing on normative parameters like distribution loss, AT&C loss and collection efficiency as approved in this Retail Supply Tariff order of the Commission, we determine the revenue on the following principles.

EHT & HT Category

272. The average revenue billed per unit (P/Kwh) category-wise by DISCOMs for the first

nine months of current financial year (in T-6 Format) after normalization has been multiplied by the category wise estimated sales for FY 2017-18 to arrive at the revised revenue in the respective category of each licensee. The Commission has adopted average tariff in each category with respective load factor (considering the consumption pattern) to arrive at the expected revenue.

LT Category

273. The Commission have approved the sales of DISCOMs at LT level by considering power purchase allowed to them and applying the target loss level for FY 2017-18. Contrary to the Commission's expectation for high growth in LT sales, the licensees have projected less sale in LT assuming losses higher than that approved by the Commission. Due to difficulty in assessment of LT sales from billing amid optimism for demand revival, the Commission thinks it fit to allow revenue to DISCOMs at the approved sales level at LT by extrapolation from the information furnished in the application.

274. Therefore, following the above principle we approve the expected revenue of DISCOMs for FY 2017-18 as given in the table below:

Table – 18
Revenue of DISCOM Utilities For FY 2017-18

	CESU		NESCO Utility		WESCO Utility		SOUTHCO Utility	
	Pro.	**Approved**	**Pro.**	**Approved**	**Pro.**	**Approved**	**Pro.**	**Approved**
EHT	541.10	512.60	1067.55	1063.09	815.38	706.53	188.46	189.40
HT	785.40	791.96	223.53	219.34	831.75	842.95	161.28	135.97
LT	1701.08	1917.26	917.59	952.99	1005.63	1176.27	721.96	778.75
Total	**3027.58**	**3221.82**	**2208.67**	**2235.42**	**2652.76**	**2725.74**	**1061.70**	**1104.12**

Demand Charges or minimum demand charges for Consumers of Contract Demand less than 110 KVA

275. DISCOM Utilities have submitted that MMFC and demand Charges for all three-phase consumers whose contract demand is less than 110 KVA and are provided with static meters having facility for recording demand should be on the basis of Contract Demand instead of maximum demand to insulate them from the financial loss faced on account of the cost incurred towards reserving capacity for such consumers. The Commission does not accept this proposition for the reason that as per Regulations 64 of OERC Supply Code, 2004 in case of static meters, the recorded maximum demand shall be considered as contract demand requiring no verification. This matter has

already been elaborately dealt with by the Commission in Para 325 of the RST order for FY 2015-16.

Increase in Contract Demand ratio for calculation of Demand Charges.

276. As per the existing method of billing, in case of Contract Demand >110 KVA the Demand Charge is calculated on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher. DISCOMs have suggested that since the recovery of fixed cost of the Utility with 80% of CD is inadequate it should be enhanced to 85% of the CD or Maximum Demand whichever is higher. The argument of the DISCOM Utilities has little force since through demand charges the DISCOMs recover a component of fixed cost and not the total cost. The Commission finds no reason for enhancing demand charges to minimum 85% of the CD.

Billing for Consumers with CD <110 KVA

277. Some objectors have submitted that the licensees are not abiding by the order of the Commission vide Para-416 of RST Order, 2016-17 to bill such category of consumers on the basis of maximum demand observed during the current financial year. The Commission directs the Licensees/ Utilities to abide by the order of the Commission scrupulously.

Remunerative Calculation

278. Some objectors have submitted that the DISCOMs are not providing remunerative calculation to the consumers. The Commission observes that the licensees have to submit the remunerative calculation as per Apendix-1 of OERC (Conditions of Supply) Code, 2004 before extending supply to a consumer. In case of non-submission of the same the consumers can approach GRF for necessary relief.

Meter Rent

279. All the DISCOMs submitted that the existing meter rent recovered by the Licensee from the consumers is far less than their cost of purchase/ leasing from the suppliers, thereby causing recovery shortfall. In absence of any information enabling objective evaluation of the claim, the Commission is not inclined to accept the views of the Utilities. Hence the existing monthly meter rent will continue as follows:

Table - 19

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 shall be collected for a period of 60 months only. After it is collected for sixty months, meter rent collection should be discontinued and excess collected, if any, shall be adjusted in subsequent energy charges.

Power Factor Penalty for Three-phase Consumers having Contract Demand less than 110 KVA

280. DISCOM Utilities have submitted that many three-phase consumers including industrial ones with CD < 110 KVA are availing their load at lower power factor. DISCOMs have prayed for applicability of Power Factor Penalty for the following categories of Consumers in order to bring more efficiency in Operation till the KVAH billing is made applicable.

HT Category

Specified Public Purpose

General Purpose < 110 KVA

HT Industries (M) Supply

LT Category

LT industries Medium Supply

Public Water Works and Sewerage Pumping > 22 KVA

This matter has been dealt by the Commission in Para 326 of the RST Order for FY 2015-16. The system power factor has improved substantially over 90%. The low end consumers availing power supply at LT have minimal effect in the system power factor. Therefore, in case of considerable VAR drawal, provision of capacitor in primary sub-stations under CAPEX programme or ODSSP programme will be a solution. Therefore, we do not accept this.

L.F. Billing to Irrigation Category of Consumers

281. The DISCOMs have submitted that presently due to difficulty in putting meters in case of irrigation category of consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same the licensee may be permitted to bill such category of consumers on L.F. basis with L.F. of 30%. On this issue, it is to be mentioned that the load factor billing has been abolished by the Commission w.e.f. 01.04.2004. Therefore, any billing to consumers shall be based on metering only.

Acceptance of Bank Guarantee as an alternative to the Security Deposit

282. The issue of charging security deposit in the form of bank guarantee has been raised by the objector. However, this issue has been dealt by the Commission in Para 326 of RST Order for FY 2010-11. The procedure for quantifying and payment of security deposit has been elaborated in Regulation 19, 20, 21 and other allied provisions of OERC (Condition of Supply) Code, 2004. The Commission feels that the existing provision shall continue.

Verification of CGP Status of Power Plants

283. DISCOMs have requested the Commission to revive the Committee for verification of the CGP status of the industries which had been constituted by the Commission in their order in Case No. 129/2010 dated 03.01.2013. It is to be mentioned here that the aforesaid order has been a subject matter of challenge in Hon'ble Orissa High Court in WP(C) No. 18481 of 2013, and hence no further decision on such committee can be taken now. The Commission vide Para 334 of the RST Order for FY 2015-16 has directed the Engineer In Chief (Electricity) to provide the self consumption details of CGPs to the DISCOMS. DISCOMS on receipt of such consumption report can assess the CGP status in accordance with the extant Rules. We direct that necessary advisory be given to Govt of Odisha in this regard by the Commission.

Emergency Power Supply to Captive Generating Plants (CGPs)

284. DISCOMs have requested the Commission that if emergency drawal goes beyond 15% load factor of the highest unit of CGP then demand charges should be levied with the concerned consumer. This issue has already been dealt in para 217-219 of RST order for FY 2014-15. Further Commission has made it clear vide para 188 of RST order for FY 2013-14 that once the drawl of CGP exceeds 100% of the rated

capacity of their largest unit they shall cease to be a consumer for emergency supply and they will be required to pay demand charges and energy charges for rest of the financial year. Hence Commission opines that the tariff fixed by the Commission at present is appropriate and there is no reason to depart from our earlier stand.

Lunching of Amnesty Scheme for collection of arrear

285. The three DISCOMs NESCO, WESCO & SOUTHCO Utilities submitted that the present outstanding amount from LT non industrial category consumers as on 30th Sep-2016 is more than Rs.1082 Cr for NESCO, Rs.1721 for WESCO and Rs.668 Cr for SOUTHCO under LT non industrial category consumers. Hence they have requested the Commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme as approved earlier in FY 2011-12.

It is observed that the receivables stated by utilities have not been confirmed by audit. The previous amnesty scheme had not brought desired outcome. The Commission will deal with this matter separately later on.

Reintroduction of graded slab of Tariff

286. Many HT and EHT consumers have prayed for reintroduction of three slab tariff instead of present two slabs. It is to be mentioned here that the Commission is in the path of rationalizing the tariff on the basis of voltage level. Therefore, reintroduction of three slabs load factor tariff cannot be considered now.

Increasing the limit of Power Factor Incentive

287. Some objectors proposed that since the power factor penalty begins beyond 92%, incentive should also start for maintaining power factor beyond 92%. The incentive should be at 0.5% for every 1% increase above 92%. Alternatively consumers should avail 1% incentive for every 1% increase in power factor above 97% instead of 0.5% for every 1% increase as approved by the Commission. In this connection we reiterate our RST order vide Para 339 in FY 2011-12 where we have given extensive reasons for keeping power factor range 92% to 97% tariff neutral. This is because of stabilizing VAR in the system. Accordingly the rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges. Similarly 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%

Provision for part payment of Electricity Bill

288. Like previous year this year also the Commission decides to continue with the provision of accepting part payment for any month by a consumer as follows:

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)

However, the licensees shall use the provision as a temporary relief to consumers in case of exigency. They shall endeavour to recover all the dues at least biannually through special drives and other measures. Outstanding must be collected by the month of March of the year. The Commission shall review this provision from time to time.

Reliability Surcharge

289. CESU submitted that the present rate of Reliability Surcharge of 10 paise per unit is quite low and should be increased to 20 paise per unit and it should be applicable to all feeders including the shared feeders. However, they have not furnished any reasons to substantiate their claim for the same. Therefore, we are not inclined to accept the proposal.

Delayed Payment Surcharge (DPS)

290. In continuation to our earlier order the Delayed Payment Surcharge (DPS) 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 ≥ 110 KVA
viii) Specified Public Purpose
ix) Mini Steel Plants
x) Emergency supply to CGP
xi) Allied Agro-Industrial Activities
xii) Colony Consumption

291. The consumers as mentioned below shall continue to pay DPS at the rate prescribed in Para 261 of Retail Supply Tariff order for FY 2016-17. This DPS shall be charged to the defaulting consumers who do not clear the bill (current and arrear) consecutively for two months. The DPS shall be charged every two month (maximum six times in a year) as per the flat rates shown in the following table:-

Table – 20

Category of Consumers	Amount of Arrears	Rate Applicable
LT Single Phase Domestic Consumer	Any amount	Rs.50/-
LT Single Phase other consumers (except Kutir Jyoti Consumers)	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.200/-
LT 3 Phase consumers	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.300/-
HT & EHT consumers (consumers not covered in the above para)	Less than Rs.10000/-	Rs.500/-
	Rs.10000/- & above	Rs.2000/-

* No DPS shall be charged from Kutir Jyoti Consumers

Issue of Public lighting

292. Due to unavailability of meter in many public lighting load, until metering is in place the Commission directs that billing should continue assuming 11 hours burning time taking the average use of summer and winter seasons. Utilities shall take steps for installation of metres with initiatives either from the Utility side or from the owner of the public lighting system and report status immediately to the Commission.

Tatkal Scheme for New Connection

293. The Tatkal scheme for consumers availing LT supply for Domestic, Agricultural and General Purpose shall continue as directed vide para 263 of the RST order for FY 2016-17. The Tatkal charges will continue to be applied as given below:

Table - 21

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

The above Tatkal charges do not include meter cost.

Tariff for Temporary Connection

294. The decision of the Commission on Tariff for temporary connection as explained in Para 264 in Tariff order for 2014-15 shall continue. The energy charge for temporary connection shall be 10% higher than the normal tariff applicable to that category for which supply has been extended under temporary connection.

Printing of Bills in Odia Language

295. During the hearing some objectors stressed the need for printing of Electricity Bills in Odia language. We had directed all the DISCOMs to take initiatives on this issue vide para 266 of RST order for FY 2016-17. During the course of hearing all the DISCOMs have stated to have taken initiatives to print the bills in Odia language. The DISCOMs are hereby directed to accomplish this task by 30th of June 2017 and report it to the Commission.

Additional Rebate of 1% to LT category of Consumers for digital payment

296. NESCO, WESCO and SOUTHCO Utilities submitted that to reduce the pressure on currency notes and to move towards cash less economy they propose to promote collection of revenue through digital means. They have proposed to extend additional rebate of 1% over and above normal rebate to LT category of consumers who shall be paying their current energy charges in full. The proposal of the utilities is quite welcome. Cashless transaction will reduce paper work and complicacies in billing issues which will indirectly have a cost reduction effect on the utilities. Hence giving 1% rebate is justified to such consumers. DISCOMs are directed to allow this 1% rebate to LT category of consumers in addition to the normal rebate.

Continuation of bi-monthly billing

297. DISCOM Utilities stated that presently monthly billing in rural areas is not cost effective billing agency per bill vis-à-vis the amounts billed to such subsidized category of consumers. Sometimes meter readers are trying to generate bills without moving to consumer premises which is also not solving the basic purpose of monthly billing. In this context we refer to the provisions of OERC (Condition of Supply) Code, 2004 where it is obligatory on the part of the licensees to raise bill on monthly basis.

Individual power supply to different categories in Residential-cum -Commercial Complexes

298. CESU submitted that presently, some consumers having residential cum commercial complex avail/intend to avail power supply under Bulk Supply-Domestic category. With present regulation allowing commercial load up to 20% of connected load within the domestic category, it is very difficult to measure domestic to non domestic load percentage resulting in revenue loss for CESU. Hence, they have proposed this facility should not be allowed to bulk supply domestic category of consumers.

299. We have examined the proposal of CESU with regard to the existing regulatory provisions. As per OERC (Conditions of Supply) code 2004 vide Reg 80(1) the domestic category also includes supply to occupants of flats in multi-storied building receiving power at a single point and also permits them to maintain 20% of the connected load as commercial load. In view of this, the submission of CESU cannot be accepted.

Electricity charges according to the consumption in Agro Industrial/ GPS/Industrial Category

300. CESU prayed before the Commission that the present system of allowing the connected load of processing and feed unit up to 20% in case of Allied Agro-industrial Consumers and Allied Agricultural Consumers respectively be modified. CESU is facing a lot of disputes on segregation and verification of load for which billing dispute is quite common leading to difficulties in collection of revenue. Hence instead of 20% they have proposed that consumers having food processing unit attached with cold storage should pay the energy charge on the basis of ratio of connected load of food processing unit to the total connected load of cold storage.

301. The Commission had dealt with this matter in Para 258 of RST order 2012-13. This has been upheld by Hon'ble High Court in their judgement dated 18.08.2015 in WP(C) Nos. 22202 & 22589/2010 and WP(C) Nos. 1462, 9778, 9779, 10332, 15437, 25765, 18190, 4178, 4199, 4679, 6264 and 7722/2011 have directed that:

"*Applying the said Retail Supply Tariff for the year 2014-15, it is made clear that the captive feed unit attached to the poultry farm being treated as an integral part of Poultry, if the consumption is less than 20% of total connected load, it should be charged on Allied Agro Industrial category not on GP (LT) Tariff basis.*

Therefore, the DISCOMs should apply due diligence while verifying the connected load and arrive at a conclusion and should not claim two categories of tariff to a particular consumer. This is also not permissible under Regulation.

Modification of Estimated cost in Make-In-India Programme.

302. CESU submitted that as per "Make-in-India" programme initiated by Govt. of India the Principal Secretary, Department of Energy, Govt. Of Odisha vide letter No. 4546 dated 19.05.2015 has issued a guideline and has approved a fixed cost for infrastructure development amounting to Rs.6000/- per KVA on contract demand if the new industry is coming up within the industrial Estate/ Urban Area where the infrastructure is available and Rs.11,300/- per KVA on contract demand outside the industrial Estate/ Urban Area where the infrastructure has to be created for giving power supply to new industry. As per Regulation 13(i) of the OERC Distribution (Conditions of Supply) Code, 2004, the supply of power shall be made, if it is available in the system, technically feasible and remunerative as per the norms fixed at Appendix I of OERC condition of supply code 2004 by the Commission and in case the scheme of supply is not remunerative, the applicant shall be required to bear the portion of charges to make the scheme remunerative. CESU has prayed before the Commission to issue specific direction in this regard. The DISCOMs are advised to take up this issue with the State Government citing the regulatory provision. The differential amount if any may be met from the consumer contribution or from the State Government claimed by DISCOMs on the basis of detailed approved estimates.

Termination of Agreement for Supply of Power.

303. CESU submitted that as per Regulation 16(1) of OERC (Condition of supply code) 2004 "If power supply to any consumer remains disconnected for a period of two months for non-payment of charges or dues or non-compliance of any direction issued under this Code, and no effective steps are taken by the consumer for removing the cause of disconnection and for restoration of power supply, the agreement of the licensee with the consumer for power supply shall be deemed to have been terminated on expiry of the said period of two months, without notice, provided the initial period of agreement is over." Accordingly the licensee is unable to terminate the agreement, if the power supply of a consumer has been disconnected for non-payment of charges during the continuance of initial period of agreement. In such eventuality the licensee

goes on claiming the demand charge/MMFC till initial agreement period is over without terminating the agreement in the intervening period even without any payment from the consumer. This issue shall be deliberated separately as it involves modification in the code and analysed alongwith other relevant provision on separate application.

Demand Side Management (Time of Day)

304. CESU proposes to enhance the incentives for off peak consumption in the form of additional rebate of 10 paisa per unit to all the HT consumers for the consumption of power during off-peak hour. Commission has observed the present demand pattern of the state and decided not to alter any existing incentive or penalty provision. The demand pattern is more or less same at about 2900 MW throughout the day except the peak hour average demand of 3700 MW. The difference between average and peak hour demand is well within 40% and hence is not a matter of concern. The peak hour between 19.00 hr to 24.00 hr is primarily due to the contribution of domestic and commercial load, therefore, is indifferent to the off-peak incentive.

Permitting a fixed percentage of consumption for SPP category to be billed under domestic bulk supply category.

