ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN,
UNIT – VIII, BHUBANESWAR – 751 012
*** *** ***

Present : Shri S. P Nanda, Chairperson
Shri K. C. Badu, Member
Shri B. K. Misra, Member

CASE NOs. 93, 94, 95 & 96 of 2011

DATE OF HEARING : 27.02.2012, 28.02.2012, 25.02.2012 & 24.02.2012

DATE OF ORDER : 23.03.2012

IN THE MATTER OF: **Applications of Distribution Licensees (CESU, NESCO, WESCO & SOUTHCO) for approval of their Annual Revenue Requirement and Retail Supply Tariff for the FY 2012-13 under Section 62 & 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

ORDER

The Distribution Licensees in Odisha namely, CESU, NESCO, WESCO and SOUTHCO 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.	CESU	Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur.	18.9
2.	NESCO	Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur.	18.0
3.	WESCO	Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda.	32.3
4.	SOUTHCO	Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri.	30.8
Odisha Total			**100.0**

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

PROCEDURAL HISTORY (Para 1 to 13)

1. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms & Conditions for Determination of Tariff) Regulations, 2004, the Licensees are required to file their Annual Revenue Requirement (ARR) and Retail Supply Tariff Application (RST) on or before 30th November every year in the prescribed format for the ensuing financial year. Accordingly, all the distribution licensees (CESU, NESCO, WESCO & SOUTHCO) filed their Annual Revenue Requirement (ARR) and revision of Retail Supply Tariff (RST) Applications for FY 2012-13 on 30.11.2011. The ARR and tariff applications of DISCOMs are coming within the prescribed period of limitation.

2. The said ARR & RST applications were duly scrutinized, admitted and registered as Case Nos.93/2011 (CESU), 94/2011 (NESCO), 95/2011 (WESCO), and 96/2011 (SOUTHCO) respectively.

3. As per the direction of the Commission applicants to published the ARR & Tariff Applications in the prescribed formats in the leading and widely circulated Oriya and English newspapers in order to invite objections/suggestions from the general public. The said public notices were also posted in the Commission's website www.orierc.org. The Commission had also directed the applicants to file their respective rejoinder to the objections filed by the several objectors.

4. In response to the said public notices, the Commission received objections/ suggestions from the following persons/ associations/ institutions/ organisations as mentioned below against each of the respective distribution licensees:

On CESU's application: -

5. 1) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Beherasahi, Nayapalli, Bhubaneswar. 2) Sri Rajeshwar Pandey, Dy. Executive Director, Kapilash Cement Manufacturing Works, Unit of OCL India Limited, Plot No. 1129, Mahanadi Vihar, PS-Chauliagnj, Po-Mahanadivihar, Cuttack 753 004. 3) The Climate Group Incube Business Centre, Label-3, Room No. 301, New Delhi-110019 4) Shri Arun Kumar Sahu, Assistant Secretary Orissa Consumers' Association, Devajyoti Upabhokta Kalyan Bhawan, Biswanath Lane, Dist. Cuttack-2. 5) Shri Arun Kumar Sahu, General Secretary, Federation of Consumers Organization (FOCO), Odisha, Biswanath Lane, Dist Cuttak-2. 6) Shri Dilip Kumar Mohapatra, Secretary, Keonjhar, Navanirman Parisad, Regd. Off. At-Chandin Chowk, Cuttack. 7) Shri Akshya Kumar Sahani, B/L-108, VSS Nagar, Bhubaneswar. 8) Shri Bibhu Charan Swain, Senior Consultant, M/s. Power Tech Consultants, 1-A,/6, Swati Villa, Surya Vihar, Link Road, Cuttack 753 012. 9) Shri A. P. R. Rao, on behalf of Chief Electrical Distribution Engineer, East Coast, Railway, Headquarters Building, 3rd Floor, South Block, Chandrasekharpur- 751007. 10) Rajkishore Singh, At-Gopaljew Lane, Po-Choudhury Bazar, P.S-Purighat, Cuttack. 11) Shri R. R. Das, Asst. Secy. Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B. K. Road, Cuttack- 753 001. 12) Sri Prabhakar Dora, At-Vidya Nagar, Co-operative Colony, 3rd line, Rayagada, Po/Ps/Dist-Rayagada. 13) Shri R. P. Mohapatra, the authorised

representative of M/s. IDCOL, Ferro Chrome & Alloys Ltd, At. IFCAL Colony, P.O-Ferro Chrome Project, Jaipur Road, Dist.-Jaipur- 755 020. 14) Shri Amar Kumar Sahoo, S/o. Abhiram Sahoo, At-Bikash Nagar, P.O/P.S.-Jatani, Dist. Khurda. 15) Shri R.P.Mahapatra, Retd. Chief Engineer & Member (Gen. OSEB, Plot No. 775(Pt.) Lane-3, Jayadev Vihar, Bhubaneswar 751 013. 16) Shri Pradip Kumar Pradhan, S/o. Purna Chandra Pradhan, Viom Networks Ltd, Odisha, Fortune Tower, 4th Floor, Module-C, Chandrasekharpur, Bhubaneswar – 23. 17) Sri Bhanu Shankar Mishra, M.D, M/s. Sachinandan Consulting Pvt. Limited, 558, Sahid Nagar, Bhubaneswar-751007, 18) Secretary,PRAYAS Energy Group, Pune (Consumer Counsel) and Shri Sukanta Chandra Mohanty, representative of Dept. of Energy, GoO are present. All the above named objectors were present during tariff hearing except objector Nos. 4, 5, 6, 8, 12 & 17 but their written submissions were taken into record and also considered by the Commission.

On NESCO's application: -

6. 1) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Beherasahi, Nayapalli, BBSR-12, Dist.- Khurda. 2) Shri Bibhu Charan Swain, authorised representative of M/s. Balasore ICE Factory Owners' Associations, At. Nayabazar, Po/Dist. Balasore. 3) Shri A. K. Sahani, B/L 108, VSS Nagar, Bhubaneswar. 4) Shri Manmath Behera, Balaramgadi ICE Factory Association, Balarangadi, Balasore. 5) Shri Kartik Chandra Behera, Bahabalpur, ICE, Factory Association, Bahabalpur, Via-Hal Adipada, Dist.- Balasore 6) Shri M. V. Rao, Resident Manager & Power of Attorney Holder, Ferro Alloys Corporation Ltd., GD-2/10, Chandrasekharpur, BBSR-23. 7) Shri Jay Chand singh, Programme Officer, Climate Group Incube Business Center, Label-3, Room No. 301, New Delhi 110019. 8) Shri R.P.Mohapatra, authorised representative of M/s. Emami Paper Mills Ltd., Balagopalpur, Po. Rasulpur, Dist. Balasore. 9) Shri Arun Kumar Sahu, Assistant Secretary, Orissa Consumers' Association, Devajyoti Upabhokta, Kalyan Bhawan, Biswanath Lane, Dist. Cuttack-2. 10) Shri Dilip Kumar Mohapatra, Keonjhar Navanirman Parishad, Chandin Chowk, Cuttack. 11) Shri Arun Kumar Sahu, Assistant Secretary, Federation of Consumers Organization (FOCO), Odisha, Biswanath Lane, Dist. Cuttack-2. 12) Shri Bibhu Charan Swain, Senior Consultant, M/s. Power Tech Consultants, 1-A/6, Swati Villa, Surya Vihar, Link Road, Cuttack 753 012. 13) Shri Bibhu Charan Swain, authorised representative of M/s. Visa Steel Ltd. Kalinga Nagar, Jajpur. 14) Shri A. P. R. Rao, AEEE, East Cost Railway, Bhubaneswar, authorised representative of Chief Electrical Distribution Engineer, East Coast Railway. Headquarters Building, 3rd Floor, South Block, Chandrasekharpur 751017 Bhubaneswar. 15) Shri Rashmidhar Das, Dist.Secretary, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K.Road, Cuttack 753001. 16) Shri R. P. Mohapatra, authorised representative of M/s. Balasore Alloys Ltd., Balgopalpur, Balasore. 17) Shri R. P. Mohapatra, authorised representative of M/s. Rohit Ferro Tech Ltd, Industrial Growth Complex, Kalinganagar, At-Rabana, Po. Jakhpure, Dist. Jaipur. 18) Shri R. P. Mohapatra, authorised representative of M/s. IDCOL Ferro Chrome, & Alloys Ltd., At IFCAL Colony, PO-Ferro Chorme Project, Jaipur Road, Dist. Jaipur 755 020. 19) Sri Prabhakar Dora, At-Vidya Nagar, Co-operative Colony, 3rd Line, Po/Ps/Dist-Rayagada. 20) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN) OSEB, Plot No. 775(P), Lane – 3, Jayadev Vihar, BBSR-13. 21) Shri Pradip Kumar Pradhan, S/o. Purna Chandra Pradhan Viom Networks Ltd., Odisha, Fortune Tower, 4th Floor, Module-C, Chandrasekharpur, Bhubaneswar-23. 22) Shri R. P. Mohapatra, authorised

representative of M/s. Tata Steel Ltd. Plot No. 273, Bhouma Nagar, Unit IV Bhubaneswar, Dist. Khurda,23) Shri Nilambar Mishra, Odisha Consumer Association, Balasore Chapter, At/PO:Rudhunga,via/PS: Simulia, Dist.: Balasore-756126(Consumer Council), 24) Secretary, PRAYAS Energy Group, Pune (Consumer Counsel) and Shri Sukanta Chandra Mohanty, representative of Dept. of Energy, GoO are present. All the above named objectors were present during tariff hearing except objector Nos. 5, 9, 10, 11, 19, 21, 23& 24 but their written submissions were taken into record and also considered by the Commission.

On WESCO's application: -

1) Shri Surendra Kumar Gupta, Principal, Officer, Larsen Turbo Limited, 3 BR-2, At.Po. Kansbahal, P. S. Rajgangpur, Dist. Sundergarh. 2) Shri G. N. Agarwal, Sambapur District Consumers, Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur. 3) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Aherasahi, Nayapalli Bhubaneswar 751 012. 4) Shri Suryakanta Pati, Chief Managar (Elect.). I/C OCL India Limited Qrs No. 101, Utkal Tower-1, OCL New Colony, PO/PS, Rajgangpur, Sundergarh, Odisha. 5) Shri Akshya Kumar Sahani, B/L – 108, VSS Nagar, Bhubaneswar. 6) Shri Prodyut Mukhaerjee, Technology Manager, Climate Group Incube Business Center, Label-3, Room No. 301, New Delhi-110019. 7) Shri Prasanta Kumar Jena, Orissa Consumers' Association, Devajyoti, Upabhokta Kalyan Bhawan, Biswanath Lane, Dist. Cuttack-2. 8) Shri Prasanta Kumar Jena, Federation of Consumers Organization, (FOCO) Odisha, Biswanath Lane Dist Cuttack-2. 9) Shri Dillip Kumar Mohapatra, Secretary, Keonjhar, Navanirman Parisad, Chandin Chowk, Cuttack. 10) Shri Bibhu Charan Swain, M/s. Power Tech Consultants, 1-A/6, Swati Villa, Surya Vihar, Link road Cuttack 753 012. 11) Shri Akshya Kumar Sahani, the authorised representative of Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B. K. Road Cuttack 753 001. 12) Shri Akshya Kumar Sahani, the authorised representative of M/s. Maruti Steel, Moulding (P) Ltd., At-Sarandamala Padampur, Po. Kuarmunda, Dist. Sundergarh. 13) Shri Akshya Kumar Sahani, the authorised representative of M/s. Jindal Resources, (P) Ltd., Plot No. 178, Kalunga Industrial Estate, Po-Kalunga, Dist. Sundergarh. 14) Shri R.P. Mohapatra, the authorised representative of M/s. Shree Salasar, Castings Pvt Ltd, P/26, Civil Township Rourkela 769 004. 15) Shri Ramesh Kumar Aggarwal and Ms. Swapna Seshadri, Advocate on behalf of M/s.Vishal Ferro Alloys Ltd., At. Balanda, Po. Kalungaon, Rourkela 770 031 Odisha, 16) Ms. Swapna Seshadri, Advocate on behalf of Bajaranga Steel & Alloys Ltd., Plot No. 31, Gobhanga, Kalungaon 770 073 Odisha. 17) Ms. Swapna Seshadri, Advocate on behalf of Shree Radhakrishna Pvt Ltd., Village – Goibhanga, Kalugaon 770 031 Odisha, 18) Ms. Swapna Seshadri, Advocate on behalf of Maa Girja Ispat Pvt Ltd., At-Bijabahal, Kuarmunda, Rourkela-770039 Odisha. 19) Shri R. P. Mohapatra, the authorised representative of M/s. Scan Steels Ltd., Regd. Office, At Main Road, Rajgangpur 770 017 Dist. Sundargarh, Odisha. 20) Shri Prabhakar Dora, At-Vidya Nagar, Co-operative Colony, 3rd Line, Rayagada, Po/Ps/Dist. Rayagada. 21) Shri Gobardhan Pujhari, General Secretary, Sundargarh District Employers' Association, AL-1, Basantinagar, Rorkela-12. 22) M/s. Lingaraj Feeds Ltd., Kacheri Road,Rourkela 769 012 Dist-Sundargarh. 23) Shri R.P.Mahapatra, Retd Chief Engineer & Member (Gen.) OSEB, Plot No. 775 (Pt) Lane-3, Jayadev Vihar, Bhubaneswar 751 013. 24) Shri Pradip Kumar Pradhan, S/o. Purna Chandra Pradhan, Viom Networks Ltd., Odisha, Fortune Tower, 4th Floor, Module-C, Chandrasekharpur, Bhubaneswar- 23. 25) Shri R. P. Mohapatra, the authorised

representative of M/s. Adhunik Metaliks Ltd., H-3, Civil Township, Rourkela-04, Dist. Sundargarh, 26) Secretary, PRAYAS Energy Group, Pune (Consumer Counsel) and Shri S. Pradhan, Joint Secy., Dept. of Energy, GoO are present. All the above named objectors were present during tariff hearing except objector Nos. 10, 20, 21, 22, 24& 26 but their written submissions were taken into record and also considered by the Commission.

On SOUTHCO's application: -

7. 1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Aherasahi, Nayapalli Bhubaneswar 751 012. Dist. Khurda. 2) The Climate Group Incube Business Center, Label-3, Room No. 301, New Delhi 110019. 3) Shri S. S. Kalya, Vice President, Jayshree Chemicals Ltd., JCL Colony, PO-Jayshree 761 025 Dist. Ganjam. 4) Shri Arun Kumar Sahu, Assistant Secretary, Orissa, Consumers' Association, Devajyoti Upabhokta Kalyan, Bhawan, Biswanath Lane, Dist Cuttack-2. 5) Shri Arun Kumar Sahu, Assistant Secretary, Federation of Consumers Organization (FOCO), Odisha, Biswanath Lane, Dist. Uttack -2. 6) Shri Dilip Kumar Mohapatra, Keonjhar Navanirman, Parisad, Chandin Chowk, Cuttack. 7) Shri Bibhu Charan Swain, M/s. Power Tech Consultants, 1-A/6, Swati Villa, Surya Vihar, Link Road, Cuttack 753 012. 8) Shri Piyush Singh, Sr. Div. Elec. Engg. O/O Chief Electrical, Distribution Engineer, East Coast Railway Headquarters Building, 3rd Floor, South Block, Chandrasekharpur 751017 Bhubaneswar. 9) Shri Ananta Bihari Routray, Secretary, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K.Road Cuttack-753 001. 10) Shri Prabhakar Dora, At-Vidya Nagar, Co-Operative Colony, 3rd Line, Rayagada, Po/Ps/dist. Rayagada. 11) Shri Bhaskar Moharana, S/o Late, Kabilya Moharana, 3rd Lane, Berhampur-4, Dist. Ganjam. 12) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (Gen. OSEB), Plot No. 775 (Pt), lane-3, Jayadev Vihar, Bhubaneswar-751 013. 13) Shri Pradip Kumar Pradhan, S/o. Purna Chandra Pradhan, Viom Networks Ltd., Odisha, Fortune Tower, 4th Floor, Module-C, Chandrasekharpur, Bhubaneswar–23. 14) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist. Gajapati (Consumer Counsel), 15) Secretary,PRAYAS Energy Group, Pune (Consumer Counsel) and Shri Sukanta Chandra Mohanty, representative of Dept. of Energy, GoO are present. All the above named objectors were present during tariff hearing except objector Nos. 4, 5, 6, 7, 9, 10, 11, 13, 14 & 15 but their written submissions were taken into record and also considered by the Commission.

8. The applicants submitted their replies to the issues raised by the various objectors.

9. Section 94(3) of the Electricity Act, 2003, provides that the appropriate Commission may authorize any person, as it deems fit, to represent the interest of the consumers in the proceedings before it. The Commission appointed to World Institute of Sustainable Energy (WISE), Pune as Consumer Counsel for objective analysis of the Annual Revenue Requirement and tariff proposal of the four Distribution Licensees.

10. The Commission had also appointed the following nine persons/organisations as Consumer Counsel to represent the interest of consumers from the areas of the Distribution Licensees: -

Table – 2

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

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

11. The dates for hearing were fixed and it was duly notified in the leading English and Oriya daily newspapers mentioning the list of objectors. The Commission issued notice to the Govt. of Odisha represented by the Department of Energy to send their authorised representative to take part in the hearing of the ensuing tariff proceedings.

12. In its consultative process, the Commission conducted public hearings at its premises on 27.02.2012 for CESU, 28.02.2012 for NESCO, 25.02.2012 for WESCO, and 24.02.2012 for SOUTHCO. The Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and Consumer Counsels from licensee's area of supply & the Objectors presented their views in the hearing. The Commission heard the Applicants, Objectors, Consumer Counsels and the representative of the DoE, Government of Odisha at length.

13. The Commission convened the State Advisory Committee (SAC) meeting on 29.02.2012 at 11 AM at its premises to discuss about the ARR applications and tariff proposals of licensees. The Members of SAC, Special Invitees, the Representative of DoE, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

ARR & RETAIL SUPPLY TARIFF PROPOSAL FOR 2012-13 (Para 14 to 69)

14. The Reliance managed DISCOMs submit that BSP, Transmission & Retail Supply Tariff for FY 2006-07 are pending for adjudication before the Supreme Court on the appeals preferred by the GRIDCO, OPTCL & the Commission respectively. The Tariff Orders for subsequent years i.e. FY 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 have been appealed before Hon'ble ATE & Hon'ble ATE has disposed of the appeals pertaining to 2007-08 on 08.11.2010 and for FY 2009-10 on 04.05.2011. The Reliance managed DISCOMs request the Commission to consider the award of the ATE in their Order dated 04.05.2011 while determining revenue requirement of ensuing year 2012-13. The remaining appeals are still pending before the ATE. The

licensees have further submitted that, due to stay granted by Hon'ble High Court on collection of bills from LT Domestic consumers as per the RST Order of the Commission for FY 2011-12, the licensees are incurring huge financial losses and their sustainability is at stake. With regard to the matter of Hon'ble ATE's directives to the Commission for re-determining the RST for FY 2010-11 and FY 2011-12 after reviewing the cross subsidy, the licensees have submitted that they reserve the right to claim differential revenue in the event of revision of tariff by the Commission in this regard.

15. A statement of Energy Sale, Purchase and Overall Distribution loss from FYs 2009-10 to 2012-13 as submitted by DISCOMs is given below in a tabular form:

Table - 3
Distribution Loss

DISCOMs	Particulars	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Estt)	2012-13 (Estt)
CESU	Energy Sale (MU)	3775.03	4372.65	4787.43	5525.20
	Energy Purchased (MU)	6232.68	7069.34	7791.00	8500.30
	Overall Distribution Loss %	39.43	38.15	39.00	35.00
NESCO	Energy Sale (MU)	3175.14	3435.59	3572.27	4054.70
	Energy Purchased (MU)	4705.45	5067.403	5253.34	5710.84
	Overall Distribution Loss %	32.52	32.20	32.00	29.00
WESCO	Energy Sale (MU)	4089.90	3978.711	4000	4257
	Energy Purchased(MU)	6301	6510.88	6400	6500
	Overall Distribution Loss %	35.09	38.89	37.50	34.51
SOUTHCO	Energy Sale (MU)	1187.82	1323.466	1532.080	1930.51
	Energy Purchased (MU)	2285.32	2555.64	2880.00	3430.00
	Overall Distribution Loss %	48.02	48.21	46.80	43.72

AT&C Loss

16. The System Loss, Collection Efficiency and target fixed by OERC in reference to AT&C Loss for the four DISCOMs since FY 2009-10 onwards are given hereunder :-

Table - 4
AT&C Loss

DISCOMs	Particulars	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Estimated)	2012-13 (Estimated)
CESU	Dist. Loss (%)	39	38	38	35
	Collection Efficiency (%)	93.19	96	98	98
	AT&C Loss (%)	43.56	41	38.77	35.71
	OERC Target (AT&C Loss %) (As per Business Plan)	27.77	26.86	24.76	23.77
NESCO	Dist. Loss (%)	32.52	32.20	32.00	29.00
	Collection Efficiency (%)	95.53	94.34	97	98
	AT&C Loss (%)	35.54	36.04	34.04	30.42
	OERC Target (AT&C Loss %) (As per Business Plan)	24.54	20.09	19.22	19.17
WESCO	Dist. Loss (%)	35.09	38.89	37.5	34.51
	Collection Efficiency (%)	96.03	91.32	97	98
	AT&C Loss (%)	37.67	44.20	39.38	35.82
	OERC Target (AT&C Loss %) (As per Business Plan)	24.05	21.53	20.50	20.40
SOUTHCO	Dist. Loss (%)	48.02	48.21	46.80	43.72
	Collection Efficiency (%)	95.98	92.40	96	97

DISCOMs	Particulars	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Estimated)	2012-13 (Estimated)
	AT&C Loss (%)	50.16	52.15	48.93	45.41
	OERC Target (AT&C Loss %) (As per Business Plan)	29.36	29.26	27.24	26.25

With the above proposed AT&C losses the licensee has planned the following measures to achieve these targets:

- Spot billing roll out plan
- Automated Meter Reading system
- IT / automation module implementation
- Consumer Indexing
- Energy Audit
- Franchisee etc.,

In view of above, the Licensee requested the Hon'ble Commission to consider the estimated AT&C loss for FY 2012-13 as proposed by them.

Spot Billing Roll out Plan

17. The Reliance managed DISCOMs NESCO, WESCO, SOUTHCO have submitted that they have covered 100% consumers under spot billing. The details of consumers and relative cost per month for spot billing activity is as detailed below.

Table -5

Name of DISCOM	Total No of Consumers covered under Spot Billing	Total Cost Involved (Rs.) per month
NESCO	5,97,654	45,90,000
WESCO	5,76,035	46,90,000
SOUTHCO	6,81,631	54,50,000
TOTAL	18,55,320	147,30,000

Automated Meter Reading System

18. The NESCO, WESCO and SOUTHCO have submitted that they have initiated a drive for installation of AMR system for consumers above 40 KW load. So far 1537,1213 and 680 numbers of automated reading systems have been installed in the premises of NESCO, WESCO and SOUTHCO respectively. The roll out plan to install AMR for remaining consumers with Load above 20 KW for NESCO, WESCO and SOUTCO in FY 2012-13 is as follows.

Table – 6

Name of DISCOMs	No. of Consumers	Cost including installation (Rs lakh)	One time set up cost (Rs lakh)	Total cost (Rs lakh)	Recurring cost per month communication + manpower (Rs lakh)	Overall cost per month (Rs lakh)
NESCO	337	20.22	11.00	31.22	0.61325	34.2453
WESCO	1824	1094.44	46.00	155.44	3.31919	61.0489
SOUTCO	1356	81.36	46.00	127.36	2.46756	41.50573

CESU proposes to cover all HT & EHT consumers including 33 KV feeder by GSM based AMR system.

IT / automation module implementation

19. Licensees have proposed to implement different IT/automation modules for improvement in the operational efficiencies. The expenses under one time hardware and software costs and recurring costs proposed by licensees for ensuing financial year as follows:

Table – 7

Name of DISCOMs	Hardware and Software Cost (Rs lakh)	Recurring cost (Rs lakh)
NESCO	38.25	11.44
WESCO	38.25	11.44
SOUTHCO	93.83	32.08
TOTAL	**170.33**	**54.96**

Consumer Indexing

20. The licensees have proposed following activities under Consumer Indexing plan:-

- Consumer and network survey
- Building database and Indexing of Consumers
- Painting of Electrical address on Poles, DTR and at consumers premises

The licensees have considered the cost of consumer indexing as part of A&G expenses for FY 2012-13.

Demand Side Management

21. CESU has initiated energy conservation activities like use of energy efficient lighting and air conditioning in its primary substations, office buildings. Further CESU has procured energy efficient star rated distribution transformers to reduce the distribution loss. CESU has proposed IT implementation plans to facilitate energy audits apart from other energy audit activities. A provision of Rs 12 lakh has been made during FY 2012-13 under A&G expenses on this account.

NESCO, SOUTHCO & WESCO have stated that they have initiated suitable measures for conducting regular energy audits. Further, IT implementations are also proposed to facilitate energy audits. The licensees have considered the cost of Energy Audit as part of A&G expenses for FY 2012-13.

Franchisee Operation

22. CESU has planned to engage franchises in its supply area to minimise AT&C loss, to improve arrears recovery and to enhance customer satisfaction. Around 4.48 lakh consumers have been covered under franchisee which includes Women Self Help Group (WSHG), Retired employee association and Consumer forum etc. CESU has proposed Rs 5.28 Cr for franchisee expenses in ensuing year.

Serious efforts are being made by the Licensee (NESCO/WESCO/SOUTHCO) in the direction of introduction of Franchisees in the Power Distribution Sector. So far Licensees have franchisees operating in 2316 villages covering 85876 consumers in NESCO, 1477 villages covering 54889 consumers in WESCO and 625 villages covering 52771 consumers in the Licensee area of SOUTHCO. Licensees are endeavouring for inducting more and more franchisees in the licensee area on different models. As of now Licensee have individuals, NGOs, WSHGs and Corporate bodies as Franchisees in the DISCOMs which are operating on different models.

Special Police Stations & Special Courts

23. CESU has submitted that it is planning to establish energy police stations in various districts under its jurisdictions. CESU has estimated an expenditure of Rs.2.90 Crore during FY 2012-13 under A&G expenses.

As per Notification No. 47514 dtd. 23.10.2008 of Home Dept., Govt. of Odisha, another 29 nos. of Energy Police Stations all over Odisha are to be established out of which NESCO, WESCO, and SOUTHCO will have 5, 9 and 9 police stations respectively. The status of police stations sanctioned, established and their progress along with financial burden on licensee for operation of these energy police stations is tabulated below.

Table – 8

DISCOMS	No. of Police stations sanctioned	No of Police stations established	No of Special Courts	No of Cases registered	No of Charge Sheet filed	Amount Assessed (Rs lakh)	Amount realised (Rs lakh)	Total cost proposed for FY 2012-13 (Rs Cr.)
NESCO	6	3	1	205	131	2.77	2.77	2.27
WESCO	10	1	1	147	103	6.9	6.9	3.81
SOUTHCO	10	8	1	272	32	40.81	2.58	5.33

System Improvement Scheme/Capex Plan

24. CESU, NESCO, WESCO and SOUTHCO has submitted that their Capex plan amounting with GoO funding and counterpart funding for FY 2012-13 as follows:

Table - 9
Capex Programme of DISCOMs (Rs. Crore.)

Name of the Programme	CESU	NESCO	WESCO	SOUTHCO
Capex Plan- GoO	97.50	52.50	48.75	51.25
Counterpart funding- Licensee	234.00	84.00	78.00	82.00
Total	**331.00**	**136.50**	**126.75**	**133.25**

Counter Part Funding

25. The Reliance managed DISCOMs have brought to the notice of the Commission that financial institutions and banks are seeking 1st charge on the revenue to the extent of monthly instalment to be generated from the project to be taken up under their funding for Capex/System Improvement programme. Since, all the revenues of DISCOMs are being escrowed, the financing institutions are unwilling to sanction any loan enabling the DISCOMs to take up Capex programme. In the above circumstances they have proposed to give the 1st priority of utilization of escrow account for servicing of loan instalment. Secondly, there is need for restructuring of the Balance Sheets of the Licensee so as to attract the funding agencies to lend and also at a competitive rate. The Licensee submits Hon'ble Commission to consider the parking of the unserviceable Liabilities along with corresponding Regulatory Assets (Losses) in a separate box so that the DISCOMs shall have a clean balance sheet to approach the lending agencies.

One Time Settlement (OTS) Scheme

26. NESCO, WESCO & SOUTHCO submit that they have started OTS Scheme for recovery of arrears from consumers as per the Order dtd. 20.07.2011 of the

Commission. The DISCOMs have decided to implement the Scheme in two phases. In 1st phase all categories of consumer excepting Domestic and Kutir Jyoti are covered. In 2nd phase Domestic and Kutir Jyoti consumers will be covered from December, 2011 onward. However, the performance during the 1st phase of the scheme has not been upto the expectation of the licensee. For starting 2nd phase of OTS scheme for Domestic category of consumers they need time extension beyond 31.03.2012 as allowed by the Commission because of huge numbers of consumers in this category.

Data Source

27. NESCO, WESCO, SOUTHCO and CESU have scrupulously complied with the information required by the Commission for submitting the ARR and tariff for the year 2012-13. The accounts up to March, 2011 have been duly audited as per Companies Act for all the Reliance managed DISCOMs. While compilation of data and preparation of ARR the licensees have relied upon the audited data. However, actual bills received from the bulk supplier, GRIDCO and other data up to September 2011 has been used for compilation of data and for preparation of ARR.

Revenue Requirement

Sales Forecast

28. For projecting the energy sale to different consumer categories, the Licensee had analysed the past trends of consumption pattern for last nine years i.e. FY 2001-2002 to FY 2010-11. In addition, the Licensee has relied on the audited accounts for FY 2010-11 and actual sales data for the first six months of FY 2011-12. With this, the four distribution utilities have forecasted their sales figures for the year 2012-13 as detailed below with reasons for sales growth.

Table – 10

Licensee/ Utility	LT Sales for 2012-13 (Estt)		HT Sales for 2012-13 (Estt)		EHT Sales for 2012-13 (Estt)		Total Sales 2012-13 (Estt) MU
	(MU)	% Rise over FY 12	(MU)	% Rise over FY 12	(MU)	% Rise over FY 12	
CESU	2785.50	6.75	1056.89	(1.876)	1682.81	10.29	**5525.20**
Remarks	Due to RE and category wise growth.		Past trend & expected reduction in load		Load growth from existing & new consumers		
NESCO	1907.464	36.65	451.626	(3.06)	1695.613	(0.87)	**4054.7**
Remarks	Impact of electrification of new villages under RGGVY & Biju Gram Jyoti Yojana and growth from existing & new consumers		decline in sale in comparison to FY 2011-12 due to recession in steel and mining sector and no additional consumption on account of reduction in consumption		decline in sale in comparison to FY 2011-12 due to recession in mining, increasing open access consumption and captive use		
WESCO	1636.00	20.29	1210	(0.49)	1411	(0.91)	**4257**
Remarks	Impact of electrification of new villages under RGGVY & Biju gram jyoti yojana and growth in domestic category		Decline in sale due to recession in steel and mining sector		Switching over to CGP by some industries.		

SOUTHCO	**1343.223**	**40.48**	**209.483**	**3.75**	**377.80**	**1.0**	**1930.51**
Remarks	Impact of BPL & APL consumers from RGGVY, BGY program, Increase in agriculture and Irrigation consumption from Mega Lift Irrigation project of GoO		nominal addition in consumption considered		No load growth in this category		

Inputs in Revenue Requirement

Power Purchase Expenses

29. 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 additional load coming in the FY 2012-13 which is as shown in table given below.

Table - 11

DISCOMs	Estimated Power Purchase in MU	Estimated Sales MU	Distribution Loss in %	Current BSP Paise/Unit	Estimated Power Purchase Cost Rs Cr.	SMD proposed MVA
CESU	8500.00	5525.20	35.00	219	2074.07	1400
NESCO	5710.849	4054.703	29.00	262	1640.04	920
WESCO	6500.00	4466.18	34.51	194	1414.86	1100
SOUTHCO	3430.00	1930.510	43.72	135	549.29	565

Employees' Expenses

30. CESU, NESCO, WESCO and SOUTHCO have submitted that they require the cost of Rs. 163.92 Cr. Rs.99 Cr., Rs.62 Cr. and Rs.110.10 Cr towards employee terminal benefit trust respectively for FY 2012-13. The total employee expense submitted by these DISCOMs namely NESCO, WESCO and SOUTHCO works out to Rs. 349.53 Cr., Rs.254 Cr., Rs.287 Cr. and Rs.243.43 Cr. respectively against approved employee expense of Rs. 294.08 Cr., Rs.157.29 Cr., Rs.170.83 Cr. and Rs.154 Cr. respectively for the FY 2011-12.

Administrative & General Expenses

31. CESU has proposed Rs 64.60 Cr. as A & G expenses for FY 2012-13 against Rs 49.32 Cr. for the current year 2011-12. CESU has estimated the A&G cost by considering 7% increase and additional expenses due to sharp increase growth of activity mainly under RGGVY Scheme and addition of new activities and proposed expenditures for the activities.

CESU, NESCO, WESCO, SOUTHCO have submitted A & G expense of Rs. 64.60 Cr., Rs. 51.01 Cr., Rs. 48.62 Cr. and Rs. 42.02 Cr. for FY 2012-13 against approved A & G expense of Rs 23.54, 30.81 and 24.87 Cr. for the FY 2011-12 respectively. While calculating the A&G expenses the licensee have projected by considering 7% increase over the Approved A&G for FY 2011-12 along with additional A&G expenses of Rs 14.18Cr., Rs. 14.61 Cr. and Rs. 16.80 Cr. in case of NESCO, WESCO and SOUTHCO.

Repair & Maintenance (R&M) Expenses

32. All the DISCOMs have calculated R&M expenses as 5.4% of GFA at the beginning of the year. The DISCOMS have requested the State Government support for R&M of RGGVY &BGJY assets. They have also prayed to allow the R&M on the RGGVY &BGJY assets so that they can maintain the assets. If State Government provides revenue subsidy for R&M of RGGVY &BGJY assets as per Hon'ble commissions order in para 443 of the RST order for FY 2011-12 then the R&M expenses of the corresponding year can be reduced. The details of proposal under R&M expenses for ensuing financial year 2012-13 are given below:

Table - 12
R&M Cost (Rs. Cr.)

DISCOMs	GFA	R&M as 5.4% of GFA
CESU	1149.06	62.05
NESCO	1478.88	79.86
WESCO	1100.57	59.43
SOUTHCO	1073.06	57.95

Provision for Bad & Doubtful Debts

33. Considering the collection efficiency of 98% for the year 2012-13, two percent of net revenue has been taken as bad debt. CESU has made provision towards bad and doubtful debts to the tune of Rs.44.98 Crore.

NESCO, WESCO and SOUTHCO submitted that due to past losses due to collection inefficiency and huge regulatory gaps, it would be difficult for them to arrange working capital and the situation would worsen if the Commission does not recognise the short-fall in collection efficiency. In order to make good the loss or short-fall in collection efficiency, the licensees have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2012-13. Considering the proposed collection efficiency of 98 % for NESCO, 98 % for WESCO and 97 % for SOUTHCO for FY 2012-13, they have considered for bad and doubtful debts to the extent of Rs.31.58 Cr., Rs. 52.33 Cr and Rs.18.73 Cr respectively as part of ARR for FY 2012-13.

Depreciation

34. 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 created during ensuing year. Depreciation for FY 2012-13 is projected at Rs.53.37 Cr. for NESCO, Rs.39.45 Cr. for WESCO Rs 39.08 Cr. for SOUTHCO and Rs.88.33 Cr. for CESU.

Loans and Outstanding Dues

35. CESU has submitted that no interest has been calculated on GRIDCO loan including Rs.174 Crore cash support as per the Order of the Commission. About loan from Govt. CESU submits that they have availed APDRP assistance amounting to Rs.37.09 Cr. from GoI through Govt. of Odisha and borrowed counterpart funding from PFC amounting to Rs.35.52 Cr. The loan under APDRP and PFC carries an interest of 12% per annum. The interest on World Bank loan has been calculated @ 13% per annum.

Interest on Capex Loan from Govt. Of Odisha

36. WESCO & SOUTHCO have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs. 2.86 Cr. and Rs. 5.67 Cr. respectively for the ensuring year.

Power Bond

37. WESCO, NESCO & SOUTHCO issued bonds worth Rs.400 Crore in favour of GRIDCO to be assigned to NTPC w.e.f 1st October, 2000 @ 12.5% interest. The Commission in its last tariff order had allowed interest @ 8.5% (tax free) on those bonds as per the recommendation of Alhuwalia Committee. After several rounds of discussions with GRIDCO the licensee could not settle the issue amicably. As this issue is under the sole jurisdiction of SERC, the licensees have proposed to approach the Hon. Commission by filing separate petition for amicable settlement of issues. Further the licensee have not claimed any interest towards the NTPC Bonds in the ARR for FY 2012-13 and requested to consider the differential interest between the settlement amount and the approved interest in the ARR of subsequent year.

World Bank Loan Liabilities

38. REL managed licensee NESCO, WESCO & SOUTHCO has calculated the interest liability of Rs. 11.57 Crore, Rs. 11.82 Crore and Rs 7.79 Crore respectively against the loan amount at an interest rate of 13% and repayment liability of Rs. 9.13 Crore, Rs 9.10 Crore and Rs. 7.26 Crore respectively.

APDRP Assistance

39. About loan from Govt, CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr. from GOI through Govt of Odisha and borrowed counter funding from PFC amounting Rs 35.52 Cr. The loan under APDRP & PFC carries an interest rate of 12 % per annum.

In the ensuing year, NESCO, WESCO & SOUTHCO 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, WESCO and SOUTHCO have estimated an interest of Rs.0.76 Crore, Rs.0.657 Crore and Rs.0.72 Crore, respectively on this account.

Interest on SI scheme counterpart funding from REC/IDBI for Capex plan

40. NESCO, WESCO & SOUTHCO have estimated the interest at the rate of 13.5% p.a. on counterpart funding for SI Capex scheme which amounts to Rs.5.50Cr., Rs.6.30 Cr. and Rs.1.86 Cr. respectively for the ensuring year.

Interest Capitalized

41. NESCO, WESCO and SOUTHCO have shown the interest on loan outstanding at the beginning of the year as revenue expenses as a part of ARR. The interest on loan to be drawn during the ensuing year for capital works has been capitalized. The total interest estimated for financial year 2012-13 for NESCO, WESCO and SOUTHCO are Rs.1.26 Crore, Rs.3.15 Crore and Rs.4.60 Crore, respectively.

Interest on Security Deposit

42. NESCO, WESCO and SOUTHCO have submitted that the interest on security deposits @ 6 percent per annum (i.e.@ Bank rate) for FY 2012-13 have been worked

out to be Rs.16.43 Crore (NESCO), Rs.24.18 Crore (WESCO) and Rs.6.04 Crore (SOUTHCO).

Non-Tariff Income

43. NESCO, WESCO and SOUTHCO have proposed non-tariff income for FY 2012-13 to the tune of Rs.17.77 Crore, Rs.25.16 Crore and Rs.10.98 Crore, respectively. However, they have proposed to abolish meter rent for all categories and hence not considered any income from meter rent.

Provision for contingency

44. NESCO, WESCO and SOUTHCO have proposed provision for contingency for FY 2012-13 to the tune of Rs.5.55 Crore, Rs.4.13 Crore and Rs.4.03 Crore, respectively

Amortisation of Regulatory Assets

45. NESCO, WESCO and SOUTHCO have submitted that Regulatory asset may be amortized to the extent of Rs73.10 Crore, Rs. 52.67 Crore, Rs166.49 Crore respectively during the year 2012-13. They have only included the amortization of regulatory assets to the extent of actual liability towards Securitization of BST dues, inspection fees, and Pressing Creditors etc.

Return on Equity / Reasonable Return

46. CESU has claimed Rs.11.64 Crore as ROE calculated @16% on equity capital. NESCO, WESCO and SOUTHCO have submitted that due to negative returns (gaps) in the ARR and carry forward of huge regulatory assets in previous years the licensees could not avail the ROE. They have prayed for ROE on the equity and the accrued ROE for the previous years to be allowed in ARR of FY 2012-13. This would increase the availability of additional funds for the consumer services. Therefore, NESCO, WESCO and SOUTHCO have assumed a reasonable return of Rs.10.55 Crore, Rs.7.78 Crore and Rs.6.03 Crore respectively calculated at 16% on equity capital including the accrued RoE.

Truing up of Revenue Gap for FY 20011-12

47. The Reliance managed DISCOMs NESCO, WESCO and SOUTHCO have requested the Commission to allow truing up of uncovered gap of Rs.84.96 Crore (NESCO), Rs.156.41 Crore (WESCO) and Rs.61.77 Crore (SOUTHCO) to be considered as estimated revenue gap based on the audited statement for year ending 31st March 2011 for FY 2010-11 to be trued up in the ARR of FY 2012-13.

Further, NESCO, WESCO and SOUTHCO have requested the Commission to allow truing up of uncovered gap of Rs.623.84 Crore (NESCO), Rs.481.19 Crore (WESCO) and Rs.865.83 Crore (SOUTHCO) to be considered as estimated revenue gap based on the revised truing up exercise from FY 1999-00 to 2009-10.

Also, due to the stay of the Hon’ble Orissa High Court on revised tariff of LT Domestic category consumers the utilities of Odisha NESCO, WESCO and SOUTHCO have requested the Commission to allow truing up of proposed revenue shortfall for the year 2011-12 to be trued up in the ARR of FY 2012-13. This amount proposed by the licensees is Rs 387.64 Cr., Rs 459.01 Cr. and Rs 215.93 Cr. respectively.

CESU has not submitted any details about past losses/regulatory assets to be set off in future year.

Revenue at existing tariffs

48. The Licensee has estimated the revenue from sale of power by considering the sales projected for FY 2012-13 and by applying the various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs2249.17 Crore, Rs 1579.17 Crore, Rs 1866.69 Crore and Rs 624.36 Crore by CESU, NESCO, WESCO and SOUTHCO respectively.

Summary of ARR and Revenue Gap

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

Table – 13

Proposed Revenue Requirement of DIMSCOMs for the FY 2012-13 (Rs. Crore)

	CESU	NESCO	WESCO	SOUTHCO	Total DISCOMs
Total Power Purchase, Transmission & SLDC Cost(A)	2,074.07	1,640.04	1,866.70	549.29	6,130.10
Total Operation & Maintenance and Other Cost	714.99	508.67	553.46	431.43	2,208.55
Return on equity	11.64	10.55	7.78	6.03	36.00
Total Distribution Cost (B)	726.63	519.22	561.24	437.46	2,244.55
Total Special Appropriation (C)	-	466.29	672.22	386.45	1,524.96
Total Cost (A+B+C)	2,800.70	2,625.55	3,100.16	1,373.20	9,899.61
Less: Miscellaneous Receipt	70.44	17.77	25.16	10.99	124.36
Total Revenue Requirement	2,730.26	2,607.78	3,075.00	1,362.21	9,775.25
Expected Revenue (Full year)	2,249.16	1,579.29	1,816.31	624.36	6,269.12
GAP at existing(+/-)	-481.10	-1028.49	-1258.69	-737.85	-3506.13

Revenue Gap of DISCOMs in Ensuing Year

50. CESU, NESCO, WESCO and SOUTHCO 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 – 14

	CESU	NESCO	WESCO	SOUTHCO
Revenue Gap with existing Tariff	481.10	1028.49	1258.69	737.84
Excess Revenue with Proposed Tariff	0	0	0	0
Proposed Revenue Gap	481.10	1028.00	1258.69	737.84

Tariff Proposal of CESU

51. The revenue realization from BPL consumers from RGGVY, BGJY and BSJY schemes covered under "Kutir Jyoti" tariff is proposed to rise to at least 50% of cost of supply from present level of 20%. Balance 50% cost may be infused to the DISCOMs as subsidy by State Govt. Also, R&M cost may be may be allowed for the network created under RGGVY, BGJY and BSJY schemes.