305. NIT Rourkella which comes under SPP category has prayed before the Commission to allow some percentage of its drawl to be treated under domestic category for the sake of the consumers residing in their campus including hostels in line with the allowance of colony consumption of 10% from the industrial consumption in the industries attached with colony and drawing power with a single meter. Since the educational institutions attached with the colony/ hostel operate at low load factor due to diversity in use, we agree with the objector that tariff in SPP category is a burden on such consumers in single metered supply. We find reasonableness in their claim and allow educational institutions attached with hostel / colony to draw 15% of their energy at bulk supply domestic price.

Take or Pay Benefit

306. Some objectors requested for reintroduction of take or pay tariff. The three DISCOMs such as NESCO, WESCO & SOUTHCO Utilities stated that due to introduction of "Assured Energy" concept, industries are reluctant to avail the "Take or Pay" tariff. We have discussed this matter in detail in Para 263 of Retail Supply Tariff order for

FY 2014-15 and para 319 of RST order for FY 2015-16. Therefore, the Commission is not inclined to re-introduce the same again.

Own Your Transformers (OYT) scheme

307. The Commission has introduced the OYT Scheme in its earlier RST orders to encourage LT less distribution only. The order of the Commission as stated in Para-225-227 of Retail Supply Tariff Order for FY 2014-15 shall continue for ensuing year also. The scheme is 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. It was further clarified that the bulk supply domestic category of consumers i.e. consumers in an apartment building or a colony are entitled to avail bulk domestic HT supply at a concessional flat rate and, therefore, not covered under 'OYT' scheme even if they install their own distribution transformers for availing power supply.

The existing OYT scheme for an individual group of consumers under domestic and general purpose category having single point 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.

Demand Charges to be in KVA only instead of KVA/KW

308. DISCOMs have submitted that in the prevailing tariff some of the HT consumers are paying their demand charges in KW and some are on the basis of KVA which is creating disparity among the consumers. They have requested that the demand charges for all the three phase consumers having static meters may be levied on the basis of KVA as per the OERC (Condition of Supply Code) Regulation 2004. We find no bar in the existing provision to the suggestion of the DISCOMs and demand charges on the basis of KVA can be levied where such readings are available and where KVA readings are not available it will be dealt as per Regulation 2 (aa) of the Supply Code.

Separate Rural and Urban Tariff

309. 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. Commission has analyzed the request of those objectors. 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 since Odisha follows uniform retail tariff throughout the State. Further, the quality of supply in rural areas has improved in recent years as compared to past due to implementation of different infrastructure development programmes of the Government. Therefore, it will not be possible to introduce separate tariff for rural areas. However, we allow 5 paise per unit additional rebate over and above other rebates to the rural consumers who avail power supply through correct meter and pay in time. The rural consumers are defined as those consumers who are residing outside the geographical limit of Urban Local Bodies (Municipal Corporations, Municipalities and NACs).

Power Intensive Tariff

310. Some objectors have prayed before the Commission to introduce a special tariff for power intensive industries to make them competitive with their counterparts in other States. This issue has been debated several times in past. It may be mentioned here that as per Section 61 (d) of the Act the Commission while determining the tariff shall be guided by the principle of safeguarding the consumer's interest and at the same time, recovery of the cost of electricity in a reasonable manner. That means the cost of supply is to be recovered from the consumers. The promotion of a particular industry is beyond the scope in the Electricity Act and falls within the domain of the Government. If Government wants to subsidise any category of consumers, they can do so through subsidy mechanism specified under Section 65 of the Act. Moreover, the tariff at HT and EHT level have been rationalised on the basis of cost of supply to that voltage category and in fact tariff reduces at PF greater than 60% which is normally applicable to such industries.

Issue of Rice Mill

311. Some objectors having rice mills pointed out that the rice mills should be included under Allied Agro Industrial Consumers. This issue has already been addressed vide para 234 of RST order for FY 2016-17. Allied Agro Industrial Consumers have

already been defined under Regulation 80 (5) (ii) of OERC (Conditions of Supply) Code, 2004. Therefore, we are not inclined to depart from the law to accommodate these requests.

Introduction of inverted Graded Tariff

312. GRIDCO has projected power surplus scenario in the state during FY 2016-17. In view of the surplus power situation prevailing in the state and the country as a whole one objector has proposed for inverted tariff structure for the state. We point out here that in HT and EHT voltage level the Commission has long since introduced inverted tariff structure for certain categories of consumers. We feel that the time is not ripe to extend it further to other categories of consumers. The Government of India has set up a Committee to look into this matter more vividly. The report of the Committee and its acceptance by the Government of India may lead to review of present approach of the Commission.

Guideline for Collection of Revenue from Rooftop Solar

313. In line with the net metering order of the Commission CESU has signed a tripartite agreement between CESU, GEDCOL and M/s Azure Power for installation of Roof Top Solar in Government Buildings. CESU submitted that the Commission has allowed third party owned Rooftop PV Net metering /bidirectional arrangement in its order dated 26/11/2014 and 10.8.2016 on net metering / Bi-directional Metering and their Connectivity with respect to the Solar PV Projects. Accordingly, Project Implementation Agreement (PIA) for installation of 4 MW Roof Top Solar in Govt Buildings around Bhubaneswar and Cuttack has been signed between GEDCOL (providing leased premises to private operator to set up roof top project), CESU and Project Developer, M/s Azure Power India Pvt Ltd. CESU has prayed before the Commission to approve that agreement for easy and undisputed implementation of the project. We feel that this is a separate issue not related to tariff and advise CESU to move the Commission through a separate petition.

Revenue Impact of Renewable Power Generation

314. CESU submitted that with installation of net metered Solar Plants it will lose Cross Subsidy from higher slabs of consumption in LT. Hence CESU has requested the Commission to consider the revenue impact of renewable power generation where solar installation capacity may go up from 3.8 MWp to 30 MWp or more in FY 2017-

18 in CESU area while finalizing the RST order for FY 2017-18. CESU has given very limited example of loss of cross subsidy. Revenue loss can be properly assessed when more numbers of net metered consumers come on stream.

Overdrawal beyond contract demand and charges thereof

315. The NESCO, WESCO and SOUTHCO Utilities have submitted that during assessment proceeding primarily against industrial and GP consumers, under Section 126, some core issues have emerged which require guidelines from the Commission for effective use of Section 126 and 135 of the Electricity Act, 2003. Since this issue involves several stakeholders, it requires specific deliberation with DISCOMs, Government and the consumers. This is not a tariff issue. The Commission may take a call on this issue if it is raised separately.

Flat rate for security deposit for availing service connection

316. One objector submitted that the Commission should adopt flat rate for security deposit and service connection combined at the time of availing first power supply. The request is not acceptable in view of the Regulation 19 of OERC Supply Code, 2004 which provides a formula for computation of security deposit. The service connection charges are also fixed by the Commission. In view of the above, we do not accept the proposal for fixing a flat rate for service connection and security deposit. Amendment to the code may be considered following due procedure in order to simplify the calculations for computation of Security Deposit.

Implementation of Government Programmes

317. The Government of Odisha has embarked upon a massive investment programme both in distribution and transmission segments. These programmes will not only improve the quality of power supply but also reduce distribution loss significantly thereby making distribution utilities financially viable.

A. Distribution Sector Schemes:

Table - 22

Sl. No.	**Name of Scheme**	**Scope**	**Project Cost**	**Funding**	**Project Period**
1.	Deen Dayal Upadhyaya Gram Jyoti Yojana	Construction of New 33/11 kV Substations, 33 kV bay extension, construction of 33 kV, 11 kV & LT lines, Installation of distribution	Rs.1648 .26 Cr.	GoI: GoO– 60:40	18 Months

Sl. No.	Name of Scheme	Scope	Project Cost	Funding	Project Period
	(DDUGJY)	transformer and providing service connection to BPL consumer spread all over the State			
2	Integrated Power Development Scheme (IPDS)	Formulated for urban areas (Statutory Towns) only and will cover works relating to strengthening of sub-transmission including provisioning of solar panels on Govt. building, Net-metering, metering of feeders /distribution transformers/consumers and IT enablement extended to the statutory towns.	Rs.1079 Cr.	GoI:GoO – 60:40	24 Months
3	Odisha Distribution System Strengthening Project (ODSSP)	Construction of 500 nos. 33/11 KV Substations across the State to improve the quality of supply of power.	Rs. 3,600 Cr.	GoO : 100%	2014-19
4	Dedicated Fishery Feeder	Dedicated 19 nos. of Fishery feeders	151.00 Cr.	GoO: 100%	FY 2016-17
5	Rajiv Gandhi Grameen Vidyuti karanYojana (RGGVY- II)	Electrification of un-electrified villages/partially electrified villages and BPL households	Rs.3550 .45 Cr.	-	FY 2014-17

B. Transmission Sector Schemes:

Table - 23

Sl. No.	Name of Scheme	Scope	Project Cost	Project Period
1	State Capital Region Improvement of Power System (SCRIPS)	To meet the energy needs of the state capital region ensuring 24x7 uninterrupted stable power supplies to all classes of consumers. This scheme envisages setting up of GIS grid stations & GIS 33/11 KV S/s, underground cabling for 132 kV and below voltage level. Automation and use of Smart Grid Technology	Rs.1492 Cr. GoO: 100%	FY 2015-16 to FY 2019-20
2	Radial to Ring Conversion	To strengthen the electrical infrastructure by providing alternate source for smooth and reliable quality	Rs.249.94 Cr. GoO:	FY 2015-16 to FY 2017-18

Sl. No.	Name of Scheme	Scope	Project Cost	Project Period
	Projects (RRCP)	power supply and to improve the system availability by reducing the outage of Distribution System	100%	
3	Disaster Resilient Power System (DRPS)	To increase the Grid efficiency, reliability and resilience making the network less vulnerable to all types of adverse weather conditions.	Rs.231.43 Cr. GoO: 100%	FY 2015-16 to FY 2017-18
4	Disaster Response Centre (DRC)	For quick restoration of power supply disrupted due to occurrence of disaster/calamities and restore the power supply within minimum time span	Rs.151.33 Cr. GoO: 100%	FY 2015-16 to FY 2017-18
5	Smart Grid	For adoption of Smart Grid technology for power system having components i.e GIS, SCADA, OPGW & AMI, in order to ensure uninterrupted power supply to the consumers.	Rs.249.70 Cr. GoO: 100%	FY 2015-16 to FY 2017-18
6	Odisha Power Sector Externally Aided Projects (JICA)	To strengthen transmission capacity of OPTCL. 17 nos. of GRID sub-stations and 590 Kms of line.	Rs.1146.68 Cr. GoO	FY 2016-17 to FY 2019-20

Many of the above projects are in different stages of progress and some have been completed. The distribution assets created above are passed on to the distribution utilities for its use. Though ownership of these assets remains with the Government, the DISCOM Utilities are responsible for its operation and maintenance. Therefore, the State Government is advised to infuse fund in Distribution Utilities for operation and maintenance (O&M) of the assets created and owned by them in Distribution Utilities as the financial condition of DISCOMs does not permit them to do so. The huge investment of Government will pay its full dividend if all the consumers are properly metered and there is no pilferage of energy. This mainly requires 100% consumer metering, strengthening of distribution lines and replacement of LT bare conductors with AB cables. The State Government may consider placing the required fund with the DISCOMs for the above activities.

Steps for Metering, Billing & Collection (MBC)

318. The Electricity Act and Tariff Policy provides for electricity supply through meters. The revenue of DISCOMs shall improve if metering, billing and collection are made efficiently. This requires IT interventions in every step of activities in a comprehensive way. Introduction of smart metering system with associated data concentrating units, automated billing software, digitalized payment mechanism and high speed digital communication are areas requiring attention. The State Government may consider investment in this area that can be very effective in bringing down the AT & C losses and improving the quality of consumer service.

Uniform for DISCOMs employees

319. The SAC in its last meeting has recommended uniform (dress) for the DISCOM employees. Some of the objectors during the hearing also requested the Commission to approve dress code for employees of the DISCOMs which will create a sense of identity and belongingness among them. In turn, the employees can be easily identified by the electricity consumers in particular and the public in general so that they can be approached for redressal of consumer grievances. This is highly important for a service industry like electricity distribution. We accept the suggestion for uniformity and consistency across the offices and over the successive years, the exact specification and shade of the fabrics and design of the dress may be decided centrally. The Uniform should display the name/ logo of the DISCOM. The employees may be given an identity card displaying their name, photograph, and other details. This should be carried by them while on duty. The fund requirement for the uniform has been provided for in the ARR of the DISCOMs in 2017-18. Every employee shall be provided two sets of uniform (dress) per year. GRIDCO is also directed to relax the escrow in this regard. The above decision may be implemented for all the employees within a specific timeframe of three months. The franchisees, wherever operating, may also be asked to adopt appropriate Uniform (dress), identity card etc. for their employees.

Cross-subsidy in Tariff

320. 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 dated 28.01.2016 enjoins that for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the appropriate Commission would notify a road map such that tariffs are brought within ± 20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. Regulation 7.77 of OERC (Terms and Conditions for determination of Wheeling Tariff & Retail Supply Tariff) Regulation, 2014 provides that for the purpose of computing cross subsidy payable by a certain category of consumers the difference between average cost of supply to all consumers of the State taken together and average voltage wise tariff applicable to such consumers shall be considered.

Calculation of Average Cost of Supply

321. With approved revenue for the DISCOMs the average cost of supply for Odisha for FY 2017-18 is follows:

Table – 24
Average Cost of Supply (per Unit) FY 2017-18

(Rs. in Crore)

Expenditure	(Approved)
Cost of Power Purchase	6969.15
Transmission Cost	628.50
SLDC Cost	3.73
Total Power Purchase, Transmission & SLDC Cost (A)	**7601.38**
Employee costs	1079.59
Repair & Maintenance cost	302.21
Administrative and General Expenses	197.21
Provision for Bad & Doubtful Debts	68.15
Depreciation	177.39
Interest Chargeable to Revenue including Interest on S.D	193.46
Sub-Total	**2018.01**
Less: Expenses capitalised	-
Total Operation & Maintenance and Other Cost	2018.01
Return on equity	36.00
Total Distribution Cost (B)	**2054.01**
Total Cost (A+B)	**9655.38**
Average Cost of Supply (paisa per unit)	**488.26**

Calculation of Cross Subsidy

322. 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 be taken into account while working out the average tariff of those respective category as per the format given below:

Table - 25
Cross-Subsidy for FY 2017-18

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Average Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below or cost of supply	Remarks
1	2	3	4	5= (4) – (3)	6= (5 / 3)	7
2012-13	EHT	460.51	551.04	90.53	19.66%	The tariff for HT and EHT category has been calculated based on average tariff.
	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%	
2015-16	EHT	488.81	572.03	83.22	17.03%	
	HT		575.59	86.78	17.75%	
	LT		396.53	-92.28	-18.88%	
2016-17	EHT	480.40	572.36	91.96	19.14%	
	HT		575.86	95.46	19.87%	
	LT		393.36	-87.04	-18.12%	
2017-18	EHT	488.26	580.45	92.18	18.88%	
	HT		581.60	93.34	19.12%	
	LT		398.95	-89.31	-18.29%	

It may be noted from the above that Commission in line with the mandate of the Tariff Policy have managed to keep cross-subsidy among the subsidising and subsidised category of consumers in the State within ±20%. Commission at this stage would like to make it 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.

Decision of the Commission on Open Access Charges (Cross Subsidy Surcharge and Wheeling Charges)

323. The Commission has carefully examined all applications received from the DISCOMs as well as from objectors on the methodologies for estimating the Cross-subsidy Surcharge and the Additional Surcharge.

324. Some objectors pointed out that the cross subsidy surcharge should be calculated as per the methodology specified in Regulation 4.2 of OERC (Determination of Open

Access Charges) Regulations, 2006. This Regulation deals with computation of cost for determination of cross subsidy surcharge. The power purchase cost which is one of the cost should be determined as per that Regulation basing on in weighted marginal cost of power purchase and should be considered as avoided cost of power purchase for the capacity that is likely to move away due to open access transaction. But we have certain uniqueness in the structural and functional aspects of power sector in the State. DISCOM utilities purchase power from GRIDCO where all the PPAs of the Generators have been assigned. The rational behind the approach of calculating "C" has already been defined vide para 355 of RST order for FY 2015-16. Accordingly, cost of power purchase by DISCOM utilities is sum of BSP of respective DISCOM utility and transmission charges.

325. The tariff for HT and EHT consumers for determination of cross subsidy surcharge has been assumed at 100% load factor since open access drawal is made to utilise the full quantum of the power so availed. The formula prescribed in Tariff Policy in Para 8.5.1 for determination of cross subsidy surcharge is as follows:

Surcharge formula:

S= T – [C/ (1-L/100) + D+ R]

Where:

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

326. The Commission now adopts 'C' equal to BSP of respective DISCOMs as followed in earlier years and as explained above. Similarly 'T' is the tariff at 100% load factor including demand charges for the respective voltage level. The wheeling charges 'D'

is as determined from the distribution cost approved for the FY 2015-16 and 'L' is presently 8% at HT level whereas for EHT there is no requirement of incorporation since it has already been accounted for in the Bulk Supply Price of the DISCOM utilities.

327. The Commission does not differentiate between 11 KV and 33 KV in determination of wheeling charges. The wheeling as per our Wheeling Tariff and Retail Supply Tariff Regulations, 2014 includes distribution system and associated facilities of a distribution licensee. This takes care of both the voltage at 11 KV and 33 KV. Therefore, the Commission determines a single wheeling charge for 11 KV and 33 KV.

328. Regarding inclusion of medium term open access as pointed by one objector we feel that it is a regulatory issue and hence cannot be decided by this order. Commission may consider the same at an appropriate stage.

329. While determining CSS, in case of partial open access, the deduction of demand charges from applicable tariff is not possible at present unless information on actual intended quantity of power to be procured under open access is known. Therefore, the contention of one of the objector for factoring reduction of demand charges in case of partial open access for calculation of CSS is not acceptable.

330. In view of several objections regarding delay in granting permission to open access transaction, SLDC is directed to consider independently as per law and allow Open Access applications of all the consumers within the permissible time frame on receipt of requisite fee and on completion of all formalities as detailed in OERC Regulation without any discrimination under intimation to the applicant within the stipulated period.

331. Basing on the above the wheeling charges and cross subsidy surcharges have been determined as follows:

Table – 26
Wheeling Charges Approved for FY 2017-18

	CESU	**NESCO Utility**	**WESCO Utility**	**SOUTHCO Utility**
Energy Handled at HT (MU)	7977.37	3852.56	5855.00	3196.94
Net Distribution Cost	**401.42**	**296.72**	**294.51**	**209.50**
Wheeling Charge calculated for 2017-18 (Paise per unit)	**50.32**	**77.02**	**50.30**	**65.53**

Table - 27
Computed Surcharge for Open access consumer 1MW & above

DISCOM	CESU	NESCO Utility	WESCO Utility	SOUTHCO Utility
Surcharge for EHT Consumer (P/U)	224.90	197.90	197.90	299.90
Surcharge for HT Consumer (P/U)	153.57	97.52	124.24	219.88

332. As per mandate of the Electricity Act, 2003 under Section 42 the cross subsidy surcharge is to be reduced progressively. The Commission is authorized to evolve a methodology for such reduction. Basing on the suggestions during the hearing in the last year so also in the current proceeding, the Commission have fixed leviable surcharge at 65% of the computed value of the same for this year.

Table – 28
Leviable Surcharge, Wheeling Charge & Transmission Charge for Open access consumer 1MW & above for FY 2017-18

Name of the licensee	Cross Subsidy Surcharge (P/U)		Wheeling Charge P/U applicable to HT consumers only	Transmission Charges for Short Term Open access Customer (applicable for HT & EHT consumers)
	EHT	HT		
CESU	146.19	99.82	50.32	Rs. 1500/MW/day or Rs.62.5/MWh
NESCO Utility	128.64	63.39	77.02	Rs. 1500/MW/day or Rs.62.5/MWh
WESCO Utility	128.64	80.76	50.30	Rs. 1500/MW/day or Rs.62.5/MWh
SOUTHCO Utility	194.94	142.92	65.53	Rs. 1500/MW/day or Rs.62.5/MWh

Additional Surcharge

333. As per principle followed in the previous order, we have not determined additional surcharge over and above the surcharge to be paid to the DISCOMs to meet the fixed cost of licensee arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act. This is because no such case has been brought before us by the DISCOMs.

334. Therefore, we decide accordingly.

(i) The wheeling charge and surcharge as indicated in Table above shall be applicable from the date of this order.

(ii) The normative transmission loss at EHT (3.50%) and normative wheeling loss for HT level (8%) shall be applicable for the year 2017-18.

(iii) No Cross-subsidy surcharge is payable by the consumers availing Renewable power through open access.

(iv) 20% wheeling charge is payable by the consumers drawing power through open access from Renewable source excluding Co-generation & Bio mass power plant.

These charges as notified for the FY 2017-18 will remain in force until further orders.

Relationship between Cross Subsidy and Cross Subsidy Surcharge

335. Some objectors submitted that cross subsidy and cross subsidy surcharge are equal. It is to be noted that the cross subsidy surcharge is levied for loss of cross subsidy for a consumer who opts out from the supply chain of DISCOM utility. The tariff, the consumer pays, consists of not only the demand and energy charges but also includes parameters dependent on various other charges and costs. Therefore, the cross subsidy surcharge that is charged on consumers going out of the distribution system will have to be seen different from cross subsidy that is part of the tariff structure for certain types of consumers within the distribution system.

Employees Cost

336. The petitioners WESCO, NESCO, SOUTHCO and CESU in their ARR and tariff petition for the FY 2017-18 have projected employees cost. A comparison of the approved Employees cost for FY 2016-17 and proposed employees cost by DISCOMS for FY 2017-18 is shown in table below.

Table – 29
Employee Cost (2017-18)

(Rs. in Cr.)

Sl.	Particulars	WESCO		NESCO		SOUTHCO		CESU		Total	
		Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18
1	Basic Pay + GP	59.05	136.60	45.40	114.61	43.29	137.56	81.29	229.89	229.03	618.66
2	DA	77.36	16.39	59.47	9.05	56.71	11.00	106.49	16.09	300.03	52.53
3	Other allowance	3.22	8.02	4.22	2.23	2.49	2.17	5.02	4.92	14.95	17.34
	Arrear of 7th Pay Commission		17.42		47.83		23.20		117.97		
4	Bonus	0.06	0.06		0.83			0.24	0.09	0.30	0.98
	Additional Employee Cost				36.21		20.38				56.59
5	Outsource Obligation	2.54	14.71	1.80		1.77	28.64	2.38	3.47	8.49	46.82
6	Contractual Obligation	3.16	4.50	6.31	16.10	12.00	0.82	9.51	9.28	30.98	30.70

Sl.	Particulars	WESCO		NESCO		SOUTHCO		CESU		Total	
		Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18	Approved for FY 2016-17	Proposed for FY 2017-18
7	Total Emoluments (1 to 6)	145.39	197.70	117.20	226.86	116.25	223.77	204.94	381.71	583.78	1030.04
8	Reimbursement. of medical expenses	2.95	6.83	2.27	7.54	2.16	7.38	4.06	11.49	11.45	33.24
9	Leave Travel Concession	0.03	0.03	0.30	0.30	0.09	0.21	0.02	0.02	0.44	0.56
10	Reimbursement of HR	8.86	24.59	6.81	30.16	6.49	26.14	12.19	25.29	34.35	106.18
11	Encashment of Earned Leave					0.31	0.27			0.31	0.27
12	Honorarium	0.16	0.16			0.01	0.01			0.17	0.17
13	Payment under workmen compensation Act	0.20	0.20	0.20	0.20	0.65	0.65	1.37	0.92	2.42	1.97
14	Ex-gratia	0.08	0.08	2.60	2.84					2.68	2.92
15	Other Staff Costs	0.50	0.50	0.35	1.54	0.36	0.58	1.21	1.58	2.42	4.20
16	Total Other Staff Costs (8 to 16)	12.78	32.39	12.53	42.58	10.08	35.24	18.86	39.30	54.25	149.51
17	Staff Welfare Expenses	0.84	0.84	1.28	1.26	3.30	3.57	3.14	3.55	8.56	9.22
18	Terminal Benefits (Pension+Gratuity + Leave)	73.16	173.94	87.06	121.89	61.46	122.75	135.24	196.29	356.92	614.87
19	Total (7+ 17+18+19)	232.16	404.87	218.07	392.59	191.09	385.33	362.17	620.85	1003.50	1803.64
20	Less : Empl. cost capitalized	3.47	5.14	1.95	0.34	0.97	1.16	16.74	27.27	23.13	33.91
21	Total Employees Cost	228.69	399.73	216.12	392.25	190.12	384.17	345.43	593.58	980.37	1769.73
% rise over approved 2016-17		**74.79**		**81.49**		**102.06**		**71.84**		**80.52**	

337. The table above reveals that for the ensuing year the licensees have proposed a rise in employee's cost compared to the approval for the FY 2016-17. WESCO, NESCO, SOUTHCO and CESU have projected an increase over the approval for the 2016-17 at 74.79%, 81.49%, 102.06% and 71.84%, respectively. The projected enhancements are mainly due to higher estimation towards 7th Pay Commission recommendation and Terminal liabilities based on the actuarial valuation applied by these distribution companies.

338. 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"

339. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, we ascertain the number of employees as on 31.3.2017 and 31.3.2018 from the submissions. The position up to the year ending 2017-18 as proposed by the Licensees is depicted in table below:

Table – 30
Employees Proposed (2017-18)

	WESCO	NESCO	SOUTHCO	CESU
No. of employees as on 31.03.2016	3461	2942	2693	6156
Add: Addition during 2016-17	311	0	0	8
Less: Retirement/Expired Resignation during 2016-17	226	156	137	237
No. of employees as on 31.03.2017	3546	2786	2556	5927
Add: Addition during 2017-18	306	894	210	0
Less: Retirement/Expired/ Resignation during year 2017-18	242	154	127	248
No. of employees as on 31.03.2018	3610	3526	2639	5679

340. The DISCOMs except CESU have proposed increase in the employee's strength to compensate for the retirement of the employees, expansion of substations fuse call, extension of LT lines and segregating the commercial activities from O&M. Commission observed in previous RST orders that the efficiency of the employees in all DISCOMs is below national average. In other words the capacity of the employees have not been fully utilised by the DISCOMs and performance has shown a downward trend. Therefore the Commission in the last RST order observed that 'Increase in number of employees may not be a solution for better efficiency as observed in CESU. Moreover, the draft /proposed change in Act and new tariff policy

specify renewed direction and purpose to the DISCOM organisation with possibility of restructuring in future. Therefore, adding more employees at a transition point is not prudent, we feel'.

341. Therefore, the Commission in continuation to the previous tariff orders decides that at present no new induction shall take place during the current financial year 2016-17 and also 2017-18. The Commission has revoked the License of the three distribution companies, WESCO, NESCO and SOUTHCO in case no.55/2013 dated 04.03.2015 which is still pending at the higher forum. Commission has already initiated action on CESU under section 20 of the Electricity Act, 2003. In view of the above developments the Commission directs that no fresh appointment be made for the current year 2016-17 and for the ensuing year 2017-18. Any addition thereafter shall be based on efficiency audit of each employee, formulation of service condition, market & efficiency based performance and final outcome of efforts under section 20 and other provisions of the Act. Accordingly Commission approves following number of employees for the DISCOMs for FY 2017-18.

Table – 31
Employees Strength Approved (2017-18)

	WESCO	NESCO	SOUTHCO	CESU
No. of employees as on 31.03.2016	3461	2942	2693	6156
Add: Addition during 2016-17	0	0	0	0
Less: Retirement/Expired Resignation during 2016-17	226	156	137	237
No. of employees as on 31.03.2017	3235	2786	2556	5919
Add: Addition during 2017-18	0	0	0	0
Less: Retirement/Expired/ Resignation during year 2017-18	242	154	127	248
No. of employees as on 31.03.2018	2993	2632	2429	5671
Average no. of employees for FY 2016-17	3348	2864	2625	6038
Average no. of employees for FY 2017-18	3114	2709	2493	5795

342. All the Licensees have projected their employee cost for FY 2017-18 taking into account the impact of 7th pay commission recommendations including arrears for previous years which is yet to be notified by the Government of Odisha. This was vehemently objected to by the objectors during the hearing process as Govt of Odisha has not yet notified the 7th pay recommendations and employee cost cannot be allowed on presumption basis. The Commission therefore asked the Licensees to submit their projections for the current year and ensuing year without taking the 7th pay recommendations into consideration.

343. The Commission in accordance with the MYT principle allows 3% escalation on

Basic Pay and Grade Pay towards normal annual increment on year to year basis. The same principle shall also continue. Table below shows the Basic Pay and Grade Pay for FY 2016-17 and approval of Basic Pay and Grade Pay for the ensuing year 2017-18 in respect of four DISCOMs as detailed below:

Table – 32

(Rs. in Cr.)

Name of the DISCOM	Proposed Basic Pay with Grade Pay for FY 2016-17	Proposed Basic Pay with Grade Pay for FY 2017-18	Approved Basic Pay with Grade Pay for FY 2017-18
WESCO Utility	60.00	136.60	57.48
NESCO Utility	48.15	114.61	46.91
SOUTHCO Utility	49.98	137.56	48.89
CESU	83.82	229.89	82.87

344. While approving, the Commission is of the view that any financial benefit extended by DISCOMs in shape of increment or promotion to its officers, as a whole need to consider the growth in revenue , improvement in O&M performance, reduction in losses, consumer satisfaction, achievement of organization goals and other parameters outlined by management.

345. On the basis of the calculation in the above table, As regards Dearness Allowance the rate of DA revision as per the Govt. of Odisha notified rates for ensuing years is given in the table below:

Table – 33
Dearness Allowance Rate

Date effective from	Rate	Status
1.01.16	125%	Approved By GoO
1.07.16	132%	Approved By GoO
1.01.17	138%	Estimated
1.07.17	144%	Estimated

346. The DA rate now is 132% with effect from 01.7.2016. The next revisions would have bearing on the DA estimation for FY 2017-18. While doing so the Commission observed that employees transferred under OER Act 1995 needs to be protected at par with State Govt. employees. In case there is insufficient recovery of revenue to cover all costs including power purchase, the management should resort to maintaining the expenditure on employees at current level without unnecessary borrowing and increasing interest burden on consumers. It can also withhold such benefit till there is recovery in revenue. In all general cases of hike in salary and DA the Govt. guidelines if any, must be followed and approval of Commission, if affecting consumers, must

be taken. According to the previous trend and likely future impacts DA rate at an average of 144% for the FY 2017-18 is to be considered. Expenditure projected on account of DA has been calculated at this rate for the ensuing year FY 2017-18 for the purpose of ARR.

347. For the ensuing year 2017-18 Medical Reimbursement has been approved at the rate of 5% over Basic Pay and Grade Pay.

348. The DISCOMs have projected House Rent Allowance (HRA) at the rate of 20% of the Basic pay and Grade Pay for the ensuing year 2017-18. Estimation was made regarding HRA as a percentage of the Basic pay and Grade Pay for the current year 2016-17 and thereafter such percentage was applied while approving at the HRA for 2017-18. The estimation and approval of HRA is shown in the following table.

Table – 34

House Rent Allowance approved

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
Proposed for 2016-17 -(Basic Pay + GP)	67.00	48.15	49.98	83.82
Approved for FY 2017-18 -(Basic Pay + GP)	64.19	46.91	48.89	82.87
HRA approved for FY 2017-18 as per above	11.55	9.38	9.29	11.22

349. DISCOMs have submitted in the ARR that since no recruitment has been permitted by the Commission there has been drastic reduction in the manpower. In view of the large scale energisation through rural electrification, addition of new consumers, reorganisation, and to carry out MRT, Energy Audit, maintenance of DTRs and vigilance activities present manpower is inadequate. Consequently in order to improve 100% coverage, reduction of distribution loss and to improve collection they have engaged contractual personnel and outsource agencies for maintenance of existing Grid substations, sub stations under ODSSP, watch and ward activity, vigilance activities etc. SOUTHCO have engaged outsourced agency during the year 2016-17 for maintenance of 155 numbers of 33/11 KV substations engaging about 5 persons per substations. DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2016-17. The commission after scrutiny allows the expenses on Contractual and outsource employees as projected in the ARR for 2017-18 which is detailed in the table below. We reiterate that additional requirement shall be outsourced only.

Table - 35

DISCOM Utilities	Expense on	04/2016	05/2016	06/2016	07/2016	08/2016	09/2016	10/2016	11/2016	Pro-rated for FY 2016-17	Proposed for 2017-18	Approved for FY 2017-18
CESU	Outsource	0.43	0.43	0.43	0.43	0.43	0.44	0.44	0.44	5.21	3.44	3.44
	Ex-Service Men	0.61	0.62	0.61	0.61	0.59	0.6	0.65	0.65	7.41	9.28	9.28
WESCO	Outsource	0.62	0.6	0.78	0.95	0.56	0.58	0.65	0.49	7.85	14.71	14.71
	Contractual	0.68	0.87	0.98	0.97	0.78	0.87	0.86	0.88	10.34	4.50	4.50
NESCO	Outsource	1.1	1.05	1.09	1.06	1.1	1.06	1.08	0.98	12.78		
	Contractual	0.08	0.09	0.09	0.09	0.11	0.08	0.12	0.09	1.13	16.10	16.10
SOUTHCO	Outsource	2.65	2.42	1.89	1.34	3.66	0.64	4.22	3.04	29.79	28.64	20.00
	Contractual	0.12	0.13	0.12	0.13	0.13	0.12	0.13	0.12	1.50	0.82	0.82

Analysis of LT Division-wise Performance and Employee Performance

350. The Commission have analysed the LT loss level of various divisions of DISCOMs as reported by the DISCOMs. This reveals the performance of the Divisions for FY 2015-16 on the various parameters as given in the tables below:-

Table - 36

Division wise performance LT WESCO - 2015-16

SL. No.	Name Of Division	No of Consumers	Energy Input (MU)	Energy Sold (MU)	Loss %	AT&C Loss (%)	LT Realization (P/U)
1	BARGARH(W)	106284	340.91	142.86	58.1%	81.0%	66
2	SONEPUR	93070	221.04	118.35	46.5%	72.2%	102
8	BARGARH	91307	446.18	189.90	57.4%	72.2%	111
3	TITILAGARH	113047	276.46	130.96	52.6%	71.8%	109
6	BOLANGIR	75650	311.88	122.62	60.7%	71.3%	113
5	SAMBALPUR (East)	75159	291.68	132.81	54.5%	69.3%	132
4	NUAPADA	73805	186.45	76.33	59.1%	67.4%	122
7	DEOGARH	45172	86.99	48.13	44.7%	64.7%	137
8	SUNDERGARH	65156	183.03	88.71	51.5%	62.8%	150
9	KWED	80285	166.39	73.88	55.6%	62.7%	152
12	BRAJRAJNAGAR	33463	131.00	72.06	45.0%	59.0%	167
10	KEED	86675	201.96	111.88	44.6%	57.6%	178
11	SAMBALPUR	43725	262.27	163.04	37.8%	57.3%	196
13	JHARSUGUDA	79834	244.31	149.62	38.8%	54.5%	187
15	ROURKELA-SADAR	71260	202.65	131.30	35.2%	45.7%	237
16	ROURKELA	50872	180.20	120.63	33.1%	39.6%	271
17	RAJGANGPUR	72326	140.89	108.06	23.3%	29.7%	309
WESCO TOTAL		**1257090**	**3874.29**	**1981.16**	**48.9%**	**63.3%**	**150**