52. On completion of RGGVY, BGJY and BSJY schemes almost 44% of Domestic Consumers will be covered under "Kutir Jyoti" tariff. So retail tariff for rest of the "Domestic" connections may be raised to realize full cost of supply in LT. Present RST rate for consumption upto 100 units is too low. Revenue realization is even lower than BPL rate i.e. Rs.30/- month in case consumption falls below 7

units/month. There is also a trend that consumers tamper with meters and supply system to stay within the lowest slab. It is proposed that present slab system for domestic category may be dispensed with and a uniform rate is fixed for all consumption. However if the slab rate is retained total revenue realization from 'Domestic' category other than 'Kutir Jyoti' may be kept above cost of supply. Hence, CESU has proposed following revision in retail domestic category tariff –

- 300 paise/unit for consumption upto 100 units
- 370 paise/unit for consumption between 101 to 200 units
- 480 paise for consumption above 200 units

53. Present level of MMFC for "Domestic" and "GP" consumers in LT category is too low and constitute only 8% & 3% respectively against total revenue realized. Further, Non-technical loss which is predominantly theft of energy is highest in these categories. Keeping supply available to these consumers constitutes major cost of supply other than power purchase cost. So it is proposed that at least 20% of cost of supply may be recovered by way of MMFC and rest 80% through energy charge.

54. In order to flatten the system load curve, HT and EHT consumers are given incentives in retail tariff. Despite of all the incentives, system demand during peak hours is almost 300MW higher than off peak hours. The HT/EHT consumers never seem to bother to shift their energy drawal from peak hours and continue to avail the off-peak incentives. So it is proposed that -

- Separate tariff may be fixed for peak hours (6.00PM to 10.00PM).
- All off-peak incentives may be dispensed with.
- To allow incentive for HT & EHT industries if they achieve a minimum guaranteed consumption at 75% Load Factor. The Load Factor may also calculated basing on power on hours.

Tariff Proposal of NESCO, WESCO and SOUTHCO:

55. The licensees have proposed to bridge the revenue gap through combination of increase in Retail Supply Tariff, reduction in Bulk Supply Tariff and grant/subsidy from State Government in an appropriate manner.

Tariff Rationalisation Measures and proposals of NESCO, WESCO and SOUTHCO

Computation of Overdrawl penalty

56. All the Reliance Managed DISCOMs submit that due to massive electrification on the account of RGGVY and BJG schemes the power shortage is likely to persist. At present, the state is having average shortfall of 360 MW and peak shortfall of 670 MW. Under such circumstances, the earlier rationale to provide graded tariff/incentives to industries having more that 50% LF no longer exists and hence these incentives/graded tariff needs to be discontinued. DISCOMs further submitted that, that drawl up to 120 % of contract demand without penalty should also be withdrawn. Flat rate for industries in its tariff proposal for FY 12-13 and Load factor should be computed on the basis of Contract Demand basis only or MD or CD whichever is higher, in line with FOR recommendations.

Minimum Charges in Case of LT (SI), LT (MI) Category of Consumers

57. As per the OERC Dist. (Conditions of Supply) Code, 2004, the normative Load

Factor for SI and MI is 20% and 30% respectively. It is observed that the LF of SI and MI is lower than that specified in the regulation which means consumers are underutilizing their load or involved in unauthorized use of electricity. Further, scattered nature of consumer base is making surveillance difficult which is further aggravated by the lack of local administrative support. In view of this the Licensees have proposed the following:

- The MMFC charged to consumers should be designed in such a way that minimum consumption at 20% Load factor for Small Industry and 30% Load Factor for Medium Industry are factored and the consumer will be tempted to consume the minimum energy and in turn billing efficiency will improve.

Increase in Reconnection Charges

58. The licensee has to undertake disconnections of electricity connections of consumers who have not paid the electricity bills within due date with the police and security agencies which cost them around Rs 50,000 per month. The licensees are planning massive disconnection activities with the help of security agencies in the ensuing financial year. In order to recover the cost disconnection/re-connection and to force the consumers to pay the monthly energy bill on due date the licensee have proposed to increase reconnection charges as follows:

Table – 15

Category of Consumers	Rate applicable	Rate Proposed
Single Phase Domestic	Rs.75/-	Rs.500/-
Single Phase Other Consumers	Rs.150/-	Rs.600/-
3 Phase Line	Rs.300/-	Rs.750/-
HT & EHT Line	Rs. 1500/-	Rs. 2000/-

Delayed Payment Surcharge

59. The DPS is the instrument to encourage the consumers for payment of the electricity dues in time. If the DPS shall not be applicable to the consumers who are defaulting or deliberately not making payment, shall not yield the anticipated collection efficiency. Commission in the RST Order allowed licensee to levy Delayed Payment Surcharge (DPS) to certain categories given in the said order. However, licensee submits that they are required to pay the Delayed payment Surcharge to GRIDCO for all the units they draw for all categories. Mostly the bills which are not paid regularly relate to the LT consumers who don't pay DPS to licensee. Therefore, the Licensee requests the Commission to order for DPS to be levied on all the categories of Consumers without any discrimination

KVAH billing for LT Industrial consumers

60. The Licensees have proposed KVAh billing in place of KWh Billing for computation of energy charges and remove the present applicable power factor penalty clauses for FY 2011-12. The power factor penalty/ Incentive is limited to only large consumers having contract demand of more than 110 KVA while medium and other three phase consumers are exempted. The objective of introduction of KVAH billing is to ensure reduction in line losses which occurs due to low power factor. The line losses will be high in the case of leading and lagging power factor than in the case of unity power factor. The objective of KVAh based billing is for encouraging the consumers to maintain near unit Power factor to achieve loss reduction. The licensees have further proposed to replace present three part tariff structure for large consumers with two part tariff for all the three phase industrial consumers availing power supply in LT and

HT and for which presently no Power Factor Penalty is provided in the tariff and whose meter is capable of reading KVAh component of energy.

Applicability of Power Factor Penalty

61. The licensees have proposed that, the Commission in its RST order for FY 2011-12 allowed power factor penalty as a % of monthly Demand Charge and Energy Charges to some category of consumers. Hence, to bring more efficiency in Power System Operation and till such time the KVAh billing approach is adopted, the licensees have proposed Power Factor Penalty and Incentive structure to following additional categories of consumers.

LT Category: (LT industries Medium Supply, PWW and Sewage Pumping > 22 KVA)

HT Category: (Specified Public Purpose, General Purpose < 110 KVA, HT Industries (M) Supply).

Discontinuation of Load Factor Incentive

62. All the Reliance managed DISCOMs have strongly pleaded for discontinuance of Load Factor incentive as the state is facing acute power shortage. They argue that Load factor incentive and 120% over drawal benefit during off peak hour were allowed in a power surplus scenario. However, the present state average demand deficit is to the tune of 400 MW and peak demand deficit of 900 MW, which necessitated the Commission to issue the Order (Protocol) dated 14.01.2010 on Load Regulation vide Section 23 of the Electricity Act. The order called for restricted use of electricity by all consumers. Although these restrictions stand rescinded, the massive addition of consumers which is literally going to be two times or more is unlikely to lead to a surplus generation scenario as in the past and the present power shortage scenario is to continue. Under such circumstances, it is the submission of the licensee that the graded tariff provided to industries wherein consumption in excess of 50% of load factor was incentivised should be discontinued. Further the drawl up to 120 % of contract demand without penalty should also be withdrawn. The licensee proposes that a flat rate for industries in its tariff proposal for FY 2012-13 and permission of drawl up to 120% of the Contract Demand during Off Peak Hours should be withdrawn. Licensees further have proposed to compute the Load Factor on the basis of MD or CD whichever is higher, in line with FOR recommendations.

Security Deposit for providing meter and metering installations

63. The OERC Distribution (Condition of Supply) Code, 2004 allows the Consumers to have the option to procure the meter either from the vendors certified by the licensee conforming to it's technical specifications or request the DISCOM to supply the meter and charge meter rent as per the tariff order. However, as the licensees are facing severe liquidity problem, they have requested the Commission to abolish meter rent and request consumer to pay full cost of the meter provided by the licensee. At present, Licensee is procuring the meters viz. Rs.1099/- per single phase meter including the meter boxes from different manufactures conforming to the metering regulation of CEA. In view of the above, Licensees have requested to approve the security deposit amount equivalent to the price of procurement of the different types of meters, metering equipment, boxes/ cubicles, supply and installation cost as per the regulation 13(1) of the OERC Distribution code,2004, if the consumer requests the licensee for supply of meter. With security deposit available, Licensee shall replace the meters in event of defects or corrosion of meters.

Billing of Lift irrigation Points

64. The licensees have submitted that the usage of electricity by lift Irrigation points is mainly during the period from October to April which is a irrigation season. During off season the electricity consumption by LI points drastically reduces and monthly energy bills are mostly towards payment of fixed charges only. With large scale tampering of meters at the start of the season, the consumption during the "off-season" forms the basis for billing during '"on-season period" and actual consumption stands unreported. The problem is accentuated further, with LI points being situated in remote areas thereby making metering of these points a long drawn process. Hence, the licensee have submitted that the LI point consumers should undertake to safeguard the meter from damage and that in the event of their malfunctioning there should be a levy of a flat rate billing. Taking into consideration, the number of working hours (generally the running of LI points is 12 hours/day i.e. L.F. at 50%) it is proposed that in case of defective meters/no meters, LI point consumers are required to pay a flat rate of Rs 400 per month per HP for the "on season' period, starting from October to April of the next year. They have further submitted that to improve the power factor for such LI points the installation of capacitor should be made mandatory for existing and new connections.

Demand Charges and Monthly Minimum Fixed Charges

65. The Licensees submitted that 90% of the Distribution costs are fixed cost in nature. The distribution cost of the License which is a fixed cost has increased manifolds during the recent years, the said cost normally required to be recovered from the Demand Charges. The fixed cost of the power procurement by way of payment towards capacity charges has also increased during last few years. In view of this, the Licensees proposes to recover the full fixed distribution costs by suitably revising the Demand charges and monthly minimum fixed charges as proposed in earlier section, as applicable to the respective category during the ensuing year.

Emergency power supply to Captive Power Plants (CGP)

66. A large number of industries have already opted for their own captive generating plants and few others are under pipe line, while cross-subsidised consumers have increased substantially due to addition of large number of consumers under RGGVY and BGJY Scheme. Maximum number of Industrial Consumers opting out from Industrial tariff to emergency power supply tariff after determination of tariff by Commission on account of which the licensee is loosing heavily on account of total Demand Charges and maximum Energy Charges because utilisation of emergency power in comparison to industrial consumption are maximum at 1% load factor. In view of very less amount of revenue realisation form above subsidising consumers in the situation of increasing O&M costs, the licensee is unable to pay BST bill in full.

The industries which are subsidizing consumers are opting for emergency power for CGPs for which the demand charge are not applicable to those industries and it is also difficult to establish that the SMD of a DISCOM is increased because of over drawal by CGP consumers to levy Demand Charge @ Rs 200/KVA as approved by the Commission in RST for FY 2011-12. In the increasing power deficit scenario, the sudden requirements for emergency supply to CGPs are difficult to meet. Further, the cap on energy drawl of each DISCOMs and the likely penalty on account of over drawl is making it difficult to meet the emergency requirements of the CGPs. Moreover, there have been instances wherein few industries are availing such emergency supply have been found utilizing the quantum towards normal production. Therefore, it is the submission of the Licensee that there should be a clear distinction between start up loads and essential/ survival loads and they further propose to revise the tariff as follows for CGP drawal.

Table – 16

Category of Consumers	Demand Charges Rs/kVA/ Month	Energy Charges (Rs per kWh)
EHT Consumers	200	6.40
HT Consumers	200	6.50

Condition for Start-up Power supply should be as follows:

- Industries having CGPs to avail Start-Up power their Contract Demand should not exceed 12 % of the capacity of the highest capacity Generating units of the CGP. Consumers have to enter into an agreement with the concerned DISCOMs subject to technical feasibility and availability of required quantum of power/energy.
- A Drawal of Power shall be restricted to within 10 % of load factor based on the contract demand and actual power factor in each month. If the load factor in a month is recorded beyond 10 % the demand charge shall be charged at double the normal rate. Supply can also be disconnected if the monthly load factor exceeds 10% in any two consecutive month.
- The tariff shall be applicable to generators before their commercial operation.
- Start-up power shall also be made available to the Generator connected to CTU grid with proper accounting done in monthly Regional Energy Accounting prepared by ERPC. (New IPPs are coming in future, which may also be connected to CTU grid directly)

Tariff Schedule

67. CESU has proposed tariff schedule for FY2012-13 as given bellow.

Table - 17

RETAIL SUPPLY TARIFF PROPOSED BY CESU FOR FY 2012-13

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 < 30U/month	LT	FIXED MONTHLY CHARGE --->			60		
1.b	Others							10
	(Consumption <= 100 units/month)	LT		300		60	50	
	(Consumption >100, <=200 units/month)	LT		370		60	50	
	(Consumption >200 units/month)	LT		480		60	50	
2	General Purpose < 110 KVA							10
	(Consumption <=100 units/month)	LT		500		80	80	
	(Consumption >100, <=300 units/month)	LT		600		80	80	

	(Consumption >300 units/month)	LT		680		80	80	
3	Irrigation Pumping and Agriculture	LT		160		60	50	10
4	Allied Agricultural Activities	LT		170		60	50	10
5	Allied Agro-Industrial Activities	LT		375		100	100	DPS/Rebate
6	Public Lighting	LT		490		60	50	DPS/Rebate
7	L.T. Industrial (S) Supply	LT		490		80	80	DPS/Rebate
8	L.T. Industrial (M) Supply	LT		490		100	100	DPS/Rebate
9	Specified Public Purpose	LT		490		100	100	DPS/Rebate
10	Public Water Works and Sewerage Pumping<110 KVA	LT		490		100	100	DPS/Rebate
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	250	490	200			DPS/Rebate
12	General Purpose >= 110 KVA	LT	250	490	200			DPS/Rebate
13	Large Industry	LT	250	490	200			DPS/Rebate
	HT Category							
14	Bulk Supply - Domestic	HT	50	350	500			DPS/Rebate
15	Irrigation Pumping and Agriculture	HT	60	150	500			DPS/Rebate
16	Allied Agricultural Activities	HT	60	160	500			DPS/Rebate
17	Allied Agro-Industrial Activities	HT	80	370	500			DPS/Rebate
18	Specified Public Purpose	HT	100	As indicated in the notes below.	500			DPS/Rebate
19	General Purpose >70< 110 KVA	HT	200		500			DPS/Rebate
20	H.T .Industrial (M) Supply	HT	200		500			DPS/Rebate
21	General Purpose >70KVA < 110 KVA	HT	250		500			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	250		500			DPS/Rebate
23	Large Industry	HT	250		500			DPS/Rebate
24	Power Intensive Industry	HT	250		500			DPS/Rebate
25	Mini Steel Plant	HT	250		500			DPS/Rebate
26	Railway Traction	HT	250		500			DPS/Rebate
27	Emergency Supply to CPP	HT		660	500			DPS/Rebate
28	Colony Consumption	HT		440				DPS/Rebate
	EHT Category							
29	General Purpose	EHT	250	As indicated in the notes below	1000			DPS/Rebate
30	Large Industry	EHT	250		1000			DPS/Rebate
31	Railway Traction	EHT	250		1000			DPS/Rebate
32	Heavy Industry	EHT	250		1000			DPS/Rebate
33	Power Intensive Industry	EHT	250		1000			DPS/Rebate
34	Mini Steel Plant	EHT	250		1000			DPS/Rebate
35	Emergency Supply to CPP	EHT		650.00	1000			DPS/Rebate
36	Colony Consumption	EHT		430.00				DPS/Rebate

Note: Energy Charges for HT & EHT Consumers

Load Factor (%)	**HT (Paisa/ Unit)**	**EHT (Paisa/ Unit)**
Upto 50%	480.00	475.00
>50% =<60%	460.00	450.00
>60%	385.00	380.00

Table - 18

RETAIL SUPPLY TARIFF PROPOSED BY REL MANAGED DISCOMS FOR FY 2012-13

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 < 30U/month	LT	FIXED MONTHLY CHARGE--->			30		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		140		20	15	
	(Consumption >50, <=100 units/month)	LT		140		20	15	
	(Consumption >100, <=200 units/month)	LT		310		20	15	
	(Consumption >200, <=400 units/month)	LT		410		20	15	
	(Consumption >400 units/month)	LT		410		20	15	
2	General Purpose < 110 KVA							10
	(Consumption <=100 units/month)	LT		480		30	25	
	(Consumption >100, <=300 units/month)	LT		590		30	25	
	(Consumption >300 units/month)	LT		660		30	25	
3	Irrigation Pumping and Agriculture	LT		110		20	10	10
4	Allied Agricultural Activities	LT		120		20	10	10
5	Allied Agro Industrial Activities	LT		320		80	50	DPS/ Rebate
6	Public Lighting	LT		480		20	15	DPS/ Rebate
7	L.T. Industrial (S) Supply	LT		480		80	35	10
8	L.T. Industrial (M) Supply	LT		480		100	50	DPS/ Rebate
9	Specified Public Purpose	LT		480		50	50	DPS/ Rebate
10	Public Water Works and Sewerage Pumping<110 KVA	LT		480		50	50	10
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	480	30			10
12	General Purpose >= 110 KVA	LT	200	480	30			DPS/Rebate
13	Large Industry	LT	200	480	30			DPS/ Rebate
	HT Category							
14	Bulk Supply - Domestic	HT	15	420	250			10
15	Irrigation Pumping and Agriculture	HT	30	100	250			10
16	Allied Agricultural Activities	HT	30	110	250			10
17	Allied Agro Industrial Activities	HT	50	310	250			DPS/ Rebate
18	Specified Public Purpose	HT	50	As indicated in the notes below.	250			DPS/ Rebate
19	General Purpose >70 KVA < 110 KVA	HT	150		250			10
20	H.T .Industrial (M) Supply	HT	150		250			DPS/ Rebate
21	General Purpose >= 110 KVA	HT	200		250			DPS/ Rebate
22	Public Water Works & Sewerage Pumping	HT	200		250			10
23	Large Industry	HT	200		250			DPS/ Rebate
24	Power Intensive Industry	HT	200		250			DPS/ Rebate
25	Mini Steel Plant	HT	200		250			DPS/ Rebate
26	Railway Traction	HT	200		250			DPS/ Rebate
27	Emergency Supply to CGP	HT	0	650	250			DPS/ Rebate
28	Colony Consumption	HT	0	450	0			DPS/ Rebate
	EHT Category							
29	General Purpose	EHT	200	As indicated	700			DPS/ Rebate
30	Large Industry	EHT	200		700			DPS/ Rebate

31	Railway Traction	EHT	200	in the notes below.	700			DPS/ Rebate
32	Heavy Industry	EHT	200		700			DPS/ Rebate
33	Power Intensive Industry	EHT	200		700			DPS/ Rebate
34	Mini Steel Plant	EHT	200		700			DPS/ Rebate
35	Emergency Supply to CGP	EHT	0	640	700			DPS/ Rebate
36	Colony Consumption	EHT	0	440	0			DPS/ Rebate

Note: **Energy Charges for HT & EHT Consumers**

Load Factor (%)	**HT**	**EHT**
up to 50%	475 p/u	470 p/u
>50% = <60%	430 p/u	425 p/u
>60%	375 p/u	370 p/u

(i) No TOD benefit for consumption during off peak hour.

(ii) Tariff as approved shall be applicable in addition to other charges as approved in the tariff order. Meter rent remains unaltered.

(iii) No power factor incentive as well as power factor penalty shall be applicable.

(iv) The billing demand in respect of consumers with Contract Demand of less than 110 KVA having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Contract Load, which shall required no verification.

(v) Prospective small consumers requiring new connection upto and including 3 KW load shall only pay a flat charge of Rs.1000/-towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-.The service connection charges includes the cost of material and supervision charges.

(vi) 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 Charges (MMFC) for the connected load below 110 KVA, the CD or MD whichever is higher shall form the basis for MMFC.

(vii) 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 (Condition 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.

(viii) Reconnection Charges proposed @ Rs.500, Rs.600, Rs.750 and Rs.2000 respectively for I Phase Dom., I Phase Others, III Phase LT and HT & EHT category of consumers.

(ix) 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.

(x) SOUTHCO proposes withdrawl of Graded Slab Tariff.

(xi) The Load Factor shall be calculated CD or MD whichever is higher.

Prayer

68. **CESU has following prayers to the Commission**

- CESU prayed to admit the accompanying Annual Revenue Requirement & Tariff Application of FY 2012-13.
- Approve the Annual Revenue Requirement (ARR) of the Utility for the Financial Year 2012-13 as proposed by the Utility.
- Consider the projected T&D loss of 35% in FY 2012-13.
- Direct/order that, the revenue gap shall be bridged by revision of retail tariff and/or Government subsidy as the Commission may deem fit.
- Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

69. **NESCO, WESCO and SOUTHCO have the following prayers to the Commission.**

- Take the accompanying ARR and Tariff Petition on record.
- Approve the Annual Revenue Requirement for FY 2012-13 including amortization of regulatory assets and truing up exercise up to FY 2010-11 and unrecovered gap for FY 2011-12 by truing up.

- Bridge the Revenue Gap for the FY 2012-13 through increase in Retail Supply Tariff, reduction in Bulk Supply Tariff (BST), grant/subsidy from the State Government of Odisha etc.
- To consider the servicing of the loan liability as 1st priority on the escrow utilization.
- To give effect to the ATE order dated 8.11.2010 on different issues such as fixation of Distribution loss target, truing up considering receivable audit, etc.
- Gridco and GoO may kindly be advised to allow DISCOMs to hypothecate assets for raising loan as per the Business Plan order dated 20.03.2010.
- Allow the following Tariff rationalization measures;
    - To compute overdrawl penalty in line with FOR recommendations
    - To levy Minimum Charges in Case of LT (SI), LT(MI) Category of Consumers
    - To increase reconnection charges
    - To levy delay payment surcharge to all category of consumers.
    - To adopt kVAh billing to LT Industrial consumers
    - To adopt power factor penalty for specified additional consumer categories.
    - To discontinue overdrawl and load factor incentives
    - To allow to collect security deposit for providing meter and metering installations.
    - To adopt flat billing to Lift Irrigation Points.
    - To revise demand charges and monthly minimum fixed charges
    - To revise tariff for emergency power supply to captive power plant.
- Allow the licensee to submit additional documents, modify the present petition, if so required, during course of processing of ARR.
- Any other relief, order or direction which the Hon'ble Commission deems fit.

OBJECTIONS & QUERIES RAISED DURING THE HEARING (Para 70 to 131)

70. Hearing of ARR and Tariff application of all the DISCOMs for the FY 2012-13 started with a Power Point Presentation of ARR submission by the applicant to the Commission. This was followed by a Presentation by representative of World Institute of Sustainable Energy, Pune who had been appointed as consumer counsel. They presented the gist of the submissions made by the licensee, analysis of the ARR and made certain observations and submissions on ARR. Then the objectors who were present during the hearing made their observations and submissions on ARR.

Comments of Consumer Counsel World Institute of Sustainable Energy (WISE), Pune on Tariff Application

71. World Institute of Sustainable Energy, Pune presented an analysis of the ARR applications and some of the important observations which are as follows:

(i) CESU, NESCO, WESCO and SOUTHCO submitted the annual revenue requirement of Rs. 2730.26, 2707.78, 3075.00 and 1362.21 respectively this is

15.68%, 43.21%, 39.66% and 90.50% higher that the Hon. Commissions approved ARR for the FY 2011-12. CESU has proposed to recover Rs. 2726.66 Cr through revision of RST and proposed revenue gap of Rs. 3.57 Cr. The other reliance managed utilities didn't propose any revision of RST but proposed tariff rationalization measures. WISE had presented the analysis of each cost component of ARR and related techno-commercial issues.

(ii) All the utilities have projected the power purchase cost at the present BSP which may not be the case as GRIDCO has proposed hike in BSP for the ensuring year. Further the projections of power purchase of all the utilities were based on the six months actual purchased energy and six months projections. These projections were further added with the demand escalations across the category of consumers for the ensuring financial year.

(iii) All the utilities have different consumer base and hence different energy utilization pattern. The utilization of energy purchased by all the utilities in percentage for the ensuring year is as tabulated below:

Table - 19

	CESU	NESCO	WESCO	SOUTHCO
EHT sales (%)	19.80	29.68	21.71	10.91
HT sales (%)	12.43	7.90	18.62	6.11
LT sales (%)	32.77	33.40	25.15	39.16
Overall Dist Loss (%)	35.00	29.02	34.52	43.83

It has been observed that the licensees energy demand forecast are high in case of LT category consumers due to sudden increase of BPL consumers in the state.

(iv) The analysis of the projected overall distribution loss verses the Hon. Commissions approval in the business plan is as follows:

Table - 20

	CESU	NESCO	WESCO	SOUTHCO
OERC Approved Dist. Loss (%)	23	18.35	19.6	25.5
Projected Overall Distribution Loss (%)	35.00	29.02	34.52	43.83
Difference (Higher Distribution loss proposed) (%)	12.00	10.67	14.92	18.33
Distribution loss excluding EHT Consumption (%)	43.64	41.27	44.10	49.19

It has been observed that licensees are lagging behind in achieving the set targets of distribution loss reduction. Further, the distribution loss excluding the EHT sales are much higher than the overall distribution loss. Consumer counsel submitted before the Hon. Commission that the higher distribution loss due to licensee's inefficiency should not be allowed to pass on the end consumers. Hence the higher revenue required to purchase higher energy because of higher loss levels should not be approved. Hon. Commission may direct the licensees to explore various measures to reduce LT and HT distribution loss.

(v) The analysis of the projected collection efficiency verses the Hon. Commissions approval in the business plan is as follows:

Table - 21

	CESU	NESCO	WESCO	SOUTHCO
OERC Approval	99	99	99	99
Proposed Collection Efficiency	98	98	98	97
Difference (Lower collection efficiency)	1	1	1	2

All the utilities have proposed lower collection efficiency than the commission's approval in the business plan. Hence the proposed higher provision for bad and doubtful debt may not be allowed to pass on to the consumers.

(vi) Administration and General (A&G) cost is controllable coat parameter. LTTS order has approved 7% hike in A&G cost over the earlier financial years A&G cost. However all the utilities have proposed higher hike in A&G cost than that of earlier approval of Hon. Commission. Hence it was submitted that Hon. Commission may review the proposal of utility along with the earlier audited expenditures.

(vii) It has been observed that there has been substantial increase in the BPL/Kutir Jyoti category of consumers the data submitted by the licensee is as follows:

Table – 22

	CESU	NESCO	WESCO	SOUTHCO	State Total
Total LT Consumers	1,874,877	1,516,689	960,056	982,425	5,334,047
BPL Consumers	601,600	458,946	300,349	277,103	1,637,998
% BPL consumers	32	30	31	28	31

31% of the LT consumers in Odisha will be from BPL category which is getting subsidized tariff. This will increase huge pressure of cross subsidy on other category of consumers. Hence, the benefits of lower tariff to BPL consumers should be strictly restricted to consumers having monthly consumption of 30 kWh or 360 kWh of annual consumption. Further, the Commission may issue clear guidelines for conversion of BPL category consumers to general category consumers to avoid further implementation issues. Also, as per National Electricity Policy the tariff to this category of consumers should be at least 50% of the average cost of supply. Hence, upfront subsidy equivalent to difference between the average cost of supply and the proposed applicable tariff to this category may be sought from GoO.

(viii) All the utilities have appointed franchisees for spot billing and bill collection. This has resolved the problem of taking meter reading, billing, and distribution of bills and collection of bill. However, the domestic consumers want their consumption to fall within lower tariff slab. As the process of meter reading involves human intervention and the possibilities of intestinally accounting lower consumptions can't be omitted. Hence, the same franchisees if asked to take photo reading of meters then reading errors will be omitted and this will help to increase actual LT billing consumption.

Comments of other Consumer Counsels

72. The Commission had also appointed different consumer organizations as Consumer Counsels for different distribution licensee's area. They are as follows:

CESU:- (i) Shri A.B. Routray, Orissa Electrical Consumer Association, Siva Sakti Medicine Complex, Cuttack-753001 & (ii) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009.

NESCO:- (i) Orissa Consumers Association, Balasore Chapter, Balasore

WESCO:- (i) Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur (ii) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela

SOUTHCO:- (i) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati.

For all distribution licensee's area:- (i) PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004.

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

The observations of the Consumer Counsels, who were present during the hearing and written submissions filed by them are summarized along with the issues raised by the objectors.

Issues raised by objectors during hearing and through written submission

73. The Commission has considered all the issues raised by the participants in their written as well as oral submissions during the public hearing. Some of the objections were found to be of general nature whereas others were specific to the proposed Revenue Requirement and Tariff filing for the financial year 2012-13. Based on their nature and type, these objections have been categorized broadly as below:

Legal Issues

74. The applications for determination of ARR as well as fixation of tariff as filed by the DISCOMs were illegal. The law contemplates that the Commission has to determine licensee's revenue for the purpose of fixing the tariff first, but not on composite application which is confusing and would be in contravention of law. The application may be rejected which is based on incorrect and manipulated statement of facts/materials/accounts.

Review of Past Operations in General

75. The objector has submitted that the licensee has failed in reduction of distribution losses, collection of revenue, adhering to the SOP norms, liquidating the arrears due and failed on many fronts. Further licensee is operating in this area for almost 13 years and it is too much to except improvements in its performance. Allowing the licensee to continue such operation will further deteriorate and cause serious harm to the power sector in Odisha.

76. The objectors in general stated that the distribution licensees had not improved their efficiency and standard of service, performance and had not reduced T&D losses etc. as directed by this Commission from time to time for which the Commission should not penalize the consumers to make good of losses of licensees for their maladministration, inefficiency, corruption, mismanagement, unnecessary expenses, etc. The licensees taking full advantage of the cost plus tariff determination are

projecting ever increasing cost without any improvement, rather deteriorating in their performance.

Audited Result

77. Based on audited results, the amount not collected and written off from the books of the licensee may only be considered for calculation of bad and doubtful debts and may be allowed within limit of 1.5%.

In general the objectors requested the Commission to examine/scrutinize the followings:

(i) Calculations of cost of supply and power purchase cost.

(ii) Provision of R&M expenses against actual audited expenses and actual assets capitalization.

(iii) Field assets/accounts as submitted in the ARR through an independent Government body.

Quality of Supply

78. One of the objector among the above named objectors submitted that the licensee has not taken interest to improve quality of supply to the consumers. Most of the rural consumers are suffering a lot due to low voltage problem and blackout/brownout in most of the time. Power cut without any notice and time limit is day to day affair.

79. East Coast Railways submitted that many times railways had the problem of poor quality of power supply and non- availability of supply leading to loss of punctuality of many mails and express trains. Further, voltage fluctuations and low voltages are also adding to losses. They have submitted that the OERC may issue guidelines to the licensees to provide good quality of power supply, exempt traction from load shedding protocol.

80. Power supply is very erratic and having frequent interruptions and the consumer is required to run the DG set which adds us huge financial expenses. Hence the tariff should be linked to the quality of supply. All interruptions and statutory power cuts should not exceed 30 hrs a month.

Quality of Service

81. Licensee has not improved on its service, efficiency and SOP and has not reduced T&D losses as per the Commission's directives and the consumers should not be penalized. Licensee has not invested in up gradation and improvement of system & quality of service and hence should not be allowed to burden the consumers for its business profits.

82. One of the objectors had submitted that quality of service provided by the licensee is very poor. The consumer disputes, billing problems are increasing. The fuse call centres are not functioning properly and many times the fault occurred during night time remains unattended till the next day morning. Further, one objector suggested that the Commission may direct the licensee to abolish the redundant manpower and engage the appropriate manpower for betterment of the company to provide the quality and effective services to the consumer.

Consumer Grievance

83. Consumers are not much aware of GRF and Ombudsman as institution to address their grievances and there is no information provided by licensee to the consumers.

DISCOMS are not undertaking consumer awareness activities and consumers don't know about GRF and OMBUDSMAN system at all. Licensees are further avoiding giving information under the RTI Act, 2005 by giving plea.

Distribution Loss

84. The licensee has not achieved the required efficiency and failed to reduce the controllable parameters like distribution loss due to which there is increase in tariff from year to year. The licensee's performance on reduction of distribution loss is not in line with business plan and the Commission's directives. The Commission may determine ARR & RST for the financial year 2012-13 as per the distribution loss of business plan. Further one objector submitted that licensee has to produce the reasons for not achieving the loss reduction targets as per their business plan and the Commission's directives. Licensee needs to take appropriate actions to improve the same.

85. DISCOMs have totally failed to curtail LT as well as overall distribution loss. The gap between the Commission's approved loss and actual loss is widening and actual distribution loss is increasing. Further, the DISTCMOs, distribution loss should be calculated by taking a ratio of units lost in distribution system excluding EHT sale to customer.

Billing and Collection

86. Performance of DISCOM in billing and collection is disappointing. In case of billing related problems the consumers have to visit the office repeatedly and the action followed by the utility is very slow. Further objected that the billing system is erroneous and the recovery process is not taken in time which burdens the honest and diligent consumer. Utility should expedite the process of metering and billing BPL consumers and also increase its vigilance activities to crab the theft and loss of electricity.

87. One of the objector among the above objectors had submitted that the licensee should indicate the collections made in the past years and projected for FY 2011-12 and FY 2012-13 for the current demand for the year and the arrears. Further, the Commission may stipulate the level of collection to be made from the current dues as well from arrear dues and the licensee shall exhibit the collection data accordingly and further efforts are required to collect arrears.

Security Deposit

88. One of the objectors suggested to enhance the interest on security deposit from 6% to 15.5% or requested to accept security deposit in the form of bank guarantee. Further some objectors have objected that the licensee has not paid interest on Security Deposit so made by the consumer and has not worked out the same.

89. One of the consumer council raised the issue of security deposits collected by the SEB in the form of NSC are not en-cashed by the licensee or by the consumers. Further, such NSCs are not traceable. Further licensee is required to pay interest on such security deposits though the funds are not with the licensee. Hence, licensee needs to trace such NSCs with GRIDCO and the field offices.

90. One of the objector requested to accept the SD in the form of BG and requested to wave such security against payment of each months bill in advance and prepaid meters may be made available to such consumers.

Metering

91. One of the consumer council objected that the metering conditions are not satisfied and the declared figures of consumer metering is fabricated and far from the ground reality. Further, suggested to install prepaid meters to all government consumers.

92. DISCOMs are not testing and calibrating the energy meters as per the regulations. Further, submitted to direct the DISCOMs to follow the Regulation and undertake testing and calibration. DISCOMS are not supplying dump reports even after submission of requisite fees or sometimes submit the report which doesn't include necessary parameters.

93. DISCOMs should supply energy meters to all consumers as per the Act and collect security Deposit towards cost of meter as approved by the Commission. At present DISCOMs are not supplying the meters and forcing the consumers to purchase from market. Further, it has been observed that the licensee has removed the energy meters installed for energy audit purpose on 11 kV feeders and on distribution transformers and the same are being used as consumer meters. Static meters have not been provided to three phase consumers. Hence, they are not able to avail TOD benefits.

94. The licensee's proposal on supplying and replacing the energy meter should be rejected along with the proposal of collecting security deposit.

Energy Audit & Consumer Indexing

95. One objector proposed to conduct energy audit and SOP audit by third party so as to assess the actual performance of the licensee.

96. The licensee claims to have been completed the feeder metering by Oct 2003 and distribution transformer metering by 31 March 2004, however it has not submitted the actual energy audit data for last seven years. DISCOMs have not done energy audit so far and performance of DISCOMs to reduce loss is poor. Therefore, any relook at the approved targets specified by the commission will only encourage them to be more inefficient and hence losses as determined by the Commission should continue and there should be no relook.

Energy Police Station

97. One of the objectors submitted that licensee should produce the list of cases and FIRs filed in the different court and police stations since 2009-10 to 2011-12. Further, submission of licensee for increase in re-connection charges is that the licensee has to spend Rs 50,000/- per month for disconnection on police and security agencies should not be accepted as proposed expenses should form the part of A&G expenses.

Energy Sales Forecast

98. One of the objector stated that sales projected by the licensee are not based on the actual growth of consumption over the last year. Further, DISCOMs are projecting high LT sales in their ARR to project higher requirement of cross subsidy and corresponding increase in HT and EHT tariff. DISCOMs LT sales forecast and the actual BPL consumers coming in the billing fold needs to be reviewed.

BPL/RGGVY Category Consumers

99. BPL consumers consuming more than 30 kWh needs to be brought under domestic category. Utility should expedite the process of metering and billing such consumers and also increase its vigilance activities to crab the theft and loss of electricity. The

tariff slabs in the domestic category should be carried forward and there should not be any tariff hike in the BPL category consumer's tariff. State Govt. should come forward to subsidies this category of consumers. MMFC of domestic and G.P consumers should not be enhanced with plea of theft of energy which could be controlled by the licensee.

100. One of the objector stated that the State Govt. should extend the benefits to a particular class of consumer (BPL) by bearing the full cross subsidies for supply of power to these subsidized group of consumers.

101. One of the objector objected that the utilities are not compiling to the metering practices and issuing unmetered power supply to the BPL category of consumers. Further, the BPL consumers are not getting regular electricity bills as some of them are not been brought under billing even after installation of energy meter and issue of service connection.

Cross-Subsidy

102. One of the objector stated that the RST orders of the Commission for the FY 2010-11 and FY 2011-12 are required to be re-determined based on the orders of the Hon'ble ATE, New Delhi in its order dated 30.05.2011 and 02.09.2011. The Commission may determine the cross-subsidy based on the principle that such cross-subsidies should increased but should reduce progressively. Even though the Commission has amended the OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 which was published in the Odisha Gazette on 10.08.2011 the same may not be taken in to consideration for determination of RST for FY 2012-13 as it is not in accordance with the provisions in the EA, 2003.

103. The proposal of CESU to increase the domestic tariff to realize the full cost of supply in LT may not be possible immediately. However, the cross subsidy availed by this category of consumers may be substantially reduced. Further, other DISCOMS proposal to withdraw incentives available in tariff for higher consumption and increase in demand charges will reduce energy consumption by cross subsidizing category of consumers and hence the cross subsidy will reduce which will make the licensee in financial difficulty.

104. One of the objector pointed out that NTP provision to bring down the cross subsidy to ± 20% of average cost of supply by the end of March 2011.

105. One of the objector pointed out that, average tariff realization should be determined at the cost of supply at various voltages (EHT, HT & LT) and accordingly, category wise based on the principles that the cross subsidies shall be reduced.

Demand Side Management

106. One objector submitted that the licensees are not at all concerned about demand side management of the distribution system and continue to draw as per the requirement. One objector submitted that LED lighting should be used for street lighting which will help to reduce the power consumption as well help to manage the demand.

Seasonal Industries

107. One of the objector objected they have already paid security deposit and utility is raising additional security deposit based on the additional monthly average consumption with revised RST. Raising such additional security deposit is illegal and should not be allowed.

108. Some Objectors from different seasonal industries like ice factories dependent on fishing etc. stated that they are operating their plants to match with the prevailing climatic condition as well as directive from Govt. of Odisha. During breeding season for about 4 months fishing is banned by the state Govt. and during this ban period their consumption of electricity is drastically reduced but they are burdened with payment of demand charges appear the contract demand. They don't have any load during offseason and hence they have requested for demand charges as per the maximum demand recorded instead of contract demand during the off season period.

Issues of Industries

109. 1% rebate for payment of electricity bill within 3 days to be increased to 2% and proportionate rebate should be allowed if payment made within 15 days. Further, requested to inform via SMS to the HT/EHT consumer's representative about the last date of payment of electricity bill and the amount of bill for availing rebate and to act immediately in case of week end or holidays.

110. Some objectors have requested to increase the interest on SD from 6% to 15.5% or else consider bank guarantee against the security deposit or else consider 50% in the form of cash and 50% in the form of security deposit. Further, some objectors have shown interest to pay bills in advance if prepaid meters are provided to them.

111. To consider equivalent units to be reduced while calculating the LF in case of 4/5 hrs of each tripping/failure and when there is no power supply due to break down in 132 kW line/shut down or any other reason.

112. The Commission may determine the cross subsidy based on the principle that such cross subsidies shall not be increased but reduced. Even though the Commission has amended the OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 which was published in the Odisha Gazette on 10.08.2011 the same may not be taken in to consideration for determination of RST for FY 2012-13 as it is not in accordance with the provisions in the EA, 2003.

113. Graded slab system of tariff should be provided in accordance with section 62(3) of the EA 2003. Load factor should be calculated on the basis of the maximum demand during periods other than off-peak hours with normative pf of 0.9. CESUs proposal to calculate the LF based on the number of power available is a welcome move. However, presently CESU is not exhibiting in the energy bill the max demand in "off-peak" and "other than off-peak" hours. This is resulting in contravention of the statutory provisions. A special audit may be conducted by the Commission.

Captive Generating Plants

114. One of the objector objected on the proposal of licensee on introduction of monthly demand charges of Rs.200 KVA for CGPs of the state particularly when the drawl is limited to much less then 660 hours (720-60) which is the minimum hours of drawl for charging full Demand Charges.

115. One of the objected submitted that, the emergency power supply is not only to meet the requirement of start-up power, but is also to meet the essential auxiliaries and the survival power requirement of the industry and therefore there should not be any restrictions regarding the Load Factor which has been proposed to be sealed at 10% in the proposal for FY 2012-13. Further, disconnection of power for drawl of power with load factor exceeding 10% in any two consecutive months in emergency conditions

has no statutory backing according to the Act, 2003, or the regulations framed by the Commission.

116. The CPPs has come in rescue of the state in time of emergency periods and hence any increase in tariff will act as a disincentive for the supply of power by the CPPs who are in any case are paying the highest cross subsidy in the state.

East Coast Railways

117. Railways is basically a public service provider and its electric operation is advantageous in many terms over the diesel railways, road transports etc. and expects low tariff. Further, submitted that the cross subsidy calculations presented in the objections shows higher than ±20% cross subsidy as per NTP.

118. To allow Railways off peak period energy discount at 10 paise/kWh like other HT/EHT consumers.

119. Railways raised issues on the quality of supply, low voltage problems, Further requested to adopt uniform metering and billing practice for Railways across the utilities and direct the licensee to take the responsibility to co-ordinate with OPTCL in maintaining the transmission line for improving the reliability of the system.