Table - 37

Division wise performance -NESCO FY 2015-16

Sl. No.	Name of Division	No. of Consumers	Energy Input (MU)	Energy Sold (MU)	Distribution Loss (%)	AT&C Loss (%)	LT Realization (P/U)
1	BED, BALASORE	46209	148.974	109.834	26.27%	21.73%	369
2	BTED, BASTA	58180	115.882	56.456	51.28%	56.90%	155
3	JED, JALESWAR	77816	153.589	85.426	44.38%	45.30%	186
4	CED, BALASORE	79999	185.465	96.207	48.13%	59.28%	175
5	SED, SORO	108066	164.051	105.304	35.81%	36.50%	249
6	BNED, BHADRAK (N)	125777	277.464	181.929	34.43%	52.06%	209

7	BSED, BHADRAK (S)	77530	155.229	89.173	42.55%	53.32%	175
8	BPED, BARIPADA	167600	279.802	172.872	38.22%	44.52%	236
9	UED, UDALA	70440	92.074	52.069	43.45%	45.63%	202
10	RED, RAIRANGPUR	140509	193.624	115.696	40.25%	53.08%	195
11	JRED, JAJPUR ROAD	69037	233.990	133.521	42.94%	53.55%	216
12	JTED, JAJPUR TOWN	78097	191.953	94.852	50.59%	54.59%	174
13	KUED, KUAKHIA	86374	204.836	108.623	46.97%	55.31%	187
14	KED, KEONJHAR	69867	104.615	85.599	18.18%	25.15%	335
15	JOED, JODA	57737	139.724	101.271	27.52%	30.96%	319
16	AED, ANANDAPUR	83550	145.732	86.216	40.84%	58.64%	166
NESCO TOTAL		1396788	2787.004	1675.048	39.90%	47.84%	218

Table - 38

Division wise performance -SOUTHCO FY 2015-16							
Sl. No.	**Name of Division**	**No. of Consumer**	**Energy Input(MU)**	**Energy Sold (MU)**	**Loss (%)**	**AT & C Loss (%)**	**LT Realization (P/U)**
1	Malkangiri	91199	124	77	38%	70%	1.09
2	Koraput	70765	156	65	58%	67%	1.44
3	Aska-2	46003	109	42	61%	66%	1.35
4	Aska-1	47949	156	61	61%	65%	1.45
5	Boudh	76033	96	70	27%	62%	1.46
6	Nabarangpur	118223	161	106	34%	60%	1.59
7	Chatrapur	79392	188	91	51%	60%	1.64
8	Purusotaampur	80530	144	71	51%	60%	1.62
9	Digapahandi	78720	162	88	46%	54%	1.86
10	Bhanjanagar	91836	166	81	52%	52%	1.88
11	Phulbani	106968	127	81	36%	52%	1.83
12	Hinjili	66619	68	32	53%	51%	1.94
13	Jeypore	91264	162	113	31%	46%	2.27
14	Parlakhemundi	99899	120	85	30%	36%	2.60
15	Rayagada	115452	148	124	17%	31%	2.81
16	Gunupur	53743	65	50	23%	31%	2.74
17	Berhampur-II	48164	140	116	17%	17%	3.99
18	Berhampur-III	53064	79	66	17%	15%	3.69
19	Berhapur -1	60492	151	133	12%	12%	4.17
SOUTHCO TOTAL		1,476,315	2,524	1,554	38%	48%	2.14

Table - 39

Division wise LT performance CESU - 2015-16							
Sl. No.	**Name of Division**	**No of Consumers**	**Energy Input (MU)**	**Energy Sold (MU)**	**Loss (%)**	**AT & C Loss (%)**	**LT Realization (P/U)**
1	BCDD-1	54179	230.48	223.80	2.9%	2.9%	5.28
2	BCDD-2	121407	398.0	347.14	12.8%	14.3%	4.37
3	BED	93162	372.6	306.86	17.7%	21.5%	4.02
4	NEDN	124839	364.4	134.73	63.0%	72.5%	1.21
5	PED	138944	364.6	216.40	40.6%	49.7%	2.12
6	NED	161504	192.6	144.30	25.1%	32.4%	2.76
7	KED	146593	337.4	209.62	37.9%	45.4%	2.35
8	BEDB	87932	165.2	115.24	30.2%	43.7%	2.26
9	CED	110500	357.5	149.27	58.2%	68.2%	1.45
10	CDD-I	62339	279.1	237.59	14.9%	14.3%	4.41
11	CDD-II	59831	258.4	186.02	28.0%	32.1%	3.50

12	AED	89787	254.9	85.62	66.4%	75.6%	1.05
13	SED	86017	191.1	89.00	53.4%	67.4%	1.39
14	KED-I	151746	255.6	144.58	43.4%	48.9%	2.27
15	KED-II	69624	96.0	49.44	48.5%	53.4%	1.96
16	PDP	81173	174.5	84.51	51.6%	59.7%	1.76
17	JED	101667	176.0	108.12	38.6%	48.5%	2.20
18	DED	151268	421.5	181.85	56.9%	66.2%	1.52
19	ANED	111363	285.2	126.45	55.7%	63.1%	1.72
20	TED	110933	325.0	134.71	58.6%	68.1%	1.45
CESU TOTAL		**2114808**	**5500.07**	**3275.25**	**40.5%**	**47.1%**	**2.48**

351. The above four tables unravel startling loss levels unacceptable on any grounds. The current poor performance is noticed in spite of the fact that reforms were initiated twenty years ago and much was expected to change in terms of performance improvement. The LT loss level in many divisions is inconceivably high reaching as much as 80%. In many divisions of WESCO the AT&C loss levels ranges from 50% to 70%. In CESU area also in many divisions loss level is more than 60% at LT level. In SOUTHCO and NESCO area also AT&C loss level is more than 50%. Consequently the 'Realisation per LT input' of these divisions is dismally low and much lower than the Bulk supply price and Average cost of supply. Almost all divisions have therefore been spending more on establishment cost than the revenue realisation.

352. Commission in the last RST order observed that "It is really distressing to observe that the average performance of Odisha DISCOMs is much lower than the national average and also lower than other states Gujarat, Karnataka, Maharashtra, Tamil Nadu, West Bengal and Haryana. Average of employees per thousands of consumers in Odisha is higher than the national average. The Commission is constrained to observe that the most important reason for this shoddy performance is the complete lack of accountability on the part of employees. This is probably due to the misplaced generosity of the DISCOMs in granting the same benefit and condition of service to employees who joined after the unbundling process in 1995. The DISCOMs were not bound to extend such liberal terms to the employees recruited after the unbundling. This appears to be the major reason for the present crisis." Things have not changed as desired in the DISCOMs and there is lot to be done to improve the performance in terms of billing, collection and reduction of losses."

353. The Commission observed that high loss level persisting in some divisions for a number of years clearly indicates that DISCOMs have not devised any manpower engagement policy to link incentive/ disincentives to performance. The Commission

in previous RST orders therefore asked the DISCOMs to furnish information relating to employees service conditions, duties assigned to each person/post, annual performance appraisal procedure, promotion rules and redeployment of personal for operation and maintenance. Unfortunately these details have not been furnished by the DISCOMs in-spite of explicit directions in the last RST order.

354. In the last RST order for 2016-17 the commission directed the following to be done by the Licensees:

1. The service condition for the employees shall be submitted by the DISCOMs by 30th June, 2016.
2. This service condition should clearly lay down the following:
   (i) A system of incentive / disincentive linked to performance so that non performing employees can be taken to task.
   (ii) All divisions/sections should be declared as strategic business / profit centre units to earn their own revenue.
   (iii) Re deployment of existing employees after induction of franchisee in metering, billing and collection activities.
   (iv) Maintenance of proper database for each employee.
   (v) The DISCOMs have to prepare division wise performance indicators, graphical representation of employees cost vrs. Revenue vrs. AT&C loss trajectory over five year's period.

The service conditions covering the all above features, should put in place a mechanism so as to ensure a correlation between productivity and remuneration of employees.

It seems there is not much progress in this front and the commission again directs to place before the commission service condition incorporating the conditions satisfying above features latest by 31st July 2017. The Commission may initiate a Suo Motu petition on this.

Terminal Liability

355. All the DISCOMs have projected increase in their terminal liability for the ensuing year ranging from 40 to 70 percent. A comparative position of the approved terminal liability in ARR of FY 2016-17 vis-a-vis projection made by the DISCOMs for FY 2017-18 is given in the following table:

Table – 40

(Rs. Cr.)

Name of the Company	Approved FY 2016-17	Proposed FY 2017-18	Percentage increase (in %)
WESCO	73.16	173.94	42.06
NESCO	87.06	121.89	71.43
SOUTHCO	61.46	122.75	50.07
CESU	135.24	196.29	68.90
Total	**356.92**	**614.87**	**58.05**

356. 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 2017-18 is based on the actuarial valuation carried out by the Actuary M/s. Bhudev Chatterjee as on 31.3.2016 and the projections for 2016-17 and 2017-18. These licensees while computing the contribution to fund the employee trust, have considered the actual investments as on 01.04.2016, estimated investments as on 01.04.2017, income from investments during the year 2017-18 and the payments to the retiring employees during the year 2017-18. CESU in their submission have stated that the terminal benefit has been considered by estimating projection for FY 2016-17 towards pension and leave by multiplying 2.57 factor to Basic pay + Grade pay of 2015-16 and increasing it @7% and 5% respectively for 2017-18. As regards gratuity projection has been made for 2016-17 @ 23.5% and further increased @8% for FY 2017-18.

357. The DISCOMs were asked to submit the actual Corpus fund available up to 31st March 2016. As per the information submitted by the DISCOMs the actual corpus fund available is far less than what actually should have been by 31.3.2016. The following table shows the actual corpus fund available:

Table – 41

(Rs. in Cr.)

Actual Corpus Availability						
	As on 31.3.2015			As on 31.3.2016		
DISCOM	Pension Fund	Gratuity Fund	Total	Pension Fund	Gratuity Fund	Total
WESCO	111.68	29.35	141.03	134.06	30.98	165.04
NESCO	96.78	13.75	110.53	100.67	16.07	116.74
SOUTHCO	30.36	8.10	38.46	27.04	7.26	34.30
CESU	195.05	29.00	224.05	209.06	30.59	239.65

358. The Commission on analysis found that the actual corpus fund available is much less than the expected and requirement. The Commission in the last RST order observed

that the Licensees have failed to transfer amounts allowed in the previous successive tariff orders for the purpose. Licensees have also failed to submit any plan of action to recoup the corpus fund through enhanced collection. Commission is therefore not inclined to allow the full amount of Terminal liability projection and instead allow only the liability on the actual cash out go basis. The DISCOMs during the present ARR analysis were asked to submit actual cash outflow on terminal liability up to Nov 2016. On the basis of their submission the actual liability paid up to Nov 2016 extrapolated to full year of 2016-17 and then further by 10% (actual growth observed is around 8.5%) to arrive at expected liability of 2017-18. . The details of terminal liability and approval for FY 2017-18 are given in the table below:

Table - 42
Terminal Liability FY 2017-18

(Rs. in Cr.)

Terminal Liability Cash Out go upto Nov-2016				
	WESCO	**NESCO**	**SOUTHCO**	**CESU**
04/2016	5.30	5.33	5.68	8.93
05/2016	5.49	5.83	5.20	9.36
06/2016	6.19	7.78	5.40	9.63
07/2016	6.31	5.57	4.40	10.94
08/2016	5.87	4.87	6.24	11.80
09/2016	5.95	5.49	4.48	10.23
10/2016	5.45	6.29	4.50	10.33
11/2016	6.53	6.53	4.51	9.72
Average	5.89	5.96	5.05	10.12
Pro-rated for FY 2016-17	70.64	71.54	60.62	121.40
Approved for FY 2017-18 (with 10% hike over 2016-17)	77.70	78.69	66.68	133.54

359. The Commission accordingly allows following amount towards terminal Liabilities of DISCOMs for FY 2017-18.

Table – 43

(Rs. in Cr.)

Name of the DISCOM	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Amount to be charged to ARR	**77.70**	**78.69**	**66.68**	**133.54**

360. 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 2017-18 is shown in the table below:

Table – 44
Employee Cost

(Rs. in Cr.)

Sl. No.	Particulars	WESCO		NESCO		SOUTHCO		CESU		Total	
		Proposed for FY 2017-18	Approved for FY 2017-18	Proposed for FY 2017-18	Approved for FY 2017-18	Proposed for FY 2017-18	Approved for FY 2017-18	Proposed for FY 2017-18	Approved for FY 2017-18	Proposed for FY 2017-18	Approved for FY 2017-18
1	Basic Pay + GP	136.60	64.19	114.61	46.91	137.56	48.89	229.89	82.87	618.66	242.85
2	DA	16.39	92.43	9.05	67.55	11.00	70.40	16.09	119.33	52.53	349.71
3	Other allowance	8.02	3.22	2.23	2.23	2.17	2.17	4.92	4.92	17.34	12.54
	Arrear of 7th Pay commission	17.42		47.83		23.20		117.97			
4	Bonus	0.06	0.06	0.83	0.83			0.09	0.09	0.98	0.98
	Additional Employee Cost			36.21		20.38				56.59	
5	Outsource Obligation	14.71	14.71			28.64	20.00	3.47	3.47	46.82	38.18
6	Contractual Obligation	4.50	4.50	16.10	16.10	0.82	0.82	9.28	9.28	30.70	30.70
7	Total Emoluments (1 to 6)	**197.70**	**179.11**	**226.86**	**133.62**	**223.77**	**142.28**	**381.71**	**219.96**	**1030.04**	**674.96**
8	Reimbursement. of medical expenses	6.83	3.21	7.54	2.35	7.38	2.44	11.49	4.14	33.24	12.14
9	Leave Travel Concession	0.03	0.03	0.30	0.30	0.21	0.21	0.02	0.02	0.56	0.56
10	Reimbursement of HR	24.59	11.55	30.16	9.38	26.14	9.29	25.29	11.22	106.18	41.44
11	Encashment of Earned Leave					0.27				0.27	0.00
12	Honorarium	0.16	0.16			0.01	0.01			0.17	0.17
13	Payment under workmen compensation Act	0.20	0.20	0.20	0.20	0.65	0.65	0.92	0.92	1.97	1.97
14	Expense towards uniform to Employees		0.95		0.85		0.75		1.75		4.30
15	Ex-gratia	0.08	0.08	2.84	2.84					2.92	2.92
16	Other Staff Costs	0.50	0.50	1.54	1.54	0.58	0.58	1.58	1.58	4.20	4.20
17	Total Other Staff Costs (8 to 16)	32.39	16.68	42.58	17.46	35.24	13.93	39.30	19.63	149.51	67.71
18	Staff Welfare Expenses	0.84	0.84	1.26	1.26	3.57	3.57	3.55	3.55	9.22	9.22
19	Terminal Benefits (Pension + Gratuity + Leave encashment)	173.94	77.70	121.89	78.69	122.75	66.68	196.29	133.54	614.87	356.61
20	Total (7+ 17+18+19)	**404.87**	**274.33**	**392.59**	**231.03**	**385.33**	**226.46**	**620.85**	**376.68**	1803.64	**1108.50**
21	Less : Empl. cost capitalized	5.14	0.14	0.34	0.34	1.16	1.16	27.27	27.27	33.91	28.91
22	Total Employees Cost	**399.73**	**274.19**	**392.25**	**230.69**	**384.17**	**225.30**	**593.58**	**349.41**	1769.73	**1079.59**

361. The Commission observes that past defaults shall be met from arrear collections after meeting arrear energy charges unless decided otherwise by Commission. The ratio shall be decided in consultation with GRIDCO for relaxation of escrow on information from licensees on arrear collection.

362. It is directed that any rise in employee cost other than that approved shall require prior approval of the Commission.

Administrative and General Expenses

363. The Administrative and General Expenses covers property related expenses, Licence

Fees to OERC, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The DISCOMs have projected their estimates for FY 2017-18 in their ARR in the following manner which are compared with approved A&G expenses for previous FY 2016-17.

Table -45

(Rs. in Cr.)

A&G Expenses	**Approved FY 2016-17**			**Proposed FY 2017-18**		
DISCOM	**Normal A&G**	**Additional A&G**	**Total A&G**	**Normal A&G**	**Additional A&G**	**Total A&G**
WESCO	31.13	35.50	66.63	63.49	21.17	84.66
NESCO	20.81	19.50	40.31	48.01	27.36	75.37
SOUTHCO	17.92	21.50	39.42	26.41	32.65	59.06
CESU	44.87	35.50	80.37	98.88	0.85	99.73

364. WESCO, NESCO & SOUTHCO have submitted that they have forecasted the A&G expenses for FY 2016-17 based on actual expenses till September, 2016 as against the approved A&G expenses including special additional expenditure.

365. The A&G expenses for ensuing year have been forecasted based on estimated expenses to be incurred for the FY 2016-17 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 2016-17. They have proposed to undertake following initiatives for the ensuing year to be met under A&G expenses.

NESCO, SOUTHCO & WESCO

- Installation of Remote Visual Display Unit (RVDU)
- Creation of infrastructure to carry out enterprise wide Energy Audit
- IT Automation – SAP based MBC system
- Cess as per the building and other construction workers (RE&CS Act, 1996)
- Automated meter Reading activities, replacement and shifting of meters, smart metering, prepaid metering
- Customer care centres
- Vigilance and antitheft activities

CESU

– Additional A & G expenses have been proposed towards contribution to distribution franchisee currently in operation in 14 divisions, sharing of BOT model.

366. The Commission in its order on MYT principles for the second Control period FY 2013-14 to FY 2017-18 in its order dated 20.03.2013 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."*

367. 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 spend 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. Moreover, the sales have come down in recent years hindering growth in business and restricting further expenditures. Commission in previous ARR approvals have been allowing additional expense towards Customer Care, AT&C loss reduction activities including energy audit, Expenses on IT automation, inspection fees towards SI Works and compensation for electrical accidents.