Separate Licensee for Supply of EHT Power

120. An Objector strongly advocated for a separate license to supply of power only for EHT consumers. The present distribution companies have miserably failed to control HT & LT losses even after 13 years of reform. The distribution licensees have no obligation to provide any sort of service to the EHT consumers and are taking advantage of their zero loss supply system. So a separate licensee may be created for supply of power to EHT consumers.

Financial Issues

121. One of the objector submitted that the licensee has proposed collection inefficiency as bad & doubtful debt. The licensee is not debarred from collecting the arrears in the subsequent periods. The amount not collected during the FY from the current revenue is not written off from the books of the licensee. The Commission has also rejected such submission in RST for FY 2010-11. Hence, truing up of for bad & doubtful debts should also be made every year to take in to account only such dues which are not collectable and have been written off from books of licensee and amount of 1.5% may be allowed towards bad debt.

122. One of the objector submitted that the amount not collected cannot be treated as bad and doubtful debt. Dues which are not collectable and have been written off from the books of the licensee based on audited results only may be allowed within limit of 1.5%.

Computation of Tariff /Tariff Rationalization Measures

123. Graded slab tariff for HT/EHT consumers to be retained without any changes rather it should be reduced by 5 to 10% at every slab. i.e. from Rs. 4.70 to Rs. 4.0, Rs. 4.25 to Rs. 380, and Rs. 3.70 to Rs. 3.10 to encourage the EHT consumers.

124. The demand charges are already high and the CESUs proposal to increase it further to Rs 250 per kVA is unjustified. Further any proposed increase in tariff will further make CGP power more economical compared to DSCOM power and again the growth rate of EHT consumers will go in negative direction. Hence, DISCOMs tariff

should be kept at par with that of cost of CGP power or slightly be lowered by giving incentives for improving LF/p.f. and prompt payment rebate etc.

125. TOD incentives should be increased from 10 paise to 30 paise per kWh and the TOD slot from 10 pm to 6 pm. Off peak without penalty over drawl should be increased from 20% to 30%. Further, some objectors suggested for separate tariff for peak and off peak hours.

126. The demand charges are already high and the CESUs proposal to increase it further to Rs 250 per kVA is unjustified. Further any proposed increase in tariff will further make CGP power more economical compared to DSCOM power and again the growth rate of EHT consumers will go in negative direction. Hence, DISCOMs tariff should be kept at par with that of cost of CGP power or slightly be lowered by giving incentives for improving LF/p.f. and prompt payment rebate etc.

127. Power factor incentive shall be considered for p.f. from 95% at 0.5% discount for each 1% improvement till 97% p.f. and above 97% 1% discount for each 1% improvement in p.f. This will encourage industries to invest in power capacitors and improve p.f. Penalty of 2% for each 1% reduction in p.f. below 95%, so that high penalty will encourage the industries to improve the power factor.

General Issues / Others

Some of the general and industrial issues raised by the objectors/licensees during hearing are as follows:

128. Some objectors have raised the point that there is huge difference in tariff for domestic consumers in company colony and outside the colony which is an unjustified discrimination among the same category of domestic consumers. Hence, domestic consumers taking power for colony from the same industrial supply needs same treatment.

129. One of the objector proposed that the present public lighting if replaced with LED lighting then huge energy and in turn revenue will be saved as it is more energy efficient system. Further, adopting policies like reduced tariff, rebate/discounts and directives to ULBs for adoption of LED street lighting will help in saving of electricity.

130. Telecom infrastructure services provider in Odisha Telecom Circle has obtained many LT power connections from DISCOM. In many cases the objector has constructed 11 kV line, distribution transformer, LT line and service line which has helped the DISCOM to reduce its O&M cost, reduced interest on CAPEX and got the free assets. Though they are supplied through HT voltage they are treated under LT GPS category and are not able to avail the HT tariff though they have incurred all the expenses towards getting HT supply. Further, irregularity in power supply adds the cost towards stand by supply from DG sets, and also affects the timely powering up of Base Transceiver Stations (BTS). This is further affecting roll out of services to customers. As this falls under essential utility service continuous supply is required and TRAI has also recommended that Dept of Telecom should address all State Governments to direct the DISCOMS to provide grid power on priority. Further, the objector has requested to consider separate category as essential services and requested tariff lower than that of non domestic and industrial category tariff.

131. One of the objector objected that the utility is not taking action to the Govt. consumers who have continuously defaulted in regular payment of electricity bills. However,

domestic consumers connections are been disconnected if they defaulted in payment. Hence, licensees may be directed to disconnect the connections of the Govt. consumers or they may be installed with prepaid meters to avoid such overdue of electricity bill payments.

REJOINDER BY THE LICENSEE TO THE OBJECTIONS RAISED DURING HEARING (Para 132 to 186)

132. In response to written and oral objections/submission/suggestions during hearing the licensees have submitted their written rejoinders to the objections. Some of the issues raised by the objectors are general in nature whereas certain issues are specific to the licensees. The rejoinders of the licensees can be better appreciated if it is presented issue-wise in this order. The rejoinders are accordingly summarized issue-wise as follows:

Legal Issues

133. SOUTHCO submitted that, the application filed by the Licensee is in accordance with the Section 62 and other applicable provisions of the Electricity Act 2003 and in conformity with the provisions of OERC (Terms and Conditions for determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations 2004. The contention of the objector that tariff application is not tenable under law and liable to be rejected is not at all justified and shall be ignored.

134. The Notice was published by SOUTHCO for the general public as per the direction of the Commission for inviting objections to the ARR and RST application of SOUTHCO for the FY 2012-13. The details of the calculation as per the format prescribed by the OERC were submitted before the Commission on 30.11.2011 and the details of which is also available in the website of the Commission as well as the Licensee. The notification was as per the law and statute.

Review of past operations in general

135. SOUTHCO submitted that the efficiency of the distribution licensee has been improved and standard of performance has also improved. Licensee is following the overall standard of performance and guaranteed standard of performance as per the Regulation of the Commission. Due to inadequate tariff and gap between approved loss and actual loss, the revenue requirement of the licensee could not be met.

Audited Result

136. NESCO submitted that the licensee has complied with all the directions of the Commission as well as the State Government. The power purchase agreement has been followed faithfully. Bill generation and distribution in the entire area under NESCO has been covered under Spot billing. There is no mismatch between performance review figures and the data as submitted by licensee.

137. WESCO submitted that the ARR for FY 2012-13 has been filled by the licensee and the data source of filing was based on audited accounts for the year FY 2010-11 & Actual data up to Sep-11. Projection for the current year i.e. FY 2011-12 has been done considering actual data up to Sep-11 & estimation for the period from Oct-11 to Mar-12. Hence, the audited figures for financial year FY 2011-12 can’t be made available before closing of the FY 2011-12.

Quality of Supply

138. CESU submitted that they are taking all necessary steps to maintain quality of supply. System Improvement programme is being implemented by them as per the direction of the Commission by up gradation and new installation of primary and distribution substations, laying of AB cables in theft-prone areas to prevent theft of power by antisocial elements through hooking. In spite of above activities massive investments further required to maintain 100% quality of supply. CESU is trying to invest out of its own fund generated through collection of its arrear.

139. 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. SOUTHCO has so far installed 182 nos. of new transformers and up gradation of517 nos. of distribution transformers and 63 nos. of power transformers of different capacities in its area of operation have taken place to provide reliable and uninterrupted power supply. SOUTHCO has already added additional 167379 KVA of transformation capacities into its system to cater the needs of the consumers and to overcome the low voltage. The power cut without any notice is not being implemented in SOUTHCO. Due to power shortage scenario in the state and as per the direction of Commission, the power regulation during the period Feb-10 to May-10 was implemented with due notice to the consumers under SOUTHCO. Further, as per the drawl schedule of SLDC and grid constraints the power restriction is being imposed at SLDC/OPTCL level.

Quality of Service

140. NESCO submitted that for providing better service to the consumers they are trying to segregate their technical and commercial works so that more stress could be given on consumer satisfaction. SOUTHCO submitted that they are providing immediate service to the consumers through its fuse call centre. Now, centralised toll free number has been provided so that immediate complaint can be attended. The energy bills are being served to the consumers at the spot through spot billing.

141. WESCO submitted that they are committed to serve the consumers in all respects like attaining fuse calls, billing related problems, serving of bills well before in time. There is no such complain are pending for execution.

Consumer Grievances

142. In response to the consumer awareness and grievances issues, SOUTHCO has submitted that as per the direction of the Commission the consumer interface programme is being held at field offices on a particular day of each month to solve the consumer grievances. FAQ booklets published by the OERC are being distributed among all the employees of SOUTHCO as well as amongst the NGOs, SHGs and selected consumers through conducting awareness programme. SOUTHCO distributed FAQ booklets among the consumers in Raygada & Parlakhemundi Divisions through Gram Vikash, Mohuda under BED-2. SOUTHCO officials attended the meeting intimating the consumers about their rights. SOUTHCO has conducted Energy awareness programme in the Nuagaon Section of Aska Division where 40-50 Women SHGs were participated and the Oriya version of FAQ booklets were distributed among all the participants in Boudh Mahotchab for the education of the consumers.

Distribution Loss

143. NESCO submitted that, the distribution loss as set by the OERC in different years has not been achieved due to various reasons beyond the control of the licensee. It is a fact that the actual T&D Loss is much higher than the normative level as fixed by the Commission. The reason of re-determination of loss level considering the ground realities has been mentioned in the ARR application.

144. CESU submitted that they have put necessary efforts for reduction of distribution and AT&C loss. Different System Improvement programme as cited in RST Order 2011-12 like installation and up gradation of power and distribution transformers, conducting of energy audit through ring fencing of Division, Subdivision and Section & laying of AB cables in theft-prone areas, engagement of input and collection-based franchisees and similar other item have been implemented in CESU for distribution and AT&C loss reduction. In addition, a large quantum of S.I. work is planned under CAPEX programme during 2012-13 and through implementation of the above programme the distribution loss is projected to remain around 35%.

145. Need for redetermination of loss level while approving ARR of FY 2012-13 has been clearly mentioned in the ARR of WESCO. WESCO further submitted that the Commission to re-determine opening loss levels on realistic basis for sustainability of distribution business and in the overall interest of the Odisha power sector.

Billing and Collection

146. In response to the billing and collection, SOUTHCO submitted that monthly/bimonthly energy bills issued to the consumers are correct and accurate. The spot billing is carried out except few and the bills are delivered to the consumers at the spot. The collection received from the consumers is posted properly through a computerised data base.

147. In order to achieve full-fledged transparency in billing and collection CESU has engaged different Billing Agencies in its licensee area. Further, they are monitoring the performance of the Billing Agencies. In case of observing any dismal performance by any Billing Agency step is being taken to remove them.

148. To address the issues related to billing problems and grievances, CESU had submitted that compliance on billing dispute and late service of bill is solved at Division and Subdivision level in field and through Consumer Grievance Cell in Head Office and other legal fora like GRF and Ombudsman. Compliant Handling procedure is decentralised at Section, Subdivision and Division levels for easy redressal of grievances. WESCO submitted that, Collection from Arrear & current has been depicted in OERC from F-17. The revised OERC form F-17 has also been submitted with the OERC as per additional requirement.

Security Deposit

149. In response to the issues related to security deposit SOUTHCO submitted that they are complying with the directions of the Commission from time to time in accordance with the provisions of OERC Regulations 2004 and the Electricity Act 2003 including GRF and Standard of Performance Regulations, 2004.

150. The interest on Security deposit has been provided to the consumers on 1st May of every year. The interest on Security Deposit shall be paid in cash/ demand draft which is as per the Regulation, 2004 and hence deposit of security through BG is not as per

the Regulation and hereby denied. Regarding rate of interest on Security Deposit, the interest is provided as per the bank rate.

151. In response to the security deposits submitted in the form of NSC, WESCO submitted that, no such certificates has been received by WESCO at the time of transfer of assets during privatization process. Further, they have requested the consumers who had submitted such certificates to erstwhile OSEB/GRIDCO to come forward with documentary evidence.

Metering

152. NESCO submitted that the contention made by the objectors are not true. The metering report submitted by the Licensee is reflecting the actual metering position of NESCO, and there is no question of fabrication of the figures as stated by the objector. NESCO has already taken initiative to achieve 100% consumer metering. M/s Secure Meters, M/s. Leela have been entrusted the task of defective meter replacement/new meter installation and till Sep'2011, 131797 nos. of single phase meters have been replaced against defective or installed against new consumer.

153. As per the Regulation, the energy meters, metering equipments are being tested by SOUTHCO through the outside agency once in a year. Simultaneously, the grid meters (Apex meter) are also being tested in order to wipe out the mismatch in readings of the consumer meter and Grid meter. Further, SOUTHCO is supplying the dump report of the meter when ever Railways demands upon deposit of Rs.500/- and no such case is noticed in case of SOUTHCO.

Energy Audit & Consumer Indexing

154. In response to the energy audit CESU had submitted that they have installed energy meters for auditing purpose on 68 numbers of 33KV feeders and are carrying out energy audits of 42 feeders out of total 114. Further, out of 624 number of 11 kV feeders 545 are being metered and energy audit is being carried out of 122 feeders. Also, out of 9750 numbers of metered DTs energy audit is being carried in 650 number DTs.

155. SOUTHCO submitted that they are carrying out Energy Audit at 33 KV and 11 KV level. However, the fruitful energy audit is not being carried out due to defective meters and provision has been made for DTR level metering under CAPEX. The consumers have been tagged with a particular DTR and DTRs are tagged with the feeders. However, the actual measurement is not possible due to defectiveness of the meters. As per the direction of Commission GSED Digapahandi has been earmarked as a model Division to measure the AT&C loss reduction.

156. WESCO has submitted that the energy audit report of 33 KV feeders has been presented during performance review meeting conducted by the Commission on 26th Dec-11.During Sep-11 the licensee has conducted energy audit of 20 feeders in RKL circle, 12 in Burla circle & Bargarh circle and 13 feeders in Bolangir & Kalahandi circle. The 33 kV loss in RKL circles is 1.02%, 2.15% in Burla circle, 1.4% in Bargarh circle, 8.73% in Bolangir circle & 5.9% in Kalahandi circle.

Energy Police Station

157. SOUTHCO submitted that 8 nos.of Energy Police Stations have been started functioning in addition to earlier Police Station at Berhampur. 272 nos of FIR have already been lodged in the different Police Station. Enforcement activities are carried out in the urban areas at Berhampur where in an amount of Rs. 91 lakhs has been

realised. During Apr- Sept-11, SOUTHCO has finally assessed of Rs.1.10 Cr against U/s 126.

158. CESU submitted that they have filed 513 FIRs during FY 2010-11 and 312 FIRs during FY 2011-12.

Energy Sales Forecast

159. On the issue of higher LT sales projection and related cross subsidy issue, CESU submitted that, Hon'ble ATE in the Order dtd.02.09.2011 has directed the Commission to determine the cross-subsidy of different categories of consumers as per direction given in the Order to re-determine tariff of different categories of consumers. The Commission has pursued the directives of Hon'ble ATE and has given the Order dtd.21.01.2012 for calculation of cross-subsidy for different categories of consumers. Application of such calculated subsidy will definitely have lesser impact on tariff of HT and EHT consumers.

160. The sales projection is always based on the past figures and future load forecast and accordingly estimate of sales has been properly made. Various steps have been taken for reduction of losses by the Licensee including arrest theft of energy.

BPL/RGGVY category consumers

161. CESU submitted that for controlling unauthorized consumption by BPL consumers for more than 30 units and for effecting billing and collection drive in RGGVY area CESU has engaged collection franchisees in these areas. In due course, the level of such franchisees will be further strengthened by engaging input model franchisees.

162. SOUTHCO submitted that they agree to the objector's views of regarding grant of subsidy by State Govt/Central Govt. and the subsidy should be given in advance as per the Electricity Act-2003.

Cross-Subsidy

163. Regarding issue of cross-subsidy and redetermination of RST for FY 2010-11 & FY 2011-12 as per direction of Hon'ble ATE & Hon'ble Supreme Court, WESCO submitted that the issue is under jurisdiction of the Commission. Further, WESCO has submitted the calculation of cost of supply voltage wise in OERC Form No. F-7 & F-9. Hence the licensee has submitted the information as per standard format only where false & fabricated data cannot be put.

164. NESCO also proposes the reduction in Cross Subsidy as deemed fit by the Commission and considering the extent of the subsidy to be provided by the Govt. Moreover, with inclusion of Lakhs of BPL Consumers, licensee pays far more subsidy to bridge gap.

165. SOUTHCO further submitted that while calculating the cross subsidy and average cost of supply actual losses needs to be factored in otherwise the actual cost of supply voltage wise will remain notional.

Demand Side Management

166. On the issue of use of LED Street lightening system, NESCO submitted that, in view of Demand side Management and present power scenario the suggestion of the petitioner is a noble one. However, the suggestion given needs proper deliberation before implementation. Also WESO submitted that the use of LED lightning system

for DSM has not been substantiated with other merits & demerits along with cost benefit analysis and hence require further deliberations.

Seasonal Industries

167. On the issue related to interest on Security Deposit, licensee submitted that the same shall be paid in cash/demand draft which is as per the Regulation, 2004 and hence deposit of security through BG is not as per the Regulation and hence denied. Regarding rate of interest on Security Deposit, the interest is provided as per the bank rate.

168. In response to the issue related demand charges during off season, NESCO had submitted the actual demand data of three Ice factories. However, it has been observed that their demand trends are not matching within the off season period. NESCO further submitted that, the consumer's prayer for separate tariff cannot be dealt under section 62 and the same should be dealt as per procedure defined under OERC (Conditions of Supply) Code, Regulation 2004.

Issues of Industries

169. On the issue of rebate on prompt payment WESCO submitted that, the present structure of prompt payment rebate is quite adequate. The suggestion made by the objector like payment through cheque, advance money receipt and additional rebate are unjustified and against the regulation.

170. In response to the graded slab tariff SOUTHCO submitted that their contention is only withdrawal of graded slab tariff to industries having more than 50% load factor is due to power shortage scenario in the state. Further, submitted that for load factor calculation actual power factor is being taken in line with the directions of the Commission.

171. On issue of PF incentive and penalty NESCO submitted that, the normative power factor as adopted by Regulatory Commission is 0.92. Further relaxation in the power factor will discourage the consumer for reaching higher power factor and also have effect on the demand and effective energy utilization. Accordingly, P.F. below 92% should attract penalty.

Captive Generating Plants

172. On the issue of payment of demand charges by CGPs and CPPs, WESCO submitted that as these consumer's are connected to the grid and drawing start-up power they should pay the demand charges along with energy charges as their drawl is unexpected and may raise system demand.

East Coast Railways

173. In response to issues related to cross subsidy, CESU had submitted that pursing the direction of Hon'ble ATE, OERC has finally issued order for calculation for cross-subsidy in its Order dtd.21.01.2012 which may be verified by the objector.

174. In response to the issue related to off-peak incentives, CESU had submitted that, as per Clause-325 of OERC Tariff Order for 2010-11 and Clause-559 of OERC Tariff Order for 2011-12 Railway Traction is exempted from getting off-peak energy discount facility since it is not a 3-phase consumer. Further other facilities like consideration of normal demand charge is being made even though feed extension is allowed. Keeping all these in view extension of off-peak tariff is not allowed.

175. In response to the quality of power supply to Railways, SOUTHCO submitted that they have not noticed any hand tripping of the incoming supply to Railways Traction. Further, railways is an EHT consumer drawing power at 132 KV and the voltage fluctuation if any is mainly due to grid constraints and beyond the level of DISCOMS. CESU further submitted that Railways feeders are exempted from load restriction and load shedding. Tripping (if any) of Railway Feeder is on the ground of emergency maintenance by OPTCL only.

176. In response to the uniform metering practices, CESU had submitted that they have adopted billing practices as per Grid-end meter reading based on the direction of Commission in Para-360 of OERC Tariff Order for 2011-12 and as per the Minutes of meeting in OERC dtd.18.06.2011.

Separate Licensee for Supply of EHT Power

177. In response to the suggestion of the objector to have separate license for EHT consumers, SOTHCO submitted that the suggestion to have separate license for EHT consumers is not tenable as per the law.

178. Further NESCO submitted that this is an irrelevant issue submitted by the objector in the matter of determination of tariff. In principle, NESCO has got the distribution business licensee of the area for providing power supply through HT, LT and EHT in accordance with the Distribution Code and I.E. act. Therefore there is no question for different license for only EHT consumers. Moreover, the licensee always coordinates with OPTCL and GRIDCO for any sorts of happenings in the EHT system. Initially, for a new consumer the licensee takes the approval of OPTCL as well as GRIDCO who make the system study and after arrangement of connectivity accord approval for release of load. The licensee nowhere neglects to coordinate with the transmission licensee for improvement of the EHT system relating to voltage and its reliability.

Financial Issues

179. On the issue related to provision of bad and doubtful debt, WESCO submitted that, Commission had directed to all DISCOMs to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they had recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Commission. As per their report, the non-receivable amount of WESCO as on 31.03.2005 is to the tune of Rs. 453 Crore. However, Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. Further, Commission is regularly allowing provision for Bad & doubtful debt @ 2% p.a. For the previous year & current year it was @ 1% p.a on HT & LT. Commission has directed to update the receivable audit up to 31.03.09 which was conducted earlier up to 31.03.05 through Chartered Accountant & Cost Accountant firms.

180. Commission in the order dated 14.01.2011 vide case no 68, 69, 70 & 71 of 2007 has also recognized to write off the out standings of the LD, PLD & Ghost consumer. As per Direction of Commission list of LD, PLD consumers have already been provided to Commission with due certification by Chartered Accountants.

Computation of Tariff /Tariff Rationalisation Measures

181. Further, OERC has stipulated PF incentives to the consumers for maintaining high power factor to promote efficiency of operation and optimum capacity utilization. As the Commission may in future go for kVAh tariff for consumers with appropriate

meters, by achieving higher pf. the gap of kWh & kVAh will be less. It has been devised with a view that this system will take care of incentive for better power factor as well as curb the tendency of not improving the power factor beyond a point determined for penalty. In order to maintain good/unity power factor, the commission has provided incentive for improvement of power factor above 97% up to 100% which is quite reasonable. Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption. The licensee has proposed that till implementation of kVAh billing, the power factor penalty and power factor incentive may be applicable.

182. On the issue related to the off peak incentives CESU submitted that, as per their observations, despite of giving 10 paise TOD benefit with time duration upto six hours the HT/EHT consumers never seem to bother to shift their energy drawal from peak hours and continue to avail off-peak incentive in reasonable scale. This is clear from system demand recorded upto 300MW higher during peak hour compared to off-peak hour. If the nature of system peak demand would be reasonably lower there would no objection in accepting the objector's suggestion for higher TOD benefit.

General Issues / Others

Some of the general and industrial issues raised by the objectors/licensees during hearing are as follows:

183. On industrial colony consumption related issue, CESU submitted that, the Commission should continue with tariff pattern pertaining to industrial colony consumption @ maximum 10% excluded from the first slab. Further, WESCO submitted that as per the present tariff order pronounced by the Commission, Industrial Consumer is to be billed @ 450 paise per unit upto a limit of 10% of the total consumption. The licensee is losing on account of colony consumption limited to 10%. Apart from the above as per regulation 80 i.e. 'classification of consumer' in the OERC Distribution (Condition of Supply) Code, 2004, the domestic category does not include residential colonies attached to industrial establishment where power supply is drawn through the meter of the industrial establishment. Hence proposal of the objector may not be accepted.

184. In response to the introduction of LED systems, CESU submitted that for public lighting purpose and for lighting in other areas they had called tenders and M/s MIC Electronics, Hyderabad had been selected for the purpose. The set of lighting equipment supplied by the Company was tested in CPRI, Hyderabad and all the lamps failed in their performance. Moreover, due to non-submission of technical specification and test report the order was cancelled. CESU is initiating further action to issue order after retendering. Further, other utilities have also agreed that the installation of LED lighting will help to reduce the energy consumption as well to cut the demand.

185. In response to the Telecom Services provider request to put into Essential Service providers category WESCO responded that, this is purely reclassification of consumer category and they should not be dealt under section 62 and the same should be dealt as per procedure defined under OERC Dist. (Conditions of Supply) Code, 2004.The RST shall be applicable as per the defined category. Further, CESU submitted that, even though the objector has requested to be treated as an infrastructure provider through BTS tower for telecom services such services are purely commercial in nature and accordingly claim for separate category of essential services is not to be considered in present tariff structure.

186. In response to the issue of arrears of Govt. consumers and efforts to collect the same SOUTHCO submitted that, the Govt. Consumers outstanding as on 30th Sep-2011 was Rs.91.35 Cr. They have put efforts to realize the arrear through OTS or through disconnection of power supply. Further, in their ARR that have proposed to install prepaid meters to Govt. Consumer.

OBSERVATION OF THE STATE ADVISORY COMMITTEE (SAC) (Para 187 to 208)

187. The State Advisory Committee (SAC) constituted under Section 87 of Electricity Act, 2003 met on 29th February, 2012 to debate and deliberate on the Annual Revenue Requirement and Tariff application for the FY 2012-13 of the utilities namely OHPC, GRIDCO, OPTCL, SLDC, CESU, NESCO, WESCO and SOUTHCO. The Committee inter alia discussed the following issues.

Impact of BSP on Retail Tariff for the year 2012-13

188. Retail tariff is dependent on the cost of hydro generation by OHPC, cost of thermal generation by OPGC, NTPC and other Central Generating Stations, cost of power procurement by GRIDCO from these stations including CGPs, cost of transmission by OPTCL, expenditure required to be incurred by SLDC and the cost of distribution of the distribution companies. Even if the cost of distribution by the distribution companies is kept unchanged, the Retail tariff is bound to increase if there is increase in the cost of generation, cost of power procurement and cost of transmission and SLDC charges.

189. OHPC has proposed 71.93 paise per unit for 2012-13 compared to 68.01 paise approved for 2011-12 (rise 5.76%). GRIDCO has proposed 410.98 paise for 2012-13 against 231.65 paise approved for 2011-12 (rise 77.41%). OPTCL has proposed 54.68 paise towards transmission charges for 2012-13 while 25.00 paise was approved for 2011-12, the proposed rise for 2012-13 being 18.70%. The four distribution companies taken together have proposed revenue requirement for 2012-13 at Rs.9777.25 crore against Rs.7056.53 crore approved for 2011-12 representing a rise of 38.53%. This works out tariff per unit on the average 619.96 paise per unit for 2012-13 compared to 404.31 paise per unit approved for 2011-12 representing a rise of 53.45%. The proposal of the DISCOMs is, however, based on the existing BST of GRIDCO and Transmission charges approved for the year 2011-12.

Table – 23
Summary of ARR & Tariff Proposals for FY 2012-13

Name of Licensee/Generator	OHPC*	GRIDCO**	OPTCL	SLDC	DISCOMs ***
Appr. ARR for 11-12 (Rs. Cr)	382.18 (387.97)	5952.92	572.50	8.8031	7056.53
Props. ARR for 12-13 (Rs. Cr)	404.22 (412.23)	9835.54	1330.46	10.474	9775.25
% Rise Proposed	5.77 (6.25)	65.22	132.39	18.98	38.53
Approved Tariff (P/U) for 11-12	68.01 (65.96)	231.65	25.00	0.39	404.31
Proposed Tariff for 2012-13 (P/U)	71.93 (70.09)	410.98	54.68	0.43	619.96
% Rise Proposed	5.76 (6.26)	77.41	118.72	10.26	53.45

(*) In case of OHPC the figures in the bracket includes the share of Machkund. The average proposed tariff of OHPC for FY 2012-13 is 70.09 p/u (includeing Machkund share of power), a 6.26% rise over the current year average tariff of 65.96 p/u.

(**) The proposed ARR of GRIDCO is based on existing tariff of OHPC.

(***) The proposed ARR of DISCOMs is based on existing BSP of 231.65 P/U, Transmission Tariff of 25 P/U & SLDC Charges of 0.18 P/U.

190. The Members of the SAC suggested that Commission should make a prudent check and approve the tariff keeping in view the power purchase cost by GRIDCO and overall interest of the consumers as has been done by the Commission in the previous years. For 2011-12 while the revenue requirement of DISCOMs awas projected at Rs.7875.09 crore, the Commission allowed Rs.7056.55 crore after rigorous scrutiny and keeping in view the tariff impact on the consumers.

191. The major component of retail tariff is power purchase cost by the distribution companies payable to GRIDCO which in turn purchases power from different generating companies. Earlier about 57-60% of the requirement was being met from low cost hydro power and about 40% was being met from relatively costly thermal power. With rising in demand and decline in generation from hydro power because of scanty rainfall and silting of reservoir, now about 24% is being met from hydro power and 76% being met from relatively high cost thermal power. With rise in cost of coal, the power cost is also increasing from year to year. For the year 2010-11 Commission had approved purchase of thermal power from central sector at 243.54 paise/unit but because of rise in coal cost and other reasons GRIDCO has purchased at 309.19 paise/unit. For 2011-12 against rate of purchase of power from central thermal stations approved by the Commission for 2011-12 at 331.05 paise per unit GRIDCO has paid at an average rate of 357.89 paise per unit upto Sept. 2011. When there is rise in cost of purchase power, increase in tariff cannot be avoided if other factors remain the same. However, after taking into account the realistic debt servicing liabilities by GRIDCO for incurring loan to meet the power purchase cost and bare essential expenditure requirement of distribution companies for payment of salary, repair and maintenance, the Commission may fix the tariff keeping in view the overall interest of the consumers and the statutory provision under Sections 61, 62, 65 & 86 of the Electricity Act, 2003 read with para 8.3.2 of the Tariff Policy, 2006 and Para 5.5.2 of the National Electricity Policy, 2005.

192. It is seen that while Commission approved purchase of 20154.00 MU and 22477.00 MU by the DISCOMs from GRIDCO for 2010-11 and 2011-12, the DISCOMs have actually purchased 21132.02 MU and 16103.93 MU (upto December,2011) respectively. The higher quantum of power purchase by DISCOMs has necessitated GRIDCO to purchase additional quantum of power at a rate substantially higher than the rate approved by the Commission which may be seen from the following table.

Table – 24
Statement of Revenue Approved by OERC vis-à-vis Actual

		2010-11		2011-12			2012-13
Sl No.	**Particulars**	**Approval**	**Actual (Prov.)**	**Proposal**	**Approval**	**Actual (upto Dec'11)**	**Proposal**
1	Quantum of power purchase by GRIDCO(MU)	21003.75	22868.95	23689.07	23489.18	17575.26	24887.58
2	Power purchase cost of GRIDCO (Rs in crore)	3666.83	4371.54	5082.37	4940.30	3690.81	6780.91
3	Avg. power purchase cost of GRIDCO (P/U)	174.58	191.16	214.54	210.32	210.00	272.46
4	Quantum of power purchase by DISCOMs (MU)	20154.00	21132.02	22755.20	22477.00	16103.93	23931.85
	CESU	6420.00	7076.81	-	7791.00	5520.61	8532.67
	NESCO	5112.00	5076.94	-	5323.00	3785.78	5469.18
	WESCO	6244.00	6422.63	-	6630.00	4677.59	6500.00
	SOUTHCO	2368.00	2555.64	-	2733.00	2119.95	3430.00
5	Revenue Billed to DISCOMs (Rs. in crore)	3431.22	3597.28	6926.91	5206.80	3595.50	9866.62
6	Avg. BSP (P/U)	170.25	170.23	304.41	231.65	223.27	412.28
	CESU	157.00	-	-	219.00	-	-
	NESCO	195.00	-	-	262.00	-	-
	WESCO	194.00	-	-	262.00	-	-
	SOUTHCO	90.00	-	-	135.00	-	-
7	Transmission Cost (Rs. in crore)	480.93	519.72	1573.69	572.50	-	1330.46
8	Avg. Transmission Charge (P/U)	23.50	-	68.68	25.00	-	54.68
9	**Total DISCOMs**					**Actual (upto Sept' 11)**	
10	Quantum of power sold by DISCOMs (MU)	15676.55	13099.14	-	17597.37	6763.18	15767.41
11	Revenue Billed (Rs. in crore)	-	4912.58	-	-	2946.73	-
12	Avg. RST (P/U)	320.58	375.03	-	404.01	435.70	-
13	Distribution Loss (%)	22.22	38.34	32.95	21.71	38.28	34.69
14	Collection Efficiency (%)	98.00	93.06	98.34	99.00	91.89	97.53
15	AT &C Loss (%)	23.77	42.62	34.06	22.49	43.29	36.30

193. It has been suggested that if the DISCOMs exceed the quantum of power purchase approved by the Commission, the DISCOMs should pay the actual cost of excess quantum of power purchase by GRIDCO and the excess expenditure incurred by the DISCOMs should not be recovered from the consumers. It was, however, clarified that the purchase of power over the quantum approved by the Commission may arise due various reasons like increase in load of the existing consumers, addition of new consumers and also due to higher loss. Since Commission is taking the truing up exercise based on the norms fixed in the Long Term Tariff Strategy (LTTS) and the business plan orders it is not necessary to put such a blanket conditions because the expenditure allowed to the DISCOMs on normative basis/efficiency parameters have to be factored into the tariff recoverable from the end users/consumers.

Requirement of Govt. Subsidy

194. At present, BPL families are paying at the rate of Re.1 per unit for consumption upto 30 units per month. While the tariff for irrigation pumping is 110 paise and allied agricultural activities at 120 paise, in case of domestic consumer consuming 50 units per month the existing tariff is 140 paise per unit. As per para 5.5.2 of the National

Electricity Policy, a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross subsidized. Tariff for such designated group of consumers will be at least 50% of the average (overall) cost of supply and the balance 50% of the average cost of supply is to be paid by the State Govt. as subsidy as per Section 65 of the Electricity Act, 2003. It was suggested that as per Section 61(g), the Commission is required to fix the tariff which would reflect the cost of supply of electricity and accordingly after prudent check, the Commission should determine tariff in accordance with provision of Section 61, 62, 65 and 86 of the Electricity Act, 2003, para 8.5.2 of the Tariff Policy, 2006 and para 5.5.2 of National Electricity Policy based on the determination cost of supply. If the State Govt. wants any category/categories of consumers are to be supplied electricity at a concessional rate, the State Govt. should provide the subsidy as per the Section 65 of the Electricity Act, 2003. Hence, the Commission without being influenced by the State Govt. should fix the tariff in accordance with the statutory provisions of Sections 61, 62, 65 & 86 of the Electricity Act, 2003 read with para 8.3.2 of the Tariff Policy, 2006 and para 5.5.2 of the National Electricity Policy, 2005 and it is up to the State Govt. to decide for providing subsidy to different categories of consumers and in that case the subsidy is to be paid by the State Govt. in advance as stipulated under Section 65 of the Act.

195. The State Govt. should realize that power is the main infrastructure for developing the overall economy of the state sector and to strengthen reform. If the Govt. wants to subsidize tariff they may do so instead of getting it done through OERC. The fairness of the Commission must be felt by the consumers, the members emphasized.

Reduction in Distribution and AT&C Loss:

196. Some of the SAC members pointed out that if the present level of distribution loss and AT&C loss is reduced there may not be any rise in tariff; rather the existing level of tariff may be reduced. The distribution loss or AT&C loss shown by the distribution companies or the distribution loss projected by the distribution companies for fixation of tariff are not being accepted by the Commission. It was clarified that the Commission all along has been adopting the normative level of distribution loss, collection efficiency and AT&C loss already approved for the respective years of the Business Plan. For example, while the actual distribution loss of the four DISCOMs taken together for 2009-10 was 37.24% and they had projected distribution loss of 35.60% for 2010-11 in their ARR filing, the Commission while fixing the tariff for 2010-11 approved distribution loss of 22.22% but not the projected distribution loss of 35.60%. Similarly, though the actual distribution loss for 2010-11 of the four DISCOMs taken together was at 38.34% and DISCOMs had projected 32.95% for 2011-12 in their tariff filing, the Commission while determining tariff for 2011-12 have allowed distribution loss at 21.71% as approved in the Business Plan for the said year. If the distribution loss projected by the distribution companies at 32.95% would have been accepted by the Commission the tariff for 2011-12 would have been 477.47 paise per unit against 404.01 paise approved for 2011-12. On the other hand taking into account the actual distribution loss of 2010-11 at 38.34% and by reducing it 3% if the tariff would have been calculated for 2011-12 then tariff for the said year would have been 492.77 against 404.01 paise approved for 2011-12. Hence, the inefficiency of the distribution companies to achieve the distribution loss target fixed by the Commission is not being factored into the tariff fixation and the Commission has been fixing the tariff on normative basis keeping in view the efficiency parameters. As such

even though four DISCOMs taken together have projected the distribution loss at 37.24% for 2012-13 against 38.28% for 2011-12 upto September, 2011, the Commission while fixing tariff would take into consideration the normative distribution loss at 21.20% approved in the Business Plan for the year 2012-13, it was clarified by the Commission.

Issues Relating to DISCOMs

197. For scrutiny of the authenticity of data, information furnished by the distribution companies they should furnish their balance sheet along with ARR application. The ARR projected by the distribution companies should not be accepted by the Commission without proper scrutiny.

198. The arrear electricity dues pertaining to the defaulting consumers which have really become unrecoverable should be taken into account while allowing bad debt for determining the ARR. It was clarified that the Commission is not accepting the bad debts submitted by the distribution companies. The difference between 100% and 99% of the amount billed is being assumed by the Commission as bad debt i.e. 1% reflecting non-collection of current electricity bills is being taken as bad debts, not the unrecoverable amount projected by the distribution companies which is much more than the amount allowed by the Commission on a normative basis. For example, while the distribution companies projected bad and doubtful debts of Rs.102.56 crore for 2011-12 the Commission approved only Rs.43.77 crore. For 2012-13 the DISCOMs have projected Rs.147.62 crore towards bad and doubtful debts, but only Rs. 52.79 Cr. is allowed.

199. While fixing the tariff the Commission should take into account the recommendation of Kanungo Committee and the State Govt. being 49% shareholder should play its role effectively by providing both administrative and budgetary support as has been done in AP, West Bengal, Maharashtra, etc.

200. At present GRIDCO under the instruction of the State Govt. is instructing the distribution companies to effect power cut in different areas without prior notice to the consumers. This is in violation of Section 23 of the Electricity Act, 2003 which empowers the Commission to regulate the power supply. If any distribution company is resorting to unauthorized power cut MD/CEO of the concerned distribution companies should be personally held liable.

201. Some of the Members of SAC expressed their concern and anxiety that if the distribution companies were to collect the arrears which have piled upto Rs.3763.70 crore as on 31.3.2011 and Rs.4002.59 crore as on 30.9.2011, there may not be any occasion for any rise in tariff. It was clarified that the tariff for a financial year is fixed taking into account the revenue requirement for the said year after prudent check. If the revenue assessed to meet that revenue requirement is not collected during that year, the distribution companies fail to meet the required revenue expenditure on different items like repair and maintenance, interest payment, Return on Equity, depreciation etc. If any amount is collected out of the arrears of the previous years this should be used by the distribution companies to meet the past deferred liabilities and this would not affect the tariff for the ensuring financial year. However, the Commission reemphasized the need for taking effective steps for not only collecting the outstanding arrears but also ensuring 100% collection of the current bills for which there is urgent need to ensure 100% billing of the energy consumed and issuance of 100% bills to the consumers. There should not be any addition to the

existing level of arrears in a financial year. The members of the SAC were informed that the Commission is contemplating to involve the Members of the SAC, other consumer organizations etc., in settling the arrear electricity bills in a transparent manner by organizing CONSUMER MELA in different areas of the distribution companies.

202. The Distribution companies are showing expenditure in installation of new transformer, up-gradation of transformers, installation AB cables, replacement of defective meters etc. They must come out with the result of such investment.

203. The distribution companies are not adhering to the directions of the Commission issued from time to time for compliance in different matters. Though the Commission has disposed off a number of cases under Section 142 of the Electricity Act, 2003, no penalty have been imposed on the distribution licensees for their acts of omission, commission or failure. Strict penal action should be taken against the licensees for their failure to comply with the direction of the Commission.

204. Most of the times there is no response from the toll free numbers given by the DISCOMs. The distribution companies have submitted that they have already installed toll free number to receive complaint from consumers and follow up the same for smooth redressal. It was clarified that all the four DISCOMs must ensure that the toll free number should be accessible for 7X24 hours and it is totally unacceptable that on holiday or odd hours there would be no response from the toll free number.

205. The monitoring committee appointed by the Commission from among the Members of the SAC through their field visit and intensive monitoring have shown the result in the Balikuda section of CESU, Kamarda section of NESCO, Nuagaon section of WESCO and Kanishi section of SOUTHCO. Such pilot project should be replicated in other areas. Members of the Monitoring Committee constituted by the Commission should be assigned with the job and all logistic support should be provided to them for their effective monitoring and supervision.

206. The implementation of CAPEX programme should also be monitored and overseen by the Committee of the SAC appointed by the Commission.

207. There should be political, administrative and police support for disconnection of power to the defaulting consumers and for taking deterrent action against those involved in theft of electricity. The Consumers must pay tariff for quality power supply by the distribution company.

208. The Commission reiterated that they would be just an fair to all stake holders of the power sector to see that while the interest of the consumers is protected by providing services at reasonable and affordable rates, at the same time the viability and sustainability of the power utilities is also to be ensured because a financially handicapped utility cannot be expected to provide quality supply of power.

Suggestions/Views /Comments of the State Govt. vide their Lr. No. 2261 dtd. 19.03.2012 on the issues raised by the Commission on Retail Tariff related issues for the FY 2012-13 (Para 209 to 220)

Tariff for the Kutir Jyoti/BPL category of consumers

209. Presently Kutir Jyoti/BPL category of consumers are paying monthly fixed charge of Rs.30 (@Rs.1/- per unit) per month with a stipulation of monthly consumption up to 30 units without any Minimum Monthly Fixed Charge (MMFC). The Kutir Jyoti/BPL

consumers should be billed according to their consumption over and above the 30 unit stipulation like any other consumers.

As available in the tariff policy till date the Hon'ble Commission is fixing the tariff for the special class consumer below 50% of the average cost of supply. The difference between the average cost of supply and the tariff fixed for special class consumers like Kutir-Jyoti etc. were being adjusted through cross subsidy. Govt. of Odisha is of the view that the same practice be continued. The Commission may grant minimum 30 units (or so as fixed) to the BPL consumers in the lowest possible subsidized tariff slab as fixed by the Commission and beyond that the normal tariff as applicable to other the subsidized domestic consumers.

Tariff for Irrigation Pumping and Agriculture/ Allied Agriculture Activities/Allied Agro- Industrial Activities

210. Though tariff for irrigation pumping & agriculture remain more or less same since 2001-02, the consumption for these categories is around 3-5%. Therefore any small increase in tariff will not provide any substantial revenue support to the DISCOMs. While Govt. is giving priority to agriculture, there should not be any increase in tariff under Irrigation Pumping &Agriculture and Allied Agriculture Activities.

Presently Govt. does not have any proposal to provide any subsidy/subvention in terms of sec-65 of the Electricity Act, 2003 for the purpose.

Advance Subsidy by the State Government Under Section 65 of the Act:

211. There has not been any need for subsidy from the Government as the Commission has been prudently fixing the tariff by balancing the interest of all classes of consumers. The same practice may be continued.