368. Commission scrutinised the proposal towards A&G and Additional A&G expenses for the ensuing year i.e. FY 2017-18. An escalation of 7% over the normal A&G expenditure for the last year tariff in terms of the MYT order for the current control period has been considered subject to condition that this shall not be used for payment of salary in any form. All activities should be outsourced. Conveyance expenses need to be brought down till situations improve. Restrictions need to be in place in form of austerity measures to control conveyance and other avoidable expenses.

369. **IT Intervention** – NESCO, WESCO & SOUTHCO in their ARR submission has stated that after the revocation of the license in these three distribution companies on 04.03.2015, metering, billing activity is still run by erstwhile Reliance Infra through

their software. These three distribution companies decided to create its own IT structure including hardware, software and maintenance support. This scope of work includes setting up of IT infrastructure for collection of base line energy and new data. The IT infrastructure would be set up at data centre and other offices of three DISCOM Utilities which would form the platform for subsequent automation.

370. The commission in the last RST order for FY 2016-17 directed that pending development of their own software the three DISCOMs (WESCO, NESCO & SOUTHCO) should immediately de-link themselves from the billing software of Reliance Infra and adopt the existing software of CESU and this process should be positively completed by 31.5.2016. Later the three DISCOMs may decide whether they will continue with CESU software for billing or develop their own software.

371. The three DISCOMs (WESCO, NESCO & SOUTHCO) in the present ARR submission for FY 2017-18 have submitted that in order to implement SAP based MBC application in three utilities they have received single bid from M/s TCS in the open tender. They have further submitted that there will be huge financial involvement to implement the SAP based MBC application as offered by M/s TCS and current poor financial position of DISCOMs is not adequate to bear such CAPEX and OPEX from their own revenue stream. On the direction of the Commission to the three DISCOMs to migrate to the CESU software, these DISCOMs have submitted that CESU software is not updated and is incompatible. Therefore they have not been able to implement the order of the Commission to delink CLEPL software and adopt CESU software as directed in the last RST order.

372. The Commission is of the opinion that intervention of IT is important to increase efficiency and speed with quality . This should be strengthened. With emphasis on this sector, Commission allows Rs.7.00 crore, Rs 7.00 crore and Rs. 2.50 crore each to WESCO, NESCO and SOUTHCO Utilities for undertaking various automation programmes, IT initiatives and to implement the SAP based MBC application for FY 2017-18. The Commission also allows CESU Rs.7 crore for undertaking various automation and IT initiatives and further directs that the amount must be utilized at base level offices to provide advantage to consumers and field officers.

AT&C loss reduction activities, pole scheduling, consumer indexing, distribution network mapping including Energy Audit

373. The Commission is of the opinion that Energy Audit is a techno commercial activity required to be implemented by DISCOMs so that the financial condition shall be viable. It is observed that the loss reduction performance of the all the DISCOMs is poor. During the review of performance of the DISCOMs it is seen that none of the licensees have taken energy auditing seriously. The overall AT&C losses are stated to be still hovering around 40%. The performance of DISCOMs on Energy Audit front needs closer involvement of the Management/Staff's for making the functioning of company viable. As directed in the last RST order, the Commission directs that the achievement in energy audit shall be a part of performance indicators of all officers and employees and recorded in personal reports for extension of service related benefits. HR wing of the DISCOMs are to act accordingly. The Commission may monitor progress.

374. In order to have an appropriate energy accounting procedure and plug the leakages, Commission has been directing DISCOMs to conduct energy audit in the past orders. In spite of repeated directions to conduct energy audit, the progress of all the four DISCOMs on this account is not upto the mark. It is more severe in SOUTHCO and WESCO. The Commission allowed Rs.32.00 crore, Rs.16.00 crore, Rs.18.00 crore and Rs.32.00 crore to WESCO, NESCO, SOUTHCO & CESU respectively towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses in the last RST order. This amount should have been utilized to undertake metering of the feeders and DTRs. The Commission in view of such a lackadaisical approach to conduct energy audit expresses displeasure on the management. The financial viability and quality of supply as mandated under the Act and Tariff Policy of Govt. of India are frustrated due to inaction of the licensees to implement the orders. The Commission further directs that the DISCOMs should complete pole scheduling, consumer indexing, distribution network mapping linking with indexed consumer and also ensure that reliable & correct meters are installed at all points of consumption for the purpose of Energy Audit to identify revenue leakage. Commission shall also review progress aggressively and pass suitable directions from time to time if orders are not complied.

375. The Commission had asked the DISCOMs to submit the status of energy audit The

same as on September 2016 furnished by the Licensees is given in the table below:

Table - 46

Status of Energy Audit- as on Sept 2016				
	WESCO	**NESCO**	**SOUTHCO**	**CESU**
33/11Kv Feeders	121	72	203	156
33/11Kv Feeders- Metered	118	72	203	156
33/11Kv Feeders-Audited	56	50	15	113
11Kv Feeders	608	519	660	820
11Kv Feeders- Metered	600	519	562	728
11Kv Feeders- Audited	458	474	166	680
DTRs	39881	55493	38515	59146
DTRs- Metered	959	369	124	13334
DTRs- Audited	130		124	680

376. The above table reveals that no progress has been made towards Energy audit. The Commission hereby directs DISCOMs to submit plan of action for the following energy audit activities during the year 2017-18:

1. Metering of all the 33 KV feeders, 11 KV feeders and Distribution transformers.
2. Energy Audit of balance 33 KV and 11 KV feeders, for which energy audit has not been carried out.
3. Energy audit of all the DTRs and consumers.
4. Consumer and pole indexing.
5. Energy audit of all consumers starting from 33 KV feeders to the end user consumer.

377. The licensee must provide specific timelines division and feeder wise plan for each of the above activity. It must be noted that while devising the plan, the thrust must be given to complete the audit of Industrial feeders and loss making urban feeders first, gradually focusing on other feeders and DTRs. In view of the importance of energy audit activity Commission allows Rs.15 crore, Rs.15 crore, Rs.3 crore and Rs.9 crore each to WESCO, NESCO, SOUTHCO & CESU respectively towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses

378. **Training of Personnel out of normal A&G expenditure -** The Commission has laid emphasis on the Capacity building of employees and officers for development of the organization. This is more important in view of the fact that knowledge on evolving

technologies and best practices being used by the other organizations are efficiency accelerators. Commission, therefore, gives importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities should have a calendar of training schedule for their employees to take their task efficiently. In spite of past orders, no visible action has been taken. Organising training and efficiency improvement of employees' measurement should be an indicator of HR performance. Commission, therefore, provided Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses for FY 2015-16 and 2016-17 for the respective DISCOMs. Commission in line with previous RST order directs Licensees to earmark Rs.50 lakh towards training programme for FY 2017-18. The copy of training calendar for the year 2017-18 shall be submitted to the Commission by 31st May, 2017. Failures need to be recorded in the performance of HR Head.

379. In view of the observations as above, the total A&G expenses allowed for FY 2017-18 to the DISCOMs are summarized below:

Table – 47
A & G Expenses Approved for FY 2017-18

(Rs. in Crore)

A & G Expenses Approved for FY 2017-18	WESCO	NESCO	SOUTHCO	CESU
Normal A&G expenses (Escalated @7% over FY 2016-17)	33.31	22.27	19.17	48.01
Additional expenses:				
Expenses for Customer Care Centers/ Call Centres	2.00	2.00	1.00	2.00
AT&C loss reduction activities, pole indexing including Energy Audit	15.00	15.00	3.00	9.00
Automation/IT expenses	7.00	7.00	2.50	7.00
Inspection Fee towards SI works	0.25	0.25	0.25	0.25
Compensation for Electrical Accidents	0.25	0.25	0.20	0.25
Total Additional Expenses	24.50	24.50	6.95	18.50
Total A&G expenses	57.81	46.77	26.12	66.51

Repair and Maintenance Expenses

380. The distribution companies in their ARR and tariff petition for FY 2017-18 have proposed higher requirement for R&M over the previous year's approved expenses as follows:

Table – 48
R & M Proposal for FY 2017-18

(Rs. in Cr.)

DISCOMs Utilities	Approved for FY 2016-17	Proposed for FY 2017-18	% rise proposed over FY 2016-17 approved
WESCO	55.55	68.29	18.66%
NESCO	70.54	88.53	20.32%
SOUTHCO	33.18	109.78	69.77%
CESU	92.43	128.56	28.10%
TOTAL	**251.70**	**395.16**	**36.30%**

381. The Commission has been analyzing the spending in R&M by the Licensees, through the information available in the audited accounts of the companies. Audited account for the FY 2015-16 is only available for CESU. WESCO, NESCO and SOUTHCO have submitted the unaudited accounts prepared by the Administrator for the FY 2015-16. The approved and audited/provisional figures under R&M expenses are given in the table below.

Table – 49
R & M Expenses

(Rs. in Cr.)

Years	WESCO		NESCO		SOUTHCO		CESU	
	Approved	Audited	Approved	Audited	Approved	Audited	Approved	Audited
99-00	14.43	15.90	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	21.30	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	13.00	18.38	5.50	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
12-13	40.06	14.71	51.17	17.52	28.28	8.97	57.78	27.12
13-14	51.30	19.73	56.73	16.16	43.53	15.02	81.87	52.55
14-15	55.55	17.74	70.54	19.90	33.18	12.02	92.43	33.14
15-16	44.24	17.71	61.05	27.70	31.93	16.82	79.64	33.85

Note – *The audited accounts for the FY 2015-16 of NESCO, WESCO & SOUTHCO Utilities are provisional.*

382. The above table reveals that the trend of spending of DISCOMs in R&M activities is much less than what is being approved by the Commission in the ARRs which is mostly less than 50% of the amount approved by the Commission.

383. Timely and efficient R&M activities are the essential prerequisites to the availability of the distribution network. Commission expects a better system through higher allocations but the activities have to be monitored at field level.

384. The Commission allows the R&M expenses as per 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."

385. In the tariff petition for FY 2017-18 WESCO, NESCO, SOUTHCO and CESU have proposed following amounts towards asset addition.

Table – 50
Proposed addition of Fixed Assets FY 2015-16

(Rs. in Cr.)

Assets/ Schemes	WESCO		NESCO		SOUTHCO		CESU	
	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition
Land Building Furniture And Fixtures	16.24	16.24	1.56	1.56	13.28	13.28		
PMU						3.86		
RAPDRP (A)							1.00	30.88
RAPDRP (B)							44.00	91.04
S.I. SCHEME	11.89	15.90						
Deposit Work	121.84	114.17	97.25	143.40	10.00	9.88	80.00	76.62
RGGVY-II							13.00	144.88
DDUGJY	70	49.00			96.98	74.90	80.00	191.69
DDUGJY (12th Plan)	150	115.00						
NH					2.00	1.98		
Biju Gram Jyoti								12.45
Biju Sahar VY								0.07
DESI (GoO)	0.39	7.23						21.09
RLTAP					14.95	12.30		
CAPEX PLAN (GOO)		44.97				38.09	292.73	199.31
IPDS	60.00	60.00	244.76	244.76	30.99	28.49		
ODSSP	695.83	455.67				16.63		
School/ Anganwadi								1.96
Elephant Corridor					2.64	1.67		4.43
Other Works	16.33	8.57			55.27	48.35		
TOTAL	**1142.52**	**886.75**	**343.57**	**389.72**	**226.11**	**249.43**	**510.73**	**774.42**

386. Since R&M is computed and allowed at the rate of 5.4% on Gross Fixed Asset added

during the year, scheme wise asset addition for FY 2016-17 considered by the Commission are discussed below:

387. **RGGVY & Biju Gram Jyoti Scheme -** The asset addition under these Schemes are 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. On 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 in their present petition for the ARR of FY 2017-18 have submitted that Government of Odisha have not provided any revenue subsidy for undertaking works under RGGVY & Biju Gram Jyoti Scheme. 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. DISCOMs were advised to approach State Government in this regard for obtaining revenue subsidy. DISCOMs have submitted that the provisional additional amount of RS.5.00 cr. to each DISCOM is not enough given the area over which the RGGVY assets have been spread out. There would also be addition of RGGVY consumers across all the DISCOMs in the ensuing year.

388. 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 during FY 2016-17 for the purpose of determination of R&M and depreciation since these assets continue to be with Government of Odisha. The Commission therefore in order to ensure maintenance of the assets under RGGVY & Biju Gram Jyoti Scheme, which continue to be with the Govt. of Odisha, allows Rs.15.00 crore each to WESCO and NESCO and Rs. 8. crore and Rs. 12. Crore to SOUTHCO and CESU respectively for FY 2017-18.

389. The APDRP schemes are ongoing schemes. Hence, Commission allows the asset addition as proposed by the licensee.

390. **System Improvement Scheme** – WESCO has proposed asset addition of an amount of Rs.15.90 cr. under system improvement scheme. After discussions with WESCO Utility, the Commission allows asset addition of Rs.0.73 cr. .

391. **Deposit works -** WESCO, NESCO, SOUTHCO and CESU have proposed asset addition under deposit work to the tune of Rs. 114.17 cr., Rs. 143.40 cr., Rs. 9.88cr. and Rs. 76.62cr., respectively. After discussions with the DISCOMs, Commission allows Rs. 3.14 cr., Rs. 82.87 cr. and Rs.1.61 to WESCO, NESCO and SOUTHCO respectively as asset addition towards deposit works.

392. **Capex Plan (GoO) -** WESCO, SOUTHCO and CESU have proposed asset addition under Capex Plan (GoO) to the tune of Rs.44.97 cr., Rs.38.09 cr. and Rs.199.31 cr., respectively. After analysis of actual capital expenditure and asset addition, Commission allows Rs.17.85 cr., Rs.112.43 cr., Rs.18.63 cr. and Rs.4.32 cr. to WESCO, NESCO, SOUTHCO and CESU respectively as asset addition towards Capex Plan (GoO).

393. In view of the discussions above, the total asset addition during FY 2016-17 is determined and approved as detailed below:

Table – 51
Approved addition of Fixed Assets for FY 2016-17

(Rs. in Cr.)

Assets/ Schemes	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Land Building Furniture and Fixtures	0.15		0.76	
RAPDRP (A)				8.19
RAPDRP (B)				16.68
System Improvement	0.73			
Deposit work	3.14	82.87	1.61	
Biju Gram Jyoti		4.29	1.28	
Biju Saharanchal		3.69	2.09	
DESI (GoO)	1.77	23.14	0.20	0.79
Capex Plan (GoO)	17.85	112.43	18.63	4.32
Elephant Corridor			0.31	1.31
School Anganwadi				0.10
National Highway			0.35	
RLTP			1.37	
ODSSP	157.62			
Other works (including PMGY)	0.42			
Total	**181.68**	**226.42**	**26.60**	**31.39**

394. The Gross Fixed Assets as on 01.04.2017 calculated on the basis of the asset addition allowed in the above table is given as below:

Table – 52
Gross Fixed Assets

(Rs. in Cr.)

Gross Book Value	WESCO	NESCO	SOUTHCO	CESU
As on 01.04.1996	139.87	137.89	122.41	188.70
Addition of Fixed Assets (Audited)				
1996-97	13.74	13.54	12.02	18.53
1997-98	16.84	16.60	14.74	22.72
1998-99	0	0	0	0
1999-00	53.32	41.11	37.53	87.16
2000-01	19.90	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	12.60	88.42
2004-05	71.74	55.09	39.78	66.26
2005-06	23.52	30.20	13.89	-95.95
2006-07	22.21	30.73	11.10	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	57.79	60.81	7.58	176.63
2014-15 (provisional except CESU)	93.41	76.31	63.57	273.02
2015-16 (provisional except CESU)	11.77	120.14	5.08	224.18
2016-17 (Estimated)	181.68	226.42	26.60	31.39
Total upto 2016-17	**990.35**	**1351.24**	**498.30**	**1830.52**

395. The position of Gross Fixed Asset as on 01.4.2016 were computed based on their audited accounts for CESU and provisional accounts for WESCO, NESCO and SOUTHCO. Taking into consideration the addition of assets during the FY 2016-17 and the position of GFA as on 01.4.2017, the approved R&M for FY 2017-18 is given in the table below:

Table – 53
R&M for FY 2016-17

(Rs. in Cr.)

R&M for FY 2017-18	WESCO	NESCO	SOUTHCO	CESU
	Approved	Approved	Approved	Approved
Gross fixed asset as on 01.04.2016	990.35	1351.24	498.30	1830.52
% of GFA	5.40%	5.40%	5.40%	5.40%
R&M on GFA	**53.48**	**72.97**	**26.91**	**98.85**
Special R&M for addition of RGGVY and BJGY assets	15.00	15.00	8.00	12.00
R&M for FY 2017-18	**68.48**	**87.97**	**34.91**	**110.85**
Total R & M incl. Spl. R & M	**68.48**	**87.97**	**34.91**	**110.85**

396. The Commission over and above normal R&M expenses provisionally allows Rs.15.00 cr., Rs.15.00 crore, Rs 8.00 crore and Rs 12.00 crore to WESCO, NESCO, SOUTHCO and CESU respectively towards special R&M on account of maintenance of assets under RGGVY and BGJY subject to detailed scrutiny in next tariff proceedings.

Interest on Loan

397. The source-wise loans and interest burden as proposed by the four DISCOMs for FY 2017-18 is given in the table below:

Table – 54

(Rs. in Cr.)

Proposed Interest on Loans FY 2017-18				
Source	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
World Bank loan	11.82	11.87	9.44	154.65
Gridco New Loan			5.37	
APDRP Net of 50% grant (GoO)	0.66	0.76	0.76	21.74
R-APDRP LOAN Counterpart Funding				36.47
REC/PFC (Counter Part Funding APDRP) and SI Scheme			0.22	0.18
Interest on security deposit	47.18	40.98	14.23	57.65
CAPEX (REC)				
Govt. of Orissa Capex loan	7.50		1.92	19.82
Other interest including SOD interest and finance charges	37.53	29.33	15.74	28.25
Total interest before capitalization	104.69	82.94	47.68	318.76
Less: Interest Capitalized				51.96
Total Interest proposed	104.69	82.94	47.68	266.80

World Bank Loan

398. 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 cr., Rs.11.87 cr., Rs.9.44. cr. and Rs.154.65 cr. respectively. WESCO and SOUTHCO have projected repayment of loan liability of Rs.9.09 Cr. and Rs.7.26 Cr. respectively. The loan balance (Net of 30% grant) as projected by the DISCOMs along with the interest for the FY 2017-18 is as follows:

Table – 55

(Rs. in Cr.)

World Bank Loan	**Loan as on 31.3.2016**	**Receipt during 2016-17**	**Repayment Due in 2016-17**	**Loan as on 31.3.2017**	**Receipt during 2017-18**	**Repayment Due in 2017-18**	**Loan as on 31.3.2018**	**Interest for FY 2017-18 (Proposed)**	**Interest for FY 2017-18 (Approved)**
WESCO	90.95			90.95		9.09	81.86	11.82	11.23
NESCO	91.27			91.27			91.27	11.87	11.87

World Bank Loan	Loan as on 31.3.2016	Receipt during 2016-17	Repayment Due in 2016-17	Loan as on 31.3.2017	Receipt during 2017-18	Repayment Due in 2017-18	Loan as on 31.3.2018	Interest for FY 2017-18 (Proposed)	Interest for FY 2017-18 (Approved)
SOUTHCO	72.59			72.59		7.26	65.33	9.44	8.96
CESU	204.51			204.51			204.51	154.65	26.59
Total	**459.32**			**459.32**		**16.35**	**442.97**	**187.78**	**58.65**

Accelerated Power Development Reform Programme (APDRP)

399. Licensees in their filling have submitted that no amount has been estimated to be spent under APDRP scheme during the ensuing year FY 2017-18. 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.

400. 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 2016-17 & 2017-18. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2017-18 are tabulated below:

Table - 56

(Rs. in Cr.)

APDRP LOAN	Balance upto FY 2015-16		Receipt during FY 2016-17 & 2017-18		Repayment during FY 2016-17 & 2017-18		Balance upto FY 2017-18		Interest for FY 2017-18 (Proposed)		Interest for FY 2017-18 (Approved)
	GoO	REC/ PFC		REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	
WESCO	12.80			-			12.8		0.66		0.66
NESCO	6.37						6.37		0.76		0.76
SOUTHCO	6.63	1.15			0.33	1.02	6.30	0.13	0.78	0.07	0.85
CESU	37.09	5.47				5.47	37.09		4.45	0.33	4.78

S I Scheme

401. No DISCOMs other than SOUTHCO has loan outstanding under the SI scheme. SOUTHCO has not planned to avail any long-term loan during FY 2017-18 for funding the System Improvement Schemes. Till the end of December, 2016 SOUTHCO has not received any amount on this. SOUTHCO has proposed to repay loan of Rs.0.17 cr. during FY 2016-17. Considering the above repayment schedule, Commission allows the following interest on the continuing loan under the System Improvement Scheme to SOUTHCO to be included in the revenue requirement for

FY 2017-18 as indicated below:

Table - 57

(Rs. in Cr.)

System Improvement scheme	Opening Balance as on 1.04.2016	Proposed Loan for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Proposed Loan for FY 2017-18	Anticipated repayment during 2017-18	Balance as on 31.03.2018	Interest for FY 2017-18 (Approved)
SOUTHCO	**1.74**		**0.17**	**1.57**			**1.57**	**0.21**

CAPEX loan from Govt. of Odisha (4% interest)

402. WESCO, SOUTHCO and CESU have shown a balance of Rs.187.50 cr., Rs.48.04 cr., and Rs.392.03 cr. respectively towards CAPEX Loan from Govt. of Odisha as on 31.03.2018. They have proposed to pay an interest of Rs.7.50 cr., Rs.1.92 cr. and Rs.19.82 cr. respectively on these amounts. After scrutiny of the loan which carries 4% interest to Govt. of Odisha, Commission allows Rs.7.50 cr., Rs.1.92cr. and Rs.11.92 cr. to WESCO, SOUTHCO and CESU respectively. The detailed position is shown in the table below:-

Table - 58

(Rs. in Cr.)

Capex (GOo Loan 4%)	Opening Balance as on 1.04.2016	Receipt for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Receipt for FY 2017-18	Anticipated repayment during 2017-18	Balance as on 31.03.2018	Interest for FY 2017-18 (Approved)
WESCO	129.20	58.30		187.50			187.50	7.50
SOUTHCO	48.04			48.04			48.04	1.92
CESU	193.28	10.50		203.78	188.25		392.03	11.92

CAPEX Loan (REC counterpart loan)

403. This loan has only been availed by CESU and has shown an opening balance of Rs.5.47 cr. as on 01.4.2016. The anticipated repayment during 2016-17 is proposed at Rs.3.56 cr. This loan carries 13.5% interest and Commission after scrutiny allows Rs.0.26 cr. to CESU towards interest on such account.

Table - 59

(Rs. in Cr.)

Capex (REC Counterpart Loan 13.5%)	Opening Balance as on 1.04.2016	Receipt for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.03.2017	Receipt for FY 2017-18	Anticipated repayment during 2017-18	Balance as on 31.03.2018	Interest for FY 2017-18 (Approved)
CESU	5.47		3.56	1.91			1.91	0.26

R-APDRP Loan - Govt. of India (Part –A & B)

404. The CESU has only proposed to avail this loan which available under Govt. of India scheme. The Commission after scrutiny allows interest @ 10.50% on the average balance outstanding for FY 2017-18. The commission on such computation allows interest of Rs.11.63 crore and Rs.24.81 crore to CESU under Part-A and Part-B respectively as shown in the table below:

Table - 60

(Rs. in Cr.)

R-APDRP Loan Govt. of India	Opening Balance as on 1.4.2016	Receipt for FY 2016-17	Anticipated repayment during 2016-17	Balance as on 31.3.2017	Receipt for FY 2017-18	Anticipated repayment during 2017-18	Balance as on 31.3.2018	Interest for FY 2017-18 (Approved)
PART -A	39.66	47.63		87.29	46.99		134.28	11.63
PART - B	109.55	98.00		207.55	57.49		265.04	24.81

Interest on Security Deposit

405. The Commission in its query asked DISCOMs to furnish the details of the investments made out of the Consumer's security deposits. Accordingly DISCOMs furnished the details which have been tabulated as below:

Table - 61
Security Deposit

Licensee	Security Deposit as on 31.03.2016	Actual availability	Remarks
1	2	3	4
WESCO	Rs.568.30cr. (As per provisional Accounts)	Rs.532.31 cr. as on 31.03.2016	Rs. 434.22 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs. 98.10 cr. is free from any lien.
NESCO	Rs.515.27cr. (As per provisional Accounts)	Rs. 487.86 cr. as on 31.12.2016	The entire amount is pledged in banks for availing loan towards payments of salary, BST Bills etc.
SOUTHCO	Rs.172.25cr. (As per provisional Accounts)	Rs. 57.61 cr. as on 31.03.2016	The entire amount is pledged in banks for availing loan towards payments of salary, BST Bills etc.
CESU	Rs.588.78cr.	Rs. 246.13 cr. as on 31.03.2016	The entire amount is pledged in UBI for availing loan towards payment of power purchase bill.

406. In view of the large gaps between the figures at Col. 2 & 3 above, we direct the DISCOMs to have a comprehensive audit of the SD and get the figures reconciled.

407. Commission therefore directs the DISCOMs to maintain the security deposit intact so as to meet this liability. Commission further directs the DISCOMs to recoup the

deficit of the security deposit through enhanced collection and submit a plan of action by 30.06.2017 for such a programme.

408. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code), 2004.

409. The prevailing bank rate as on 01.03.2017 as notified by RBI is 6.75% per annum as ascertained from the RBI website. The Commission accordingly allows the interest at the rate of 6.75% on the closing balance on consumer's security deposit as on 31.3.2017 as shown in the table below:

Table - 62
Interest on Security Deposit approved

(Rs. in Cr.)

	Proposed interest on Consumer's SD for FY 2017-18	Security Deposit as on 31.03.2017 (Proposed)	Approved interest on Consumer's SD @6.75% for FY 2017-18
WESCO	47.18	605.33	40.86
NESCO	40.98	528.84	35.70
SOUTHCO	14.23	182.67	12.33
CESU	57.65	658.87	44.47

Interest to be Capitalised

410. The Commission examined Interest during construction and allows the same as proposed by the Licensees.

411. Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2017-18 is summarized below:

Table - 63
Total Annual Interest approved

(Rs. in Cr.)

Interest on Loans of DISCOMs	WESCO			NESCO			SOUTHCO			CESU		
	Approved 2016-17	Proposed 2017-18	Approved 2017-18	Approved 2016-17	Proposed 2017-18	Approved 2017-18	Approved 2016-17	Proposed 2017-18	Approved 2017-18	Approved 2016-17	Proposed 2017-18	Approved 2017-18
World Bank loan	11.23	11.82	11.23	11.87	11.87	11.87	8.96	9.44	8.96	26.59	154.65	26.59
Gridco New Loan								5.37				
APDRP Net of 50% grant (GoO)	1.46	0.66	0.66	0.76	0.76	0.76	0.78	0.76	0.78	4.45	21.74	4.45
REC/PFC							0.12	0.22	0.07	0.66	0.18	0.33
R-APDRP Counterpart Funding										9.02	36.47	24.81
SI Scheme		-			-	-	0.22	-	0.21			
Interest on security deposit	44.50	47.18	40.86	39.42	40.98	35.70	12.49	14.23	12.33	43.39	57.65	44.47

Interest on Loans of DISCOMs	WESCO			NESCO			SOUTHCO			CESU		
	Approved 2016-17	Proposed 2017-18	Approved 2017-18	Approved 2016-17	Proposed 2017-18	Approved 2017-18	Approved 2016-17	Proposed 2017-18	Approved 2017-18	Approved 2016-17	Proposed 2017-18	Approved 2017-18
Gov of Orissa Capex Loan	7.50	7.50	7.50	6.19			4.10	1.92	1.92	15.60	19.82	11.92
SOD interest and finance charges		37.53			29.33			15.74			28.25	
Total interest	64.69	104.69	60.25	58.24	82.94	48.33	26.67	47.68	24.27	99.71	318.76	112.57
Less Interest Capitalised										19.31	51.96	51.96
Interest chargeable to revenue	**64.69**	104.69	**60.25**	58.24	82.94	**48.33**	26.67	47.68	**24.27**	80.40	266.80	**60.61**

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

412. 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."

In view of the above principle of the MYT no financing on working capital is allowed to the DISCOMs in the ARR for FY 2017-18.

Depreciation

413. DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base plus asset addition after 01.4.1996 for FY 2017-18. The depreciation amounts claimed by the four DISCOMs are given as under.

Table – 64

(Rs. in Cr.)

Approved Depreciation (2017-18)	WESCO	NESCO	SOUTHCO	CESU
GFA as on 01.04.2017	990.35	1351.24	498.30	1830.52
Depreciation for FY 2017-18	**37.52**	**51.45**	**19.10**	**69.32**

414. Hon'ble High Court of Odisha 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-up valued 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-up valued cost and subsequent asset additions thereof in later years. The Commission adopts the same principle for determination of depreciation for FY 2009-10."

415. The asset addition from 01.4.1999 has been based on the audited annual accounts of the DISCOMs.

416. The gross book value as on 01.4.1996 and year wise asset addition have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.04.2016 has been depicted in the Table No. 53 under R&M expenses.

417. The depreciation is calculated on the approved asset base as on 1.04.2016 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 filling submitted by DISCOMs. Accordingly, the Commission approves the following amount towards depreciation for the year 2017-18.

Table – 65

(Rs. Cr.)

Depreciation	WESCO	NESCO	SOUTHCO	CESU
GFA as on 01.04.2017	990.35	1351.24	498.30	1830.52
Depreciation for FY 2017-18	**37.52**	**51.45**	**19.10**	**69.32**

Provision for Bad & doubtful debts

418. The WESCO, NESCO, SOUTHCO and CESU have proposed Bad and doubtful debts for the ARR for FY 2017-18 which is shown in the table below:

Table – 66
Bad & doubtful debts

(Rs. cr)

Bad & Doubtful Debt FY 2017-18 (Proposed)	WESCO	NESCO	SOUTHCO	CESU
Proposed revenue billed (Rs. In Crores)	2638.10	2208.69	1061.7	3080.97
Proposed Bad and Doubtful debt (Rs. In Crores)	52.76	66.26	42.47	25.34

419. 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."

420. The Commission in line with the above Order on MYT principles allows on Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only on normative basis. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2017-18 is summarized below. Commission directs that the procedure for classification of an amount under bad and doubtful debt have to be in place prior to implementation.

Table – 67
Bad & Doubtful Debt FY 2017-18 approved

(Rs. in Crore)

	Proposed		Approved		
DISCOM	**Revenue**	**Bad debt**	**Total Revenue**	**Revenue at HT and LT**	**Bad debt (1% of LT & HT revenue)**
WESCO	2638.10	52.76	2,725.74	2019.22	20.19
NESCO	2208.69	66.26	2,235.42	1172.33	11.72
SOUTHCO	1061.7	42.47	1,104.12	914.72	9.15
CESU	3080.97	25.34	3,221.82	2709.22	27.09

Truing up of DISCOMs

421. The OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 at Regulation 8 provides for the procedure for Truing up. Reg.8.1 provides that "The Distribution Licensee shall file an application each year for Truing up separately by 1st week of October every year along with the audited accounts of the relevant year. The Commission shall pass the Truing up order by 1st week of November. The Licensee shall duly consider the Truing up order up to the previous financial year while filing ARR for the ensuing year."

422. The licensees have not filed any truing up application within the scheduled time therefore, no Truing up is allowed for ensuing year ARR for FY 2017-18.

Return on Equity

423. 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.

424. 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".*

425. The Commission examined the provisional annual accounts of WESCO, NESCO, SOUTHCO and audited accounts of CESU for FY 2015-16. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

Table – 68
Return on Equity

(Rs. in cr.)

Name of the Company	Share Capital (Equity Base)
WESCO	48.65
SOUTHCO	37.66
NESCO	65.91
CESU	72.72

426. From the audited accounts, 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 - 69

(Rs. in cr.)

Particulars	WESCO	NESCO	SOUTHCO	CESU
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

427. It may be noted that though accumulated loss of all the DISCOMs 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

428. The miscellaneous receipts proposed by the licensees for the FY 2017-18 against the approved for FY 2016-17 are given in the table below:

Table - 70

(Rs. in cr.)

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
Amount approved for FY 2016-17	105.25	101.07	39.85	127.39
Amount proposed for FY 2017-18	125.14	86.50	17.01	93.17

429. 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 Reliability surcharge, open access 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 account is available up to the year 2015-16 in case of CESU only and WESCO, NESCO & SOUTHCO have submitted provisional accounts.

430. 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 on analysis has observed that there are many components such as Reliability surcharge; open access charges, wheeling charges etc. have shown wide variations on year to year basis. This needs to be scrutinised and checked prudently. Moreover since WESCO, NESCO and SOUTHCO have not finalised their audited accounts, a uniform assessment is not possible on this account in the present ARR. The Commission thus allows the same items as approved in the ARR 2016-17 towards miscellaneous receipts for FY 2017-18 also as shown in the table below:

Table - 71

(Rs. in cr.)

	WESCO		NESCO		SOUTHCO		CESU	
Year	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**	**2014-15**	**2015-16**
Misc. Receipt	233.24	208.81	132.31	142.50	49.89	38.23	217.84	172.67
Less: DPS, OD penalty, meter rent, open access charges & other revenue from BOT Model	104.86	95.15	17.34	30.85	15.92	12.42	86.35	60.54
Net Misc Receipt	128.38	113.66	114.97	111.65	33.97	25.81	131.49	112.13
Average Receipt (Approved for FY 2017-18)	**121.02**		**113.31**		**29.89**		**121.81**	

Receivables from DISCOMs and Others

Securitized Dues

431. GRIDCO in its filing submitted that the DISCOMs have defaulted payment of Rs.2085.33 crore by 31.03.2016 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOMs wise default is given below:-

Table – 72

Particulars	Unpaid as on 31-03-2015
WESCO	294.70
NESCO	303.37
SOUTHCO	259.98
CESU	1227.28
Total	**2085.33**

432. The Commission dealt the issue in the BSP as well as RST tariff orders of previous years. A statement showing the amount approved by the Commission in the ARR amount due as per the securitization order the amount paid by the utilities over and above the 100% current BST bills, adjustment against the securitized amount and balance default amount is given in Table below:

Table - 73
Dues as per OERC Order Dt. 01-12-2008 and Actual Payment

(Rs. crore)

Sl No	Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	Grand Total
1	**BST**						
	OB 01-04-99	46.18	41.66	26.50	**114.34**	80.16	**194.50**
	From 01-04-99 to 31-03-05	118.41	194.83	47.19	**360.43**	605.20	**965.63**
	Sub total	**164.59**	**236.49**	**73.69**	**474.77**	**685.36**	**1,160.13**
2	**DPS on Above**	**58.72**	**87.20**	**32.02**	**177.94**	**526.41**	**704.35**
3	**Loan**						
	Principal	138.46	94.64	134.36	**367.46**	**307.61**	**675.07**
	Interest	60.31	41.05	58.43	**159.79**	**162.86**	**322.65**
	Sub total	**198.77**	**135.69**	**192.79**	**527.25**	**470.47**	**997.72**
4	**Outstanding as on 31-03-2005 vide OERC Order Dated 01-12-2008 (1+2+3)**	**422.08**	**459.38**	**298.50**	**1,179.96**	**1,682.24**	**2,862.20**
5	**Average per month**	**3.52**	**3.83**	**2.49**	**9.84**	**14.02**	**23.86**
6	**Due from 2006-07 to 2014-15 as per securitisation order**				**-**		
	2006-07	42.24	45.96	29.88	118.08	168.24	286.32
	2007-08	42.24	45.96	29.88	118.08	168.24	286.32
	2008-09	42.24	45.96	29.88	118.08	168.24	286.32
	2009-10	42.24	45.96	29.88	118.08	168.24	286.32
	2010-11	42.24	45.96	29.88	118.08	168.24	286.32
	2011-12	42.24	45.96	29.88	118.08	168.24	286.32
	2012-13	42.24	45.96	29.88	118.08	168.24	286.32
	2013-14	42.24	45.96	29.88	118.08	168.24	286.32

Sl No	Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	Grand Total
	2014-15	42.24	45.96	29.88	118.08	168.24	286.32
	2015-16	41.92	45.74	29.58	117.24	168.08	285.32
	Total	**422.08**	**459.38**	**298.50**	**1,179.96**	**1,682.24**	**2,862.20**
7	Excess BSP paid by DISTCOs to be adjusted against securitised dues						
A	Downward Revision of BST in 2007-08	88.31	3.32	11.07	102.70	93.37	196.07
B	Payment by DISCOMS over and above the current						
	2006-07	36.83	41.36	-	78.19	-	78.19
	2007-08	4.40	41.36	9.53	55.29	-	55.29
	2008-09	-	65.00	5.86	70.86	32.47	103.33
	2009-10	2.00	-	9.69	11.69	80.50	92.19
	2010-11	-	-	-	-	-	-
	Total B	**43.23**	**147.72**	**25.08**	**216.03**	**112.97**	**329.00**
C	Total (A+B)	**131.54**	**151.04**	**36.15**	**318.73**	**206.34**	**525.07**
8	**Shortfall upto 31.3.2016 (6 - 7 C) as per securitization order**	**290.54**	**308.34**	**262.35**	**861.23**	**1475.90**	**2337.13**

433. The Commission in its Business Plan order dated 21.3.2014 stated the following:-

53. The three Reliance managed DISCOMs have not submitted in detailed action plan for liquidation of the arrears of GRIDCO as per Commission's direction dated 01.12.2008. CESU in its submission stated that it will start paying its outstanding dues of GRIDCO from the FY2015-16 and it may liquidate all its outstanding by FY 2020-21.