Cross Subsidy in Tariff

212. Cross subsidy should be calculated based on the average (overall)cost of supply as per the amended provision of Regulation 7(C)(iii) of the OERC (Terms and Condition of tariff Determination) Regulation 2004 and road map to reduce cross subsidy to ±20% by 2015-16 as recommended by FOR in their meeting held on 09.07.2011 to be adopted.

Provision & Funding of CAPEX:

213. The Government is committed to provide adequate funding support to the CAPEX Programme of the DISCOMs through the Nodal Agency, GRIDCO, as envisaged. In addition to the release of the first tranche amounting to Rs. 205 Crore, the Govt. in Energy Department has made a provision of Rs.162 Crore in FY 2011-12 and Rs.300 Crore in the Budget of FY 2012-13 towards the CAPEX Programme.

O&M expenditure for maintenance of assets created under RGGVY and BGJ

214. As regards the assets of RGGVY scheme the State Govt., REC, CPSUs and DISCOMs have signed a quadripartite agreement and the DISCOMs are bound by the terms and conditions of that agreement. As per para N of the agreement, Govt. of Odisha shall be the owner of the assets created in the implementation of the individual projects under RGGVY. Govt. of Odisha have authorized the DISCOMs to operate and maintain these assets to effect power supply in the project area and derived consequential benefit out of the assets created under the projects. As regards the assets the BGJ it is clarified that as per the para-8 of the guidelines, on successful completion of the project all the assets created under the BGJ shall be handed over by

the executing agencies to the respective DISCOMs for maintenance. Regarding ownership of the assets after they are charged and handed over through signed documents the said matter has not been decided. As the DISCOMs are to derive the consequential benefits from the assets they are to meet the O&M expenses for maintenance of the assets. The DISCOMs cannot claim the O&M expenses from the Govt.

As per the present practice the Discoms are granted R&M component in the ARR. Likewise the Discoms being the custodian of the assets, R&M for RGGVY & BGJ assets should be provided in the ARR. Assets taken over by the Discoms may be taken in their Balance Sheet and the normal maintenance charge as per present tariff policy be provided.

Performance parameter-Normative target of loss reduction

215. This aspect may be considered by the Hon'ble Commission and necessary direction may be issued to the distribution companies for achieving better result in terms of consumer satisfaction by giving quality power and improving in their collection efficiency and reduction of T&D and AT&C losses. Appropriate action may also be initiated against the non performing DISCOMs for violation of the directions of the commission as per the provisions of the Electricity Act, 2003.

Default in payment of electricity dues by the State Govt., Urban Local Bodies, Rural Local Bodies, PSUs including Cooperatives

216. Govt. have issued instruction to all Deptt.s and offices under their control to clear the undisputed electricity dues by 30.09.2010. The Deptt. of Energy will also impress upon the concerned authorities/Deptt. to extend necessary support to the DISCOMs if such instances are brought to the notice of the Deptt.

It is again reiterated that the Govt. offices/ Urban Local Bodies/ Rural Local Bodies and PSUs are to be treated as general consumers and the procedure prescribed in the Electricity Act 2003 may be scrupulously followed to ensure timely payment of the electricity bill.

217. **Effective functioning of the Energy Police Stations**

- Pursuant to the decision of the meeting chaired by the Chief Secretary and advice of Home Department, Finance Department was moved for creation of posts for one State Level Nodal Cell and four Division/ Range Level Nodal Cell. Finance Department have concurred in the proposal for creation of post alongwith the remuneration. As per the proposal concurred in the State Level Nodal Cell will be designated as State Electricity Theft Control Cell with headquarters at GRIDCO, Bhubaneswar and the officers will be designated as state Nodal Vigilance Officer and Asst. State Nodal Vigilance Officer. Similarly in the four DISOCM level theft control nodal cell the officers will be designated as Zonal Vigilance Officer/ Asst. Zonal Vigilance Officer CESU/ NESCO/ WESCO/SOUTHCO. Further the proposed headquarters of the Zonal Vigilance Office will be at Chainpal, (Angul) Keonjhar, Bargarh & Rayagada in respect of CESU, NESCO, WESCO & SOUTHCO respectively.
- Orders of Govt. has been obtained advertisement issued for recruitment of retired police personnel in the rank of SP, Addl. SP, DSP, Inspector and Sub Inspector to man the nodal cells. On receipt of order of Govt. steps will be taken for filling of the vacancies at the earliest.

- Home Department has been requested to take up the matter with Registrar (Administration) Orissa High Court for appropriate direction to sub divisional judicial magistrate courts to take up trial of offences under the Electricity Act 2003 till opening of Special Courts in each district.
- Out of 34 energy police stations notified 23 energy police station has been opened and DISCOMs have been requested to provide accommodation at Rayagada, Malkangiri, Nuapada, Sundargarh, Bargarh, Bolangir, Sonepur, Deogarh so that Home Department will be moved for opening of energy police stations with adequate police personnel in the above location alongwith at Jajpur, Keonjhar & Jagatsinghpur where accommodation has been made available in the meantime.

Implementation of Intra-state Availability Based Tariff (ABT)

218. Implementation of Intra-state Availability Based Tariff (ABT) may avoid over drawl by DISCOMs and piling of outstanding dues of DISCOMs to GRIDCO but also helps for grid stability, However the general consumer should not suffer from power regulation or voltage fluctuation on account of implementation of ABT.

The Hon'ble Commission may take appropriate steps in regard to the implementation of ABT Tariff should be done in phases in FY 2012-13 & 2013-14 keeping in view the demand and supply position in the State. The DISCOMs should not resort to overdraw without intimation to GRIDCO/SLDC. All the stake holders should abide by the direction of the Hon'ble Commission for implementation of the ABT Regulation.

With regard to charging of differential tariff, the Govt. is of the opinion that the Commission being the expert body, may arrive at a prudential decision on the matter.

Action taken on the orders of the Commission in case No. 64/2011

219. Various directions of the Hon'ble Commission in their order dt. 23.09.2011 in Case No. 64/2011 is now under consideration of the Govt.

Pendency of Electricity Duty with the DISCOMs.

220. A statement showing the pendency of electricity duty with the 4 DISCOMs is placed below:

Table - 25
Arrear ED outstanding with DISCOMs upto 31.03.2011 (Provisional)

(Rs. in Cr.)

Sl No.	Name of the DISCOMs	Arrear E.D. amount in cr. (Audited) (upto 01.04.99 & 2008-09-2010)	Provisional E.D. amount (for the period 1999 to 2008) Rs. In Cr. (Un Audited)	Total E.D. amount in cr. (Audited +unaudited)	Arrear E.D. for the FY 2010-11	Grand Total
1	**2**	**3**	**4**	**5**	**6**	**7**
1	WESCO	15.77	20.066	35.836	29.19	65.026
2	NESCO	26.339	37.528	63.867	5.2	69.067
3	SOUTHCO	58.969	17.543	76.512	9.28	85.792
4	CESU	50.088	71.202	121.290	10.92	132.21
	TOTAL	**151.166**	**146.339**	**297.505**	**54.59**	**352.095**

COMMISSION'S OBSERVATIONS & ANALYSIS (Para 221 to 537)

221. While formulating the Retail Tariff for different types of consumers, the Commission has to be guided by the statutory provisions and various recommendations which have a direct bearing on the cost of supply and protecting the interest of the consumers. The factors which need to be taken into consideration are summarized below:

(i) Statutory Provisions

(ii) Protecting the interest of the Consumers

(iii) Efficiency in operations of the power utilities

(iv) Need for recovery of the cost of supply and to ensure financial viability of the power utilities.

(i) Statutory provisions:

222. The important statutory provisions which guide the formulation of tariff design are as follows:

(i) The generation, transmission, distribution and supply of electricity should be conducted on commercial principles: (Section 61(b) of Electricity Act, 2003).

(ii) The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments: (Section 61(c)).

(iii) Safeguarding the consumers interests and at the same time recovering the cost of supply electricity in a reasonable manner : (Section 61(d))

(iv) The principles regarding efficiency in performance : (Section 61(e))

(v) The tariff progressively should reflect the cost of supply of electricity and also reduce cross subsidies in the manner specified by the appropriate Commission : (Section 61(g))

- The para 8.3.2 of the Tariff Policy enjoins upon the State Regulatory Commission to notify road map with a target that latest by end of the year 2010-11 tariffs are within ± 20% of the average cost of supply.

However, in the meantime the Forum of Regulators (FOR) in their 25th meeting held on 29th July, 2011 have approved the Model Tariff Guidelines, wherein it has been stipulated that SERC would notify revised Roadmap within six months from the notification of these Regulations with a target that latest by the end of year 2015-16 tariffs are within ± 20% of the average cost of supply and the Roadmap would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

(vi) The National Electricity Policy envisages existence of some amount of cross-subsidy. As per para 1.1 of National Electricity Policy, 2005, the supply of electricity at reasonable rate to rural India is essential for its overall development. Equally important is availability of reliable and quality power at competitive rates to Indian Industry to make it globally competitive and to enable it to exploit the tremendous potential of employment generation.

Similarly, as per para 5.5.2 of the National Electricity Policy, "a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of Tariff which are cross-subsidized. Tariff for such designated group of consumers will be <u>at least 50%</u> of the "average (overall) cost of supply".

(vii) Promotion of Co-generation and generation of electricity from renewable sources of energy : (Section 61(h))

Section 86(1)(e) casts responsibilities on the State Commission to promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also <u>specify</u>, for purchase of electricity from such sources, a <u>percentage</u> of the total consumption of electricity in the area of a distribution licensee.

(ii) Protecting the interest of the Consumers:

223. The consumers are the central to the entire chain of electricity business. One of the aims and objectives of the Electricity Act, 2003 is protecting the interest of the consumers and supply of electricity to all areas. However, while protecting the interest of the consumers, recovery of the cost of electricity in a reasonable manner is also to be ensured as stipulated under Section 61(d) of the Electricity Act, 2003. From various quarters, it has been generally pointed out that after the Power Sector Reform introduced in the State w.e.f. 01.04.1996, the consumers have not benefited much. On an objective analysis of the happenings in the days of erstwhile OSEB and after the Reform started, it appears that this perception is not borne out of facts. One important problem faced in OSEB days was growing power shortage. These started being felt from the mid-1980s and by the early 1990s, the shortages had become acute; the peak shortage shooting up from 24% in 1991-92 to 37% in 1993-94, exceeding the national average. Govt. of Odisha then had to issue statutory notifications regulating the supply, distribution and consumption of electricity by consumer groups. Industries suffered power cuts ranging from 25% to almost 75% of their requirement depending upon vagaries of the monsoon .Rotational area load shedding for consumers was irritatingly common. The worsening situation compelled industries who could access funds, to go in for captive generating plants; those who could not, suffered irreparable production losses. It was only with addition of capacity by Odissa Power Generation Corporation (OPGC) of 420 MW from August, 1994 that restrictions ceased to be imposed. However, from the year 2009-10, because of erratic rain fall and rise in demand, shortages have been felt and there is some load shedding. While there was energy deficit of 0.3% in 2010-11, the peak demand deficit was 2.1%. For the year 2011-12, the energy deficit has been projected at 15.4% (21511/25430 MW) and peak demand deficit at 15.6% (3125/4459 MW). In order to protect the interest of the consumers, GRIDCO is procuring even high cost power to reduce the deficit as far as practicable by incurring cash loss which has not been passed on to the consumers. Even though, the average cost of supply has increased from 272 P/U in 2008-09 to 327.37 P/U in 2010-11, 408.87 P/U in 2011-12 460.51 P/U in 2012-13, the interest of low end consumers like BPL families, Agricultural activities, domestic consumers have been protected by keeping the Retail Tariff for them from 100 paise to 140 paise. From 2000-01 to 2011-12.

(iii) Efficiency in operations of the power utilities

224. As regards the absence of perceptible improvement in AT&C loss after reform, it may be noted that in the OSEB days, the AT&C loss increased starting from 52.10% in

1990 to 54.6% in 1994-95, 56.7% in 1996-97, 58.8% in 1997-98 and 60.90% in 1998-99 and during the first year of privatization of Distribution, the Distribution loss was however reduced to 56.71% in 1999-2000. The overall AT&C loss in 2010-11 is 42.62% and during 2011-12 (upto September, 2011) it is of the order of 43.29%. This is substantially higher than All India average of 27.15% in 2009-10. It is a fact that after privatization, there has been no perceptible improvement in reduction of Distribution loss as well as AT&C loss which is mostly ascribed to lack of investment both capital and technical and improvement in management by the DISCOMs. However, the inefficiency and non-performance of the DISCOMs, for not being able to reduce the loss has not been factored into Tariff setting for the DISCOMs. Against the Distribution loss of 38.34% for 2010-11 and 38.28% for 2011-12 (upto September, 2011), the DISCOMs have projected the Distribution loss of 34.69% for the purpose of determining the revenue realization to meet their revenue requirement for the year 2012-13. The Commission all along has been adopting normative Distribution loss and AT&C loss as approved in the Business Plan for the respective years and accordingly, against the Distribution loss of 37.24% for 2009-10 and 35.60% projected for 2010-11, Commission had approved Distribution loss of 22.22% for 2010-11. Similarly, against the distribution loss of 38.34% for 2010-11 and 32.95% projected for 2011-12, the Commission had approved the Distribution loss of 21.71% while determining tariff for 2011-12. For 2012-13, Distribution loss of 21.31% as approved in the Business Plan is being considered in determination of tariff for the said year against 38.28% achieved upto September, 2011 and projected at 34.69%. Similarly, against the AT&C loss of 23.77% approved for 2010-11 and 22.49% approved for 2011-12, Commission would adopt the AT&C loss of 22.09% for 2012-13 as approved in the Business Plan, even though, the DISCOMs have shown the AT&C loss of 42.62% for 2010-11 and 43.29% in 2011-12 (upto September, 2011).

225. As already explained in para above, Commission is not accepting whatever the DISCOMs are projecting for their revenue requirement. Commission has already approved the Multi Year Tariff vide Case No.133 of 2009 dtd.28.02.2011 and also the Business Plan for the year 2008-09 to 2012-13 vide their order dt.20.03.2010. As per the parameter fixed and approved in the Multi Year Tariff Strategy and Business Plan, Commission has been allowing and would allow that much of expenditure on a normative basis as approved in the said order. Even though the DISCOMs have projected the Distribution Loss of 34.69% for 2012-13, Commission would stick to Distribution loss of 21.30%, collection efficiency of 99% and AT&C loss of 22.09% as approved in the Business Plan for 2012-13. The Commission cannot factor the inefficiency, slothfulness, negligence and managerial failure of the DISCOMs into tariff fixation. If the DISCOMs perform according to the loss parameter fixed by the Commission, they collect the revenue as approved by the Commission, if they fail to achieve, that revenue would not be available to them and the loss would be to their account and the Commission cannot and shall not pass on such losses to the consumers by way of increasing tariff. But the increase in cost of procurement of power and other normal expenditure required for efficient operation of the Distribution network have to be factored into the tariff design.

(iv) Need for recovery of the cost of supply and to ensure financial viability of the power utilities.

226. The enormous responsibilities have been bestowed on the Regulators for furtherance of the reform in electricity sector. Distribution sector and revenue generated by the

sector sustains the other segments in the chain, namely, Transmission and Generation, The general perception is that the cost incurred by the Distribution utilities are not being allowed, on the other hand, stakeholders have a feeling that tariff determination process has not yet been immune of political interference and the objective of creating the regulatory institutions for fixation of tariff without external influences, has perhaps not been achieved so far. Under this background, one important issue is the question as to whether there is any justification in raising the Retail Tariff? Some of the objectors and also some of the members of the SAC, during the course of their deliberation, have pointed out that in pre-Reform period, there was no increase in tariff or the rise in tariff was nominal. This is not a correct statement of the position prevailing then. There was overall tariff rise of 28.5% in 1993-94, 15.73% during 1994-95, 17.47% during 1995-96. The first year Reform (1996-97), the Tariff rise approved by the State Govt. was 17%. Thereafter, the rise in tariff varied from 10.33% in 1997-98, 9.30% in 1998-99, 4.50% in 1999-2000 and 10.23 in 2000-01. There was no tariff rise from the year 2001-02 to 2009-10. The tariff hike was 22.20% in 2010-11 and 19.74% in 2011-12. However, the rise in tariff in LT Domestic consumers for 2011-12 have been stayed by the Hon'ble High Court and the stay is still continuing. Hence, it is not correct to say that in the past, there was no tariff hike or hike was nominal. On the other hand, because of adequate Hydro generation almost 57% of the State demand was met from the low cost generation and GRIDCO was to purchase 43% of the demand from the relatively high cost Thermal power. But with increase in consumer from 16 lakhs in 1999-2000 to about 36 lakhs by 2011-12 and increase in consumption even by the existing consumers, the hydro – thermal ratio has rather reversed. In other words, in 2010-11 while 25% of the State demand was being met from Hydro generation, about 75% was being met from high cost Thermal power during 2011-12 (upto September, 2011), out of the total 12022 MU purchased by GRIDCO, 3416.99 MU has been met from Hydro and 8605.69 MU from Thermal, the ratio being 28%and 72% respectively.

227. When there is persistent rise in coal price, even other things remaining constant, the rate of power purchase cost is bound to increase. Unless the costs of supply which is even though determined on normative basis adopting approved efficiency parameters is recovered, there would be default in payment by DISCOMs to GRIDCO and, in turn, GRIDCO to Generators as a result the entire chain starting from generators, transmission utilities, the trader/Bulk supplier GRIDCO and the DISCOMs would be seriously affected, first financially and consequently operationally.

228. As stipulated under Section 61(g) of the Electricity Act, the tariff should progressively reflect the cost of supply of electricity and the cross subsidy among various group of consumers voltage-wise is also to be be reduced. Based on the normative parameters of the reduction of Distribution loss, collection efficiency and consequential reduction of AT&C loss, Retail tariff is fixed so that the cost of supply by the DISCOMs is recovered enabling it to pay to the GRIDCO towards power purchase cost, Transmission charges to OPTCL, SLDC charges to SLDC and to meet the operational expenditure. In this context, it may be clarified that the projection of Revenue requirement made by the DISCOMs in different year is not being blindly accepted by the Commission and with due prudent check, that amount of Revenue requirement is being allowed which would meet the power purchase cost, transmission charges and the Distribution cost required to maintain the Distribution network. This would be seen from the table given below:

Table - 26
Proposal and Approval of Revenue Requirement for the DISCOMs

DISCOMs	2010-11		2011-12		2012-13	
	Proposed*	Approved	Proposed*	Approved	Proposed *	Approved
WESCO	1969.89	1636.10	2230.35	2182.96	3075.00	2422.27
NESCO	1673.76	1351.41	2125.23	1790.48	2607.78	2015.02
SOUTHCO	1082.93	472.47	1062.04	705.50	1362.21	900.32
Sub-Total	**4726.58**	**3459.98**	**5417.62**	**4678.94**	**7044.99**	**5337.61**
CESU	1786.91	1549.38	2457.47	2377.60	2730.26	2870.91
Total	**6513.49**	**5009.36**	**7875.09**	**7056.54**	**9775.25**	**8208.52**

* It may be indicated that the proposal of the DISCOMs with respect to the cost of power purchase, transmission charges and SLDC charges are based on approved rate for the previous financial year i.e. at the existing rate. Therefore, when the power purchase cost is finalized for the relevant financial year, the revised power purchase cost, transmission charges and SLDC charges are calculated as per the approved amount whereas the increased amount has not been included for the amount towards power purchase cost and transmission charges in the amount proposed. The approved revenue requirement of all the DISCOMs are less than what they have proposed except CESU. This has happened due to non-consideration of proposed special appropriation of Reliance Managed DISCOMs, whereas CESU has not proposed any special appropriation in the ARR. Based on the above principles, the average cost of supply for 2012-13 has been worked out to 460.51 P/U.

Tariff hike is inevitable on account of increase of power purchase cost.

229. It may be noted that the retail tariff for the consumer consist of bulk supply price of GRIDCO to the distribution companies, transmission charges payable to OPTCL by the distribution companies, SLDC charges and the distribution cost incurred by the distribution companies for maintaining their distribution network. The average tariff for the distribution companies consists of 74.70% towards power purchase cost, 6.9% towards transmission & SLDC charges and 18.30% towards distribution cost. If there is increase in the cost of generation and consequently the power purchase cost of GRIDCO, the retail tariff is bound to increase. Similarly, when OPTCL invests in up gradation of the GRID substation, power transformers or construction of new grid substations and transmission lines etc., it is to service the loan obtained from different financial institutions and this has to be recovered in shape of transmission charges from the distribution companies which ultimately is passed on to the consumers.

230. In case of Thermal power, cost of coal is a major component and if the price of coal supply increases, can the hike in power purchase cost be far behind? In this context, it may be noted that as a result of new coal pricing regime implemented by state-run monopoly Coal India (CIL), the cost of generating of electricity to be raised. It has been reported (Times Business) that the revised system would push up coal prices between 50% and 180%, bringing a windfall of Rs.28,000 crore for Coal India without raising output.

Increasing cost of purchase of power by GRIDCO

231. After 1999-2000 it is invariably seen that GRIDCO has been purchasing power from different sources at an average cost which is higher than the rate approved by the Commission as a result additional burden is being borne by GRIDCO in order to meet

the requirement of the consumers of the State. The Table below gives a comparative picture of quantum energy, the rate and total power purchase cost approved by the Commission against which the actual quantum of energy purchased, the average rate and the total power purchase costs which are substantially higher.

Table - 27
Comparison of Power Purchase Cost of GRIDCO Approved by the Commission in the ARR Vrs. Actual

Year	Commission's Approval			ACTUAL		
	Energy MU	Rate P/U	Total cost Rs. in Cr.	Energy MU	Rate P/U	Total cost Rs. in Cr.
1999-00	10,176.13	**103.36**	1,051.82	11,197.38	**104.10**	1,165.60
2000-01	11,011.39	**105.76**	1,164.56	12,400.01	**112.88**	1,399.72
2001-02	12,345.07	**94.60**	1,167.82	12,467.03	**95.27**	1,187.77
2002-03	13,312.22	**106.71**	1,420.60	12,025.61	**133.38**	1,603.97
2003-04	14,818.80	**115.52**	1,711.87	15,896.76	**100.33**	1,594.89
2004-05	17,395.16	**103.67**	1,803.29	17,742.93	**97.46**	1,729.31
2005-06	16,640.02	**110.36**	1,836.38	16,806.08	**120.41**	2,023.58
2006-07	15,414.79	**113.97**	1,756.84	18,866.10	**117.22**	2,211.55
2007-08	17,539.47	**119.91**	2,103.11	20,934.39	**119.91**	2,510.28
2008-09	18,460.26	**127.40**	2,351.75	20,049.27	**149.61**	2,999.64
2009-10	19,719.37	**148.27**	2,923.80	20,956.17	**196.94**	4,127.32
2010-11	21,003.75	**174.58**	3,666.85	22868.95	**197.77**	4522.71
2011-12 (Provisional)	23,489.18	**210.32**	4,940.30	17575.26 (upto December, 2011)	210.00	3690.81
2012-13	24,096.88	**236.17**	5691.02			

232. In this context it may be noted that with the increase in the purchase cost of power by GIRDCO from generators from 174.58 paise per unit for the year 2010-11 to Rs.210.32 paise for 2011-12 and consequently even with the increase in BST rate (sale price to distribution companies) from 170.25 paise per unit in 2010-11 to Rs.231.65 paise per unit for 2011-12 as approved by the Commission a gap of Rs.746.05 has been still left in the account of GRIDCO. The Commission had left Rs.806.16 crore in the ARR account of GRIDCO for the year 2010-11 which stood at to (-) Rs.567.71 crore at the end of the year 2010-11 and the cumulative gap upto the end of 2010-11 has been worked out at Rs.2266.60 crore. The cumulative gap in the account of GRIDCO at the end of 2009-10 was Rs.1698.89 crore which has increased to Rs.2266.60 crore by end of 2010-11.

Table - 28
Comparative position of Power Purchase rate approved vis-à-vis the Actual
Energy in MU, Rate in Paise per unit, cost in Rs. crore

Sources of Generation	State Hydro		State Thermal		Central Thermal		Total GRIDCO	
FY 2009-10	**Comm. App.**	**Actual**	**Comm. App.**	**Actual**	**Comm. App.**	**Actual**	**Comm. App.**	**Actual**
Energy	6184.44	4056.07	6445.37	8882.91	5905.22	5819.62	19719.37	20,956.19
Total Rate	57.67	73.81	181.23	206.82	197.31	240.26	148.27	196.95

Sources of Generation	State Hydro		State Thermal		Central Thermal		Total GRIDCO	
FY 2009-10	**Comm. App.**	**Actual**	**Comm. App.**	**Actual**	**Comm. App.**	**Actual**	**Comm. App.**	**Actual**
Total Cost	356.64	299.39	1168.09	1837.16	1165.18	1398.22	2923.80	4127.34
FY2010-11								
Energy	5881.74	4874.39	8037.08	10077.65	5860.77	6172.72	21003.75	22868.98
Total Rate	62.51	71.98	199.78	198.75	243.54	289.67	174.58	197.77
Total Cost	367.65	350.85	1605.66	2002.92	1427.31	1788.05	3666.85	4522.70
FY2011-12								
Energy	5881.74	NA	10323.18	NA	6056.42	NA	23489.18	NA
Total Rate	65.96	NA	221.25	NA	331.05	NA	210.32	NA
Total Cost	387.96	NA	2284.03	NA	2004.97	NA	4940.30	NA

(Rate for 2010-11 indicated here is unaudited)

233. For the year 2011-12 Commission approved purchase of 23489.18 MU energy by GRIDCO from different sources for consumption within the State at an average rate of Rs.210.32 per unit. After taking into account establishment expenditure of GRIDCO and fuel surcharge paid by GRIDCO to the Central Thermal stations for the year 2010-11 and some other unavoidable expenditure Commission have approved the average cost of supply of power to distribution companies at Rs.231.65 paise per unit. But going by the past experience and in view of the rising cost of coal and furnace oil not only consumption of energy would increase but the rate of purchase price may also rise substantially which is corroborated from the facts and figures of 2010-11 and also from the previous years (refer to Table-27 & 28). This is again substantiated by rising sale price of 'F' grade and 'G' grade coal used in the thermal power stations by 19% and 23% respectively (average 21%) announced by Mahanadi Coalfield Ltd., a subsidiary of Coal India. Added to this, MCL has started billing of excise duty of 5% from 1.3.2011. Thus with hike in price of coal together with levy of excise duty the coal price is going to increase by 29% which was not fully factored in the tariff hike approved by the Commission from 01.4.2011. Consequently, the GRIDCO's power purchase cost from NTPC and other thermal power stations is going to increase from Rs.3.50 to Rs.4.00 per unit. For the end consumers the hike could possibly in the range of 70-75 paise per unit keeping in view the distribution loss. In case of OPGC on account of enhanced excise duty the additional burden would be Rs.7.50 crore per annum which would hike the power purchase cost of GRIDCO.

234. The average approved power purchase cost of NTPC Thermal Power Station has increased from 331.05 paise per unit in 2011-12 to 376.32 p/u in 2012-13. This high cost NTPC power constitute more than 25% of the total power purchase of GRIDCO. There has been constant decrease of the share of cheap Hydro Power in the total power purchase mix of GRIDCO which has reduced by 1% in 2012-13 over that of 2011-12. These are the main cause of rise in average BSP of DISCOMs to 270.74 p/u in 2012-13 from 231.65 p/u in 2011-12.

235. It may be appreciated that GRIDCO was purchasing power at a higher price but selling at a lower price to the distribution companies to keep the Retail Tariff at reasonable level in order to safeguard the interest of the consumers. Even though GRIDCO is purchasing power from different sources at a higher cost this is not being fully factored into the retail tariff for recovery from the consumers and the BST price which forms a major component of retail tariff has been kept in some years at a level

lower than the purchase price. The gap left in the ARR of GRIDCO was supposed to be filled up through profit earned from sale of surplus power but with the rise in demand of the existing consumers as well as increase in number of consumers the surplus power is not available. Still then the Commission has left gap in the account of GRIDCO to keep the BST price at a low level in order to keep the retail tariff at an affordable level. This would be evident from the table given below:-

Table - 29
ARR GAP of GRIDCO

(Rs. Crore)

Financial Year	Gap in ARR (Approved)	Actual Gap	Net Gap	Rate approved for power purchase by GRIDCO(P/U)	BST Rate approved for sale to DISCOMs (P/U)
2006-07	(-) 504.52	547.55	43.03	113.97	120.85
2007-08	(-) 464.86	1052.34	587.48	119.91	121.59
2008-09	(-)410.05	528.62	118.57	127.40	122.15
2009-10	(-)882.85	(-)657.84	(-)1540.69	148.27	122.20
2010-11	(-)806.15	(-)238.44	(-)567.71	174.58	170.25
2011-12	(-)746.05	(-) 1017.24 (existing by GRIDCO)	(-) 1017.24	210.32	231.65

236. With rise in demand and consequently non-availability of surplus power for trading to earn profit, it is no longer possible to keep the BST at a lower level to ensure low retail tariff for the consumers. In fact, the low BST for 2008-09, 2009-10 and 2010-11has resulted in increased gap in the account of GRIDCO and the cumulative gap at the end of 2010-11 has reached 2266.60 crore. Even with the average BSP of 231.65 paise per unit for 2011-12 and if there is no further increase in cost of purchase of power by GRIDCO approved at 210.32 paise per unit the gap for the year has been estimated at Rs.746.05 crore and the cumulative gap upto 31.3.2012 may go up to –(-) 3283.84 crore. The table given below explained how the gap is going up from year to year.

Table - 30
Truing up of GRIDCO for 2011-12 (Provisional)

(Rs. Crore)

Financial Year	Gap in revenue requirement compared to the approved amount	Gap in revenue from sale of power compared to the approved amount	Total gap (for the year)	Add: approved gap in ARR allowed by the Commission	Gap considered for true up	Cumulative Gap (+/-)
(1)	(2)	(3)	4 (2+3)	5	6 (4+5)	7
1996-97						-295.00
1997-98	-310.15	5.86	-304.29	0.68	-303.61	-598.61
1998-99	-236.10	-420.39	-656.49	0.19	-656.30	-1254.91
1999-00	-230.33	244.14	13.81	-30.91	-17.10	-1272.01
2000-01	-359.42	194.43	-164.99	0.00	-561.97	-1437.00
2001-02	13.74	65.61	79.35	43.59	122.94	-1314.06
2002-03	-297.86	-264.11	-561.97	0.00	-561.97	-1876.03
2003-04	-79.79	586.13	506.34	0.00	506.34	-1369.69

Financial Year	Gap in revenue requirement compared to the approved amount	Gap in revenue from sale of power compared to the approved amount	Total gap (for the year)	Add: approved gap in ARR allowed by the Commission	Gap considered for true up	Cumulative Gap (+/-)
2004-05	-73.19	322.13	248.94	217.35	466.29	-903.40
2005-06	-403.92	384.32	-19.60	15.72	-3.88	-907.28
2006-07	-175.47	723.02	547.55	-504.52	43.03	-864.25
2007-08	149.93	902.41	1052.34	-464.86	587.48	-276.77
2008-09	-410.14	938.76	528.62	-410.05	118.57	-158.20
2009-10	-1006.67	348.83	-657.84	-882.85	-1540.69	-1698.89
2010-11	(-) 589.29	827.73	238.44	(-) 806.15	(-) 567.71	(-) 2266.60
2011-12 (Prov.)				-746.05	(-) 1017.24 (estimated by GRIDCO)	(-) 3283.84

Estimate of Power Purchase of DISCOMs for FY 2012-13
CESU

237. The monthly quantum of power purchase of CESU from April, 2011 to December, 2011 is available with us. It is seen from the drawal pattern of CESU that the average drawal from April, 2011 to September, 2011 is higher than its average drawal for the last six month ending 2011. As it covers most of the summer months, the Commission accept this drawal trend of CESU which is expected to continue in the 2012-13. The average drawal of 635.22 MU from April to September, 2011 if pro-rated for the whole 12 months of 2012-13 then CESU would purchase 7622.64 MU in 2012-13. In addition to that CESU has projected additional sales as follows:

RGGVY- 147.83 MU
HT – 108.76 MU
EHT – 131.56 MU

The power purchase for this additional sales would be 410.46 MU which when added to the estimated power purchase of CESU it would reach 8033.05 MU. The sale of power at EHT and HT as projected by CESU for FY 2012-13 is more than our estimation basing trend of this year. We accept the higher sales in HT and EHT as projected by CESU and allow power purchase of 202.79 MU for this. Therefore, the Commission approves the power purchase of 8236.00 MU for CESU during FY 2012-13 against 7791 MU approved for 2011-12.

NESCO

238. The monthly quantum of power purchase of NESCO from April, 2011 to December, 2011 is available with us. It is seen from the drawal pattern of NESCO that the average drawal from April, 2011 to September, 2011 is higher than its average drawal for the last six month ending 2011. As it covers most of the summer months the Commission accept this drawal trend of NESCO shall continue in the 2012-13. The average drawal of 430.50 MU from April to September, 2011 if pro-rated for the whole 12 months of 2012-13 then NESCO would purchase 5166 MU in 2012-13. In addition to that NESCO has projected additional sales as follows:

RGGVY- 105.39 MU

The power purchase for this additional sales would be 114.55 MU which when added to the estimated power purchase of NESCO it would reach 5280.61 MU. Further, additional sales of 25 MU is considered in EHT for BRPL. The sale of power at EHT & HT as projected by NESCO for FY 2012-13 is less than our estimation basing trend of this year. In our projection including sales of BRPL the total sales at EHT comes to 1812.56 MU where as in HT it comes to 483.31 MU. So we consider our sales projection in HT & EHT for NESCO and allow power purchase of 5305.61 MU (rounded to 5306 MU) for this. Therefore, the Commission approves the power purchase of 5306.0 MU for NESCO during FY 2012-13against their approval of 5323MU for FY2011-12.

WESCO

239. The monthly quantum of power purchase of WESCO from April, 2011 to December, 2011 is available with us. It is seen from the drawal pattern of WESCO that the average drawal from April, 2011 to September, 2011 is higher than its average drawal for the last six month ending 2011. As it covers most of the summer months the Commission accept this drawal trend of WESCO shall continue in the 2012-13. The average drawal of 525.78 MU from April to September, 2011 if pro-rated for the whole 12 months of 2012-13 then WESCO would purchase 6309.36 MU in 2012-13. In addition to that WESCO has projected additional sales as follows:

RGGVY- 168.56 MU

The power purchase for this additional sales would be 183.22 MU which when added to the estimated power purchase of WESCO it would reach 6492.59 MU. The sale of power at EHT as projected by WESCO for FY 2012-13 is less than our estimation basing trend of this year while HT sales projection is higher. We accept the projection of WESCO on sales in HT and consider our projection in EHT sales. Therefore, we allow additional power purchase of 3.13 MU for these HT sales. Therefore, the Commission approves the total power purchase of 6495.71 MU (6496 MU) for WESCO during FY 2012-13 against their approval of 6630 MU for FY2011-12.

SOUTHCO

240. The monthly quantum of power purchase of SOUTHCO from April, 2011 to December, 2011 is available with us. In case of SOUTHCO we adopt the same principle of power purchase trend as in the case of other three DISCOMs. We consider the drawal pattern from April, 2011 to September, 2011. The Commission accept that drawal trend of SOUTHCO shall continue in the FY 2012-13. The average drawal of 234.90 MU per month for April, 2011 to September, 2011 if pro-rated for the whole 12 months of 2012-13 then SOUTHCO would purchase 2818.80 MU in 2012-13. In addition to that SOUTHCO has projected additional sales as follows:

RGGVY- 119.20 MU

The power purchase for this additional sales would be 179.95 MU which when added to the estimated power purchase of SOUTHCO it would reach 2998.75 MU. The sale of power at EHT & HT as projected by SOUTHCO for FY 2012-13 is more than our estimation basing trend of this year. We accept the projection of SOUTHCO on sales in HT and EHT and allow additional power purchase of 48.26 MU for this purchase. Therefore, the Commission approves the power purchase of 3047.01 MU for SOUTHCO during FY 2012-13against their approval of 2733 MU for FY 2011-12.

Estimation of LT Sales of DISCOMs for FY 2012-13

241. We have already approved Business Plan for DISCOMs for the control period 2008-09 to 2012-13 wherein we have fixed overall distribution loss for each year of the control period. The approved Business Plan loss for CESU, NESCO, WESCO and SOUTHCO are 23.00%, 18.35%, 19.60% and 25.50% respectively for FY 2012-13. As we have already approved the power purchase and sales at HT and EHT, therefore, applying the target Business Plan loss we would arrive at likely LT sales by DISCOMs which we approve now for FY 2012-13. Our approval for LT sales of CESU, NESCO, WESCO and SOUTHCO are 3602.02 MU, 2036.48 MU, 2569.30 MU and 1682.73 MU respectively.

Our power purchase and sales approval for FY 2012-13 is given below in Tabular form:

Table - 31

Approval of Power Purchase and Sale for DISCOMs for FY 2012-13 (In MU)

Licensee	CESU	NESCO	WESCO	SOUTHCO	All Odisha
Purchase	8236.00	5306.00	6496.00	3047.00	23085.00
Sale					
EHT	1682.81	1812.56	1443.48	377.80	5316.66
HT	1056.89	483.31	1210.00	209.48	2959.68
Total HT & EHT	2739.70	2295.87	2653.48	587.28	8276.34
LT sale	3602.02	2036.48	2569.30	1682.73	9890.53
Total Sale	**6341.72**	**4332.35**	**5222.78**	**2270.01**	18166.87

Loss Target

242. The Commission had also fixed distribution loss, collection efficiency and AT&C loss targets for different DISCOMs in the second Business Plan period from 2008-09 to 2012-13 in the said Order. Accordingly, we fix the performance criteria for different DISCOMs in the table given as follows:

Table - 32

Distribution Loss, Collection Efficiency & AT&C Loss (in %)

	Actual for 10-11 (Audited)	Approved for 2011-12	Actual upto 09/2011 (Prov.)	2011-12 (Estt. by licensee)	2012-13 (Proj. by licensee)	2012-13 (Appr).
Distribution Loss (in %)						
CESU*	38.30	24.00	38.26	38.55	35.00	23.00
NESCO	32.75	18.40	33.29	32.00	29.00	18.35
WESCO	38.89	19.70	38.28	37.50	34.51	19.60
SOUTHCO	48.22	26.50	47.52	46.80	43.72	25.50
All Odisha	38.34	21.71	38.28	37.77	34.69	21.29
Collection Efficiency (in %)						
CESU *	95.63	99.00	94.28	97.00	97.00	99.00
NESCO	92.38	99.00	92.84	97.00	98.00	99.00
WESCO	91.32	99.00	89.31	97.00	98.00	99.00
SOUTHCO	91.54	99.00	89.32	96.00	97.00	99.00
All Odisha	93.06	99.00	91.89	96.89	97.53	99.00
AT&C Loss (in %)						
CESU*	41.00	24.76	41.79	40.40	36.95	23.77
NESCO	37.87	19.22	38.06	34.04	30.42	19.17
WESCO	44.20	20.50	44.88	39.38	35.82	20.40
SOUTHCO	52.60	27.24	53.12	48.93	45.41	26.25
All Odisha	42.62	22.49	43.29	39.71	36.30	22.08
(*In case of CESU the figure for 2010-11 has been taken from Performance Review data)						

Computation of Revenue
EHT Category

243. The Revenue from EHT consumer has been estimated on the basis of revised Energy Charge at a optimum load factor and approved sales for FY 2012-13 . Similarly revenue from demand charge is estimated basing on 80% of contact demand as projected by the licensee for FY 2012-13.

HT Category

244. The average revenue billed per unit (P/KWH) category-wise by DISCOMs for first 9 months of current year is available with us. This per unit revenue billed is multiplied by category wise expected sale for FY 2012-13 to arrive at expected revenue of the licensees in the respective category with the existing tariff. Thereafter, to find out average revenue billed per unit in the coming year the increase in tariff is added to the average revenue billed in the current year. This likely average reasonable per unit revenue billed in the coming year is multiplied by category-wise expected sale for FY 2012-13 to arrive at expected revenue of the licensee in the respective category in the revised tariff.

LT Category

245. The Commission has approved the sales of DISCOMs at LT level by considering power purchase allowed to them and applying the target loss level for FY 2012-13 at that voltage. The Commission expects appreciable growth in LT sales due to rapid Rural Electrification and improved standard of living of the people of the State. But the licensees have projected less sale in LT than what is approved for them by applying target loss level. It is difficult to assess the LT sales for ensuing year as per billing data within a reasonable accuracy limit. However, the Commission is optimistic of higher sales in LT sector in the coming year. Therefore, the Commission thinks it fit to allow revenue to DISCOMs at the approved sales level at LT. The average revenue billed per unit (P/KWH) category-wise by DISCOMs for first 9 months of current year at LT level is available with us. The DISCOMs are likely to maintain at least this trend or bill more revenue per unit of sales in ensuing year. This per unit revenue billed is multiplied by category-wise expected sale for FY 2012-13 to arrive at expected revenue of the licensees in the respective category in the existing tariff. Thereafter, to find out average revenue billed per unit in the coming year the increase in tariff is added to the average revenue billed in the current year. This likely average revenue billed in the coming year is multiplied by category-wise expected sale for FY 2012-13 to arrive at expected revenue of the licensee in the respective category in the revised tariff. However, the Commission takes a pragmatic view on reasonableness of sales and revenue to individual DISCOMs in domestic category.

Table - 33
Approved Revenue for FY 2012-13
(Rs. Crore)

Category	CESU	NESCO	WESCO	SOUTHCO	TOTAL
EHT	926.71	981.16	813.29	208.52	2929.68
HT	577.79	275.25	664.91	116.07	1634.01
LT	1366.42	758.61	944.07	575.75	3644.83
TOTAL	**2870.91**	**2015.02**	**2422.27**	**900.32**	**8208.52**

Issue of Distribution Loss

246. Some of the objectors agitated before us that during tariff-setting, by adopting normative loss, the sales in LT level is fictitiously going up resulting in requirement of higher level of cross-subsidy from HT & EHT consumers. It is to be mentioned here that if normative losses are not adopted, not only it would amount to incentivising the inefficiency of the DISCOMs but it would also inevitably lead to power regulation by DISCOMs as we are adopting top down approach in power purchase as per Tariff Regulation. The normative T&D loss adopted by the Commission in various Tariff Orders are in accordance with the Multi-Year-Tariff (MYT) principle approved by the Commission.

Issue of Electricity Tariff applicable to Telecom Towers

247. The Electricity Act, 2003 is a sector specific Act. As per Section 174 of this Act, the provision of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effects by virtue of any other law other than this Act except Consumer Protection Act, 1986, Atomic Energy Act, 1962 and Railways Act, 1989. Accordingly under Section 181 of Electricity Act, 2003 the Commission has framed Regulation called OERC Distribution (Condition of Supply) Code, 2004. Regulation 80 of the said code provides for classification of consumers under different categories basing on purpose for which electricity is supplied. A consumer is put under a particular category if it satisfies the eligibility criteria mentioned under the code. Telecom towers come under general purpose category as per Regulation 80 (2) of Supply Code. Therefore, the contention of Telecom service providers to put them under a special category and allow them concessional tariff can't be addressed in a Tariff Order like this as this would violate the Regulation framed by the Commission. As per Section 61 (d) and (g) of the Act, the tariff of any consumer should reflect the cost of supply. Therefore, the Commission has adopted tariff rationalisation measures by allowing at least equal tariff to all consumers in HT and EHT barring very few such as Domestic and Agriculture etc. who pay a subsidised tariff. If General Purpose consumers are brought to the subsidised tariff fold then in the absence of any subsidy from the Govt., the level of cross-subsidy paid by the other consumers would increase. This would result in not conforming to Para 8.3.2 of Tariff Policy which the Commission seeks to achieve. This Policy provides for bringing tariff within ± 20% of average cost of supply. Therefore, any consumer group desirous of availing concessional tariff can be considered if State/ Central Govt. provides subsidy under Section 65 of Electricity Act, 2003 for them. Telecom Service is no doubt is an essential service. However, their promotion and encouragement is a function of Govt. and not that of electricity tariff. Now let us consider the typical nature of supply of power to a telecom tower. Generally power requirement of any telecom tower is less than 22 KVA and therefore suitable for 400 V, 3 phase (low tension) power supply. However, telecom towers are established at remote places without any other LT or HT consumers or lines available nearby. So, DISCOM has to extend dedicated long distance line and therefore extension of any 3 phase LT lines is not feasible. Due to techno-commercial consideration, DISCOMs extend 11 KV, HT lines from nearby HT sources and install a dedicated 16 KVA or 25 KVA Distribution transformer to extend power supply to a telecom tower. As the erection of HT lines and substation are not remunerative enough, the telecom service providers either construct the line themselves under supervision of DISCOM or DISCOMs erect the line on receipt of payment from the telecom service provider. The telecom service providers have pleaded with the

Commission to treat the power supply to telecom towers as a special category of consumers. They have also pleaded for a concessional tariff as telecom service is an important infrastructure sector. The power supply to telecom towers is provided through HT connection but the consumer is categorised as LT General Purpose category as per OERC Distribution (Conditions of Supply) Code, 2004. DISCOMs plead that as the HT line and transformer are erected primarily for one consumer, logically the line loss and transformation loss should have been borne by that consumer itself. We appreciate that there are sufficient logic in the contention of DISCOMs and approve that existing system of loss adjustment should continue. However Own Your Transformer (OYT) rebate (5%) on the total electricity bill (excluding meter rent and electricity duty) in the tariff for FY 2012-13 should be given to the telecom towers if the electricity bill is paid by due date as the transformer cost is paid by them. This is in addition to normal rebate they are otherwise eligible.

Issue of Railway Traction

248. The Commission recognises the role of Railways, like electricity, as vital infrastructure for economic development of the State. As per the mandate of Electricity Act under Section 61 (b) and (g) the electricity business are to be conducted on commercial principle and as such tariff should progressively reflect the cost of supply of electricity. The Commission has taken several steps for rationalizing the tariff so that it would reflect cost of supply. Uniform tariff at a particular voltage is one among them. All consumer categories in EHT pay equal tariff basing on their load factor. Similarly all HT consumers barring a few categories pay equal tariff basing on their load factor. Railway being an elite consumer is fully aware of it. Therefore, a separate reduced tariff for Railways at EHT is contrary to the tariff principle. The Commission would like to make it clear that due to very nature of traction load, normally Railway traction s/s draw unbalanced load (132 KV, 2 phase) and generate higher harmonics in the system. Truly speaking, the traction tariff should have been higher than that of any balanced EHT, 3 phase load. But, the Commission has not done so but has ordered that as Railway traction not being a 3 phase balanced supply is not entitled for ToD benefit. However, the Commission observes that traction supply caters to a very important activity like Rail movement. It has very limited scope of load management. We, therefore, categorically advise OPTCL authorities (from whose sub-station railway feeder emanates) not to resort any load restriction unless a serious contingency occurs for Railway traction. In no case Railway traction feeder shall be hand-tripped from OPTCL s/s. Any violation of this advice shall be seriously viewed by the Commission. In case of line tripping due to fault in the Railway feeder, the DISCOM shall coordinate with OPTCL and both OPTCL and DISCOMs authorities should see that the line is restored on war footing basis. In case of need of maintenance shut down a clear 24 hours notice should be given to the Railway authorities. In case of request of contract demand enhancement of railway traction supply, the concerned DISCOM, shall process the application on priority basis and on verification of the transformation capacities available at OPTCL grid s/s and the present drawl, DISCOM shall process the request themselves. In no case railway authorities be advised to get the clearance from OPTCL and/or GRIDCO for load enhancement. Necessary coordination with OPTCL, as required, shall have to be done by DISCOMs themselves. The cross-subsidy issue raised by Railway have been addressed by the Commission by adhering to the cross-subsidy principle as mentioned Para 8.3.2 in Tariff Policy and Para 5.5.2 of Electricity Policy of Govt. of India read with the amended provisions of Regulation 7(c)(iii) of Tariff Regulation and

recommendation of Forum of Regulators (FOR) in their meeting held on 29.07.2011wherein it has been stipulated that SERC should fix Roadmap to reduce the cross-subsidy to ± 20% of the average cost of supply by 2015-16.

249. Regarding metering to railway traction the Commission likes to reiterate its views made in para 360 of RST order for FY 2011-12. Clause 7(1)(D) of CEA (Installation and Operation of Meters) Regulations, 2006 provides that the appropriate Commission shall decide the location of the meter for the consumer directly connected to the inter-state transmission system or intra-state transmission system who have to be covered under ABT and has been permitted open access by the Appropriate Commission or any other system not covered above. Railway being connected to the intra-state transmission system comes under above provision of Regulation. Railways draw unbalanced two phase power from OPTCL system. Due to this their line loss may be higher than any other EHT consumer who draw power at three phase which Railways should willingly bear. When most of the EHT consumers are being billed on the basis of grid meter railways should not have any objection for few of their traction supplies on that account.

Demand charges for Ice factory dependant on fishing vis-à-vis statutory restriction on fishing

250. The Ice factory Owner's Forum, Balasore have specifically drawn the attention of the Commission to their difficulties in paying the demand charges during the statutory restriction imposed by the State Govt. on fishing. They have stated that they are operating their plants to match with the prevailing climatic condition as well as directive from the Govt. They have further stated that starting from the year 2003, the fishing sector is facing a new kind of hardship due to some restrictions imposed by Central and State Governments. First, from the month of November to April every year most of their fishing areas in the Bay of Bengal are declared as "**No fishing Zone"** for the conservation of Olive Ridley turtle. Secondly, from 15th April to 1st June of every years is declared as a fishing ban period. Since, the ice factory owners are completely dependent upon the fishing sector, they are worst effected due to these above restrictions. The Ice factory almost lose their business for about seven months in a year and they have only four months peak time (June-December) in a year when they really produce ice for the fishing sector and have high demand for electricity and rest of the time during a year they have very minimum electricity demand.

251. Due to above reasons, their ice factories have become seasonal in nature. As a result, its demand is high from July to December and low from January to May of every year. They have further stated that realizing these issues in 2003 the then M.D. of NESCO had also passed an order to pay the demand charges based on "**As per actual basis"** for the large category ice industries. But unfortunately this order has been revoked by the CEO of NESCO on the ground that OERC does not approve such facility.

252. Commission has very carefully gone through their written submission and also Commission had given a patient hearing to the submissions of the Ice factory Owner's Forum, Balasore.

253. From the actual maximum demand recorded in the KVA as submitted by the Ice factory Owner's Forum, Balasore, it is seen that the demand in April-May in respect of most of the Ice Factory in Balasore areas is Nil. The Olive Ridley turtle are endangered species and their protection has been given utmost importance to maintain

the bio diversity. The plying of motorized boats, trawlers affect the breeding of fishes and also the endangered species. Accordingly, Govt. in fishing and Animal Husbandry Department are issuing notification prohibiting fishing by trawlers up to a seaward distance of 20 Kms from the high tide line (shore) of Odisha Coast from Jatadhar River Mouth to Devi River mouth and from Chilika Mouth (Magarmukha) to Rushikulya River Mouth for a period of 5 (five) months from January to May of every Calendar Year.

254. Since 1994 the Government of Odisha has been issuing biennial orders under the Orissa Marine Fisheries (Regulation) Act (OMFRA), prohibiting all fishing in the coastal waters of the Gahirmatha nesting beach. The ban on fishing in these waters is round the year and is not only for the turtle season. It is reissued at the end of each term.

255. The Fisheries Department of the Government of Odisha introduced a seasonal prohibition on fishing by trawlers for a distance of 20 km from the seashore at the Devi (Jatadhara River mouth to Devi River mouth) and Rushikulya (Chilika lake mouth to Rushikulya River mouth). The annual ban was for the turtle season from January to May.

256. After going though the submission and notification issued by the Fisheries Department from time to time the Commission is of the opinion that because of the statutory restriction imposed by the Fisheries Department banning fishing activities for certain period, the Ice factory Owners located in the vicinity of the restricted zone really face difficulties in paying their demand charges. The Commission, therefore, directs that during the statutory restriction imposed by the Fisheries Department, the Ice factory located at a distance not more than 5 KM towards the land from the seashore of the restricted zone as indicated below will pay demand charges based on the actual maximum demand recorded during the billing period. There will be no changes in energy charges and other charges payable to the DISCOMs as per the existing Tariff Order and Regulations.

Dhamara river mouth (shortt's island to Udabali north)

(Latitude – 87000 to 87015 & Longitude = 200 45 to 200 05

Devi river mouth (Keluni Muhana to new Devi nasi Island north)

(Latitude – 86015 to 86035 & Longitude = 19040 to 20005

Rushikulya river mouth (South of Prayagi to north of Aryapalli)

(Latitude – 85000 to 85012 & Longitude = 19018 to 19028)

257. Regarding modalities of implementation of the concession with regard to payment of demand charges on actual maximum demand recorded during restriction period, it is difficult on the part of the Commission to identify which of the ice factory actually suffer from low business turn over due to the statutory restriction on fishing. It is the concerned distribution companies which are to identify only such ice factories located within a distance of not more than 5 KM towards the land from the sea shore of the restricted zone and then after periodical inspection and checking of meter reading the DISCOMs may allow payment of demand charges based on the actual maximum demand recorded during the restriction period only. The demand charges shall be based on maximum demand or 80% of the contract demand whichever is higher during the period other than the restriction period. In order that this special dispensation for the Ice factories located upto 5 KM towards land from the sea shore

of the restriction zone is not misused, the DISCOMs should periodically inspect the functioning of the Ice factory and the manner of the consumption of electricity during the statutory restriction period.

Issue of Allied Agro-Industrial Activities

258. Regulation 80 (5) (iii) of OERC Distribution (Condition of Supply) Code, 2004 defines Allied Agro-Industrial Activities as follows:

"This category relates to supply of power to "Cold Storages (i.e. a temperature controlled storage where flowers, fruits, vegetables, meat and fish can be kept fresh or frozen until it is needed) and includes chilling plant for milk and only the cold storages attached to processing units for meat, fish, prawns, flowers, fruits and vegetables".

Some objectors brought to our notice that in some food processing units it is not practically feasible to segregate the cold storage load from food processing load due to technical difficulties. Therefore, they are deprived of Allied Agro-Industrial Tariff. DISCOMs authorities concurring the above views pointed out their practical difficulties to extend two distinct service lines with independent metering for the segregated load of cold storage and the processing unit. We agree with the submission of those objectors that for smaller percentage of processing load the entire cold storage load is charged either at industrial or General Purpose tariff. Therefore, we direct that 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 processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be.

Issue of Public Lighting

259. We reiterate that all the consumers including street light consumers should be metered. No supply is feasible without a correct and proper meter. In the last Tariff Order we had directed that DISCOMs should persuade the Municipal Authority for installation of the meters. The Commission time and again has directed that meters have to be provided for all consumers of electricity. The municipality shall have to enter into an agreement with the licensee for power supply. They should insist for meters. Once metering is completed the problem of 10 hours or 11 hours of billing in a day shall not arise. As such street light loads are on the increase. Therefore, all the licensees are directed to take up metering for street lighting. They should submit the street light metering status to the Commission by 30th June, 2012. Until metering is in place the Commission directs that billing should be done assuming 11 hours burning time taking the average use of summer and winter seasons. The Climate Group Incube-Business Centre submitted before the Commission the advantage of LED based street lightings. But initial investment is more. Therefore, users have to make a proper cost benefit analysis.

Individual supply to Apartments / Colony and General Purpose Consumers

260. The Commission clarifies that in accordance with the provision under the OERC Distribution (Conditions of Supply) Code, 2004 supply to lawful occupier/owner of the flats/shops should be provided with power supply in case the concerned owner/occupier desires to receive power at a single point and **also the concerned occupier/owner cannot be denied the individual connection,** if they so desire.

However, DISCOMs can think of some sort of franchisee for User Association under Section 13 of the Electricity Act, 2003. User association of course, at its option, can avail flat rate HT-bulk supply tariff of the tariff schedule.

Own Your Transformers (OYT) Scheme

261. The Commission had introduced this novel scheme for the 1st time vide Para 335 to 338 of Retail Supply Tariff Order for FY 2011-12. The scheme was introduced to create a WIN-WIN situation both for the consumers and the licensees. But there are certain confusions while implementing the scheme. The Commission now thinks it fit to re-introduce the scheme in a little modified manner. It is clarified that the scheme was targeted towards LT Domestic and General Purpose consumers who would avail single point HT supply by owning their transformer. It would absolve the licensee from multiplicity of meter reading and bill distribution. The scheme is now 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 from the total 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. For removal of doubt it is 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 although they install their own Distribution transformers for availing power supply. The modified scheme would continue in FY 2012-13. The scheme was introduced to encourage LT less distribution only.

Take or Pay Tariff for HT & EHT industries with guaranteed load factor

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

(i) The scheme will be applicable to all HT and EHT industries having contract demand of 110 KVA or more.

(ii) The industries should guarantee in writing to pay for minimum load factor of 70% which will mean that whether they draw power or not they will have to pay charges based on the load factor billing for consumption of 70% load factor or actual drawl whichever is higher. For purpose of determination of load factor the following parameters shall be taken into consideration.

(a) Maximum demand shall be based on the highest demand recorded in hours in respect of hours other than off peak hours.

(b) The power interruption hours in HT and EHT feeder over and above 60 hours in a month shall be deducted from total hours in a month for load factor calculation. When actual power interruption hour in a month is less than 60 hours then no deduction from the hours in a month shall be made. (Methodology of determination of interruption hours is given in the example below). Non-availability of power supply due to any reason whatsoever should not be considered. The interruption in feeder as per the dump report should be considered for this purpose.

(c) Actual power factor as ascertained from the meter shall be considered for calculation of load factor.

(iii) Demand charges on the basis of maximum demand recorded or 80% of the contract demand whichever is higher would continue to apply to industries entering into this special agreement with DISCOMs for payment of demand charge.

(iv) A special rebate of 50 paise per unit on the energy consumption shall be allowed. This is in addition to any other rebate the consumer is otherwise eligible.

(v) For determination of actual hours of power supply the licensee may provide the 'dump data' to consumers on payment of Rs.500 on demand by consumer.

(vi) This agreement shall remain in force till the expiry of the validity of this tariff order. During that period consumer will not be allowed for downward revision of the contract demand.

A case example as under for rebate benefit of "Take or Pay" contract agreement is given below:

Table - 34

Sl. No.		**Case-I Agreement for Take or Pay tariff at LF-79%**			**Case-II Agreement for Take or Pay tariff at LF-64%**			**Case-III without Agreement for Take or Pay tariff at LF-64%**		
1	CD in KVA	6000	***0.99 P.F.***		6000	***0.99 P.F.***		6000	***0.99 P.F.***	
2	Other than off peak Demand in KVA	5800			5800			5800		
3	Energy consumed in Kwh		31,00,680			25,14,996			25,14,996	
4	Total hours in a Month		720			720			720	
5	Power on hours		620			620			630	
6	Interruption hours		100			100			100	
7	Interruption hours for LF Calculation (100-60 hours)		40			40			40	
8	Power on hours for LF calculation (5-8)		680			680			680	
9	**Load Factor**		**79%**			**64%**			**64%**	
	Energy Charge	**P/U**	**Unit in Kwh**	**Amount in Rs**	**P/U**	**Unit in Kwh**	**Amount in Rs**	**P/U**	**Unit**	**Amount Rs.**
	upto 50%	490	19,52,280	95,66,172	490	19,52,280	95,66,172	490	19,52,280	95,66,172
	50% to 60%	445	3,90,456	17,37,529	445	3,90,456	17,37,529	445	3,90,456	17,37,529
	above 60%	390	7,57,944	29,55,982	390	3,90,456*	15,22,778	390	1,72,260	6,71,814
		460	**31,00,680**	**1,42,59,683**	**469**	**27,33,192**	**1,28,26,480**	**476**	**25,14,996**	**1,19,75,515**
	Rebate on actual unit consumed @ 50P/U	50		1550340	50		1257498			
	Net Energy Charge			**1,27,09,343**			**1,15,68,982**			**1,19,75,515**

** Note: In case the energy charges are calculated upto 70% of LF i.e. deemed total energy drawn is equal to 27,33,192 KWH as against actual drawal of 25,14,996 KWH.*

Graded Slab Tariff for HT/EHT Consumers

263. Graded slab tariff have been adopted by the Commission for HT and EHT consumers as follows:

Table – 35
Slab rate of energy charges for HT & EHT (Paise per unit)

Load Factor (%)	HT	EHT
Upto 50%	495	490
> 50% = < 60%	450	445
> 60%	395	390

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.**

264. 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.

Overdrawal of Demand

Incentive

265. As per the existing Commission's Order all the consumers who pay two-part tariff 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.

266. Some DISCOMs have submitted before us that due to power deficit scenario in the State off peak hour overdrawal benefit should be abolished. The Commission has made a study of hourly demand curve vrs. frequency for the State of Odisha for six months period ending January, 2012 which indicate that frequency has a improved position in off peak hours compared to other than off peak hours in spite of 120% overdrawal by the HT and EHT consumers. The off peak hours is defined by the Commission from 12 Midnight to 6 AM of the next day. Therefore, there is no justification of withdrawing off peak hour overdrawal benefit to the eligible consumers. The Commission has allowed consumers with two-part tariff to draw up to 120% of their contract demand during off peak hours (12 Midnight to 6 AM next day) without any penalty in demand charges.

Eligibility for availing overdrawal benefit during off peak hours

267. HT and EHT industries 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.

Penalty for overdrawal

268. Demand charge shall be calculated on the basis of 80% CD or actual MD during other than off peak hour whichever is higher. Any overdrawal more than 120% of CD during off-peak hours, the overdrawal penalty shall be charged on the excess of demand over the 120% CD. The penalty rate is Rs.250/KVA. In case there is overdrawal during other than off peak hours, no off peak benefit is available as per the previous para of this Order. Therefore, the overdrawal penalty @ Rs.250/KVA shall be charged over the excess drawal of demand over CD irrespective of hours it occurs. This penalty for overdrawal in any case shall be over and above the normal demand charges.

269. The Commission had issued Load Regulation Protocol under Section 23 of the Electricity Act, 2003 w.e.f. 14.01.2010 and kept it in abeyance on 11.05.2010. However, there were some confusion in the minds of the consumer regarding calculation of demand charge during Load Regulation. The Commission has issued clarification vide their Lr. No. DIR(T)-324/08/3985 dtd.24.05.2010 in this regard which shall remain valid if Load Regulation Protocol is invoked in a future date until further order of the Commission.

270. 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.

271. In case of power regulation restricted demand shall be treated as CD for all purposes. However the incremental over drawal over the restricted CD shall be chargeable @ Rs.500/- KVA p.m. instead of Rs.250/- KVA p.m i.e. once @ Rs.250/- per KVA per month for the entire demand recorded and then again @ Rs.500/- per KVA per month for the excess demand over CD during hours other than off peak hours or beyond 120% of the CD during off peak hours. To avail 120% over drawal benefit the consumer should not draw more than the restricted CD during hours other than off peak hours in power regulation period.

Exclusion of Annual Maintenance shutdown period from calculation of Load Factor.

272. Some objectors submitted that Annual Maintenance shutdown period should be excluded from calculation of load factor to avail the benefit of graded slab tariff in HT & EHT. In this connection, the Commission observes that in Order to avail the benefit in Tariff due to higher load factor the consumers should take adequate steps to segregate its maintenance period between different months of the year so that monthly load factor remains high. Hence, extension of any further benefit in this regard will not be appropriate.

Re-connection Charges

273. Licensees have proposed the enhancement of re-connection charges in FY 2012-13. Disconnection due to non-payment of electricity dues acts as a deterrent for non-paying consumers. This does not affect those consumers who pay their electricity dues in time. There is need to disincentivise the non-paying or irregularly paying

consumers for whom the paying consumers are unnecessarily burdened. The re-connection charges were last revised in the year 2009-10. Therefore, the Commission decides for enhancement of reconnection charges as follows.

Table - 36

Category of Consumers	Existing Rate	New Rate Applicable
LT Single Phase Domestic Consumer	Rs.75/-	Rs.150/-
LT Single Phase other consumer	Rs.150/-	Rs.400/-
LT 3 Phase consumers	Rs.300/-	Rs.600/-
All HT & EHT consumers	Rs.1500/-	Rs.3000/-

Adoption of new Metering Technology / Meter Rent

274. Taking note of CEA (Installation and operation of Meters) Regulation, 2006 regarding adoption of new technologies OERC Supply Code, 2004 as follows:

"The licensee shall make out a plan for introduction and adoption of new technologies (such as Pre-paid Meters, time of the day meters, automatic remote meter reading system through appropriate communication system) becoming available with the approval of the Commission or as per the directions of the Commission." The Commission while reviewing the standard of performance has noted with concern that quite a number of instances consumers are still provided with electro mechanical meters and even in some of the cases either meters are defective or not available. In the case of defective and un-metered supply the billing are either not being made or made on average/LF basis. It is violation of the Commission's direction. It is to be mentioned here that Load factor/HP billing has been done away with w.e.f. 01.04.2004. As per Section 55 of Electricity Act, 2003 the licensee may require the consumers to give him security for price of a meter and enter into agreement for the hire thereof, unless the consumer elects to purchase a meter. In view of the above the consumer should have the first option to provide the meter so that they could have a genuine correct meter. If that option is not exercised, it is the duty of the licensee to give initial supply with a correct meter and not force the consumer to purchase one. It is needless to say that if subsequently the meter gets defective the licensee has to follow the procedure as laid out in the Regulation 97 of Supply Code. The Commission fixes meter rent for FY 2012-13 as follows:

Table - 37

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 40 months only.

275. The monthly meter rent shall be charged from the consumers to whom meter has been supplied by the licensee. The Commission also continues with existing policy

whenever records are not available collection of meter rent shall be stopped in case the rent has already been collected for the last 40 months. The licensee may install metering cubicles for the consumers whenever the consumer asks the licensee to do so. However, the cost may be recovered by the licensee in instalments if such consumers are not in a position to pay the price of such installation in a single instalment. The licensee should strengthen their meter testing laboratories so that they can handle repair and replacement of defective meters quickly. Meter test report should be supplied to the consumer at the time of installation of the meter. The Commission desires that DISCOMs may initiate advance metering technology like pre-paid meters, automatic meter reading system (AMR/AMI) etc. by replacing sluggish yesterday technology meters in line with CEA and OERC Regulation.

Pre-paid meters

276. Regulation 54(3) of OERC Distribution (Conditions of Supply) Code, 2004 provides that the licensee shall make out a plan for introduction and adoption of new technologies (such as Pre-paid Meters, time of the day meters, automatic remote meter reading system through appropriate communication system) becoming available with the approval of the Commission or as per the directions of the Commission. Therefore, licensees must try to adopt new metering technologies for better consumer service. A pre-paid meter not only help the consumers to manage their purchase of electricity well, but also reduces the receivable of DISCOMs.

277. Therefore, considering billing and payment profile of the consumers pre-paid meters can first be introduced in all institutional consumers coming within the definition of 'State' in Article 12 of the Constitution of India. We direct that all such consumers who default in payment thrice during a particular financial year should mandatorily be fitted with pre-paid meters. The pre-paid meters can be purchased by the consumers from approved vendors. The DISCOMs therefore immediately finalise the list of vendors for pre-paid meters and develop associated infrastructure for its installation. The pre-paid meters should have easy charge facilities. The vendor should provide facilities for sale of recharge vouchers in their respective licensed area. The DISCOMs are expected to provide all temporary connection through pre-paid meters only. No security deposit or rent should be collected from pre-paid consumers. The security deposit of existing consumers who will be fitted with pre-paid meters should be refunded in terms of recharge vouchers. The consumers having pre-paid meters pay their electricity charges up front before consuming the energy. The Commission would like to give a special incentive in the form of the two times of rebate of the applicable category. The DISCOMs will give this special concession in the form of additional energy in the recharge vouchers.

Metering for Irrigation and Agricultural Category

278. Some licensees have submitted that LI points are existing in the remote places and it is practically difficult to take meter reading of the consumers and issue the bill and on the other hand due to lack of vigilance the meters of LI points are made defective during the on-season period. To avoid this difficulty they have proposed per HP per month charge for agricultural consumers. We can't accept this proposal in the present form since Section 55 of the Electricity Act, 2003 specifies that no licensee shall supply electricity except through installation of a correct meter. Therefore, it would be advisable to install pre-paid meters in those agricultural connections.

Tatkal Scheme for New Connection

279. The Commission has received a number of grievances regarding undue delay in providing new power connection to their premises with one plea or other by the field Engineers of DISCOMs. The Commission would like to introduce a "**Tatkal scheme"** for immediate power connection to the consumer premises after compliance of the following requirements.

(a) New connection application filled in as far as practicable.

(b) Contractors completion certificates of internal wiring including test reports.

(c) Indemnity Bond / Ownership document of the premises

(d) Deposit of processing fee and estimated amount for service connection.

On compliance of the above requirement licensee shall communicate to the consumer the technical feasibility and remunerativeness of the application within three working days. On deposit of Tatkal charges, thereafter, the licensee shall extend the service connection within three working days. In case Tatkal connection, is not effected the Engineer shall communicate the reason of delay, in writing to the consumer, as well as his/her next higher authority.

280. This Tatkal scheme is applicable to consumers availing LT supply for Domestic, Agricultural and General purpose only. The Tatkal charges are given below:

Table - 38

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 donot include meter cost/rent.

Tariff for Start-up Power of IPPs/CGPs

281. Regulation 80(15) of Supply Code provides for emergency supply to industries having/owning generating station including Captive Power Plants (CGPs). This category relates to supply of power to industries with Generating Stations including Captive Power Plants only for start-up of the unit or to meet their essential auxiliary and survival requirements in the event of the failure of their generation capacity. Such emergency assistance shall be limited to 100% of the rated capacity of the largest unit in the Captive Power Plant of the Generating Station. DISCOMs submit that there should be demand charges for CGP emergency drawal. It is to be mentioned here that there can be two types of industries having CGPs. One is having a limited CD with DISCOMs and other is without any CD but connected to the Grid. In case of first category of industry they pay demand charges (80% of the contract demand or maximum demand whichever is higher) and energy charges. They have a right to draw any time upto the contract demand and emergency drawal price is not applicable to them. They pay normal tariff equal to any other similarly placed industries. But in case of second category of industries which does not have any CD with DISCOMs they pay only charges for emergency drawal. Similarly IPPs are consumers of DISCOMs for emergency drawal purpose only.

Power Factor Incentive and Penalty

282. The Commission continues with existing provision of power factor penalty and incentive. There should be no power factor penalty for leading power factor. All leading power factor drawal for incentive purpose will be deemed to be unity power factor. The power factor incentive and penalty shall be charged as follows:

Table - 39

From 97% to 100%	1% incentive for every 1% power factor increase above 97%
From 92% to 97%	No incentive or disincentive
Below 92% upto and including 70%	0.5% penalty for every 1% fall from 92% upto and including 70% plus
From 70% to 30%	1% penalty for every 1% fall below 70% upto and including 30% plus
From 30% or below	2% for every 1% fall below 30%

(Pro-rata incentive/penalty shall be calculated pro-rate power factor; the power factor shall be calculated upto four decimal points)

283. The licensee 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%.

Provisional / Average / Load Factor basis Billing

284. The provisional billing has been allowed by the Commission under Regulation 93 (8) and 99 of OERC Distribution (Condition of Supply) Code, 2004. The amount thus billed shall be adjusted against the bill raised on the basis of actual meter reading during subsequent billing cycle. Such provisional billing shall not continue for more than one meter reading cycle at a stretch. If the meter remains inaccessible even for the next cycle the licensee is free to proceed as per Section 163 of the Electricity Act, 2003 which may lead to cut-off the supply to the consumers. Therefore, the licensee must act expeditiously in case of inaccessibility of meter for reading purpose. In no case billing should be made on provisional basis for more than one billing cycle.

285. Average billing is allowed by the Commission under Regulation 97 of Supply Code, 2004 for the period the meter remains defective or is lost. The billing shall be made on the basis of average meter reading for the consecutive three billing periods succeeding the billing period in which the defect or loss was noticed. The Commission has not allowed average meter reading in any other case except in case of defective meter or when the meter is lost. Therefore, the licensee must desist from billing on average basis in other cases.

286. Load factor billing has been abolished by the Commission w.e.f. 01.04.2004. It should not be utilized as a substitute billing methodology when the licensee is unable to read meter for what so ever reason. Therefore, the Commission directs that the licensee must adhere to the codal provision strictly. The consumers are at liberty to take recourse to remedial measures as provided in the Electricity Act, 2003 and Supply Code, 2004.

Remunerative Norm for availing power supply

287. Licensees for the purpose of transparency, while furnishing the estimate to the prospective consumers towards extension/augmentation should attach remunerative norms as stipulated in the OERC Distribution (Conditions of Supply) Code, 2004. In

case it is found that the licensees are unwilling to furnish a remunerative calculation along with estimates for extension/augmentation of supply line, the affected consumers should approach the appropriate Grievance Redressal Forum for enforcement of their rights.

Industrial Colony Consumption

288. Some objectors have been insisting year after year that their colony consumption should be covered under domestic category. On the issue of energy consumption in Industrial colony limiting to maximum of 10% to be included in the first slab of 50% for incentive calculation and removal of the ceiling limit of 10% of total consumption for the colony consumption and charging it at domestic rate, it is observed that as per Regulation 80 i.e. 'classification of consumer' in the OERC Distribution (Condition of Supply) Code, 2004, the domestic category does not include residential colonies attached to industrial establishments where power supply is drawn through the meter of the industrial establishment. The Commission does not approve any change in the existing pattern of billing of colony consumption. Colony consumption through a sub-meter of the industry can't be treated as domestic consumption as the colony is not a consumer of the licensee. If the industry desires that their colony consumption should be treated at par with domestic consumption it would be advisable for them to avail separate HT connection for colony consumption which can be covered under HT domestic bulk supply tariff.

Issue of Security Deposit

289. As per Regulation 19(4) of OERC Distribution (Condition of Supply) code, 2004 the security deposit shall be paid in cash or by bank draft. It may also paid by cheque or credit card where specifically allowed by the licensee. There is no provision of payment of security deposit through Bank Guarantee in the Regulation. Modification to the existing provision may be considered only after the distribution companies achieve financial turn around and are able to generate enough cash for timely taking up of repair and renovation of the existing old distribution network. It is alleged that licensee is not reviewing the security deposit nor refunding the excess security deposit collected at the time of initial/enhanced power supply. Therefore, as per Regulation 20(1) of Supply Code, licensee should make a general review of security deposit available with them after revision of the tariff and refund excess security deposit, if any. The status report may be submitted to the Commission by 30th June 2012,

Quality of Supply and Service

290. Some of the objectors pleaded that, the quality of service of the licensees is extremely poor and hence the tariff should be linked to the quality of services offered by the licensees. Interruption, low voltage and unreliable supply are a matter of serious concern to the Commission. The Commission has been taking appropriate steps to verify the data furnished by the licensee through affidavits in this regard. Further, the Commission has been monitoring the performance parameters for meeting the supply standards as prescribed by it. The consumers are entitled for compensation when standard of performance of licensees go below the prescribed limit set by the Commission.

Implementation of Roof-Top Solar Photo-Voltaic (SPV) Plants in Odisha

291. The Rooftop feed in tariff for solar power make solar a money saving, opportunity for residents, commercial units & public institutions etc. Each such unit fitted with rooftop solar PV will work as a virtual generator and the Distribution system to which

it will be connected will work as a virtual sink. The Commission, in this tariff order, likes to give an impetus so that individual household, commercial establishment& public institution etc. may install roof-top SPV plant & connect to the concerned Distribution System to contribute to a great social as well as environment cause to feel the pride of "Green Citizen" of the country apart from saving in their monthly energy bills. The scheme prohibits any battery bank backup.

292. Jawaharlal Nehru National Solar Mission (JNNSM) is one of the core missions under NAPCC launched in January, 2010 envisaging development of Solar Power in India in 3 phases to culminate a capacity addition of 20,000MW by 2022. The Solar Power Obligation (SPO) is a specific & mandatory component of Renewable Power Obligation (RPO) which is 0.25% during Phase-I (2010-13) and will go upto 3% by 2022. The SPO under OERC RPO Regulation, 2010 is 0.15% for FY 2012-13 with an annual increment of 0.05% so as to attain 0.30% during FY 2015-16.

293. Govt. of India support to SPV Projects

a). Govt. of India has reduced Customs Duty on Solar Plants by 50% & exempted Excise Duty on SPV. This is expected to reduce the Roof-top SPV Plant by 15 to 20%.

b). MNRE provides 70% subsidy on the installation of SPV in North East & 30% subsidy in other Regions.

c) The commercial establishment/ industries can avail depreciation benefit.

294. Odisha has now 8 nos. of 1 MW Solar Power Plants commissioned under Roof-top PV and Small Solar Power generation (RPSSPG) under Generation based Incentive (GBI) of Jawaharlal Nehru solar Mission Programme with about CUF of 18% (average). OREDA is installing a 50 KW Roof-top SPV Project in Odisha Secretariat, Bhubaneswar, which is likely to be commissioned by April 15, 2012. Another two Roof-top SPV Projects of 30 KW & 20 KW are under process of tendering by OREDA for installation at Raj Bhawan, Bhubaneswar & Ananda Bazar, of Lord Jagannath Temple at Puri respectively.

295. The Solar Photo Voltaic (SPV) technology, is a robust technology along with its advantages such as simplicity, modularity and low maintenance. The Connectivity & performance parameters are as under:

a) The Roof –top SPV Plants shall be connected with Distribution System as mentioned in table below:

Table - 40

System Capacity	**System Type**	**Evacuation Specification**	**Applicable Tariff**
1 kW – 5 kW	Roof-top	230 V, 1 φ, 50 Hz	**Kilowatt-scale Photovoltaic Tariff**
5 kW – 60 kW	Rooftop	415 V, 3 φ, 50 Hz	
60 kW – 990KW	Rooftop OR Ground-mounted	11 kV, 3 φ, 50 Hz	

b) Performance parameters for determining tariff for Solar PV Projects are as under:

Table - 41

Performance Parameters		
Capacity Utilization Factor	18%	
Performance Degradation	1%	Annually
Auxiliary Consumption	0.25%	of Energy Generation
Useful Life	25	Years

296. Two typical examples of saving in monthly energy bills are illustrated below:

<u>**Case-I**</u>: **A Consumer having average monthly consumption of 650 Kwh with a roof- top SPV installation of 5 KW.**

- Space required for a roof-top installation of 5 KW = 500 sq ft. @ 100 sq. ft./ KW
- Cost of installation of a typical 5 KW Roof-top Solar PV @ Rs.1.2 lakh /KW = Rs.6 lakh (without subsidy) or Rs. 4.8 lakh (with subsidy) without battary.
- The Energy Sent Out (ESO) with CUF 18% and Auxiliary Consumption of 0.25% = 7865 Kwh/ annum or about 650 Kwh/ month.
- 'NIL' Energy Bill.

<u>**Case-II:**</u> **A Consumer having average monthly consumption of 400 Kwh with a roof- top SPV installation of 3 KW.**

- Space required for a roof-top installation of 3 KW = 300 sq ft. @ 100 sq. ft./ KW
- Cost of installation of a typical 3 KW Roof-top Solar PV @ Rs.1.2 lakh /KW = Rs.3.6 lakh (without subsidy) or Rs. 2.5 lakh (with subsidy) without battary.
- The Energy Sent Out (ESO) with CUF 18% and Auxiliary Consumption of 0.25% =4715 Kwh/ annum or about 400 Kwh/ month.
- 'NIL' Energy Bill.

297. The installation of a roof-top Solar PV Plant will be a WIN-WIN scenario for consumer, DISCOM as well as GRIDCO. The detailed scheme & the associated metering arrangement & commercial mechanism between consumer, DISCOM & GRIDCO are being worked out & a Consultative Paper on installation of roof-top Solar PV Plants by the Commission will be floated in the Commission's website for inviting suggestions of all the stake holders for arriving a final decision through a public hearing very soon.

One Time Settlement (OTS) Scheme

298. The Commission had approved OTS Scheme for WESCO, NESCO and SOUTHCO vide Order dtd.20.07.2011 in case No. 4, 5 & 6 of 2010. The scheme was approved on a proposal by the said DISCOMs. The scheme aimed at collecting the arrear dues of consumers outstanding as on 01.04.2010 by providing them some incentive which is a win-win situation both for consumers and the licensees. There is no contravention of provision of law as argued by some objectors. The collection of arrear has no bearing on the present tariff. It only helps the DISCOMs to clear their past liabilities early as liabilities mounts up with passage of time.

The need to neutralize the rise in Consumer Price Index (CPI)

299. OHPC, GRIDCO, OPTCL, SLDC and all the four distribution companies have projected their Annual Revenue Requirement (ARR) for the year 2012-13 which is substantially in the higher side compared to those approved in 2011-12. The Commission after taking into account the need to keep the tariff rise on a very moderate scale have pruned down their revenue requirement on different accounts but the rise in the cost of coal, furnace oil, expenditure on salary, pension, DA on Pay and temporary increase on pension (TI) and cost of materials required for maintenance cannot be simply overlooked and the Commission has to take into account these inevitable as far as practicable. The increases in Consumer Price Index have to be neutralized at least partially though not fully. In this context the trend in rise of CPI number for industrial workers and Wholesale Price Index (WPI) number on all India basis and the Consumer Price Index for industrial workers for Rourkela which is relevant for Odisha may be seen from the table given below:-

Table - 42
Consumer Price Index Number for Industrial Workers
Wholesale Price Index Numbers

Year	**Consumer Price Index Number for Industrial Workers (Base 1982=100)**		**All India Wholesale Price Index No. (All Commodities) Base 1993-94 = 100**
	All India Index Number	**Rourkela Index Number**	
1995-96	313.00	303.00	127.6
1996-97	342.00	341.00	1272
1997-98	366.00	390.00	132.8
1998-99	414.00	396.00	140.7
1999-00	428.00	406.00	145.3
2000-01	444.00	407.00	155.7
2000-02	463.00	416.00	161.3
2002-03	482.00	432.00	166.8
2003-04	500.00	453.00	175.9
2004-05	520.00	473.00	187.2
			Base 2004-05 = 100
2005-06	542.00	493.88	104.4
Base 2001=100			
2006-07	125.00	124.00	111.2
2007-08	133.00	137.00	116.5
2008-09	145.00	151.36	104.4125.9
2009-10	163.00	167.23	130.4
2010-11	180.00	186.25	143.3
2011 (Dec)	197.00	204.92	156.90
January, 2012	198.00		

300. Taking all India Consumer Price Index for industrial workers of 444 for 2000-01 as 100 in 2000-01and for Rourkela 407 as 100 for the said year it is seen that the value of Rs.100 in 2000-01 has increased to Rs.180 in 2010-11 and 198 in 2011-12 up to January, 2012 and assuming 10% rise in 2012-13 it would be Rs.217.80 or say Rs.218. If we consider the Consumer Price Index for Industrial Workers for Rourkela the price of Rs.100 in 2000-01 has increased to Rs.186.2 in 2010-11, 205 in 2011-12 upto January 2012 and assuming 10% rise in 2012-13 it would be Rs.225.5 or say Rs.226.

301. In case of All India consumer Price Index this has increased from 4.28% in 2001-02 to 6.40% in 2007-08, 9.02% in 2008-09, 12.41% in 2009-10 and 10.43% in 2010-11 and 10% in 2011-12 upto January, 2012. In case of Rourkela Consumer Price Index, the same has increased from 2.21% in 2000-01 to 10.48% in 2007-08, 10.48% in 2008-09, 10.48% in 2009-10, 11.37% in 2010-11, 10.06% in 2011-12 upto January, 2012. The details can be seen from the table below:-

Table - 43

Year	All India Consumer Price Index For Industrial workers		Rourkela Consumer Price Index for industrial workers for Rourkela	
	Index	Increase CPI	Index	Increase CPI
2000-01	100	-	100	-
2001-02	104.3	4.28%	102.2	2.21%
2002-03	108.6	4.10%	106.1	3.85%
2003-04	112.6	3.73%	111.3	4.86%
2004-05	117.1	4.00%	116.2	4.42%
2005-06	122.1	4.23%	121.3	4.41%
2006-07	125.0	2.40%	124.0	2.19%
2007-08	133.0	6.40%	137.0	10.48%
2008-09	145.0	9.02%	151.4	10.48%
2009-10	163.0	12.41%	167.2	10.48%
2010-11	180.0	10.43%	186.2	11.37%
2011-12 (Upto Jan, 2012)	198.0	10.00%	205.0	10.06%
2012-13 (Proj.)	217.8	10.00%	225.5	10.00%

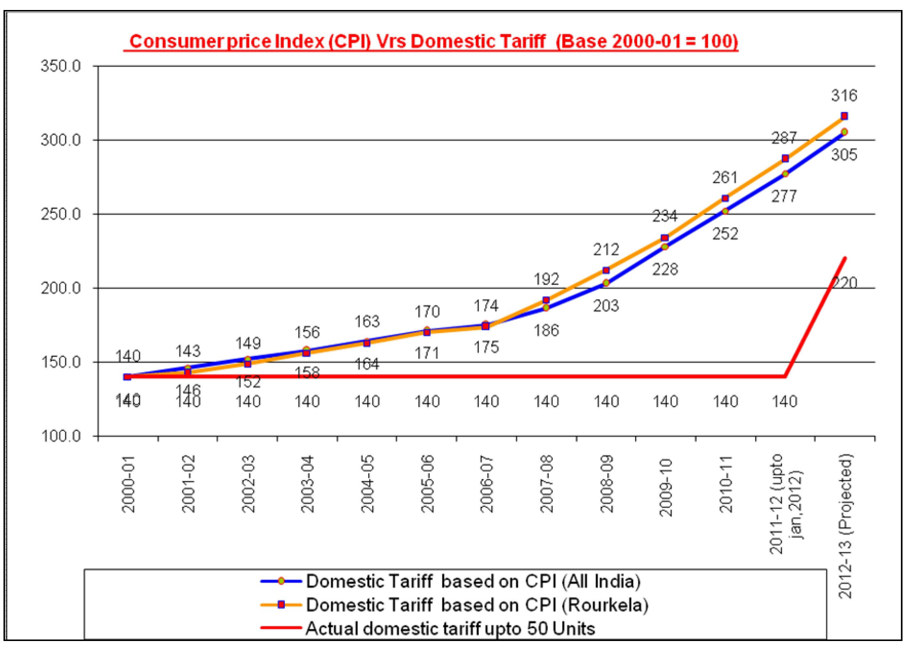
302. The current price of 100 paise per unit for BPL category of consumers in 2000-01 is 198 paise in 2011-12 and would be 218 paise in 2012-13 based on All India Consumer Price Index for Industrial Workers. Based on Rourkela Consumer Price Index for industrial workers 100 paise in 2000-01 is 205 paise in 2011-12 and would be 226 paise in 2012-13. Conversely value of 100 paise in 2011-12 in 2000-01 price would be 50.5 paise in 2000-01 if All India Consumer Price Index is taken into account. In terms of Consumer Price Index for Rourkela this would be 48.8 paise in 2000-01.