The Commission vide para 26 of the order 01.12.2008 had mentioned the following:-

"We order that DISTCOs shall repay the outstanding loans including interest along with securitized BST dues as at 31st March, 2005 in 120 monthly (maximum) equal instalments starting from the FY 06-07 ending in 2015-16. They shall also continue to pay the monthly BST dues regularly through LC as per the bulk supply arrangement."

53. *Every year the Commission in its tariff order gives direction to the DISCOMs to pay the outstanding arrears of GRIDCO as per the schedule given by the Commission. But the DISCOMs made continuous default and have not carried out the direction of the Commission. Commission therefore, directs the licensee to clear the dues of GRIDCO by the end of 2015-16 as per the order of the Commission. The Commission shall take a review after FY 2014-15 and may pass necessary directions in this regard to the DISCOMs.*

434. In the last years BSP order, the Commission stated the following:

299. Inspite of the direction of the Commission as mentioned above, the DISCOMs defaulted in payment of the securitized dues to the GRIDCO. The term of the securitization order is going to be completed by 31.03.2016. The Commission directs all the DISCOMs to submit their action plan for liquidation of arrear securitized dues by 01.05.2016.

435. At the cost of repetition the Commission directs GRIDCO and DISCOMs to appraise

the up-to-date status of the action plan prepared by GRIDCO and DISCOMs to liquidate the arrears as per the securitization order of the Commission dt.01.12.2008. The reply must reach the Commission by 01.05.2017 without further delay.

400 Crore NTPC Bond dues

436. GRIDCO submitted that apart from securitize dues, the DISCOMs have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 against the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the erstwhile REL managed DISCOMs to pay Rs.50 Crore by the end of April 2012 and at least @Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The erstwhile R-Infra managed DISCOMs have paid Rs.62 Crore by 31-10-2014, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.195.36 Crore. On this issue the Commission have given direction to both GRIDCO and DISCOMs several times for compliance of the order. The Commission again reiterates the same and directs both GRIDCO and DISCOMs to comply the order dtd.29.03.2012 in case No.107 of 2011.

Non-payment of BSP dues and Year End Adjustment Bills of DISCOMs

437. Over and above, the default in securitised dues and Rs.400 crore of bond, as stated in above para, the DISCOMs made default in payment of BSP dues and year-end bill amounting Rs.2805.64 crore. The details of which is given below.

Table - 74
Outstanding Dues relating to Current BSP and Year end Adjustment bills of DISCOMs payable to GRIDCO

(Amount Rs. in Crore)

Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	TOTAL
BSP Bills- 2011-12	210.48	53.74	5.52	269.74	-	269.740
BSP Bills- 2012-13	265.06	324.95	-	590.01	-	590.010
BSP Bills- 2013-14	22.43	57.87	40.01	120.31	-	120.310
BSP Bills- 2014-15	17.42	13.66	94.94	126.02	-	126.020
BSP Bills- 2015-16	-	-	-	0	102.2	102.200
BSP Bills- 2016-17 (upto Sept-16)	402.31	159.27	186.63	748.21	223.98	972.190
Sub Total	**917.7**	**609.49**	**327.1**	**1854.29**	**326.18**	**2180.470**
Year end Adj. Bills-2008-09	69.08	-	36.72	105.8	58.14	163.940
Year end Adj.Bills-2009-10	-	87.47	32.81	120.28	43.94	164.220

Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	TOTAL
Year end Adj.Bills-2010-11	46.8	22.65	60.24	129.69	167.32	297.010
Sub Total	**115.88**	**110.12**	**129.77**	**355.77**	**269.4**	**625.170**
Grand Total	**1033.58**	**719.61**	**456.87**	**2210.06**	**595.58**	**2805.640**

Revenue Requirement

438. In the light of above discussion, the Commission approves the revenue requirement of 2017-18 of four DISCOMs, as shown in Annexure-A.

439. A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2017-18 by the Commission is given below:

Table - 75

(Rs. in Cr.)

DISCOM	Revenue Requirement FY 2017-18		Expected Revenue FY 2017-18		Gap (-)/Surplus(+)	
	Proposed	Approved	Proposed	Approved	Proposed	Approved
WESCO	3052.14	2717.59	2638.10	2727.28	-414.04	9.69
NESCO	2702.09	2226.68	2208.69	2235.42	-493.40	8.74
SOUTHCO	1606.24	1104.00	1061.70	1104.40	-544.54	0.40
CESU	3886.90	3221.08	3080.97	3222.65	-805.93	1.57
Total	**11247.37**	**9269.35**	**8989.46**	**9289.75**	**-2257.91**	**20.40**

Segregation of wheeling and retail supply business

440. OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014 at Reg. 3.1 mandates that “In accordance with the principles laid out in these Regulations, the Commission shall determine the tariff for : (a) wheeling of electricity, i.e. Wheeling Tariff, (b) Retail sale of electricity i.e., Retail Supply Tariff”. Further, Reg. 3.2 provides that the Commission shall determine the Aggregate Revenue Requirement (ARR) and Tariff for (a) Wheeling Business and (b) Retail Supply Business. The Reg.4.3 further provides that “the distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business.

441. The proviso to the Reg.4.4 states that “provided that for such period until accounts are segregated, the licensee shall prepare an allocation statement to apportion cost and revenues to wheeling business and retail supply business and submit it along with its ARR for approval of the Commission.

The DISCOMs in their ARR submissions have proposed allocation statement of wheeling and retail supply cost.

Table - 76
Allocation of Wheeling and Retail Supply Cost

Sl No.	Cost/Income Component	Ratio for consideration in Wheeling Business	Ratio for consideration in Retail Supply Business
1	Cost of Power	0%	100%
2	Transmission Charges	0%	100%
3	SLDC Charges	0%	100%
	Total power purchase cost *		
	O&M		
4	Employee Cost	60%	40%
5	Repair & Maintenance Cost	90%	10%
6	Administrative & General Expenses	40%	60%
7	Bad & Doubtful Debt including Rebate	0%	100%
8	Depreciation	90%	10%
	Interest on Loans		
9	for Capital loan	90%	10%
10	for Working capital	10%	90%
11	Interest on Security Deposits	0%	100%
12	Return on Equity	90%	10%
	Special Appropriation		
13	Amortization of Regulator Assets	25%	75%
14	True Up of Current year GAP 1/3rd	25%	75%
15	Other, if any-Contingency Reserve	90%	10%
	Grand Total		
	Miscellaneous Receipt		
16	Non-Tariff Income - Wheeling	as per actual assumption	as per actual assumption
17	Non-Tariff Income - Retail Business	as per actual assumption	as per actual assumption

442. The distribution licensees are yet to segregate the accounts of their licensed business into wheeling and retail supply business as provided in the OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission therefore, based on the above uniform allocation matrix allows cost towards Retail Supply business and Wheeling business in the following manner. The Commission shall monitor this later.

Wheeling Business

443. As per the OERC Tariff Regulation “Wheeling Business” means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of Distribution Licensee. As such the apportioned cost towards wheeling business has been considered while determining Aggregate Revenue

Requirement and wheeling charges. The Miscellaneous receipts for the wheeling business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals have only been considered out of the total approved Miscellaneous receipts in this order from the Annual accounts for FY 2015-16 (Audited in case of CESU and provisional Accounts prepared by the Administrator in case of NESCO, WESCO and SOUTHCO). This has been shown in the given table:

Table - 77
Miscellaneous Receipts- Wheeling Business

(Rs. in cr.)

Miscellaneous receipts	WESCO	NESCO	SOUTHCO	CESU
a. Wheeling charges from HT consumer	3.59			
b. Supervision charges	9.39	6.74	0.92	
c. Service line rental				21.97
TOTAL (a+b+c)	12.98	6.74	0.92	21.97

444. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the ARR for wheeling business for WESCO, NESCO, SOUTHCO and CESU is approved at Rs.294.51 cr, Rs.296.72 cr, Rs.209.50 cr and Rs.401.43 cr respectively. The wheeling charges (per unit) for WESCO, NESCO, SOUTHCO and for CESU has been accordingly determined at 50.30 paise/unit, 77.02 p/u, 65.53 p/u and 50.32 p/u. The details of the Wheeling Business cost allocation and determination of wheeling charges is shown in the following table:

Table - 78
Allocation of cost towards Wheeling Business – FY 2017-18

(Rs. in crore)

REVENUE REQUIREMENT OF DISCOMs FOR THE FY 2017-18 - WHEELING BUSINESS (Rs. in Cr.)											
	Ratio out of Total approval	**WESCO**		**NESCO**		**SOUTHCO**		**CESU**		**TOTAL**	
Expenditure	**(%)**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**
Employee costs	60	274.19	164.51	230.69	138.41	225.30	135.18	349.41	209.65	1,079.59	647.75
Repair & Maintenance	90	68.48	61.63	87.97	79.17	34.91	31.42	110.85	99.76	302.20	271.98
A & G Expenses	40	57.81	23.12	46.77	18.71	26.12	10.45	66.51	26.60	197.21	78.88
Depreciation	90	37.52	33.76	51.45	46.31	19.10	17.19	69.32	62.38	177.39	159.65
Interest on capital Loan (Excluding SD)	90	19.39	17.45	12.63	11.37	11.94	10.75	16.13	14.52	60.10	54.09
Return on equity	90	7.78	7.00	10.55	9.50	6.03	5.43	11.64	10.48	36.00	32.40
Gross Total		**465.16**	**307.49**	**440.05**	**303.46**	**323.41**	**210.42**	**623.86**	**423.40**	**1852.49**	**1244.76**
Less: Miscellaneous receipts			**12.98**		**6.74**		**0.92**		**21.97**		**42.61**
Total wheeling Cost			**294.51**		**296.72**		**209.50**		**401.43**		**1202.15**

Total MU approved for LT & HT consumers			5855.00		3852.56		3196.94		7977.37		20881.87
Wheeling charges (P/U)			**50.30**		**77.02**		**65.53**		**50.32**		**57.57**

Retail Supply Business

445. As per the OERC Tariff Regulation "Retail Supply Business" means the business of sale of electricity by Distribution Licensee to the category of consumers within its area of supply in accordance with the terms of the Licence for distribution of electricity. The apportioned cost towards Retail Supply business has been considered while determining Aggregate Revenue Requirement. While considering the Miscellaneous receipts for the retail business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals have been excluded from the total approved Miscellaneous receipts. This has been shown in the given table:

Table - 79
Miscellaneous Receipts- Retail Supply Business

(Rs. in cr.)

Miscellaneous receipts	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
(a) Total Misc. receipts approved for 2017-18	121.02	113.32	35.96	142.73
(b) Misc. receipts from wheeling business	12.98	6.74	0.92	21.97
Misc. receipts from retail business (a-b)	108.04	106.58	35.04	120.76

446. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the net retail supply cost for WESCO, NESCO, SOUTHCO and for CESU is shown in the following table:

Table – 80
Revenue Requirement of DISCOMs for the FY 2017-18 – Retail Business

(Rs. in crore.)

	Ratio out of Total approval	**WESCO**		**NESCO**		**SOUTHCO**		**CESU**		**TOTAL**	
Expenditure	**(%)**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**
Cost of power purchase	100	2134.09	2134.09	1709.68	1709.68	700.48	700.48	2424.90	2424.90	6,969.15	6969.15
Transmission Charges	100	177.25	177.25	142	142.00	88.00	88.00	221.25	221.25	628.50	628.50
SLDC Charges	100	1.05	1.05	0.84	0.84	0.52	0.52	1.31	1.31	3.72	3.72
Employee costs	40	274.19	109.67	230.69	92.27	225.30	90.12	349.41	139.77	1,079.59	431.84
Repair & Maintenance	10	68.48	6.85	87.97	8.80	34.91	3.49	110.85	11.08	302.20	30.22
A & G Expenses	60	57.81	34.69	46.77	28.06	26.12	15.67	66.51	39.91	197.21	118.33

	Ratio out of Total approval	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
Expenditure	(%)	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**
Bad and Doubtful debt	100	20.19	20.19	11.72	11.72	9.15	9.15	27.09	27.09	68.16	68.16
Depreciation	10	37.52	3.75	51.45	5.15	19.10	1.91	69.32	6.93	177.39	17.74
Interest on Capital Loan (Excluding SD)	10	19.39	1.94	12.63	1.26	11.94	1.19	16.13	1.61	60.10	6.01
Interest on security deposit	100	40.86	40.86	35.70	35.70	12.33	12.33	44.47	44.47	133.36	133.36
Return on equity	10	7.78	0.78	10.55	1.06	6.03	0.60	11.64	1.16	36.00	3.60
Gross Retail Supply Cost		**2838.61**	**2531.12**	**2339.99**	**2036.53**	**1133.89**	**923.47**	**3342.89**	**2919.49**	**9655.38**	**8410.62**
Less: Miscellaneous Receipts			108.04		106.57		28.97		99.84		343.42
Net Retail Supply Cost			**2,423.08**		**1,929.96**		**894.50**		**2819.65**		**8,067.20**

447. The Commission in the last RST order directed to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission asked for compliance in this regard by the Licensee shall be submitted by 31st July 2016 however no compliance was submitted by any of the DISCOMs. The Commission therefore again directs DISCOMs to take necessary steps in order to segregate their accounts for wheeling business and retail supply business in terms of the said OERC Regulation. The compliance on this account must be furnished by 31st July 2017.

TARIFF DESIGN

448. 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. Prudency 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. It is found that Licensees would be able to recover their cost with minimum Retail Supply Tariff rise for FY 2017-18.

The present tariff structure

449. In line with the prevailing practice of tariff design, the Commission has decided to continue with the prevailing practice of 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.

450. Two part tariff under LT supply covers consumers with connected load/contract demand less than 110 kVA are having MMFC (based on Rs. /kW or KVA) and energy charges (Rs. /kWh).

451. 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)

(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)

452. 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.

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

(a) <u>Tariff for Consumers availing Power Supply at LT</u>

454. The consumers availing power supply at LT with CD less than 110 kVA or 100 KW have to pay MMFC and energy charges as described below:

(a) The MMFC is payable by the consumers with contract demand less than 110 kVA who are supplied power at LT.

(b) The Commission decides that rate of MMFC determined for FY 2016-17 shall continue to apply for FY 2017-18.

Table – 81
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.)
		Approved For FY 2017-18	
	LT Category		
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	80
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.

455. 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 or 100 KW, 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

456. 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.80/- 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.

457. 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 is determined for FY 2017-18 which are given below:

Domestic consumption slab per month	Energy charge
Upto and including 50 Units	250 paise per unit
From 51 to 200 units	430 paise per unit
From 201 to 400 units	530 paise per unit
Balance units of consumption	570 paise per unit

458. 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. 1st 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)

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

Table - 82

Slab	Revised Energy charge (P/U)
First 100 units	540
Next 200 units	650
Balance units	710

Irrigation Pumping and Agriculture

460. The Commission decides that the Energy Charge for this category shall continue to be 150 paise per unit for supply at LT. Consumers in the irrigation pumping and agriculture category availing power supply at HT will pay 140 paise per unit as usual.

Allied Agricultural Activities

461. The Commission decides not to modify the tariff of this category which will continue as 160 paise per unit at LT and 150 paise per unit at HT.

Allied Agro-Industrial Activities

462. The Commission decides not to modify the tariff of this category allow it to continue at 420 paise per unit at LT and 410 paise per unit at HT.

Energy Charges for Other LT Consumers

463. 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 is determined for FY 2017-18 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	570 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 >=22 KVA <110 KVA
4) Specified Public Purpose
5) Public Water works and Sewerage pumping < 110 KVA
6) Public Water works and Sewerage pumping >= 110 KVA
7) General Purpose >= 110 KVA
8) Large Industries >=110 KVA

Tariff for consumers availing power supply at LT with contract demand of 110 kVA and above are given hereunder.

Customer Service Charge at LT

464. 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 2017-18.