- Similarly, for domestic consumers consuming 100/50 units the price was 140 paise per unit in 2000-01 and with the increase in consumer price index its price would be 277 paise in 2011-12 and 305 in 2012-13 based on All India Consumer Price Index price and this would be 287 piase in 2011-2 and 316 paise in 2012-13 based on consumer price index for Rourkela. In other words, t he value of 140 paise in 2011-12 has depreciated to 70.7 paise in 200-01 in terms of All India Consumer Price Index. In terms of All India Consumer Price Index for Rourkela value of 140 paise in 2011-12 would be 68.3 paise in 2000-01.
- For Agriculture and Irrigation the price of 110 paise per unit which was in 2000-01 would be 218 paise in 2011-12 and 240 paise in 2012-13 based on All India consumer price index for industrial workers. In term of consumer price index for industrial workers applicable to Rourkela it would be 226 paise in 2011-12 and 248 paise in 2012-13. This can be seen from the table and graph given below. In real price, the value of 110 paise in 2011-12 and 110 paise in 2012-13 would be 55.6 paise and 50.5 paise respectively in 2000-01. If consumers price Index for Rourkela is considered the value of 110 paise in 2011-12 and 110 paise in 2012-13 would be 53.7 paise and 48.8 paise respectively in 2000-01.

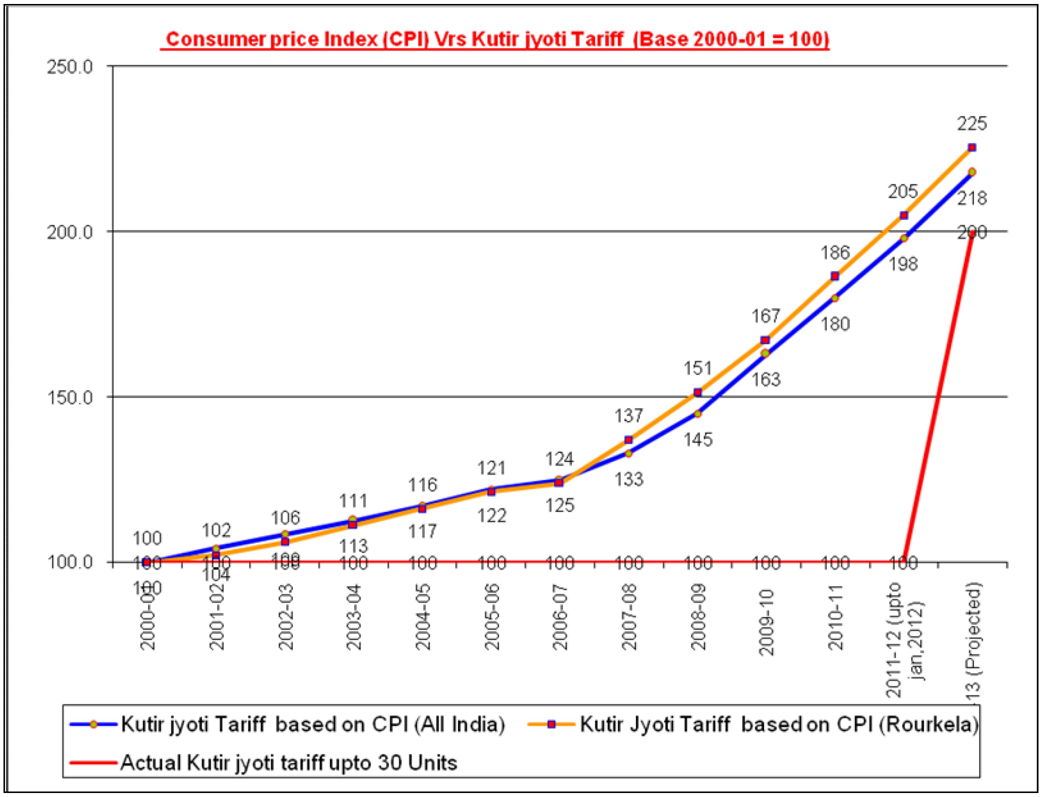
Table - 44

Consumer price Index (CPI) Vrs Kutir Jyoti , Domestic & AgricultureTariff

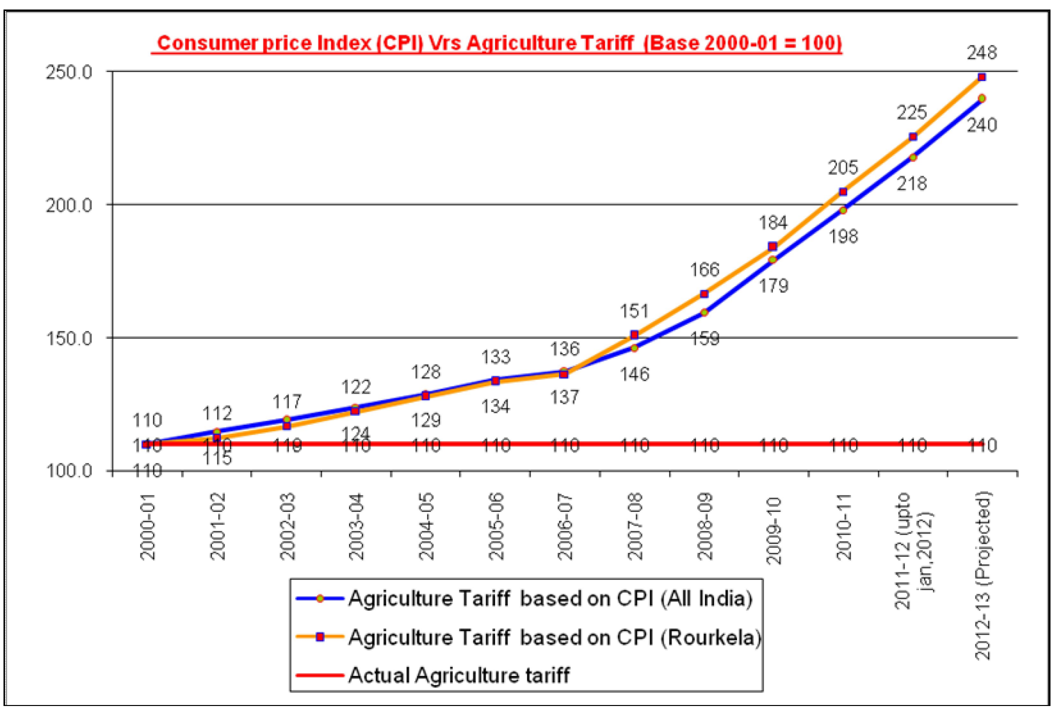
Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (upto Jan 2012)	2012-13 (Projected)
All India Consumer Price Index (CPI) %		4.28%	4.10%	3.73%	4.00%	4.23%	2.40%	6.40%	9.02%	12.41%	10.43%	10.00%	10.00%
Rourkela Consumer Price Index (CPI) %		2.21%	3.85%	4.86%	4.42%	4.41%	2.19%	10.48%	10.48%	10.48%	11.37%	10.06%	10.00%
Kutir Jyoti tariff													
As per All India CPI	100.0	104.3	108.6	112.6	117.1	122.1	125.0	133.0	145.0	163.0	180.0	198.0	217.8
As per Rourkela CPI	100.0	102.2	106.1	111.3	116.2	121.3	124.0	137.0	151.4	167.2	186.2	205.0	225.5
Actual	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	200.0
Domestic tariff													
As per All India CPI	140.0	146.0	152.0	157.6	164.0	170.9	175.0	186.2	203.0	228.2	252.0	277.2	304.9
As per Rourkela CPI	140.0	143.1	148.6	155.8	162.7	169.9	173.6	191.8	211.9	234.1	260.7	287.0	315.7
Actual	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	220.0
Agriculture tariff													
As per All India CPI	110.0	114.7	119.4	123.9	128.8	134.3	137.5	146.3	159.5	179.3	198.0	217.8	239.6
As per Rourkela CPI	110.0	112.4	116.8	122.4	127.8	133.5	136.4	150.7	166.5	183.9	204.9	225.5	248.0
Actual	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0	110.0



Graph -1



Graph -2



Graph -3

Tariff for LT domestic consumers consuming upto 50 units per month

303. The tariff for LT domestic consumers consuming 100 units per month was kept unchanged from 2000-01 to 2010-11. From the year 2011-12 the tariff for the LT domestic consumers consuming 50 units per month was kept unchanged at 140 paise per unit whereas for the LT domestic consumers consuming above 50 units and upto 200 units the rate was revised to 350 paise per unit. It has been pointed out by the distribution companies that taking advantage of low tariff for 0-50 units a large number of domestic consumers have managed to show their consumption within that level, very often with the active connivance of the some unscrupulous employees of the distribution companies. It is difficult to detect the unauthorized use of electricity by such consumers who are being aided and abetted by some of the employees of the distribution companies. In this context it may be noted that the all India Consumer Price Index (CPI) for industrial workers has increased from 4.28% in 2001-02 to 6.40% in 2007-08, 9.02% in 2008-09, 12.41% in 2009-10, 10.43% in 2010-11 and 10.06% in 2011-12 (upto January, 2012) and may be around 10% in 2012-13. In case of CPI for Rourkela the same has increased from 2.21% in 2001-02 to 10.48% in 2007-08, 10.48% in 2008-09, 10.48% in 2009-10, 11.37% in 2010-11, 10.06% in 2011-12 (upto January, 2012) and may be not less than 10% in 2012.13. Considering the rise in all India Consumer Price Index for industrial workers, 140 paise in 2000-01 will be 277.20 in January, 2012 and 305 paise point in 2012-13. Similarly, if we consider the Consumer Price Index of Rourkela, 140 paise in 2000-01 will be 287 paise in 2012 and 316 paise in 2012-13. However, keeping in view the difficulties of genuine honest consumers who really keep their consumption to a reasonable level, it is necessary to give concessional tariff for those consumers consuming upto 50 units per month. In this context it is to be noted that para 5.5.2 of the National Electricity Policy, 2005 stipulates that if any weaker / vulnerable designated group of consumers are to be supplied electricity at an affordable rate, such rate should not be less than 50% the average (overall) cost of supply. The average cost of supply for 2012-13 having been estimated at 460.51 paise per unit, the minimum tariff for such category of consumers should be 230.25 paise per unit. But keeping in view the overall economic condition of the honest domestic consumers who restrict their use of electricity upto 50 units per month, the Commission has decided to keep the tariff at 220 pasie for the first slab 0-50 units against the statutory requirement of 230.25 paise while in terms of rise in Consumer Price Index would be 305 paise and as per rise in CPI for industrial workers for Rourkela it would be 316 paise.

Tariff for Irrigation Pumping and Agriculture/ Allied Agriculture Activities /Allied Agro-Industrial Activities:

304. The Govt. of Odisha vide Lr. No.2261 dtd. 19.03.2012 has inter alia communicated to the Commission that *"Though tariff for irrigation pumping & agriculture remain more or less same since 2001-02, the consumption for these categories is around 3-5%. Therefore any small increase in tariff will not provide any substantial revenue support to the DISCOMs. While Govt. is giving priority to agriculture, there should not be any increase in tariff under Irrigation Pumping &Agriculture and Allied Agriculture Activities. Presently Govt. does not have any proposal to provide any subsidy/subvention in terms of sec-65 of the Electricity Act, 2003 for the purpose."*

305. The Tariff for the year 2011-12 for Irrigation Pumping and Agriculture/ Allied Agriculture Activities /Allied Agro-Industrial Activities has been retained at previous rates as follows:-

Table - 45

Sl. No.	Category of Consumers	Voltage of Supply	Energy Charge (p/kWh)	Monthly Fixed Charge for first KW or part (Rs.)	Monthly Fixed Charge for any additional KW or part (Rs.)	Rebate (P/kWh)/ DPS
1	Irrigation Pumping and Agriculture	LT	110.00	20	10	10
2.	Allied Agricultural Activities	LT	120.00	20	10	10
3	Allied Agro-Industrial Activities	LT	320.00	80	50	DPS/ Rebate
4.	Irrigation Pumping and Agriculture	HT	100.00	250.00 towards customer & service charges		10
5.	Allied Agricultural Activities	HT	110.00	- Do -		10
6.	Allied Agro-Industrial Activities	HT	310.00	- Do -		DPS/ Rebate

306. The tariff for the Irrigation Pumping and Agriculture has remained unchanged since 2000-01 to 2011-12 while for Allied Agricultural Activities the rate continues since 2009-10. When the average cost of supply approved for the year 2011-12 was Rs.408.87 per unit the above concession rate was also allowed to continue for the said year. Since the cost of supply for the year 2012-13 has been estimated at 460.51 paise, as per provision of para 5.5.2 of the National Electricity Policy, the concessional tariff for Irrigation Pumping and Agriculture/ Allied Agriculture Activities /Allied Agro-Industrial Activities should be at least 50% of the average cost of supply i.e. 230.25 paise per unit. On the other hand if we look to the All India Consumer Price Index (CPI) for industrial workers, it is seen that the CPI has increased from 4.28% in 2001-02 to 6.40% in 2007-08, 9.02% in 2008-09, 12.41% in 2009-10, 10.43% in 2010-11, 10% in 2011-12 (upto January, 2012) and would be around 10% in 2012-13.

Based on the increase in consumer Price Index the tariff @110 paise per unit in 2000-01 would be 218 paise in 2011-12 and 240 paise in 2012-13. If the increase in Consumer Price Index for Rourkela is taken into account the tariff @ 110 paise in 2000-01 would be 225 paise in 2011-12 and 248 paise in 2012-13. However, the Commission finds that the consumption of electricity by the agricultural sector is quite nominal in the State and this constitutes 1.4% of the total consumption of electricity. There is need to encourage people to take up agricultural activities as a paying profession by accessing the benefit /facility being provided by the Govt. through deep bore wells and lift irrigation projects. On the other hand the chronic drought prone areas like Nuapada, Padamapur, Kuchinda, Buguda and such other areas are heavily dependent on lift irrigation points /dug wells to take up farming activities for their sustenance. The Commission feels that the existing rate for Irrigation Pumping and Agriculture/ Allied Agriculture Activities should remain unchanged both in case of LT & HT supply. However, in case of the Allied Agro Industrial Activities the existing rate of 320 paise per unit has been increased to 380 paise in case of LT supply and in case of HT supply the existing rate of 310 paise has been increased to 370 paise per unit during the year 2012-13. The existing monthly fixed charges for the 1st KW or part thereof and monthly fixed charges for any additional KW or part thereof shall remain unchanged at Rs.80 and Rs.50 respectively in case of LT Allied

Agro Industrial consumers. Similarly in case of HT Agro-industrial consumers the existing customer service charges of Rs.250 per month would remain unchanged.

307. While there is need for support from different quarters to boost the productivity in agricultural sector by using appropriate technology and irrigation facilities at a cheaper price there is also need to recover the cost of supply of electricity. In order that the loss to DISCOMs on account of lower tariff for agricultural activities as stated above is kept at the minimum, wastage of energy by use of inefficient motors and unnecessary drawal of waters should be avoided. The consumers of Irrigation Pumping and Agriculture/ Allied Agriculture Activities /Allied Agro-Industrial Activities must use the star rated pump sets. Hence, Agriculture and Water Resources Department should take steps to educate the farmers not to waste water by unnecessarily keeping the pump sets on and by replacing the existing pump sets by star-rated pump sets.

308. From the information furnished by the distribution companies Commission finds that a sum of Rs.39.34 crores and Rs.12.93 croes are outstanding towards Lift Irrigation and Panipanchayat respectively. Out of Rs.39.34, Rs.4.71 crores relates to CESU, Rs.23.18 crore relates to NESCO, Rs.1.89 crores relates to WESCO, Rs.9.56 crores relates to SOUTHCO. In case of Panipanchayat the entire outstanding amount of Rs.12.93 relates to SOUTHCO.

309. The Principal Secretary, Water Resources Department should review the non-payment of such outstanding amount relating to Lift Irrigation and Panipanchayat and should take appropriate steps to ensure that these outstanding amount is paid latest by 30.6.2012. At the same time instruction should also be issued that the monthly current bills also be paid in time by the Lift Irrigation and Panipanchayat functionaries. If there is default in payment of the current bills on three occasions by the Lift Irrigation Projects and Panipanchayats, the distribution companies should disconnect the power supply and power supply shall not be restored unless beneficiary of the consumers of Lift Irrigation Projects and Panipanchayats install prepaid meters. In order to help the beneficiaries of Lift Irrigation Projects and Panipanchyats the Commission have considered keeping the tariff of Lift Irrigation and Panipanchayat at a lower rate with the hope that the beneficiaries should make economic use of the water by using star rated pump sets and to avoid wastage of water and energy by switching off the pump sets at proper time and ensure payment of monthly energy charges in time along with clearing the outstanding electricity bills by 30.6.2012 at the latest. The Commission hereby advise the Principal Secretary, Water Resources Department to closely monitor the economic use of LI points by Lift Irrigation Corporation and the Panipanchayat to ensure that payment are made in time. Further, the Commission would like to stress that Agriculture Dept. and Water Resources Dept. should take appropriate steps to educate the farming community to avoid use of lift point for water-intensive crops and switch over to more value added cash crops and less water intensive crops.

Rural Electrification vis-à-vis requirement of revenue subsidy by the State Govt.- Tariff for Kutir Joyto/BPL consumers

310. It has been submitted by the DISCOMs that BPL consumers are paying at flat rate of Rs.30 per month for consumption of 30 units since 2000-01. Due to implementation of Electrification programme under RGGVY & BGJY the number of BPL consumers has risen from 89250 at the end of 2009-10 to 100879 at the end of 2010-11 and this

may further increase to 4,48,835 by end of 2011-12 and 16,37,898 by end of 2012-13 as indicated below:

Table - 46

Consumption by BPL Consumers

Name of Licensee	Year	2010-11 (Actual)	2011-12 (Projected)	2012-13 (Proposed)
CESU	No of Consumers at beginning of the Year	3,449	205,705	601,600
	Consumption MU	6.00	68.74	216.57
NESCO	No of Consumers at beginning of the Year	40,181	102,540	458,946
	Consumption MU	7.08	51.53	156.92
WESCO	No of Consumers at beginning of the Year	35,257	75,486	300,249
	Consumption MU	8.14	60.44	229.00
SOUTHCO	No of Consumers at beginning of the Year	21,992	65,104	277,103
	Consumption MU	12.26	49.88	169.08
All Odisha	No of Consumers at beginning of the Year	100,879	448,835	1,637,898
	Consumption MU	33.47	230.59	771.57

311. As the State govt. is committed to ensure 100% rural electrification and provide electricity connection to all BPL families the distribution companies have submitted that since at present they are realizing only Rs.1 per unit against the cost of supply 408.87 paise/unit during 2011-12 and in subsequent years the cost of supply may further increase. They would incur substantial loss on account of consumption by the BPL families unless subsidy is paid by the State Govt. to them on account of revenue loss. In this connection they have also drawn attention to the provision of clause (H) and (I) of the agreement entered into between NTPC, REC, DISCOMs and the State Govt. which is extracted below:-

"H. Government of Orissa and NESCO commit that they shall ensure:

(a) Determination of bulk supply tariff for franchisees in a manner that ensures their commercial viability.

(b) Provision of requisite revenue subsidy by the State Government to the State Utilities as required under the Electricity Act, 2003.

I. (ii) The provision of requisite revenue subsidy to the State Utilities, as required under the Electricity Act, 2003 - Revenue sustainability arrangement shall be ensured in the project area and based on the consumer mix and the prevailing consumer tariff and likely load, the Bulk Supply Tariff (BST) for the franchisee would be determined after ensuring commercial viability of the franchisee. This Bulk Supply Tariff would be fully factored into the submissions of the State Utilities to the State Electricity Regulatory Commissions (SERCs) for their revenue requirements and tariff determination" The State government under the Electricity Act, 2003 is required to provide the requisite revenue subsidies to the state utilities if it would like tariff for any

<u>*category of consumers to be lower than the tariff determined by the SERC*</u>*"*

(iii) *Adequate arrangement for supply of electricity without any discrimination in the hours of supply between rural and urban households.*

312. In this connection, it is to be noted that while fixing tariff for BPL category consumers or other vulnerable sections of the society, Commission has to be guided by the provision of para 5.5.2 of the National Electricity Policy which states that a minimum level of support may be required to make electricity affordable for consumers of very poor category. Consumers Below Poverty Line (BPL) who consume below a specified level say, 30 units per month may receive special support in terms of tariff which are cross subsidized. Tariff for such designated group of consumers will be at least 50% of the average (overall) cost of the supply.

313. Thus, as per the provision of para 5.5.2 of the National Electricity Policy Commission is required to fix a tariff for BPL consumers which should not be less that 50% of average cost of supply and the balance has to be borne by the state government as a revenue subsidy as per the Section 65 of the Electricity Act, 2003.

314. Though the scheme of Rural Electrification envisages determination of Bulk supply tariff for franchisees in a manner that ensures for their commercial viability so far such type of franchise operation has not been put in place by any of four Distribution Licensees. In most of the cases, where Rural Electrification has been taken up under RGGVY, Women Self-Help Groups have been engaged as franchisee, mostly on collection basis and in few cases, franchisee has been given on input basis. Before moving to mode of franchise envisaged in the RGGVY Scheme, it is necessary to involve the local self-help groups, particularly in rural areas in billing and collection of the electricity bills.

315. Regarding the payment of subsidy by the State Govt. in respect of BPL consumers, the Energy Department in their Lr. No. 2261/Ex dtd. 19.03.2012 has communicated as follows:

"Tariff for the Kutir Jyoti/BPL category of consumers

Presently Kutir Jyoti/BPL category of consumers are paying monthly fixed charge of Rs.30 (@Rs.1/- per unit) per month with a stipulation of monthly consumption up to 30 units without any Minimum Monthly Fixed Charge (MMFC). The Kutir Jyoti/BPL consumers should be billed according to their consumption over and above the 30 unit stipulation like any other consumers.

As available in the tariff policy till date the Hon'ble Commission is fixing the tariff for the special class consumer below 50% of the average cost of supply. The difference between the average cost of supply and the tariff fixed for special class consumers like Kutir-Jyoti etc. were being adjusted through cross subsidy. Govt. of Odisha is of the view that the same practice be continued. The Commission may grant minimum 30 units (or so as fixed) to the BPL consumers in the lowest possible subsidized tariff slab as fixed by the Commission and beyond that the normal tariff as applicable to other the subsidized domestic consumers."

316. The provision in para 5.5.2 of the National Electricity Policy mandates that the tariff for such vulnerable group of consumers should not be less than 50% of the average cost of supply. The average cost of supply for 2012-13 having been worked out to be

460.51 paise per unit, the concessional tariff for such BPL category of consumers cannot be less than 230.25 P/U. On the other hand it may be noted that all India Consumer Price Index (CPI) for industrial workers has increased from 4.28% in 2001-02 to 6.40% in 2007-08, 9.02% in 2008-09, 12.41% in 2009-10, 10.43% in 20 10-11 and 10.06% in 2011-12 (upto January, 2012) and may be around 10% in 2012-13. In case of CPI for Rourkela the same has increased from 2.21% in 2001-02 to 10.48% in 2007-08, 10.48% in 2008-09, 10.48% in 2009-10, 11.37% in 2010-11, 10.06% in 2011-12 (upto January, 2012) and may be not less than 10% in 2012.13. However, considering limited paying capacity of the genuine Kutir Jyoti/BPL consumers the Commission decides that the BPL consumers who consume 30 units per month will pay at a flat rate of Rs.60 per month although as per Para 5.5.2 of the National Electricity Policy, 2005 it would have been Rs.69.08 and as per rise in All India Consumer Price Index and CPI for Rourkela in 2012-13 the value of Rs.30 in 2000-01 would be Rs.65.54 and Rs.67.80 respectively. However, any BPL consumer consumes more than 30 units per month, he/she will pay at the rate applicable to the LT Domestic consumers for the year 2012-13.

317. As regards the submission of the DISCOMs for payment of subsidy by the State Govt. under Section 65 of the Electricity Act, 2003 to compensate the loss of DISCOMs on account of concessional tariff for the BPL consumers it may be noted that the DISCOMs are realizing about 120 paise (112.69 paise in 2010-11 and 119.50 paise in 2011-12) per unit of input in case of all LT consumers taken together. In other words the DISCOMs are loosing revenue because of their inefficiency negligence, rampant theft of electricity and host of other reasons. Hence, there is need to segregate and quantify the correct amount of revenue loss by the respective DISCOMs which can be ascribed to low tariff for the genuine BPL consumers limiting their consumption to 30 units per month.

318. At present the DISCOMs are able to realise about 120 paise per unit in case of all LT consumers taken together whereas from the BPL consumers the average realization is 54 paise. With increase of tariff per unit from Re.1 to Rs.2 per unit for BPL consumers for the year 2012-13 the DISCOM would be able to make up the present level of revenue loss and as such at this stage payment of revenue subsidy by State Govt to the Distribution companies on account of alleged loss arising out of low tariff for BPL consumers does not arise. However, the Commission will take a final view while deciding the Case No. 3/2011for which hearing has been taken up.

Cross-subsidy in Tariff

319. Section 61(g) of Electricity Act 2003 stipulates that the appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity and also reduces cross-subsidies in the manner specified by the Commission. Para 8.3.2 of Tariff Policy enjoins that *for achieving the objective that tariff progressively reflects the cost of supply of electricity, the SERC would notify road map within 6 months with a target that latest by the end of year 2010-11 tariffs are within ± 20% of the "average cost of supply".*

320. The National Electricity Policy also envisages existence of some amount of cross-subsidy. As per para 1.1 of National Electricity Policy, the supply of electricity at reasonable rate to rural India is essential for its overall development. Equally important is availability of reliable and quality power at competitive rates to Indian Industry to make it globally competitive and to enable it to exploit the tremendous potential of employment generation. Similarly, as per para 5.5.2 of the National

Electricity Policy, a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month may receive special support in terms of Tariff which are cross-subsidized. Tariff for such designated group of consumers will be at least 50% of the "average (overall) cost of supply".

321. Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. However, in the meantime in conformity with the provisions of para 8.3.2 of the Tariff Policy and para 5.5.2 of the National Electricity Policy, 2005 which specifically refers to average cost of supply, the Commission has already amended Regulations 7(c)(iii) of the OERC (Terms and Conditions of Tariff Determination) Regulation, 2004 vide notified dated 30.5.2011 which was published in the Odisha Gazette on 10.8.2011. The said amended provision which has come into force from 10.8.2011 is extracted below:-

"7 (c) (iii)

For the purpose of computing Cross-subsidy payable by a certain category of consumer, the difference between average cost-to-serve all consumers of the State taken together and average tariff applicable to such consumers shall be considered."

322. While Tariff Policy, 2006 envisages that latest by 2010-11 the tariff for that matter, the cross subsidy should be ±20% of the average cost of supply, the "model Tariff Guidelines" recommended by Forum of Regulators (FOR) in their meeting held on 29.07.2011 provides as follows:

"<u>Cross Subsidy/Tariff Design</u> :

- State Electricity Regulatory Commission (SERC) would notify revised roadmap within six months from the notification of these Regulations (model Tariff Guidelines) with a target that latest by the end of year 2015-16 tariff are 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.

<u>Tariff Design</u>

- State Electricity Regulatory Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity."

323. Thus, after the amendment of Regulation 7(c)(iii) of the OERC (Terms and Conditions of Tariff Determination) Regulation, 2004 which has become effective from 10.8.2011 cross subsidy is to be worked out based on the average cost to supply to all consumers of the State taken together and average tariff applicable to such consumers. The average cost of supply for odisha is follows:

Table – 47
Average Cost of supply (per Unit) FY 2012-13

(Rs. Cr.)

	TOTAL
Expenditure	**(Approved)**
Cost of Power Purchase	6250.06
Transmission Cost	577.13
SLDC Cost	4.15
Total Power Purchase, Transmission & SLDC Cost(A)	**6831.34**
Employee costs	912.89
Repair & Maintenance	177.29
Administrative and General Expenses	109.54
Provision for Bad & Doubtful Debts	52.79
Depreciation	104.53
Interest Chargeable to Revenue including Interest on S.D	138.04
Sub-Total	**1495.08**
Less: Expenses capitalised	**5.37**
Total Operation & Maintenance and Other Cost	**1489.71**
Return on equity	**36.00**
Total Distribution Cost (B)	**1525.71**
Amortisation of Regulatory Asset	**9.00**
True up of Past Losses	**0.00**
Contingency reserve	**0.00**
Total Special Appropriation (C)	**9.00**
Total Cost (A+B+C)	**8366.05**
Less: Miscellaneous Receipt	**162.51**
Total Revenue Requirement	**8203.55**
Expected Revenue(Full year)	**8208.52**
GAP at existing(+/-)	**4.97**
Approved Saleable units (MU)	**18166.87**
Average Cost (paise per Unit)	**460.51**

324. 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:

Average Tariff realization for a category	=	Total expected revenue to be realized from that category as per ARR/ Total anticipated sale to that category as per ARR

325. While designing the tariff for LT, HT & EHT consumer these statutory requirement has to be complied with. With the average cost of supply for the year 2012-13 now having been estimated at 460.51 paise per unit, in order to keep the tariff within ±20% of the average cost, the average tariff for LT consumer as a whole should not be less than 368.41 paise for LT consumers which is now being subsidized and not more than 552.61 paise for EHT & HT consumers who are subsidizing the LT consumers. In the past the Commission was taking the conscious decision to protect the interest of LT consumers as far as practicable by keeping the tariff for LT consumers reasonably at lower level and tariff or EHT and HT consumers comparatively at higher level. In order to comply with the statutory requirement under Section 61 (g) of the Electricity Act, 2003, Para 8.3.2 of Tariff Policy, 2006 and Para 5.5.2 of National Electricity Policy the tariff for different category of consumers and average tariff voltage-wise for LT, HT and EHT has been determined. This can be seen from the table given below:

Table - 48

Average tariff rise for different category of consumer voltage wise

(Paise/Unit)

Year	EHT	HT	LT	Total
2008-09	327.49	340.25	212.00	281.40
2009-10	336.32	345.82	179.99	265.15
Increase over the previous year (%)	2.7	1.6	(-)15.1	(-)5.8
2010-11	416.61	423.59	219.21	320.58
Increase over the previous year (%)	23.9	22.5	21.8	20.9
2011-12	506.98	524.92	300.34	404.01
Increase over the previous year (%)	21.7	23.9	37.0	26.0
2012-13	551.04	552.09	368.52	451.84
Increase over the previous year (%)	8.7	5.2	22.7	11.8

326. The tariff for Kutir Jyoti/BPL category has remained unchanged at Rs.30 per month for consumption upto 30 units per month from 2000-01 till 2011-12. Similarly for LT domestic consumer consuming upto the first 100 units was not revised from the rate of 140 paise from 2000-01 to 2010-11. For the year 2011-12 while the rate 140 paise for the first 50 units was kept unchanged, the tariff for LT domestic consumers consuming above 50 units and upto 200 units was revised to 350 paise per unit in place of 310 paise per unit for consumption more than 100 units and upto 200 units. In the Tariff Order for 2012-13 the Commission has also to take into account the rise in All India Consumer Price Index for Industrial Works as well that in CPI for Rourkela which is very much relevant to Odisha.

327. **Increase in Consumer Price Index**

All India Consumer Price Index for Industrial Workers, has increased by 6.4% in 2007-08, 9.02% in 2008-09, 12.41% in 2009-10, 10.43% in 2010-11 and 10% in 2011-12 upto January of 2011-12. As per Consumer Price Index for Industrial Workers for Rourkela there has been rise in CPI by 10.48% in 2007-08, 2008-09, 2009-10, 11.37% in 2010-11 and 10.06% in 2011-12 upto January 2012. Taking the said index into account, it has been seen that taking 100 points in 2000-01 as basis this has increased to 198 in Jan, 2012 and assuming 10% rise in the said Index for 2012-13 it would be 218 points in 2012-13 as per All India Consumer Price Index for Industrial Workers and 226 for 2012-13 as per CPI for Industrial Workers for Rourkela.

328. For Kutir Jyoti, the tariff has remained unchanged at 100 paise per unit for consumption upto 30 units for month from 2000-01 to 2011-12. As enshrined in clause 5.5.2 of National Electricity Policy 2005, tariff of very poor category of consumers will be at least 50% of average (overall) cost of supply hence it should not be below 230.25 paise as approved average cost of supply is 460.51 paise and as per rise in All India Consumer Price Index for Industrial Workers, it would have been 218 paise and 226 paise based on the consumer price index for Rourkela for the year 2012-13. Conversely the value of 100 paise in 2011-12 would mean 50.5 paise in 2000-01. OERC has decided 200 paise per unit for Kutir Jyoti/BPL consumers although NEP stipulates for 230.25 paise at the minimum and as per All India Consumer Price Index for Industrial Workers, it would have been 218 paise and as per CPI for Rourkela it would have been 226 paise to neutralize the rise in CPI.

329. The tariff for LT domestic consumers for first 100 units upto 2010-11 and 0 to 50 units from 2000-01 to 2011-12 has remained unchanged at 140 paise per unit. Considering the rise in All India Consumer Price Index for Industrial Workers, 140 paise in 2000-01 will be 277.20 in Jan, 2012 and 305 paise point in 2012-13. Similarly, if we consider the Consumer Price Index of Rourkela, 140 paise in 2000-01 will be 287 paise in 2012 and 316 paise in 2012-13. This would mean real price of 140 paise in 2011-12 is 70.7 paise in 2000-01. However, keeping the honest paying consumers in mind, the Commission has approved 220 paise for domestic consumer for consumption upto 50 units even though as per para 5.5.2 of National Electricity Policy the concessional tariff for any consumers should not be less than 50% of the average cost of supply of 460.51 paise i.e. 230.25 paise and as per All India Consumer Price Index for Industrial Workers, it would have been 305 paise and as per CPI for Rourkela it would have been 316 paise for FY 2012-13.

330. Thus after taking into account this statutory requirement of section 61(g), para 8.3.2 of Tariff Policy, para 5.5.2 of National Electricity Policy, 2005, increase in consumer price index from 2000-01 and direction of the Hon'ble ATE vide their order dt.30.05.2011 and dtd.02.09.2011, the Commission has fixed the tariff for different category of consumers under the respective voltage category and thereafter average tariff voltage category-wise. While the average tariff for EHT consumer for 2011-12 was +24% of the average cost of supply of 408.87 paise, the average tariff for 2012-13 has been fixed at 551.04 paise which works out to (+)19.66% of average cost of supply 460.51 paise for FY 2012-13. Similarly for HT category of consumers while average tariff for 2011-12 was 524.92 paise representing (+)28.38% of average cost of supply at 408.87 paise for 2011-12, the average tariff of 552.09 paise per unit for 2012-13 which works out to (+)19.89% of 460.51 paise, the average cost of supply for FY 2012-13. In case of LT consumer taken together while average tariff for 2011-12 was 300.34 paise per unit which represented (-)26.51% of average cost of supply of 408.87 paise per unit for 2011-12, the average tariff for LT consumers for 2012-13 has been fixed 368.52 paise per unit which works out to (-) 19.98% of the average cost of supply 460.51 paise per unit for 2012-13. Thus the cross-subsidy in percentage term has reduced for 2012-13 from that of 2011-12 as per para 8.3.2 of the Tariff Policy, 2006 and the direction and suggestions of ATE in their order dtd.30.05.2011 and 02.09.2011. Further in addition to reduction of cross-subsidy in terms of

percentage of the average cost of supply as indicated above, the cross subsidy in absolute quantity measured in paise per unit has also been reduced. While the EHT, the consumers were paying cross-subsidy of 98.11 paise (+24%) the HT consumers were paying 116.05 paise per unit (+28.38%) in 2011-12. This has reduced to 90.53 paise for EHT (+19.66%) and 91.58 paise per unit (19.98%) for HT consumers for 2012-13. Similarly, for LT consumers the cross-subsidy paid for them has reduced from 108.53 paise in 2011-12 to 91.99 paise in 2012-13 (-19.98%). The details of the average tariff and cross subsidy from the year 2010-11 to 2012-13 may be seen from table below:

Table- 49
Cross subsidy in Tariff

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below or cost of supply
1	2	3	4	5= (4) – (3)	6= (5 / 3)
2010-11	EHT	327.37	416.61	89.24	27.26%
	HT		423.59	96.22	29.39%
	LT		219.21	-108.16	-33.04%
2011-12	EHT	408.87	506.98	98.11	24.00%
	HT		524.92	116.05	28.38%
	LT		300.34	-108.53	-26.54%
2012-13	EHT	460.51	551.04	90.53	19.66%
	HT		552.09	91.58	19.89%
	LT		368.52	-91.99	-19.98%

FINANCIAL ISSUES FY 2012-13 (Para 331 to 451)

Employees Cost

331. The petitioners WESCO, NESCO, SOUTHCO and CESU in their ARR and tariff petition for the FY 2012-13 have projected enhanced employees cost as against the approved cost for FY 2011-12. A comparison of the approved Employee cost for FY 2011-12 and proposed cost by DISCOMS for FY 2012-13 is shown in table below.

Table – 50

(Rs. Cr.)

Particulars	WESCO		NESCO		SOUTHCO		CESU	
	Approved FY 2011-12	Proposed FY 2012-13	Approved FY 2011-12	Proposed FY 2012-13	Approved FY 2011-12	Proposed FY 2012-13	Approved FY 2011-12	Proposed FY 2012-13
Basic Pay+ GP	65.33	80.96	55.44	69.82	51.94	63.71	80.47	84.34
Additional Employee Cost		4.02		6.76		5.49	18.13	7.96
Dearness Allowance	35.93	**58.70**	30.49	**54.31**	28.57	**46.19**	44.26	**60.72**
HRA	9.8	14.57	8.32	14.23	7.79	11.47	12.07	16.87
Others	4.71	12.42	4.20	7.06	4.51	6.47	7.76	15.72
Terminal benefit	55.91	118.2	59.86	**102.68**	60.78	**110.1**	131.39	163.93
Sub-Total	171.68	288.87	158.31	254.86	153.59	243.43	294.08	349.54
Less: Expenses Capitalized	0.85	2.09	1.02	0.62				
Total Cost	**170.83**	**286.78**	**157.29**	**254.24**	**153.59**	**243.43**	**294.08**	**349.54**
Outsource Employee Cost (Additional submission)						**7.62**		
Total Employee Cost	**170.83**	**286.78**	**157.29**	**254.24**	**153.59**	**251.05**	**294.08**	**349.54**
Percentage rise proposed over approved for FY 2011-12		67.87		61.64		63.45		18.86

332. The table above reveals that for the ensuing year the licensees have proposed a substantial rise in employee's cost compared to the approval for the FY 2011-12. WESCO, NESCO, SOUTHCO and CESU have projected an increase percentage over the approval for the FY 2011-12 at 67.87%, 61.64%, 63.45% and 18.86% respectively. The projected enhancements in case of WESCO, NESCO and SOUTHCO is mainly attributable to higher estimation towards Terminal liabilities based on the actuarial valuation appointed by these distribution companies.

333. The audited accounts of the licensees are now available with the Commission upto FY 2010-11.

334. The Commission allows Employee cost in terms of the MYT principles enunciated for the control period FY 2008-09 to 2012-13 FY in its order dated 28.02.2011. The relevant portion of said order is reproduced below:

***"12. Employee Cost** – DISCOMs in their submission have submitted to allow Employee cost as uncontrollable cost instead of controllable cost as per first LTTS order, since it is subjected to pay commission recommendation, wage board revision, inflation, load growth, attrition rate, large scale deployment of manpower due to large scale rural electrification etc. Some objectors submitted that revisions may be allowed but linked to efficiency. Commission after considering all the facts and submissions decides to treat the Employee cost as controllable cost for the second controllable period also. Employee costs would be allowed in the ARR after prudent check by the Commission. Employee's costs have to be linked to improved efficiency and higher compensation can't be claimed without earning through improvement in performance efficiency.*

Wages and salaries during the control period would include the base year values of Basic pay, Grade Pay and dearness allowance escalated for annual salary increments and inflation based on Govt. notification. Terminal liabilities would be provided based on a periodic actuarial valuation 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.

335. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the assessment of number of employees as on 31.03.2012 and 31.03.2013 is essential. Regarding number of employees, DISCOMs have submitted the information on the induction and reduction in the number of employees from year to year in their ARR submissions. The position upto the year ending 2012-13 as proposed by the Licensees is depicted in table below:

Table – 51

Employees Proposed (2012-13)	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
No. of employees as on 31.03.2011	4772	4020	3535	6005
Add: Addition during 2011-12	302	191	653	2774
Less: Retirement/Expired Resignation during 2011-12	369	244	199	514
No. of employees as on 31.03.2012	4705	3967	3989	8265
Add: Addition during 2012-13	290	320	250	1785
Less: Retirement/Expired/ Resignation during year	321	284	231	1070
No. of employees as on 31.03.2013	4674	4003	4008	8980

336. CESU for the year 2011-12 has projected a massive induction of 2774 nos. of employees. Similarly in case of NESCO, WESCO and SOUTHCO have projected to induct 302, 191 and 653 number of employees during the year 2011-12 respectively.

337. Commission while computing employee cost has taken into consideration actual inductions made during the year 2011-12 and projected employees in the ARR for FY 2012-13. The induction of number of employees as projected in their ARR for FY 2012-13 by WESCO, NESCO and SOUTHCO is accordingly approved at 302, 91 and 150 respectively. In case of CESU 2300 numbers of employees are approved for induction during FY 2012-13.

338. The Commission in view of the above discussions approves the following number of employees to the DISCOMs for FY 2012-13:

Table – 52

Employees Approved (2012-13)	WESCO	NESCO	SOUTHCO	CESU
No. of employees as on 31.03.2011	4772	4020	3535	6005
Add: Addition during 2011-12	302	91	150	2300
Less: Retirement/Expired Resignation during 2011-12	369	244	199	514
No. of employees as on 31.03.2012	4705	3867	3486	7791
Average no. of employees for FY 2011-12	4739	3944	3511	6898
Add: Addition during 2012-13	290	320	250	1785
Less: Retirement/Expired/ Resignation during year	321	284	231	1070
No. of employees as on 31.03.2013	4674	3903	3505	8506
Average no. of employees for FY 2012-13	4690	3885	3496	8149

339. The Commission in past years during scrutiny of the ARRs, considers the audited accounts for the previous years as Basic Pay and DP as the base for determining the Basic Pay for the next period. However, during the scrutiny of the audited accounts of the DISCOMs for the previous years, it is revealed that Basic Pay has been considered along with the past arrears due to revision of 6th pay recommendations. For the purpose of determining the Basic Pay for the ensuing year FY 2012-13 it is necessary to know correctly the Basic pay for the previous years. Any inclusion of other components such as arrears would overstate the base figure to be taken for the determination of subsequent year's Basic Pay. Therefore Commission has to be absolutely certain about the correctness of the current Basic Pay for the previous year. Commission, therefore, while scrutinising the last year's ARR i.e FY 2011-12 relied on the information regarding Basic pay including Grade pay actually paid for the last five months of the previous year i.e. from July, 2011 to November, 2011.

340. 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 Commission has adopted the same method of arriving at the Basic pay and grade pay as was done in the previous year and explained in the para above. In order to arrive at the Basic pay and Grade pay for the ensuing year i.e FY 2012-13, the Basic Pay and GP actually paid during last five months of the current year i.e FY 2011-12, is averaged and extrapolated for the whole year. The basic pay and GP for the ensuing year is thereafter calculated by escalating current year's average basic pay and GP at

the rate of 3% on the basis on the average number of employees for the current and ensuing year. A table below shows such calculation of the Basic Pay and Grade Pay for FY 2012-13 on the basis of above discussion.

Table - 53

(Rs. Cr)

	WESCO	NESCO	SOUTHCO	CESU
Avg Basic Pay + GP	5.80	4.39	4.53	6.26
Pro-rated for FY 2011-12	69.60	52.70	54.31	75.14
Approved for FY 2012-13	**70.95**	**53.48**	**55.70**	**91.43**

341. On the basis of the calculation in the above table, Commission after taking into consideration the normal annual increment of 3% over the prorated figure of FY 2011-12 and factoring the same with the average number of employees during FY 2011-12 and FY 2012-13, approves Basic Pay and Grade Pay for the ensuing year 2012-13 in respect of four DISCOMs as detailed below:

Table – 54

(Rs. Cr.)

Name of the DISCOM	**Approved Basic Pay with Grade Pay for FY 2012-13**
WESCO	70.90
NESCO	53.48
SOUTHCO	55.70
CESU	91.43

342. As regards Dearness Allowance the rate of DA after the 6th Pay revision the approved rates for last one year and estimation by the DISCOMs for ensuing year is given in the table below:

Table – 55

DA Rate effective from	**Rate**	**Status**
1.01.10	35%	Approved By GoO
1.07.10	45%	Approved By GoO
1.01.11	52%	Approved By GoO
1.07.11	58%	Approved By GoO
1.01.12	65%	Estimated
1.07.12	72%	Estimated
1.01.13	79%	Estimated

343. The DA rate as it stands now is 58% with effect from 1.07.11. The next revisions are due with effect from 01.01.12 and 01.07.12 which would have bearing on the DA estimation for FY 2012-13. According to the previous trend and likely revision in future it would be prudent to consider DA rate at an average of 72% for the FY 2012-13. DA has accordingly been calculated at such rate for the ensuing year FY 2012-13.

344. For the year 2011-12 Medical Reimbursement has been approved at the rate of 5% over Basic Pay and Grade Pay. House rent allowance is approved at an average rate of 15% of the Basic Pay and Grade Pay instead of 20% considering the fact that many employees are availing quarters. On the scrutiny of Audited Accounts, it is also seen that the HRA as a proportion to the Basic Pay and GP is about 15% and hence such rate is allowed towards HRA.

345. WESCO, NESCO, SOUTHCO and CESU have proposed the amount of Rs.4.01 cr., Rs.6.76 cr. and Rs.7.96 cr respectively on account of additional employee cost.

SOUTHCO in its additional submission has proposed additional Rs.7.62 cr. towards outsourcing employees for spot billing activities which was included under A&G expenses in the ARR filing. SOUTHCO has requested to consider the said expenses under the employee cost instead of A&G expenses. Commission has analysed the requirements of licensees towards outsourced and contractual employees in addition to the regular employees for various activities. An analysis on this account would be prudent to understand the consumers' vis-a-vis employees ratio existing during the initial stages of distribution business and its growth at present. A table below shows such comparison.

Table - 56

Particulars	WESCO	NESCO	SOUTHCO	CESU	Total
No. of employees existing as on 31.03.1999	5562	4599	4674	8608	23443
No. of consumers as on 31.03.1999	295415	251703	322912	554610	1424640
Ratio consumers / employees	53	55	69	64	61
No. of employees existing as on 31.03.2011	4772	4020	3535	6005	18332
No. of consumers as on 31.03.2011	697472	681030	645893	1294226	3318621
Ratio consumers / employees	146	169	183	216	181
Percentage of employees reduction	-16.55	-14.40	-32.22	-43.35	-27.88
Percentage growth of consumers	57.64	63.04	50.01	57.15	57.07

As revealed from the above table, there has been quantum jump in the number of consumers totalling 1424640 in 31.03.1999 to 3318621 in 31.03.2011. The consumer vrs. Employees ratio during 1999 was 61 which has substantially increased to 181. There is also 27.88% reduction in employees compared to about 57% growth in consumers as on 31.03.2011. This effectively means induction of employees has not been commensurate to the exponential growth of consumers. Due to reduction of number of employees on account of retirement and otherwise, DISCOMs are relying on persons engaged through contract and outsourced services. These contract and outsourced services are basically engaged in billing, collection and customer care services. The expenses towards engagement of these services can be allowed after prudent check. The DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2011-12. The DISCOMs have accordingly been allowed the cost on additional employees and outsource employees projected by them in the ARR under additional employee cost.

346. The Commission from time to time have been insisting on induction of additional man power to carry out energy audit for reduction of commercial losses of the utilities. The licensees are being repeatedly directed to fill up the vacancies due to retirement and attrition so as not to affect services to the consumer. At the same time the Commission makes it absolutely clear that mere addition of manpower is not going to improve delivery of services and collection of revenue unless productivity of the employees is ensured by holding them accountable to the management. The principle of hire and fire should be followed to ensure accountability. Engagement

should be made on contract basis for a definite period which can be renewed subject to satisfactory performance and increased productivity.

Terminal benefit

347. The DISCOMs have projected significant increase in their terminal liability for the ensuing year FY 2012-13. A comparative position of the approved terminal liability in ARR of FY 2011-12 vis-a-vis projection made by the DISCOMs for FY 2012-13 is given in the following table:

Table – 57

(Rs. Cr.)

Name of the Company	Approved FY 2011-12	Proposed FY 2012-13	Increase in Percentage
WESCO	55.91	118.2	111.41
NESCO	59.86	102.68	71.53
SOUTHCO	60.78	110.1	81.15
CESU	131.39	163.93	24.77

348. 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 2012-13 is based on the actuarial valuation carried out by M/s Bhudhev Chaterjee as on 31.03.2011 and projections provided for the FY 2011-12 and 2012-13. These licensees have assumed that the trend in the requirement of Terminal Liability Corpus for the FY 2011-12 shall continue for the year 2012-13.

349. CESU has projected its requirement of Rs 163.92 cr. towards terminal liability for FY 2012-13 however against Rs.131.32 crore approved for 2011-12 no justification has been given their ARR filing though projection of 24.77% represents increase compared to 111.41%, 71.53% & 81.15% increase projected WESCO, NESCO & SOUTHCO respectively.

350. Commission has been appointing independent actuary to undertake assessment of pension, gratuity and leave encashment liability of the employees of four DISCOMs (WESCO, NESCO, SOUTHCO & CESU) and OPTCL. Commission engaged M/s Darashaw & Company Pvt. Ltd., Mumbai as actuary for undertaking valuation of pension, gratuity and leave encashment liability of the employees of four DISCOMs (WESCO, NESCO, SOUTHCO & CESU) and OPTCL upto 31.03.2009 with projection for FY 2009-10 and FY 2010-11 during last FY 2010-11. The Commission in line with the earlier years, during FY 2011-12 undertook the process of appointment of independent actuary for valuation of pension, gratuity and leave encashment liability of the employees of four DISCOMs (WESCO, NESCO, SOUTHCO & CESU) and OPTCL upto 31.03.2010 with projection for FY 2010-11 and 2011-12. The Commission after due process appointed an independent actuary for undertaking such valuation in letter dated 17.09.2011. However in letter dated 8th Nov 2011, actuary expressed its inability to undertake such assignment due to grounds of circumstances beyond their sphere of control. In the mean time filing of ARR by Licensee was due on 30th November 2011and therefore Commission in such an event decided that terminal liability to the Licensees may be allowed provisionally based on the last valuation of actuary which can be updated periodically within a gap of 3 to 5 years.

351. The projection for the terminal liabilities of the Licensees has been accordingly done on the basis of the valuation given by the actuary during the last year i.e upto

31.03.2009 with projection for FY 2009-10 and FY 2010-11. A summary of such valuation is given in the table below:

Table – 58
Actuarial Valuation as given by the Actuary M/s DARASHAW, Mumbai
(Rs. Cr.)

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
31.03.09				
Pension	290.91	267.44	271.37	528.46
Gratuity	32.77	30.38	28.22	54.32
Leave	34.24	29.74	27.61	62.42
Total	**357.92**	**327.56**	**327.2**	**645.20**
31.03.10				
Pension	301.97	278.2	281.22	552.8
Gratuity	36.52	32.61	31.16	57.71
Leave	37.13	32.37	30.68	67.7
Total	**375.62**	**343.18**	**343.06**	**678.21**
31.03.11				
Pension	310.17	285.88	293.18	571.63
Gratuity	38.69	36.17	34.13	61.53
Leave	40.1	35.85	33.84	73.41
Total	**388.96**	**357.9**	**361.15**	**706.57**
%age rise over previous year	**3.55**	**4.29**	**5.27**	**4.18**
Estimated corpus as on 31.03.2012 based on above %age rise	**402.77**	**373.25**	**380.19**	**736.12**
%age rise allowed for 2011-12	**5.00**	**5.00**	**5.00**	**5.00**
Estimated corpus as on 31.03.2012	**408.41**	**375.80**	**379.21**	**741.90**

As revealed from the table above the percentage rise in the valuation upto 31.03.2011 over the level upto 31.03.2010 ranges from 3.45% to 5.27%. Commission, however, with a view to fund the corpus have prudently allowed escalation of the corpus requirement at the rate of 5% over the level as on 31.03.2011 uniformly across the Licensee to estimate the corpus requirement as on 31.03.2012.

352. The expected corpus fund on terminal liability as per funds approved in the ARRs from FY 1999-00 onwards till FY 2011-12 is stated in the table below:

Table – 59
Expected Corpus Availability
(Rs. Cr.)

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
OB As on 01.04.99/Fund transfer from GRIDCO to DISTCOs	70.77	68	67.39	138.56
Allowed by the Commission				
1999-00	6.71	5.62	7.78	0.00
2000-01	6.27	7.07	7.07	0.00
2001-02	7.92	7.00	6.63	6.09
2002-03	8.08	7.21	6.81	6.27
2003-04	8.96	7.56	7.57	6.90
2004-05	11.30	8.35	9.40	3.25

	WESCO	NESCO	SOUTHCO	CESU
2005-06	12.06	8.92	10.03	3.51
2006-07	12.07	9.55	9.73	13.19
2007-08	16.36	15.30	13.97	18.28
2008-09	37.02	25.16	24.49	48.10
2009-10	37.04	27.19	20.53	49.68
2010-11	51.81	51.13	58.22	75.84
2011-12	55.91	59.86	60.78	131.39
Sub-Total	271.51	239.92	243.01	362.50
Grand Total	**342.28**	**307.92**	**310.40**	**501.06**

353. The differential funding requirement as on 31.03.2012 as per the valuation arrived by the Commission after 5% escalation and the expected corpus fund availability as estimated above is accordingly arrived and shown in the table below:

Table – 60

(Rs. Cr.)

Differential Funding requirement						
Licensee	**Estimated corpus fund as on 31.03.2012**	**Corpus availability as on 31.03.2012**	**Difference to be funded**	**Allowed for FY 2012-13**	**Carrying cost for the balance amount**	**Approved for FY 2012-13**
WESCO	408.41	342.28	66.13	66.13	0.00	66.13
NESCO	375.80	307.92	67.88	67.88	0.00	67.88
SOUTHCO	379.21	310.40	68.81	68.81	0.00	68.81
CESU	741.90	501.06	240.84	140.84	9.00	149.84

354. In accordance with the above calculations, the Commission decides to fund the requirement of WESCO, NESCO and SOUTHCO of Rs.66.13 cr, Rs.67.88 cr and Rs 68.81 cr respectively. The differential funding required for CESU is on the higher side to the tune of Rs. 240.84 cr. Therefore, it would not be possible to fund CESU the entire amount at one go. The Commission, therefore, decides to allow the funding of differential requirement to CESU in two instalments. Accordingly an amount of Rs.149.84 cr. along with carrying cost is approved towards terminal liabilities for FY 2012-13. The balance requirement of Rs.100 cr. would be funded during finalisation of next year ARR in case of CESU.

355. Commission accordingly allows following amounts towards terminal Liabilities of DISCOMs for FY 2012-13.

Table – 61

(Rs. Cr.)

Name of the DISCOM	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Amount to be charged to ARR (in Crore)	66.13	67.88	68.81	149.84

356. 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 2012-13 is shown in the table below:

Table – 62
Employee Cost

(Rs. crore)

Sl.	Particulars	WESCO			NESCO			SOUTHCO			CESU		
		Approved for FY 2011-12	**Proposed for FY 2012-13**	**Approved for FY 2012-13**	**Approved for FY 2011-12**	**Proposed for FY 2012-13**	**Approved for FY 2012-13**	**Approved for FY 2011-12**	**Proposed for FY 2012-13**	**Approved for FY 2012-13**	**Approved for FY 2011-12**	**Proposed for FY 2012-13**	**Approved for FY 2012-13**
1	Basic Pay + GP	65.33	80.96	70.95	55.44	69.82	53.48	51.94	63.71	55.70	80.47	84.34	91.43
2	Arrear 6th pay and Wage Board												
3	Addl. Emp. Cost		4.01	4.01		6.76	6.76		5.49	8.49	18.13	7.96	7.96
4	DA	35.93	58.7	51.08	30.49	54.31	38.51	28.57	46.19	40.11	44.26	60.72	65.83
5	Other allowance		1.19	1.19		1.62	1.62	1.00	1.15	1.00		2.58	2.58
6	Bonus	0.25	0.25	0.25	0.40	0.40	0.40	0.20	0.02	0.20	0.55	0.78	0.78
7	Total Emoluments (1 to 5)	101.51	145.11	127.48	86.33	132.91	100.77	81.71	116.56	105.50	143.40	156.38	168.58
8	Reimbursement. of medical expenses	3.27	4.05	3.55	2.77	3.75	2.67	2.60	3.19	2.79	4.02	4.22	4.57
9	Leave Travel Concession		0.05	0.05		0.3	0.3	0.09	0.1	0.1	0.57	0.57	0.57
10	Reimbursement of HR		14.57	10.64	8.32	14.23	8.02	7.79	11.47	8.36	12.07	16.87	13.71
11	Interim relief of Staff											0.58	
12	Encashment of Earned Leave		5.82										
13	Honorarium		0.07	0.07		0.02	0.02						
14	Payment under workmen compensation Act	0.1	0.10	0.10	0.15	0.2	0.2	0.15	0.15	0.15	0.10	0.29	0.10
15	Ex-gratia		0.10	0.10					1.2			0.01	
16	Other Staff Costs				0.02	0.02	0.02	0.05	0.2	0.05	0.54	4.79	0.54
17	Total Other Staff Costs (8 to 15)	13.17	24.76	14.51	11.24	18.52	11.24	10.68	16.31	11.44	17.30	27.33	19.50
18	Staff Welfare Expenses	1.10	0.79	0.79	0.88	0.77	0.77	0.42	0.45	0.42	1.98	1.9	1.98
19	Terminal Benefits (Pension + Gratuity + Leave)	55.91	118.2	66.13	59.86	102.68	67.88	60.78	110.1	68.81	131.39	163.93	149.84
20	Total (6+16+ 17+18)	**171.68**	**288.86**	**208.91**	**158.31**	**254.88**	**180.65**	**153.59**	**243.42**	**186.17**	**294.08**	**349.54**	**339.89**
21	Less : Empl. cost capitalized	0.85	2.09	2.09	1.02	0.63	0.63						
22	Net Employees Cost	**170.83**	**286.77**	**206.82**	**157.29**	**254.25**	**180.02**	**153.59**	**243.42**	**186.17**	**294.08**	**349.54**	**339.89**
23	Provision to accommodate 6th pay revision												
24	Total Employee Cost	**170.83**	286.77	**206.82**	**157.29**	254.25	**180.02**	**153.59**	243.42	**186.17**	**294.08**	349.54	**339.89**

The total employee cost of four distribution companies approved for 2011-12 was Rs.775.79 crore. DISCOMs for FY 2012-13 have proposed total employee cost of Rs.1134.63 crore. The Commission now approves Rs.905.85 crore as total employee cost for FY 2012-13 against Rs.775.79 crore approved for 2011-12.

Administrative and General Expenses:

357. The Administrative and General Expenses broadly covers property related expenses, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The licensees have projected their estimates for FY 2012-13 in their ARR in the following manner which are compared with approved A&G expenses for previous year FY 2011-12.

Table - 63

(Rs. crore)

A&G Expenses	**Approved 2011-12**			**Ensuing year FY 2012-13 (Proposed)**		
DISCOM	**Normal A&G**	**Additional A&G**	**Total A&G**	**Normal A&G**	**Additional A&G**	**Total A&G**
WESCO	22.20	8.61	30.81	34.00	14.61	48.61
NESCO	14.84	8.70	23.54	11.41	39.60	51.01
SOUTHCO	12.78	12.09	24.87	25.21	16.81	42.02
CESU	31.99	13.96	45.95	48.75	15.85	64.60

358. WESCO, NESCO & SOUTHCO have submitted that they have forecasted the A&G expenses for FY 2012-13 based on actual expenses till September 2011 as against the approved A&G expenses including special additional expenditure towards customer care, IT automation, Special Police Station for FY 2011-12.

359. The A&G expenses for ensuing year have been forecasted based on estimated expenses during FY 2011-12 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 2011-12. They have proposed to undertake following initiatives for the ensuing year to be met under A&G expenses.

– Annual Inspection Fees of Lines and substations.
– Operating expenses of Customer Care centers in each Divisions
– Introduction of Spot Billing in various Divisions
– Creation of Infrastructure to carryout enterprise wide Energy Audit exercise
– Implementation of Intra State ABT including Metering with connectivity to DSOCC, Server, Digital Display Board and Software, Software for day ahead load forecasting, Installation of VCBs for Control of drawal
– Implementation of Right to Information Act
– Demand Side Management
– Development of franchisee in licensee area
– Cess as per the Building and other construction Workers (RE&CS) Act, 1996 & Building and other construction Workers Welfare Cess Act, 1996.

360. The Commission in its order on MYT principles for the second Control period (FY 2008-09 to FY 2012-13) dated 28.02.2011 have decided to the following effect.

"In view of the submissions and facts the Commission would continue to allow normal Administrative and General Expenses @7% escalated over the base year value during the second control period also. In addition to above Commission would also allow expenses in addition to the normal A&G expenses for special measures undertaken by the DISCOMs towards reduction of AT&C losses and improving collection efficiency, after prudent check. "

361. The Commission observes that A&G expenses is a controllable cost as defined in the MYT order and the DISCOMs would not be allowed more than the approvals in the truing up exercise. The DISCOMs should make efforts to expend A&G expenses prudently and put efforts to curb wasteful and avoidable expenses. The Commission

further observes that with the declining employee base, computerized and IT automation the A&G expenses should be declining over the years. Commission in previous ARR approvals for FY 2009-10, FY 2010-11 and FY 2011-12 have been allowing additional expense towards Customer Care expenses, Expenses on IT automation and Special police station as proposed by the Licensees.

362. Commission in its query to Licensees asked to furnish the details of actual expenses made on additional A&G expenses vis-à-vis approval in the ARR, during the year FY 2011-12:

Table - 64

(Rs. crore)

Additional A & G Expenses	WESCO		NESCO		SOUTHCO		CESU	
	Approved	Actual Expenses (upto Nov 2011)	Approved	Actual Expenses (upto Nov 2011)	Approved	Actual Expenses (upto Nov 2011)	Approved	Actual Expenses (upto oct 2011)
Expenses for Customer Care Centers/ Call Centres	0.35	0.12	0.58	0.08	1.76	0.32	1.16	0.28
Special Police Station.	2.27	0.38	2.90		5.33	0.10	4.80	0.59
Automation/IT expenses	0.99	0.85	0.22	0.76				
Inspection Fee towards SI works	5.00		5.00	0.47	5.00		8.00	0.01
Total Additional Expenses	8.61	1.35	8.70	1.31	12.09	0.42	13.96	0.87

363. WESCO, NESCO and SOUTHCO have submitted that the State Govt. is insisting for payment of Inspection Fees on installation of lines and substations. Licensee is not recovering the inspection fees in the previous ARRs and now proposes that the annual inspection fees of service connection may be imposed separately which shall be recovered from the consumers and shall be deposited on collection basis with the State Govt. They have also submitted that the Commission may recommend to the State Govt. to waive the arrears of the past years.

364. Commission in this regard in line with previous ARR for FY 2011-12, observes that such fees shall be component on the Normal A&G expenses allowed in the ARR. However Commission may take a view to allow it separately as additional A&G expense on submission of documentary evidence including demand note raised by the State Government.

365. Commission scrutinised the proposal towards A&G expense for the ensuing year FY 2012-13. The Commission has considered an escalation of 7% over the normal A&G expenditure for the last year tariff of FY 2011-12 towards normal A&G expenditure for the ensuing year i.e. FY 2012-13 in terms of the MYT order for the current control period.

Additional Expenditure under A&G

Energy Police Station

As regards additional expenditure in A&G expenses, Commission approves expenses over and above the normal A&G expenses towards Customer Care, Energy police Station, IT automation, Inspection fees and any other expense which is of importance and cannot be covered under any other head. Regarding additional expenses on the Special Police Station, Govt of Odisha have notified for establishment of 34 nos. of Energy Police station all over the state. Out of the total 34 energy police stations nine nos. of police stations are to be established in WESCO area, nine in SOUTHCO, five in NESCO and eleven in CESU area. In WESCO area only five Energy Police

Stations have been operationalised and other four are yet to be opened. In NESCO area out of five numbers of sanctioned Energy PS, three numbers have already been operationalised. In SOUTHCO area out of nine numbers of Energy PS eight numbers have been operationalised. In CESU 11 numbers of Energy police stations are to be established out of which seven numbers of police stations have already started functioning. A substantial number of sanctioned Energy police stations are yet to be established in the entire state. Commission have been emphasising on the reduction of AT& C losses and with the effective involvement of the Energy Police station such a task would be achieved in a more effective manner. Commission in order to fully functionalise the Energy Police stations allowed the expenses on this account as proposed by the DISCOMs in the last tariff order. However it is seen from the submissions all the DISCOMs have spent nominal amounts against such approvals. Commission therefore allows Rs. one crore to each DISCOM on the account of expenses towards Energy Police Station. Commission expects that all the 34 Energy Police Stations as approved by the Government of Odisha would be functional by the end of the ensuing year FY 2012-13. DISCOMs therefore are required to be in close contact with Government of Odisha in order to operationalise these Energy Police stations.

366. The Govt. earlier had decided that a senior level IPS officer in the office of D.G. Police will look up the functioning of the energy police stations. The state govt. also decided to post a Nodal officer in the rank of an Additional S.P. in the range Head Quarters to oversee the day to day functioning of the energy police stations. This has not been done at the State Govt. level. The Commission expects the State Govt. to see with the arrangement proposed to oversee the energy police stations are become effective as already advised earlier. The State govt. should adopt the West Bengal Model where a very senior police officer at the level of IG works with the West Bengal State Electricity Distribution Company Limited and is responsible for theft prevention, detection, prosecution and liaison with the police. As reiterated in previous tariff order State govt. should consider having one senior Officer working with the Energy Department and being responsible for theft prevention and detection in all the four DISCOMs. He could supervise and monitor the working of all the Energy Police Stations and ensure their effective functioning. As an officer of the State's Police Administration, he could liaise easily with the police and act as a bridge between the Electricity Utility and the police.

367. However, in the meantime the Govt. of Odisha, Department of Energy in its letter No.1919/En dtd.03.03.2012 addressed to AG (A&E) Odisha, Bhubaneswar have informed about the "Establishment of State Electricity Theft Control Cell and four DISCOM Electricity Theft control cell and creation of posts there under". The Govt. of Odisha had decided to establish these cells as detailed below:

Table - 65
State Electricity Theft Control Cell

Name of the Post	Number of Post	Mode of Appointment
State Nodal Vigilance Officer in the monthly remuneration of Rs.35,000/- or last pay + Grade pay minus pension whichever is less in the rank of SP (Retd.)	1	Contractual
Asst. State Nodal Vigilance Officer in the monthly remuneration of Rs.20,000/- or last pay + Grade pay	1	Contractual

minus pension whichever is less in the rank of Inspector of Police (Retd.)		
Office Asst. In the monthly remuneration of Rs.5,200/-	1	Contractual. To be engaged by GRIDCO on outsource basing through service providing agency following FD Circular No.49143 dt.29.11.2010
Home Guard @Rs.150/- per day as DCA	1	Contractual. To be engaged by GRIDCO

Table - 66
DISCOM Level Electricity Theft Control Cell

Name of the Post	Number of Post	Mode of Appointment
Zonal Vigilance Officer CESU/ NESCO/ WESCO/ SOUTHCO Electricity Theft Control Cell at Chainpal (Angul), Keonjhar, Baragarh, Rayagada respectively in the monthly remuneration of Rs.30,000/- or last pay + Grade pay minus pension whichever is less in the rank of ASP (Retd.)/Rs.25,000/- or last pay + Grade pay minus pension whichever is less in the rank of DSP (Retd.)	4	Contractual
Asst. Zonal Vigilance Officer CESU/ NESCO/ WESCO/ SOUTHCO Electricity Theft Control Cell at Chainpal (Angul), Keonjhar, Baragarh, Rayagada respectively in the monthly remuneration of Rs.20,000/- or last pay + Grade pay minus pension whichever is less in the rank of ASP (Retd.)/Rs.15,000/- or last pay + Grade pay minus pension whichever is less in the rank of SI (Retd.)	4	Contractual
Office Asst. In the monthly remuneration of Rs.5,200/- CESU/ NESCO/ WESCO/ SOUTHCO Electricity Theft Control Cell at Chainpal (Angul), Keonjhar, Baragarh, Rayagada respectively	4	Contractual. To be engaged by DISCOMs on outsource basing through service providing agency following FD Circular No.49143 dt.29.11.2010
Home Guard @Rs.150/- per day as DCA CESU/ NESCO/ WESCO/ SOUTHCO Electricity Theft Control Cell at Chainpal (Angul), Keonjhar, Baragarh, Rayagada respectively	4	Appointed by DISCOMs

In the said letter the State Govt. have also decided that the cost of operating the State level Electricity Theft Control Cell and DISCOM level Electricity Theft Control Cells will be borne by the DISCOMs. At the first instance the expenditure will be made from the budget provision of Energy Department and will be reimbursed by

DISCOMs which will be taken as a receipt under the Department Revenue Receipt head.

368. The Commission had sought suggestions/views/comments of State Govt. in their Letter No. 2502 dated 06.01.2012 on tariff related issue for FY 2012-13 relating to the licensees. The Govt. of Odisha in its Letter No. 2261/En/LC-34/2012 dated 19.03.2012 have offered their views/suggestions/comments on various issues raised by the Commission including effective functioning of the Energy Police Station. The reply of the State Govt. in this regard is as under:

- Pursuant to the decision of the meeting chaired by the Chief Secretary and advice of Home Department, Finance Department, was moved for creation of posts for one State Level Nodal Cell and four Division/ Range Level Nodal Cell. Finance Department have concurred in the proposal for creation of post alongwith the remuneration. As per the proposal concurred in the State Level Nodal Cell will be designated as State Electricity Theft Control Cell with headquarters at GRIDCO, Bhubaneswar and the officers will be designated as State Nodal Vigilance Officer and Asst. State Nodal Vigilance Officer. Similarly in the four DISCOMs level theft control nodal cell the officers will be designated as Zonal Vigilance Officer/ Asst. Zonal Vigilance Officer CESU/ NESCO/ WESCO/ SOUTHCO. Further the proposed headquarters of the Zonal Vigilance Office will be at Chainpal, (Angul), Keonjhar, Bargarh & Rayagada in respect of CESU, NESCO, WESCO & SOUTHCO respectively.
- Orders of Govt. has been obtained advertisement issued for recruitment of retired police personnel in the rank of SP, Addl. SP, DSP, Inspector and Sub-Inspector to man the nodal cells. On receipt of order of Govt. steps will be taken for filing of the vacancies at the earliest.
- Home Department has been requested to take up the matter with Registrar (Administration) Odisha High Court for appropriate direction to Sub Divisional Judicial Magistrate Courts to take up trail of offences under the Electricity Act, 2003 till opening of Special Courts in each district.
- Out of 34 Energy Police Stations notified 23 Energy Police Station has been opened and DISCOMs have been requested to provide accommodation at Rayagada, Malkangiri, Nuapada, Sundargarh, Bargarh, Bolangir, Sonepur, Deogarh so that Home Department will be moved for opening of energy police stations with adequate police personnel in the above location alongwith at Jajpur, Keonjhar & Jagatsinghpur where accommodation has been made available in the meantime.

369. The Commission while making performance review for the year 2009-10 held in May, 2010 and for the year 2010-11 held in May, 2011 had directed DISCOMs to fix monthly target for detection of energy theft particularly in respect of high end consumers like industries, Hotels, Shopping Malls, Nursing homes, private professional educational institutions, Vehicle Show Rooms, Fabrication units, Builders, etc., but it is observed that no serious and effective efforts have been made by the DISCOMs though CESU has started some action in these directions. The DISCOMs shall have to take proper initiative to workout an effective way to prevent theft of electricity by making use of Energy Police Station and own AMR Team.

370. Commission is of the firm opinion that intervention of IT is important to minimise human intervention and error. The DISCOMs should make all out effort to introduce newer technologies through IT intervention to effectively reduce AT&C losses and automate various processes required for settling various problems in billing, collection and other consumer related issues. On Automation and IT related expenses, Commission allows Rs. two crore each to all DISCOMs for undertaking various IT initiatives.

371. Electrical Accidents - Commission finds that there has been large number of electrical related accidents and deaths reported in the various electronic and print media. Commission also receives large number of petitions of such accidents and compensation related issues regarding related to such accidents. The DISCOMs should take necessary precaution in order to minimise these electrical accidents and compensate the victims quickly as provided in Regulation and Rules. Pending formulating the detailed guidelines for deciding compensation payable to the victims of the electrical accidents as requested by State Govt. in their letter No. LC-12/2011-1125/EN dated 08.02.2012, Commission provisionally allows rupees one crore to each DISCOMs towards compensation for electrical related accidents.

372. Inspection Fees - Commission also allows one crore to each DISCOMs towards Inspection fee for electrical installation through Electrical Inspectors.

373. In view of the observations as above, the total A&G expenses allowed for FY 2012-13 to the DISCOMs are summarized below:

Table - 67

(Rs. in Crore)

A & G Expenses Approved for FY 2012-13	WESCO	NESCO	SOUTHCO	CESU
Normal A&G expenses (Escalated @7% over FY 2011-12)	23.75	15.88	13.67	34.23
Additional expenses				
Expenses for Customer Care Centers/ Call Centres	0.50	0.50	0.50	0.50
Special Police Station.	1.00	1.00	1.00	1.00
Automation/IT expenses	2.00	2.00	2.00	2.00
Inspection Fee towards SI works	1.00	1.00	1.00	1.00
Compensation for Electric Accidents	1.00	1.00	1.00	1.00
Total Additional Expenses	5.50	5.50	5.50	5.50
Total A&G expenses	**29.25**	**21.38**	**19.17**	**39.73**

The normal A&G expenses approved as indicated above include legal expenses towards fees to the advocate and incidental expenditure which shall not exceed Rs.50 lakhs in case of WESCO, NESCO and SOUTHCO and Rs.60 lakhs in case of CESU. The licensees are expected to spend more on improving the delivery of services rather than burdening the consumers by spending some avoidable legal expenses

Training of Personnel -Rs.2.00 cr. out of normal A&G expenditure

374. Training of officers and staff of the utilities has become an urgent need for development of the organization. This is more so important in view of the lack of knowledge with regard to evolving technologies and best practices being used by the other organizations. Commission, therefore, attaches much importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities consequently should have a calendar of training schedule for

their employees in order to upgrade their skills and infuse motivation to take their task efficiently. Commission in order to bring about more seriousness to the training of utility personnel earmarked a sum of Rs.50 lakhs towards training programme for each DISCOM out of normal A&G expenses for FY 2011-12 for the respective DISCOMs. Commission in line with last year's order directs Licensees to earmark Rs. 50 lakhs towards training programme for FY 2012-13.

375. In order to bring about more efficiency in billing and collection activity and in order to stream line the billing and collection process, Commission in the RST order for FY 2010-11 directed the DISCOMs to adopt dynamic billing and collection system in their area of operation. DISCOMs are directed to report to the Commission the compliance of the same by 31st May 2012.

Repair and Maintenance Expenses:

376. The distribution companies in their ARR and tariff petition for FY 2012-13 have proposed an enhanced requirement over the previous year's approved expenses in the following manner:

Table – 68

(Rs. in crore)

R&M Proposal FY 2012-13	Approved for FY 2011-12	Proposed for the Year 2012-13	% rise proposed over FY 2011-12 approved figure
WESCO	36.81	59.43	38.06%
NESCO	47.46	79.86	40.57%
SOUTHCO	28.47	57.95	50.87%
CESU	56.77	64.6	12.12%
TOTAL	169.51	261.84	

As revealed from the above table that WESCO, NESCO, SOUTHCO and CESU have enhanced requirement in the R&M expenses with percentage of 38.06%, 40.57%, 50.87% and 12.12% respectively over and above approved expenses for the previous FY 2010-11.

377. The Commission has been analyzing the pattern of spending in R&M by the Licensees, through the information available in the audited accounts of the companies. The audited figures in respect of all the four DISCOMs upto FY 2010-11 are available with the Commission. The approved and audited figures under R&M expenses are updated and given in the table below.

Table - 69

(Rs in Crore)

R&M Expenses	WESCO		NESCO		SOUTHCO		CESU	
Years	Approved	Audited	Approved	Audited	Approved	Audited	Approved	Audited
99-00	14.43	15.9	14.22	16.19	12.63	13.39	19.05	24.01
00-01	14.43	10.25	14.22	11.02	12.63	7.31	19.57	19.92
01-02	13.62	10.12	16.32	7.02	15.57	9.29	23.43	15.6
02-03	15.33	8.04	14.62	5.65	16.82	6.43	22.11	25.04
03-04	16.89	16.27	17.59	8.84	16.38	9.93	24.12	21.22
04-05	17.28	12.85	17.66	11.13	13.25	8.43	31.95	20.27
05-06	21.3	9.61	22.63	11.21	18.55	6.07	33.67	12.26
06-07	24.25	12.44	24.48	12.88	17.35	5.54	41.31	22.09
07-08	23.82	12.37	24.43	13	18.38	5.5	43.64	25.11
08-09	25.66	17.90	25.87	20.86	19.08	7.79	41.87	34.79

R&M Expenses	WESCO		NESCO		SOUTHCO		CESU	
Years	**Approved**	**Audited**	**Approved**	**Audited**	**Approved**	**Audited**	**Approved**	**Audited**
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**	12.10*	**47.46**	7.90*	**28.47**	2.67*	**56.77**	23.36*
**Expenditure as per cash flow upto Nov- 11*								

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

Table - 70

(Rs. In Crore)

Escrow Relaxation on R&M FY 2011-12	WESCO	NESCO	SOUTHCO	CESU
Relaxation Due	36.81	47.46	28.47	56.77
Relaxation Availed	12.10*	7.90*	2.67*	23.36*
	Upto Feb-11	Upto Jan-11	Upto Jan-11	Upto Jan-11

379. Commission is aware that timely and efficient R&M activities are essential to the optimum utilisation of the distribution network. The Commission is not averse towards allocating of higher amounts on R&M activities but the DISCOMs have to exhibit sincerity of purpose by undertaking adequate R&M activities and increased revenue collection out of current as well as arrears in order to enable Commission to allow more money by way of ESCROW relaxation. Non relaxation of ESCROW is not the problem; the real problem is inadequate revenue collection efforts. If sufficient revenue is collected there will be no difficulty in allowing withdrawal from ESCROW account after meeting the BST, salary and other important item of expenditure.

380. The Commission allows the R&M expenses based on the principles enunciated in the MYT order for the second Control period (FY 2008-09 to FY 2012-13) dated 28.02.2011 and have decided therein to the following:

In view of such a scenario the Commission decides to continue to allow the R&M expenses at the rate of 5.4% of GFA only on assets owned by the respective distribution companies

381. In the FY 2011-12, WESCO, NESCO, SOUTHCO and CESU have proposed following amounts towards asset addition as tabulated below:

Table – 71

(Rs. crore)

Proposed addition of Fixed Assets FY 2011-12	WESCO	NESCO	SOUTHCO	CESU
Land Building Furniture and Fixtures	2.36	5.46	10.85	
RE/LI/MNP	21.34		1.84	
PMU		6.55	7.72	
APDRP	1.05	0	0.28	
S.I. Scheme	12.33	35.67	6.45	15.51
Deposit work		54.54		48.93
Metering & others				
RGGVY	387.69	504.24		
Biju Gram Jyoti	16.65	40.70		
Capex Plan (GoO)		27.86	16.98	47.83
Other works	1.10		2.04	3.60
Total	**442.52**	**675.02**	**46.16**	**115.87**

382. In order to approve asset addition during FY 2012-13, scheme wise asset addition considered by the Commission are discussed below:

383. RGGVY & Biju Gram Jyoti Scheme - The asset addition under these Schemes shall be entirely funded by Govt. of India and Govt. of Odisha and the projects are being implemented by the Central PSUs as per the terms of agreement. Once the assets are handed over to the Licensees they would be responsible to operate and maintain those assets. As regards R&M of the assets, Commission in its tariff order for FY 2009-10 observed that the State Govt. should provide revenue subsidy to the DISCOMs to compensate for undertaking such non remunerative work under RGGVY & Biju Gram Jyoti Scheme. DISCOMs were advised to approach State Government in this regard for obtaining revenue subsidy. DISCOMs in their present petition for the ARR of FY 2012-13 have submitted that Government of Odisha have not provided any revenue subsidy for undertaking works under RGGVY & Biju Gram Jyoti Scheme. DISCOMs have submitted to allow the R&M on the RGGVY & BGJY assets in order to maintain those assets. In the event the State Government provides revenue subsidy, the R&M of the corresponding year may be reduced. They have further submitted that if such funds are not provided by the State Government, they would not be able to effect proper maintenance of RGGVY and BGJY assets which has been entrusted by the terms of agreements made by the GoO, GoI and DISCOMs. In view of such a stalemate Commission in line with advice in last year ARR i.e. 2011-12, 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. Government of Odisha in its letter no. 1728/En dated 28 Feb 2010 addressed the issue of ' O&M expenditure for maintenance of assets created under RGGVY and BGJY Schemes' in the following manner:

As regards the assets of RGGYV Scheme, the State Govt. REC, CPSU and DISCOMs have signed a quadripartite agreement and the DISCOMs are bound by the terms and conditions of that agreement. As per Para-N of the agreement Govt. of Orissa shall be the owner of the assets created on implementation of the individual projects as posed by the DISCOMs with the concurrence of Govt. of Orissa and sanction by REC under the national programme Govt. of Orissa have authorized the DISCOMs to operate *and maintain these assets to effect power supply in the project area and derive consequential benefit out of the assets created under the projects.*

As regards the assets of BGJY it is clarified that as per the para-8 of the guidelines on successful completion of the projects all the assets created under the BGJ shall be handed over by the executing agency to the respective DISCOMs for maintenance. Regarding ownership of the assets after they are charged and handed over through a signed document, the said matter has not been decided. As the DISCOMs are to derive the consequential benefit from the assets, they are to meet the O&M expenses for maintenance of the assets. The DISCOMs cannot claim the O&M expenses from the Govt.

384. Commission is not sure of addition of the exact quantum of assets under RGGVY & Biju Gram Jyoti Scheme for the purpose of determination of R&M and depreciation during FY 2011-12. As regards the RE/LI, APDRP, PMU schemes these are ongoing schemes. Hence, Commission allows the asset addition proposed by the licensee.

385. System Improvement Scheme- WESCO, NESCO, SOUTHCO and CESU have projected asset addition of an amount of Rs.12.33 crore, Rs.35.67 crore, Rs. 6.45 and Rs.15.51 crore respectively under system improvement scheme. In reply to the query raised in this account, the companies submitted the actual amount drawal of SI loan by end of February, 2011 from REC. As revealed from their submissions, only WESCO has received Rs.1.00 cr. on this account during the current FY 2011-12. Hence, Commission allows asset addition on SI ongoing projects based on their Capital works in progress based on audited data. WESCO, NESCO, SOUTHCO and CESU are accordingly allowed Rs.9.10 cr., Rs.23.43 cr., Rs.4.71 cr. and Rs.15.51 cr. respectively as asset addition under S.I. Scheme.

386. Deposit works- WESCO, NESCO and CESU have proposed asset addition under deposit work to the tune of Rs.21.34 cr., Rs.54.54 cr. and Rs.48.94 cr. This is found to be reasonable, as the same is a spill over of work of previous year. Hence, Commission allows the same.