Table - 83

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

Demand charges at LT

465. 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	Demand charge
LT (110 kVA & above)	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

466. 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 – 84

Category	Voltage of Supply	Customer service charge (Rs./month)
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

467. 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 (>=22 kVA and less than 110 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 (>=110 kVA)

Public Water Works and Sewerage Pumping

Large Industry

Power Intensive Industry

Mini Steel Plant

Railway Traction

HT Industrial (M) Supply (>=22 kVA and less than 110 kVA)

EHT Category

General Purpose

Large Industry

Railway Traction

Heavy Industry

Power Intensive Industry

Mini Steel Plant

468. 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, 2016 to September, 2016. After taking into consideration this aspect the Commission 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.

469. 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 - 85

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

470. However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA for all category of consumers 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

471. 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.

472. For domestic HT bulk supply consumers the energy charges has been fixed at 440 paise per unit.

Graded Slab Tariff for HT/EHT Consumers

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

Table – 86
Slab rate of energy charges for HT & EHT (Paise per unit)

Load Factor (%)	HT	EHT
= < 60%	535	530
> 60%	425	420

474. 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.

475. 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

476. The Commission has decided to continue with the present tariff structure 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:

Category		Energy Charge
Irrigation Pumping	-	140 paise per unit
Allied Agricultural Activities	-	150 paise per unit
Allied Agro-Industrial Activities	-	410 paise per unit

Industrial Colony Consumption

477. 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 440 paise per unit for supply at HT and 435 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.

Colony / Hostel consumption

478. The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in bulk supply domestic category @ 440 paise per unit.

Emergency power supply to CGPs/Generating stations

479. 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 730 paise/kwh at HT and (ii) 720 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

480. 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."

481. 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 20 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 Overdrawal

Penalty for overdrawal

482. Demand charge shall be calculated on the basis of 80% CD or actual MD whichever is higher during other than off peak hour. 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 will be available. In

that case, 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.

483. 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.

484. 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 Overdrawal during off peak hours

485. 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.

486. The 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

487. 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

488. The charges for power factor penalty and incentive as decided by the Commission for FY 2016-17 shall continue for 2017-18.

Power Factor Penalty

489. 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

490. The penalty for Power Factor below 92% is given as under:

Table - 87

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% as provided in the Regulations.

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

Power Factor Incentive

491. Similarly, the power factor incentive shall be applicable to the consumers who pay

power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

Metering on LT side of Consumers Transformer

492. 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 X rating of the transformer KVA) /100.

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

* (The consumer shall select optimum size of the transformer during installation)

Incentive for prompt payment

493. 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.

494. **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. All rural LT domestic consumers availing power through correct meter shall avail 5 paise per unit additional rebate over and above the 10 paise prompt payment rebate if they pay the bill in time.

d. 1% rebate over and above normal rebate shall be allowed on the bill to the LT category of consumers over and above all the rebates who pay through digital means (cash less).

e. 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.

Reconnection Charge

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

Table - 88

Category of Consumers	Rate Applicable
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

496. 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 >=110 KVA
viii. Specified Public Purpose
ix. Mini Steel Plants
x. Emergency supply to CGP
xi. Allied Agro-Industrial Activities
xii. Colony Consumption

497. 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.

498. 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 – 89

Category of Consumers	Amount of Arrears	Rate Applicable
LT Single Phase Domestic Consumer	Any amount	Rs.50/-
LT Single Phase other consumers (except Kutir Jyoti Consumers)	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.200/-
LT 3 Phase consumers	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.300/-
HT & EHT consumers	Less than Rs.10000/-	Rs.500/-
	Rs.10000/- & above	Rs.2000/-

* No DPS shall be charged on Kutir Jyoti Consumers

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

499. 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

500. 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

501. 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

502. 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

503. The existing meter rent for consumer during FY 2017-18 shall continue as follows:

Table - 90

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.

504. Many objectors raised the issue of meters being declared defective arbitrarily by the DISCOMs. We instruct licensees/ Utilities to address this issue while purchasing the meters themselves or asking the consumers to buy it. Brands of meters having high

malfunctioning rate should not be used. If any meter becomes defective for any reason, a notice shall be served on the consumer in writing mentioning, make of the meter, Sl. No of the meter, date of installation, nature of defect, the authority verifying the same (not below the rank of Junior Manager), date of verification, witnesses, if any, and further advice to the consumer as per law for further action.

Disconnection of Supply

505. Objectors also raised the issue of supply disconnection, arbitrarily without adequate notice and without any relief. Therefore, licensees/ Utilities are directed to provide clear time as provided under the law from the receipt of notice by the consumer with evidence before proceeding for disconnection. Any request by the consumer must be disposed of by the appropriate officer of the licensee and the decision intimated well in advance to the consumer before disconnection. The decision, if any, from GRF/ Ombudsman/ Appellate Authority on temporary reconnection shall be implemented by the Licensee.

Effective date of Tariff

506. The tariff schedule attached to this order shall be made effective from 01.04.2017. In order to simplify the procedure, we stipulate that if the metering and billing date falls within 15th of April'17 (including 15th), the bill for the consumers will be prepared on pre-revised rate i.e. tariff applicable for the FY 2016-17. If the billing and metering date falls on or after 16th of April, 2017 the bill will be prepared at the revised tariff rate i.e. Tariff applicable for 2017-18. The DISCOMs should ensure that the billing cycle of any consumer should not be disturbed due to the above stipulations.

507. Erstwhile Licensees such as 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 APTEL 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 APTEL in Appeal No.196 of 2012. The Hon'ble APTEL 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 APTEL 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. Hon'ble APTEL in their order dated 30.11.2014 has set aside the RST order for FY 2014-15 and has directed the Commission to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15). The Commission has filed an appeal against this order before the Apex Court in CA No. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter. In the meantime the Commission have revoked the Licences of erstwhile DISCOMs such as NESCO, WESCO & SOUTHCO in Case No. 55/2013. Now distribution utilities are being managed through the Administrator appointed by the Commission under Section 20 (1) (d) of the Electricity Act, 2003. The erstwhile DISCOMs have challenged the licence revocation order dated 04.03.2015 in Appeal No. 64/2015 before Hon'ble APTEL. The matter is sub-judice before the said Hon'ble Tribunal.

508. The revised Retail Supply Tariff as stipulated in the order shall be effective from 1st April, 2017 and shall be in force until further orders.

509. The Open Access Charges (Wheeling Charge, Transmission Charge and Cross Subsidy Surcharge) decided in this order (in Case No. 70, 71, 72 & 73/2016) shall be made effective from 1st April, 2017 and shall be in force until further order. The cases are disposed of accordingly.

510. The applications of NESCO Utility bearing Case No. 66/2016, WESCO Utility bearing Case No. 67/2016, SOUTHCO Utility bearing Case No. 68/2016 and CESU bearing Case No. 69/2016 are disposed of accordingly.

Sd/-	Sd/-	Sd/-
(S. K. PARHI) **MEMBER**	**(A. K. DAS)** **MEMBER**	**(U. N. BEHERA)** **CHAIRPERSON**

ANNEXURE- A

REVENUE REQUIREMENT OF DISCOMs FOR THE FY 2017-18															
	WESCO			**NESCO**			**SOUTHCO**			**CESU**			**TOTAL DISCOMs**		
Expenditure	**Approved 2016-17**	**Proposed 2017-18**	**Approved 2017-18**	**Approved 2016-17**	**Proposed 2017-18**	**Approved 2017-18**	**Approved 2016-17**	**Proposed 2017-18**	**Approved 2017-18**	**Approved 2016-17**	**Proposed 2017-18**	**Approved 2017-18**	**Approved 2016-17**	**Proposed 2017-18**	**Approved**
Cost of Power Purchase	2086.80	2,131.17	2134.09	1618.65	1,794.89	1709.68	683.59	697.40	700.48	2313.90	2444.68	2424.90	6,702.94	7,068.14	6,969.15
Transmission Cost	176.25	179.75	177.25	136.25	151.08	142.00	86.75	88.50	88.00	214.25	236.55	221.25	613.50	655.88	628.50
SLDC Cost	1.10	1.10	1.05	0.85	0.85	0.84	0.54	0.54	0.52	1.33	1.66	1.31	3.82	4.15	3.72
Total Power Purchase, Transmission & SLDC Cost(A)	2,264.15	2,312.02	2,312.39	1,755.75	1,946.82	1,852.52	770.88	786.44	789.00	2,529.48	2,682.89	2,647.46	7,320.26	7,728.17	7,601.37
Employee costs	228.69	404.87	274.19	216.12	392.25	230.69	190.12	385.33	225.30	345.43	593.57	349.41	980.37	1,776.02	1,079.59
Repair & Maintenance	55.55	68.29	68.48	70.54	88.53	87.97	33.18	109.78	34.91	92.43	128.56	110.85	251.70	395.16	302.20
Discount to consumers											53.59		-	53.59	-
Administrative and General Expenses	66.63	84.66	57.81	40.31	75.37	46.77	39.42	59.06	26.12	80.37	99.73	66.51	226.73	318.82	197.21
Provision for Bad & Doubtful Debts	19.09	52.76	20.19	11.67	66.26	11.72	8.58	42.47	9.15	25.42	25.34	27.09	64.76	186.83	68.15
Depreciation	35.47	45.37	37.52	46.21	59.16	51.45	20.00	73.08	19.10	61.27	117.95	69.32	162.94	295.56	177.39
Interest Chargeable to Revenue including Interest on S.D	64.69	104.69	60.25	58.24	82.95	48.33	26.67	47.68	24.27	80.39	266.80	60.61	230.00	502.12	193.46
Sub-Total	470.11	760.64	518.44	443.09	764.52	476.92	317.98	717.40	338.86	685.31	1,285.54	683.79	1,916.50	3,528.10	2,018.00
Less: Expenses capitalised		5.14						1.16					-	6.30	-
Less: interest Capitalised														-	-
Total Operation & Maintenance and Other Cost	470.11	755.50	518.44	443.09	764.52	476.92	317.98	716.24	338.86	685.31	1,285.54	683.79	1,916.50	3,521.80	2,018.00
Return on equity	7.78	7.78	7.78	10.55	10.55	10.55	6.03	6.03	6.03	11.64	11.64	11.64	36.00	36.00	36.00
Total Distribution Cost (B)	477.89	763.28	526.22	453.64	775.07	487.47	324.01	722.27	344.89	696.95	1,297.18	695.43	1,952.50	3,557.80	2,054.00
Amortisation of Regulatory Asset													-	-	-
True up of Past Losses		97.24			65.10			111.33					-	273.67	-
Contingency reserve		4.74			1.60			3.21					-	9.55	-
Total Special Appropriation (C)	-	101.98	-	-	66.70	-	-	114.54	-	-	-	-	-	283.22	-
Total Cost (A+B+C)	2,742.04	3,177.28	2,838.61	2,209.39	2,788.59	2,339.99	1,094.89	1,623.25	1,133.89	3,226.43	3,980.07	3,342.89	9,272.76	11,569.19	9,655.37
Less: Miscellaneous Receipt	105.25	125.14	121.02	101.07	86.50	113.31	39.85	17.01	29.89	127.39	93.17	121.81	373.55	321.82	386.03
Total Revenue Requirement	2,636.79	3,052.14	2,717.59	2,108.32	2,702.09	2,226.68	1,055.05	1,606.24	1,104.00	3,099.05	3,886.90	3,221.08	8,899.21	11,247.37	9,269.34
Expected Revenue(Full year)	2643.23	2,638.10	2725.74	2105.83	2,208.69	2235.42	1062.05	1,061.70	1104.12	3104.05	3,080.97	3221.82	8,915.16	8,989.46	9,287.10
GAP at existing(+/-)	6.44	(414.04)	8.15	(2.49)	(493.40)	8.74	7.00	(544.54)	0.12	5.00	(805.93)	0.74	15.95	(2257.91)	17.76
														Saleable Units	**Avg cost (paisa/unit)**
													Proposed 17-18	18,317.12	631.61
													Approved 16-17	19302.18	480.40
													Approved 17-18	19,774.98	488.26

<u>Annexure – 'B'</u>

RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST APRIL, 2017

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
	LT Category							
1	Domestic							
1.a	Kutir Jyoti <= 30 Units/month	LT	FIXED MONTHLY CHARGE-->			80		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		**250.00**				
	(Consumption >50, <=200 units/month)	LT		**430.00**		20	20	
	(Consumption >200, <=400 units/month)	LT		**530.00**				
	Consumption >400 units/month)	LT		**570.00**				
2	General Purpose < 110 KVA							10
	Consumption <=100 units/month	LT		**540.00**				
	Consumption >100, <=300 units/month	LT		**650.00**		30	30	
	(Consumption >300 units/month)	LT		**710.00**				
3	Irrigation Pumping and Agriculture	LT		**150.00**		20	10	10
4	Allied Agricultural Activities	LT		**160.00**		20	10	10
5	Allied Agro-Industrial Activities	LT		**420.00**		80	50	DPS/Rebate
6	Public Lighting	LT		**570.00**		20	15	DPS/Rebate
7	L.T. Industrial (S) Supply <22 KVA	LT		**570.00**		80	35	10
8	L.T. Industrial (M) Supply >=22 KVA <110 KVA	LT		**570.00**		100	80	DPS/Rebate
9	Specified Public Purpose	LT		**570.00**		50	50	DPS/Rebate
10	Public Water Works and Sewerage Pumping <110 KVA	LT		**570.00**		50	50	10
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	**570.00**	30			10
12	General Purpose >= 110 KVA	LT	200	**570.00**	30			DPS/Rebate
13	Large Industry	LT	200	**570.00**	30			DPS/Rebate
	HT Category							
14	Bulk Supply - Domestic	HT	20	**440.00**	250			10
15	Irrigation Pumping and Agriculture	HT	30	**140.00**	250			10
16	Allied Agricultural Activities	HT	30	**150.00**	250			10
17	Allied Agro-Industrial Activities	HT	50	**410.00**	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	**As indicated in the notes below**	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	**730.00**	250			DPS/Rebate
28	Colony Consumption (Both SPP & Industrial)	HT	0	**440.00**	0			DPS/Rebate
	EHT Category							
29	General Purpose	EHT	250		700			DPS/Rebate
30	Large Industry	EHT	250		700			DPS/Rebate
31	Railway Traction	EHT	250	**As indicated in the notes below**	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	**720.00**	700			DPS/Rebate
36	Colony Consumption	EHT	0	**435.00**	0			DPS/Rebate

Note:

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

Load Factor (%)	HT	EHT
= < 60%	535	530
> 60%	425	420

(i) The reconnection charges w.e.f. 01.04.2015 shall continue unaltered

Category of Consumers	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. 01.04.2017 shall remain unaltered 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 shall be collected for a period of 60 months only. Once it is collected for sixty months meter rent collection should stop.

(iv) A Reliability surcharge @ 10 paise per unit will continue for HT and EHT consumers availing power irrespective of nature of feeder. This surcharge @ 10 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. (For details see the order)

(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 @ 20 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) During the statutory restriction imposed by the Fisheries Department, the Ice Factories located at a distance not more than 5 Km. towards the land from the sea shore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period.

(xiii) Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. If the connected load of the attached feed unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be.

(xiv) 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. 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.

(xv) 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 on the drawal over and above the 120% of contract demand (for details refer Tariff Order). When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.

(xvi) 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.

(xvii) 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 DISCOM utilities. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.

(xviii) 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. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

(xix) The power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

(xx) The rural LT domestic consumers shall get 5 paise per unit rebate in addition to existing prompt payment rebate who draw their power through correct meter and pay the bill in time.

(xxi) 1% rebate over and above normal rebate shall be allowed on the bill to the LT category of consumers over and above all the rebates who pay through digital means (cash less).

(xxii) The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in HT bulk supply domestic category.

(xxiii) 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.

(xxiv) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.04.2017. However, for the month of April, 2017 the pre-revised tariff shall be applicable if meter reading / billing date is on or before 15.04.2017. The revised tariff shall be applicable if meter reading/billing date is on 16.04.2017 or afterwards. The billing cycle as existing shall not be violated by the DISCOM utilities.

(For detail please see the complete order)

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Annexure-'C'

Wheeling, Transmission Charges and Cross Subsidy Surcharge From 1st April, 2017 as determined by the Commission In Case Nos. 70, 71, 72 & 73 /2016 in accordance to OERC (Terms and Conditions for Open Access) Regulations, 2005 and OERC (Determination of Open Access Charges) Regulations, 2006

1. The Open Access Cross Subsidy Surcharge, Wheeling & Transmission Charged for Open Access consumer 1MW & above for FY 2017-18 as determined by the Commission is given in the table below:

Name of the licensee	**Cross Subsidy Surcharge (P/U)**		**Wheeling Charge P/U applicable to HT consumers only**	**Transmission Charges for Short Term Open access Customer (applicable for HT & EHT consumers)**
	EHT	**HT**		
CESU	146.19	99.82	50.32	Rs. 1500/MW/day or Rs.62.5/MWh
NESCO Utility	128.64	63.39	77.02	Rs. 1500/MW/day or Rs.62.5/MWh
WESCO Utility	128.64	80.76	50.30	Rs. 1500/MW/day or Rs.62.5/MWh
SOUTHCO Utility	194.94	142.92	65.53	Rs. 1500/MW/day or Rs.62.5/MWh

Additional Surcharge:

2. No additional surcharge has been determined by the Commission to meet the fixed cost of distribution arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act.
3. The normative transmission loss at EHT (3.50%) and normative wheeling loss for HT level (8%) are applicable for the year 2017-18.
4. Additional Surcharge: No additional surcharge over and above the Cross-subsidy Surcharge needs to be given to the embedded licensee.
5. No Cross Subsidy Surcharge are payable by the consumers availing Renewable power.
6. 20% wheeling charge is payable by the consumer drawing power from Renewable source excluding Co-generation and Bio mass power plant.
7. The charges as notified for the FY 2017-18 will remain in force until further order.

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