387. Metering and others- These are also ongoing programmes hence Commission allows the same as proposed by the Licensees

388. In view of the discussions in the foregone paragraphs, the asset addition during 2011-12 is determined and approved as detailed below:

Table – 72

(Rs. crore)

Approved addition of Fixed Assets FY 2011-12	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Land Building Furniture and Fixtures	2.36	1.08	0.4	
RGGVY				
Biju Gram Jyoti				
RE/LI/MNP			1.84	
PMU		6.55	7.72	
APDRP	1.05		0.28	
System Improvement	9.10	23.43	4.71	15.51
Deposit work	21.34	54.54		48.94
Metering & others				
RGGVY				
Biju Gram Jyoti				
Other works (including PMGY)	0.76		0.05	
Total	**34.61**	**85.60**	**15.00**	**64.45**

389. The Gross Fixed Assets as on 31.03.2012 calculated on the basis of the asset addition allowed in the above table is given as below:

Table – 73

(Rs. in crore)

Particulars	WESCO	NESCO	SOUTHCO	CESU
Gross Book Value as on 01.04.1996	139.867	137.89	122.41	188.697
Addition 1996-97	13.74	13.54	12.02	18.53
1997-98	16.84	16.6	14.74	22.72
1998-99	0	0	0	0
1999-00	53.32	41.11	37.53	87.16
2000-01	19.9	26.83	13.8	85.09
2001-02	19.58	30.63	20.72	67.25
2002-03	21.31	30.55	7.64	127.01
2003-04	35.14	28.63	12.6	88.42
2004-05	71.74	55.09	39.78	66.26
2005-06	23.52	30.2	13.89	-95.95
2006-07	22.21	30.73	11.1	22.57
2007-08	24.79	32.49	18.91	35.52
2008-09	35.16	92.14	31.85	38.68
2009-10	38.07	101.33	10.70	52.29
2010-11	42.46	64.65	11.46	71.59
2011-12	34.61	85.60	15.00	64.45
Total up to 2011-12	**612.26**	**818.01**	**394.15**	**940.29**

390. As stated above, the Commission allows the R&M expenses based on the principles enunciated in the MYT order for the second Control period (FY 2008-09 to FY 2012-13) dated 28.02.2011 have decided to the following

In view of such a scenario the Commission decides to continue to allow the R&M expenses at the rate of 5.4% of GFA only on assets owned by the respective distribution companies

391. The position of Gross Fixed Asset as on 31.03.2012 were computed based on their audited accounts available for the previous years. After taking into consideration the addition of assets during the FY 2010-11 and the position of GFA as on 31.03.2012 the approved R&M for FY 2012-13 is given in the table below:

Table - 74

(Rs. in crore)

R&M for FY 2012-13	WESCO		NESCO		SOUTHCO		CESU	
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
Gross fixed asset as on 01.04.2012	1100.57	612.26	1478.88	818.01	1073.06	394.15	1149.06	940.29
% of GFA	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
R&M on GFA	59.43	**33.06**	79.86	**44.17**	57.95	**21.28**	62.05	**50.78**
Special R&M for addition of RGGVY and BJGY assets		7.00		7.00		7.00		7.00
Total R&M approved for FY 2012-13		**40.06**		**41.17**		**28.28**		**57.78**

392. Besides the normal R&M expenses allowed on the basis of 5.4% of GFA, Commission allowed in addition a sum of Rs.7 crore provisionally towards R&M expenses to each of the four DISCOMs on account of asset addition under RGGVY and BGJY in the RST order for FY 2011-12. The approval of Rs. 7 crore was subject to detailed scrutiny in next tariff processing for FY 2012-13. From the filing it is revealed that no asset under RGGVY or BGJY has been transferred to the Licensees. These assets continue to be with the Government of Odisha. However in line with the

previous RST order for FY 2011-12, Commission allows an additional sum of Rs. 7.00 crore to WESCO, NESCO, SOUTHCO & CESU each on provisional basis for FY 2012-13 besides the normal R&M expenditure approved @ of 5.4% on the Gross Fixed Assets. It may be noted that in order that consumers getting new connection under RGGVY and BGJY do not face difficulties for non-maintenance assets, this additional provision is being allowed to the DISCOM to ensure power supply to these vulnerable groups.

Interest on Loan

393. The source-wise interest on loan proposed by the four DISCOMs for FY 2012-13 is given in the table below:

Table – 75
Proposed Loans FY 2012-13

(Rs. Crore)

Source	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
GRIDCO loan	-	-	-	-
World Bank loan	11.82	11.57	7.79	90.04
Power Bond – Differential Amount	-	-	-	-
APDRP Net of 50% grant (GoO)	0.66	0.76	0.72	11.1
REC/PFC (Counter Part Funding APDRP) and SI Scheme	6.30	5.5	1.86	1.55
Interest on security deposit	24.18	16.43	6.04	
CAPEX (REC)				12.69
Govt. of Odisha Capex loan	2.86		10.60	10.92
Other interest and finance charges	26.29	5.59	10.48	
Total interest before capitalisation	72.11	39.85	37.49	126.30
Less: Interest Capitalised	3.15	1.26	4.60	20.81
Total Interest proposed	68.96	38.59	32.89	105.49

394. In order to approve the interest on loans the position of individual loan as on 1.04.2012 is discussed below:

GRIDCO back to back loan (PFC/REC etc.)

Licensees have not proposed any loan for FY 2012-13 in their filing. Hence no interest on the said loan has been considered for FY 2012-13.

World Bank Loan

395. 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 and SOUTCO besides interest liability have also proposed repayment liability of Rs. 9.10 crore, Rs 9.13 crore and Rs. 7.26. crore. The loan balance (Net of 30% grant) is projected by the DISCOMs along with the interest for the FY 2012-13.

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

Table – 76

(Rs. in Crore)

World Bank Loan	Loan as on 31.3.2012	Repayment Due in 2012-13	Loan as on 31.3.2013	Interest for FY 2012-13 (Proposed)	Interest for FY 2012-13 (Approved)
WESCO	90.96	9.10	81.86	11.82	11.23
NESCO	91.28	9.13	82.15	11.57	11.27
SOUTHCO	65.34	7.26	58.08	7.79	8.02
CESU	204.51	0	204.51	90.04	26.59
Total	452.09	25.49	426.60	121.22	57.11

Capex Loan from Government of Odisha

397. The Commission in its order on Business Plan for DISCOMs pertaining to FY 2008-09 to FY 2012-13 dated 20/03/2010 envisaged total investment of Rs 5000 crore to undertake CAPEX programme. Govt. of Odisha subsequently have notified Capital Expenditure (CAPEX) Programme for Distribution Companies of Odisha in their letter no. 9230/ En. dated 21.10.2010 for providing financial support to the tune of Rs.2400 Cr. in distribution sector which includes the grant of Finance Commission, state budgetary support and counterpart funding by the DISCOM. The basic objective of this programme is system improvement, establishment of reliable system, reduction of AT&C losses to a sustainable level and improvement of quality of supply to the consumer of the state. The scheme envisages investment of Rs. 2400 Cr. to be spent under the scheme over the period of four financial; years i.e. FY 2010-11 to FY 2013-14, out of which Govt. of Odisha provide Rs. 1,200 Cr. And DISCOMs will invest Rs. 1,200 Cr. from their own source/ or through market borrowing as per the following table:

Table – 77

(Rs. in Crore)

Financial Year	2010-11	2011-12	2012-13	2013-14	Total
State Govt. (out of which)	300.00	400.00	250.00	250.00	1200.00
a. FC Grant	0.00	200.00	150.00	150.00	500.00
b. SS to FC Grant	0.00	66.67	50.00	50.00	166.67
c. Loan to GRIDCO for counterpart to FC Grant	0.00	66.67	50.00	50.00	166.67
d. State's own contribution	300.00	66.66	0.00	0.00	366.66
DISCOMs (out of which)	0.00	200.00	400.00	600.00	1200.00
a. Counterpart DISCOMs share for FC Grant	0.00	66.67	50.00	50.00	166.67
b. DISCOMs contribution	0.00	133.33	350.00	550.00	1033.33
Total CAPEX	**300.00**	**600.00**	**650.00**	**850.00**	**2400.00**

398. Out of the state Government support of Rs. 1200 crore:

a) Grant of Rs. 500 Cr. From 13th FC is to be initially passed on as loan with 0% interest.

b) Rs. 166.67 Cr. Of matching State share against 13th FC grants as loan with 0% interest.

c) Rs. 166.67 Cr. Of Loan to GRIDCO for 1/3rd counterpart funding to FC Grant with 4% interest.

d) Rs. 366.66 Cr. As budgetary support in shape of soft loan with 4% interest.

Loan of Rs. 666.67 Cr. Bearing 0% interest (SL 3.1 "a" & "b") may be considered for conversion into grant after full utilization of the loan for the specified purpose and achievement of loss reduction target of 3% p.a.

GoO shall release funds to GRIDCO and GRIDCO in turn shall pass on the same to Distribution Companies on on-lending basis i.e. with the same terms and conditions based on which the funds are released to GRIDCO by the State Government.

The loan will be released in two equal instalments every year. The second instalment of State Government support in each year except the first year i.e. 2010-11 will be released only if the AT & C loss reduction target in the previous year is achieved and DISCOMs have arranged counterparts fund for the CAPEX.

399. The repayment of loan shall be secured through payment security mechanism of escrow on receivables of DISCOMs from sale of power.

The loan will have a moratorium period of 05 (Five) years for repayment of principal as well as interest. The loan would be repaid by DISCOMs through GRIDCO in 15 (Fifteen) years starting from the 6th year i.e. from subsequent year following the expiry of the moratorium period.

The legal documents for State Government support will be made through two sets of agreement viz. one loan agreement between State Government & GRIDCO and another subsidiary loan agreement between GRIDCO & each DISCOM.

400. The DISCOMs under the CAPEX programme of Govt. of Odisha have projected to receive some funds due for 2011-12 by the end of the financial year and . The table below shows the anticipated receipt as filed in their ARR.

Table- 78

(Rs. In Crore)

Govt. of Odisha CAPEX Loan	WESCO	NESCO	SOUTHCO	CESU
Receipt from GoO				
FY 2010-11 (Eligible)	58.50	63.00	61.50	117.00
FY 2010- 11 (Actual receipt)	Nil	Nil	Nil	Nil
FY 2011-12 (Eligible)	78.00	84.00	82.00	156.00
FY 2011-12 (Actual Receipt)	Nil	Nil	Nil	Nil

Note- The above anticipated loan covers both 0% and 4% rate of interest from Govt. of Odisha.

On scrutiny of their ARRs and further query it has been revealed that no amount towards the Govt. of Odisha CAPEX programme has been received by the licensees till date. As stipulated in the scheme, the loan will have a moratorium period of 05 (Five) years for repayment of principal as well as interest. The loan would be repaid by DISCOMs through GRIDCO in 15 (Fifteen) years starting from the 6th year i.e. from subsequent year following the expiry of the moratorium period.

401. Considering the fact that there would be no interest impact till the moratorium period of five years, Commission decides not to allow the interest on capex loan while approving the ARR for FY 2012-13.

Accelerated Power Development Reform Programme (APDRP)

402. Licensees in their filling have submitted that no amount has been estimated to be spent under APDRP scheme during the ensuing year FY 2012-13. 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.

403. 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 2011-12 & 2012-13. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2012-13 are tabulated below:

Table - 79

(Rs. in crore)

APDRP	Balance upto FY 2010-11		Receipt during FY 2011-12 & 2012-13		Repayment during FY 2011-12 & 2012-13		Balance upto FY 2012-13		Interest due for FY2012-13		Total interest approved for FY 2012-13
	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	
WESCO	5.48	7.15				0.99	5.48	6.16	0.66	0.90	**1.56**
NESCO	6.36	8.3				2.29	6.36	6.01	0.76	0.79	**1.55**
SOUTHCO	6.62	3.72				1.03	6.62	2.69	0.79	0.43	**1.23**
CESU	37.09	23.08				7.10	37.09	15.98	4.45	2.34	**6.79**

System Improvement Scheme:

404. WESCO, NESCO and SOUTHCO have estimated to avail long-term loan of Rs.10.00 cr., Rs.2.24 cr. And Rs.3.48 cr respectively during FY 2011-12 for funding the System Improvement Schemes. Till the end of January, 2012 WESCO has received Rs.1.00 cr. whereas NESCO and SOUTHCO have not received any amount. The Commission considers Rs.1.00 cr. as the receipt for the FY 2011-12 in case of WESCO only. WESCO, NESCO & SOUTHCO have proposed to repay the loan of Rs.1.02 cr., Rs.1.95 cr. and Rs.1.93 cr. in the FY 2011-12 and Rs.3.03 cr., Rs.1.95 cr. & Rs.1.93 cr. in the FY 2012-13 respectively. Considering the above repayment schedule Commission therefore allows the following interest on the continuing loan only under the System Improvement Scheme to WESCO, NESCO and SOUTHCO to be included in the revenue requirement for FY 2012-13 as indicated below:

Table – 80

(Rs Crores)

System Improvement scheme	Opening Balance as on 1.04.2011	Proposed Loan for FY 2011-12	Loan received from REC till Jan 12	Anticipated repayment during 2011-12	Balance as on 31.03.2012	Proposed Loan for FY 2012-13	Anticipated repayment during 2012-13	Balance as on 31.03.2013	Interest for FY 2012-13 (Approved)
WESCO	12.05	**10.00**	1.00	1.02	12.03	0	3.03	9.00	1.42
NESCO	14.24	**2.24**	0	1.95	12.29	0	1.95	10.34	1.53
SOUTHCO	11.11	**3.48**	0	1.93	9.18	0	1.93	7.25	1.11
CESU	0	**0.00**	0	0	0.00	0	0	0.00	0.00

Interest on Security Deposit

405. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code) 2004. The said regulation provides that The Licensee shall pay interest on security deposit of the consumer at the Bank rate notified by RBI provided that the Commission may direct a higher rate of interest from time to time by notification in official gazette.

406. During the hearing objectors raised certain issues regarding Security Deposit. One of the objectors suggested to enhance the interest on security deposit from 6% to 15.5% and to accept security deposit in the form of bank guarantee. Some objectors submitted that the licensee has not paid interest on Security Deposit and has not worked out the same. One of the consumer counsels raised the issue of security

deposits collected by the erstwhile OSEB in the form of NSCs which have not been en-cashed by the licensee or by the consumers and some of such NSCs are also not traceable. Hence, licensee needs to trace such NSCs with GRIDCO and the field offices. Further licensee is required to pay interest on such security deposits though the funds are not with the licensee. One of the objectors suggested waiving such security against payment of each month's bill in advance and prepaid meters may be made available to such consumers.

407. The prevailing bank rate as notified by RBI is 6% per annum. The Commission accordingly allows the interest at the rate of 6% on the closing balance on consumer's security deposit as on 31.03.2012 as shown in the table below:

Table - 81

(Rs. Crore)

Interest on Consumer's Security Deposit	Proposed interest on Consumer's SD for FY 2012-13	Consumer's Security as on 31.03.2012	Approved interest on Consumer's SD for FY 2012-13
WESCO	24.18	393.05	**23.58**
NESCO	16.43	273.76	**16.43**
SOUTHCO	6.04	93.67	**5.62**
CESU	0	335.23	**20.11**

Interest to be Capitalised

408. The Commission examined the item Interest during construction and observes that the Licensees have proposed to capitalize the interest on system improvement works only, Commission has allowed the Interest on system improvement works based on the actual loan drawal during the FY 2011-12. Hence the Commission does not feel it necessary to adjust any amount towards interest during construction.

409. Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2012-13 is summarized below:

Table – 82
Total Annual Interest

(Rs. Crore)

Interest on Loans of DISCOMs	WESCO		NESCO		SOUTHCO		CESU	
	Proposed 2012-13	Approved 2012-13	Proposed 2012-13	Approved 2012-13	Proposed 2012-13	Approved 2012-13	Proposed 2012-13	Approved 2012-13
World Bank loan	11.82	11.23	11.57	11.27	7.79	8.02	90.04	26.59
NTPC Bond – Differential amount	0		0.00		0		-	
Carrying Cost(NTPC bond and default in securitization obligation	-		-		-		-	
APDRP Net of 50% grant (GoO)	0.66	0.66	0.76	0.76	0.72	0.79	11.1	4.45
REC/PFC	6.3	0.90	5.5	0.79	1.86	0.43	1.55	2.34
(Counter Part Funding APDRP)								
SI Scheme	-	1.42	-	1.53	-	1.11	-	

Interest on Loans of DISCOMs	WESCO		NESCO		SOUTHCO		CESU	
	Proposed 2012-13	Approved 2012-13	Proposed 2012-13	Approved 2012-13	Proposed 2012-13	Approved 2012-13	Proposed 2012-13	Approved 2012-13
Interest on security deposit	24.18	23.58	16.43	16.43	6.04	5.62	0	20.11
Capex (REC)					0			
Gov of Odisha Capex Loan	2.86		0		10.6		12.69	
Other interest and finance charges	26.29		5.59		10.48		-	
Total interest	72.11	37.79	39.85	30.78	37.49	15.98	115.38	53.49
Less Interest Capitalised	3.15		1.26		4.60		20.81	
Interest chargeable to revenue	68.96	37.79	38.59	30.78	32.89	15.98	94.57	53.49

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

410. The commission in its Order dated 28.02.2011 on MYT principles for the second control period (2008-09 to 2012-13) have set out principle for allowing Financing costs of short term loans/cash credits for working capital in the following manner:

The Commission during the first control period allowed Working capital as the shortfall in collection beyond the target set for collection efficiency minus amount approved towards bad and doubtful debt. DISCOMs have submitted to link the interest on working capital to the prevailing Prime Lending Rate (PLR) for short term borrowing on SBI as on April 1st of the relevant year. DISCOMs further submitted that this cost should be considered as uncontrollable factor since financing cost is market driven and subject to interest rate fluctuation.

The Commission for the remaining years of the second control period has set collection efficiency of 99% for all the four DISCOMs in it's Business plan order dated 20.03.2010. As per the principle in the LTTS order for first control period, the amount of working capital is the approved shortfall in collection minus amount approved towards bad and doubtful debt. For FY 2011-12 and 2012-13 the approved collection efficiency target is 99%. The remaining 1% would be treated as Bad and Doubtful debt. Hence there is no allowance for working capital for these years in the second control period. The Commission, therefore, do not consider any requirement towards working capital.

411. In view of the above principle of the MYT no financing on working capital is allowed to the DISCOMs in the ARR for FY 2012-13.

Depreciation

412. DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base plus asset addition after 01.04.1996 for FY 2012-13. The depreciation amounts claimed by the four DISCOMs are given as under.

Table - 83

(Rs. Crore)

Year	WESCO	NESCO	SOUTHCO	CESU
FY 2012-13	39.45	53.37	39.08	88.33

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

> *388. The Commission has extensively dealt with the matter of calculation of depreciation in successive tariff orders and in the last tariff order for FY 2008-09 (para 399 to 406) considering the book value of the fixed asset as on 1.04.1996 at the pre-upvalued cost and subsequent asset additions thereof in later years. The Commission adopts the same principle for determination of depreciation for FY 2009-10.*

414. The four DISCOMs took over the distribution business from GRIDCO from 1.04.1999 in their area of business. GRIDCO was earlier carrying out both the business of bulk supply and distribution for the period from 1.08.1996 to 31.03.1999. The year-wise asset addition for such period (1.08.1996 to 31.03.1999) is based on the audited accounts of GRIDCO. The asset addition thereafter from 1.04.1999 has been based on the audited annual accounts of the DISCOMs. For ascertaining the asset addition in case of all the four DISCOMs audited accounts upto FY 2010-11 are available with the Commission.

415. The gross book value as on 01.04.1996 and year wise asset addition thereafter till FY 2010-11 and during FY 2011-12 have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.04.2012 has been depicted in the table under the head of R&M expenses.

416. The depreciation is calculated on the approved asset base as on 1.04.2012 at Pre–92 rate in pursuance to the directive of the Honb'le 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 2011-12.

Table - 84

(Rs. Crore)

Depreciation	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Asset value as on 01.04.2012	612.26	818.01	394.15	940.29
Depreciation for FY 2012-13	**23.13**	**31.07**	**14.95**	**35.38**

Provision for Bad & doubtful debts

417. The WESCO, NESCO, SOUTHCO and CESU have proposed to consider the amount equivalent to the collection inefficiency as Bad and doubtful debts while estimating the ARR for FY 2012-13 which is shown in the table below:

Table – 85

(Rs. Crore)

Bad & Doubtful Debt FY 2012-13 (Proposed)	WESCO	NESCO	SOUTHCO	CESU
Proposed revenue billed (Rs. Cr)	1816.31	1579.29	624.36	2249.16
Proposed Collection efficiency (%)	98%	98%	97%	98%
Proposed Collection inefficiency (%)	2%	2%	3%	2%
Proposed Bad and Doubtful debt (Rs. Cr)	52.33	31.59	18.73	44.98

418. WESCO, NESCO & SOUTHCO in their filing, have submitted to employ AT&C loss as the bench mark for determination of ARR instead of the distribution loss target. They have further submitted that considering the past accumulated losses had huge liabilities it would be extremely difficult for them to arrange working capital finance to bridge the revenue gap, the revenue gap which would arise due to non recognition of collection efficiency in determination of tariff. Hence the gap between the billing and collection efficiency may be allowed as bad debt, since it is difficult for the licensee to arrange working capital fund.

419. From the above table it is revealed that the DISCOMs essentially propose to treat the entire uncollected amount beyond the collection efficiency as bad and doubtful debt. In other words the DISCOMs have assumed that there would be no collection of arrears and all such amount beyond collection efficiency level would be treated as bad and doubtful debt. The said proposal of the DISCOMs is unjust for the consumers as this would mean passing of the entire collection inefficiency of the DISCOMs through ARR. Further if any amount is not collected during a current financial year it may be collected in subsequent year. Hence entire uncollected amount cannot be treated as bad debt. It may be clarified that amount treated as bad and doubtful debt would represent the amount that may not be collected during the year in which bill is raised but some amount out of the amount may be collected in subsequent years/years.

420. The commission in its Order dated 28.02.2011 on MYT principles for the second control period (2008-09 to 2012-13) have set out principle for allowing bad and doubtful debt in the following manner:

The Business Plan order of the Commission in case nos. 41, 42 & 43 of 2007 & case no.22 of 2008 order dated 20.03.2010 have approved collection efficiency of 99% for FY 2011-12 and FY 2012-13 the balance two years of the control period. In light of these facts and submissions made thereof Commission in the remaining two years of the control period Commission shall allow on normative basis Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only.

421. The Commission in line with the above quoted Order on MYT principles allows on normative basis Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2012-13 is summarized below:

Table – 86
Bad & Doubtful Debt FY 2012-13

(Rs. Crore)

DISCOMs	**Proposed**		**Approved**		
	Revenue	**Bad debt**	**Total Revenue**	**Revenue at HT and LT**	**Bad debt**
WESCO	1816.31	52.33	2,422.27	1608.98	16.09
NESCO	1579.29	31.59	2,015.02	1033.86	10.34
SOUTHCO	624.36	18.73	900.32	691.8	6.92
CESU	2249.16	44.98	2,870.91	1944.21	19.44

Truing up

422. The Commission has finalised the truing up upto FY 2010-11, in respect of all the Licensees including DISCOMs in Case No. 29, 30 & 31 / 2007 and Case No. 6, 7 & 8 / 2012 dated19.03.2012. In the said order the Commission has allowed an amount of

Rs. 9 cr. towards amortization regulatory assets in respect of SOUTHCO for the FY 2012-13. As per the said order WESCO, NESCO and CESU have landed with positive gap in the true up exercise, therefore no amortization of regulatory assets have been allowed to these three DISCOMs in the ARR for FY 2012-13. Commission in view of the finalisation of truing up order allows Rs 9 crore to SOUTHCO as amortization of regulatory asset in the ARR for FY 2012-13.

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 2008-09 to 2012-13 have enunciated the return all share holder equity in the following manner:

The Commission observes 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 after considering of all the facts would continue to allow 16% return on equity on the approved equity capital infusion. 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 audited annual accounts of all the four DISCOMs for FY 2010-11. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

Table - 87

(Rs. Crore)

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 of the DISCOMS for FY 2010-11, 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 - 88

(Rs. Crore)

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

It may be noted that though accumulated loss of all the DISCOMs upto 2010-11 have far exceeded the equity base, for sake of regulatory certainty guaranteed in the MYT, the Commission has been allowing return on actual infusion of equity in shape of cash at time of taking over the management of the DISCOMs.

Miscellaneous receipts

427. The miscellaneous receipts proposed by the licensees for the FY 2012-13 against the approved for FY 2011-12 are given in the table below:

Table - 89

(Rs. Crore)

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
Amount approved for FY 2011-12	36.81	42.85	15.34	43.48
Amount proposed for FY 2012-13	25.16	17.77	10.99	70.44

428. The miscellaneous receipt of the DISCOMS is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOMs is much more than the proposed receipts in the ARR. The audited accounts are available upto the year 2010-11 in case of all the four DISCOMs.

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

Table - 90

(Rs. Crore)

	WESCO		**NESCO**		**SOUTHCO**		**CESU**	
Year	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**
Misc. Receipt	63.44	71.81	59.74	60.59	17.36	18.1	45.79	65.91
Less: DPS & OD penalty	22.73	14.32	10.55	8.38	0.71	0.61	12.97	7.46
Net Misc Receipt	40.71	57.49	49.19	52.21	16.65	17.49	32.82	58.45
Average Receipt (Approved for FY 2012-13)	49.10		50.70		17.07		45.64	
Approved 2012-13	49.10		50.70		17.07		45.64	

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 thus estimates the average actual receipts for last two years audited accounts available to the Commission as the likely receipts during the ensuing year FY 2012-13 and which is calculated in the above table. The miscellaneous receipts thus approved by the Commission for FY 2012-13 are shown in the table below:

Table – 91

(Rs. Crore)

WESCO	**NESCO**	**SOUTHCO**	**CESU**
49.10	50.70	17.07	45.64

Receivables of GRIDCO from DISCOMs

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

Table –92

(Rs. Crore)

Particulars	Securitised dues payable by 31.03.2011	Amount paid by 31.03.2011	Outstanding by 31.03.2011
WESCO	211.20	210.48	0.72
NESCO	229.80	222.70	7.10
SOUTHCO	149.40	38.15	111.25
CESU	841.20	212.64	628.56
Total	**1431.60**	**683.97**	**747.63**

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

433. The securitization order of the Commission dtd.01.12.2008 finalized the following amounts as on 31.3.2005 to be discharged by the respective DISCOMs to GRIDCO in 120 monthly (maximum) equal instalments starting from FY 2006-2007 and ending in 2015-16 which is shown in the subsequent table.

434. From the year 2006-07 to 2010-11, Commission in their RST orders have also determined the amounts over and above the current BST bills to be adjusted against the securitization of BST dues. A statement showing the details of securitised amount, amount approved by the Commission in the ARR from 2006-07 to 2010-11 and the amount paid by the licensee over and above the 100% current BST bills and balance default amount is given in Table below.

Table – 93

Dues as per OERC Order Dt. 01.12.2008 and Actual Payment upto 31.03.2011

(Rs. crore)

Sl No	Particulars	WESCO	NESCO	SOUTHCO	REL 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 to2010-11 as per securitisation order**				-		
	2006-07	**42.24**	**45.96**	**29.88**	**118.08**	**168.24**	**286.32**

Sl No	Particulars	WESCO	NESCO	SOUTHCO	REL Total	CESU	Grand Total
	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**
	2009-2010	**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**
	Total	**211.20**	**229.80**	**149.40**	**590.40**	**841.20**	**1,431.60**
7	**Due from 2006-07 to2010-11 as per Tariff order**						
	2006-07	**36.83**	**41.36**	**31.91**	**110.10**	**-**	**110.10**
	2007-08	**36.83**	**41.36**	**31.91**	**110.10**	**43.23**	**153.33**
	2008-09	**36.83**	**65.00**	**-**	**101.83**	**118.00**	**219.83**
	2009-2010	**-**	**-**	**19.00**	**19.00**	**151.00**	**170.00**
	2010-11	**-**	**-**	**-**	**-**	**-**	**-**
	Total	**110.49**	**147.72**	**82.82**	**341.03**	**312.23**	**653.26**
8	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**
9	**Short fall (6-8 C) as per securitisation order**	**79.66**	**78.76**	**113.25**	**271.67**	**634.86**	**906.53**
10	**Short fall (7-8 B) as per tariff order**	**67.26**	**-**	**57.74**	**125.00**	**199.26**	**324.26**
11	**Balance due (4-8 C)**	**290.54**	**308.34**	**262.35**	**861.23**	**1,475.90**	**2,337.13**

435. As revealed from the table above, except NESCO, all the three DISCOMs have not complied with the direction of the Commission on payment of outstanding dues allowed in ARR of different years. These outstanding amount approved by the Commission in different ARR are to be adjusted against the total outstanding dues mentioned in para 20 of the securitisation order of 01.12.2008. Commission, therefore, directs the defaulting DISCOMs to ensure payment of outstanding dues relating to secrutised dues and amounts as ordered in various tariff orders that falls short of the amount approved by the Commission, by the end of 2010-11 and during FY 2012-13 by taking systematic steps to collect the arrears outstanding. The shortfall as per securitization order shown in the above table would be higher at Rs.1192.85 Cr. taking into account the securitization dues for FY 2011-12 amounting to Rs.286.32 cr.

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

437. As regards re-securitization of NTPC Bond the final decision will be taken after the pronouncement of the judgment of Hon'ble Supreme Court of India in this matter vide CA No.759/2007 and taking into account the recommendation of the Inter-Ministerial Committee/ the outcome of the Case No. 107 of 2011 for which hearing has been taken up. The WESCO, NESCO & SOUTHCO filed application u/s 86(1)(f) of the Electricity Act, 2003 in regard to resolution of NTPC bond in line with the order dated 12.05.2011 of the Commission passed in Case No. 35 of 2005. The

Commission admitted this as Case No. 107 of 2011 and heard the matter on 27.01.2012. The Commission in their order dated 08.02.2012 directed the three DISCOMs to have several rounds of discussion with GRIDCO after which submission shall be made to the Commission. The DISCOMs have submitted the points of negotiations held with the GRIDCO through affidavit on 01.03.2012. The matter is being examined.

Revenue Requirement

438. In the light of above discussion, the Commission approves the revenue requirement of 2012-13 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 2012-13 by the Commission is given below:

Table - 94

(Rs. Crore)

DISCOM	Revenue Requirement Approved (Rs. in Cr)		Expected Revenue from Tariff (Rs. in Cr.)		Gap (-)/Surplus(+)	
	2011-12	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**
WESCO	2182.96	2,422.10	2199.30	2422.27	16.34	0.17
NESCO	1790.48	2,014.70	1808.68	2015.02	18.20	0.32
SOUTHCO	705.50	898.04	716.79	900.32	11.29	2.28
CESU	2377.60	2,868.70	2384.80	2870.91	7.20	2.21
Total	7056.54	8203.55	7109.57	8208.52	53.03	4.97

Treatment of Surplus Revenue and Revenue Gap

440. As shown in the table above the Commission has approved surplus to the tune of Rs.0.17 Cr, Rs.0.32 Cr, Rs.2.28 Cr and Rs.2.21 Cr to WESCO, NESCO, SOUTHCO and CESU respectively. The surplus revenue earned by WESCO, NESCO and CESU should be treated towards liquidation of past power purchase dues of GRIDCO. In case of SOUTHCO since they have landed up with negative true up amount of Rs.84.56 cr upto 2010-11, the surplus revenue earned by SOUTHCO should be treated as adjustment towards Regulatory Asset of Rs.84.56 cr. to be liquidated against the said negative true up amount.

441. The Commission hereby directs that the surplus revenue in case of DISCOMs shall be maintained by the company in its own fund and shall not be utilised for any other purpose or shall not be transferred to any other account without specific approval of the Commission. Any surplus has to be utilized to clear the outstanding dues of the GRIDCO at the first instance as directed by the Commission's orders towards Escrow relaxation for DISCOMs discussed below:

Prioritization of release of fund from Escrow account

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

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

expenditure incurred by them for repair and maintenance is less than 50% of the amount approved in the respective ARR. For example, for the year 1999-2000 to 2010-11 the four distribution companies taken together have spent 687.84 crore on repair and maintenance against 1105.78 crore approved by the Commission. On the other hand, they have spent Rs.4979.81 crore on employees cost during the year 1999-2000 to 2010-11 against Rs.4224.16 crore approved by the Commission for those years taken together. In case of administration and general expenditure, the expenditure incurred is Rs.619.28 crore during these years against Rs.554.09 crore approved by the Commission. The DISTCOM wise and year wise amount approved for repair and maintenance, employees cost, administration and general expenditure vis-à-vis the actual expenditure incurred by them may be seen from the table given below:-

Table –95

(Rs. Crore)

Repair and Maintenance (Approval)					
	CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	19.05	14.22	14.43	12.63	60.33
2000-01	19.57	14.22	14.43	12.63	60.85
2001-02	23.43	16.32	13.62	15.57	68.94
2002-03	22.11	14.62	15.33	16.82	68.88
2003-04	24.12	17.59	16.89	16.38	74.98
2004-05	31.95	17.66	17.28	13.25	80.14
2005-06	33.67	22.63	21.30	18.55	96.15
2006-07	41.31	24.48	24.25	17.35	107.39
2007-08	43.64	24.43	23.82	18.38	110.27
2008-09	41.87	25.87	25.66	19.08	112.48
2009-10	40.46	27.88	27.01	20.73	116.08
2010-11	51.19	37.22	34.77	26.11	149.29
Total	392.37	257.14	248.79	207.48	1105.78
2011-12	56.77	47.46	36.81	28.47	169.51
TOTAL	449.14	304.60	285.60	235.95	1275.29

Repair and Maintenance (Audited)					
	CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	24.01	16.19	15.9	13.39	69.49
2000-01	19.91	11.02	10.25	7.31	48.49
2001-02	15.6	7.02	10.12	9.29	42.03
2002-03	25.04	5.65	8.04	6.43	45.16
2003-04	21.22	8.84	16.27	9.93	56.26
2004-05	20.26	11.13	12.85	8.43	52.67
2005-06	12.26	11.21	9.61	6.07	39.15
2006-07	22.1	13.37	12.5	5.19	53.16
2007-08	25.11	13.02	12.38	5.5	56.01
2008-09	34.79	20.86	17.9	-7.79	65.76
2009-10	28.45	22.8	18.01	11.6	80.86
2010-11	29.89	19.26	16.56	13.09	78.80
Total	278.64	160.37	160.39	88.44	687.84
2011-12(Upto Nov. 11)*	23.36	14.10	13.17	7.73	58.36
TOTAL	302.00	174.47	173.56	96.17	746.20
*As per filing					

Table – 96

(Rs. Crore)

Employees cost (Approved)					
	CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	82.75	39.84	48.62	43.87	215.08
2000-01	89.37	46.26	56.92	46.26	238.81
2001-02	93.27	49.6	56.86	47.53	247.26
2002-03	95.63	51.11	58.16	48.53	253.43
2003-04	108.86	56.17	60.79	52.92	278.74
2004-05	107.49	54.31	65.18	56.85	283.83
2005-06	113.3	62.56	70.76	63.73	310.35
2006-07	113.1	69.6	80.16	68.18	331.04
2007-08	126.14	85.07	89.88	77.48	378.57
2008-09	163.19	102.33	109.97	93.06	468.55
2009-10	194.85	114.28	138.88	98.59	546.60
2010-11	223.63	147.58	166.73	133.96	671.90
Total	1511.58	878.71	1002.91	830.96	4224.16
2011-12	294.08	157.29	170.83	153.59	775.79
TOTAL	1805.66	1036	1173.74	984.55	4999.95

Employees Cost (Audited)					
	CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	97.92	44.61	54.01	44.3	240.84
2000-01	99.58	46.47	55.17	45.61	246.83
2001-02	95.31	51.88	57.09	47.34	251.62
2002-03	89.91	52.22	58.66	47.58	248.37
2003-04	97.83	49.68	59.49	48.4	255.40
2004-05	216.11	52.51	68.22	48.55	385.39
2005-06	108.8	66.51	85.5	61.54	322.35
2006-07	108.38	104.65	145.17	85.87	444.07
2007-08	212.93	105.45	96.35	106.47	521.20
2008-09	242.14	127.83	135.58	115.71	621.26
2009-10	341.02	103.63	150.98	118.15	713.78
2010-11	207.02	155.08	203.23	163.37	728.70
Total	1916.95	960.52	1169.45	932.89	4979.81
2011-12(Upto Nov. 11)*	167.87	84.11	114.54	94.14	460.66
TOTAL	2084.82	1044.63	1283.99	1027.03	5440.47
*As per filing					

Table – 97

(**Rs. Crore)**

Admn& General (Approved)					
	CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	6.28	4.55	2.79	2.01	15.63
2000-01	7.78	5.91	4.01	3.02	20.72
2001-02	8.17	6.21	4.21	3.17	21.76
2002-03	8.58	6.52	4.42	3.33	22.85
2003-04	9.18	6.98	4.73	3.56	24.45
2004-05	9.82	7.86	12.51	8.22	38.41
2005-06	10.51	8.42	13.39	8.79	41.11
2006-07	13.11	10.48	15.78	10.88	50.25
2007-08	14.03	12.83	17.48	12.08	56.42
2008-09	26.29	14.52	20.91	12.88	74.6
2009-10	28.82	15.75	22.81	14.79	82.17
2010-11	35.86	17.11	24.79	17.96	95.72
Total	178.43	117.14	147.83	100.69	544.09
2011-12	45.95	23.54	30.81	24.87	125.17
TOTAL	224.38	140.68	178.64	125.56	669.26

Admin &General (Audited)					
	CESU	NESCO	WESCO	SOUTHCO	Total
1999-00	11.51	4.87	5.91	4.47	26.76
2000-01	16.4	8.74	9.42	6.43	40.99
2001-02	9.78	8.38	9.64	6.09	33.89
2002-03	17.88	7.95	9.91	7.05	42.79
2003-04	21.61	7.48	11.02	7.00	47.11
2004-05	22.33	8.89	14.3	11.95	57.47
2005-06	30.67	9.41	15.54	14.55	70.17
2006-07	11.8	10.14	15.82	16.4	54.16
2007-08	13.84	9.86	17.17	13.14	54.01
2008-09	12.29	11.76	17.05	10.58	51.68
2009-10	12.48	15.44	16.64	12.39	56.95
2010-11	30.66	18.5	21.51	12.63	83.30
Total	211.25	121.42	163.93	122.68	619.28
2011-12(Upto Nov. 11)*	24.88	11.63	11.61	4.15	52.27
TOTAL	236.13	133.05	175.54	126.83	671.55
**As perfiling*					

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

445. It has been brought to the notice of the Commission that a few employees organization of the distribution companies are in the habit of threatening not to collect revenue under some plea or the other. The employees organization purportedly take refuge in the provision of the Transfer Scheme which stipulated that the service condition of the employees shall not be inferior to what was before transfer, which does not mean that to protect their financial benefit and service condition, the DISCOMs will incur loan or State Govt. will give subsidy or grant to protect their service condition. It is employees, who are required to earn for their service benefits from the business of distribution of electricity, in their area of operation. At present, the loss is so high and the actual cash collection is so low that it is not sufficient to meet the salaries, R&M expenses after meeting the current BST and there has been default in payment of old BST and other past dues. They should collect enough revenue which should meet the cost of power supply by GRIDCO, the arrear BST dues, the R&M cost, salary expenses etc. In other words, all the employees should collect revenue which should be sufficient to meet their salary cost after meeting the power purchase cost, transmission charges, R&M cost and other past liabilities to GRIDCO as per the priority fixed by the Commission. Without collecting sufficient revenue, they cannot demand payment of salary as a matter of right. It is their responsibility to collect sufficient revenue so that it meet the salary cost after meeting the power purchase cost etc. as state above.

446. Collection of legitimate revenue from the consumers is one of the essential requirements for maintaining the quality of service to the consumers, because without collection of sufficient revenue it would not be possible to pay for the power purchase cost, meet the expenditure on salary, operation and maintenance expenditure and

other essential requirements to maintain the standard of service to the consumers. Hence, each and every employee starting from the Managing Director down below upto the Lineman is jointly, personally and severally responsible to ensure proper service to the consumers by discharging their duties which inter alia includes collection of revenue as one of the most important responsibilities. This must be realized by all employees of the distribution companies. Any employee indulging in anti-consumer activities or showing non-cooperation in collection of revenue must be sternly dealt with and the Commission shall not tolerate any leniency in this respect.

447. The Commission have noticed that few employee organizations of WESCO have demanded that Managing Director should not review the performance of the JEs directly when SE, EE and SDO are there. It has been reported that some JEs have also boycotted the review meeting taken by MD, WESCO. This type of attitude and stand of the employees is simply reprehensible and totally uncalled for. In the hierarchical structure of administration of the distribution licensee, all employees down below the MD/CEO heading the organization are accountable to him/her (MD/CEO) for their performance in all respects, including proper maintenance of distribution network and collection of revenue. Hence, MD/CEO can and shall review the performance of all employees starting from SEs, EEs, Assistant Engineers, Junior Engineers and even lineman at any time.

448. Boycotting of any performance review meeting taken by MD/CEO by any employee amounts to gross dereliction of duties and calls for stringent disciplinary action against such employees/group of employees. This must be abundantly made clear to all employees of the distribution companies.

449. The need for reprioritization of release of fund was discussed in the 6th meting of the SAC held on 7.2.2012 wherein the Members while pointing out that priority should be given for improving the standard of service to the consumers by taking timely repair and maintenance at the same time stressed that importance of timely payment of salary to the staff should not be overlooked. It was therefore, decided that timely and proper maintenance of the distribution network and payments of salary to the employees are equally important. To achieve these equally important objectives the employees must put in their best efforts to ensure collection of monthly revenue which should be sufficient enough to meet both the essential requirements in time. In other words, systematic and serious efforts should be made by all starting from M.D. to the Linesman/Helpers to ensure that legitimate revenue is collected in time which should be sufficient enough to enable GRIDCO to release fund from Escrow account to meet the salary and R&M expenditure after meeting the current BST, Transmission charges, SLDC charges etc. In view of the importance of these twin objectives, the Commission feels that the existing order of priority release of funds should not be modified during 2012-13. However if the Commission finds that some employees are not cooperating or not taking adequate steps to collect sufficient revenue to meet the requirement of salary cost and R&M expenditure over and above the current BST dues, transmission charges, SLDC charges, Licence fees, the energy bills of DISCOMs in respect of direct purchase of power from CGPS and other agencies if any Commission would rethink of re-prioritising the release of funds in the future for those areas or for that DISCOM only.

450. As regards the prioritisation of release of fund from Escrow account out of the deposit of the arrear energy charges, it is seen that despite the direction of the Commission to take systematic steps to maximize the collection of arrear revenue to pay the

outstanding securitized dues no serious efforts seem to have been made. As on 31.03.2011 the DISCOMs have defaulted to the extent of Rs.906.53 crore towards payment of the securitized dues as per the Order dtd. 01.12.2008 and to the extent of Rs.324.26 crore as per the amount taken into account in the ARR of the DISCOMs as indicated in Para 433 and table 93. In this connection it may be relevant to point out that the OTS approved by the Commission in their Order dtd. 20.07.2011 in Case Nos. 4, 5 & 6 of 2010 has been allowed to be extended for the year 2012-13 (Refer Para 526). The DISCOMs are to take systematic steps to settle the arrear dues by organising consumer Melas and involving the members of the SAC in a transparent manner. It is expected that out of the arrear dues outstanding as on 01.04.2012, a substantial amount would be collected by launching a special campaign right from the very beginning of the financial year 2012-13. Out of the arrear so collected 15% may be released to clear the arrear dues of the retired employees and serving employees in that order. Out of the balance 85%, 15% would be utilized in special repair/renovation of the distribution network. The balance 70% of the monthly arrear collection would be utilized by NESCO, WESCO and SOUTHCO to settle their NTPC Bond dues outstanding as on 01.04.2012 payable to GRIDCO. After NTPC Bond dues have been settled the said 70% of the monthly arrear collection would be adjusted against the outstanding defaulted securitized dues. In case of CESU the balance 70% of the monthly arrear collection shall be utilized towards settling the outstanding defaulted securitized dues.

451. With the above stipulation as indicated in above paras and keeping in view the statutory requirement to protect the interest of the consumers and the need for timely payment of salary to the employees, the Commission has, therefore, decided that w.e.f. 01.04.2012 release of fund from the Escrow account by GRIDCO would be regulated in order of priority as indicated below:-

Escrow Relaxation

(A) From Current Revenue

(a) Current BST dues, current Transmission charges, SLDC charges and license fees payable by the Distribution Companies to OERC, the energy bill of DISCOMs in respect of direct power purchase from CGPs or other agencies, if any.

(b) Monthly Employees cost as approved by the Commission in the tariff order from FY 2012-13 onwards.

(c) Monthly R&M expenditure as approved by the Commission in the tariff order from FY 2012-13 onwards.

(d) The monthly obligation for repayment of principal and interest in respect of loan obtained/ to be obtained from the financial institutions for capex programme/system improvement.

(e) Average monthly obligation of the defaulted arrear BST of the previous years, if any.

(f) The balance amount towards arrear of BSP dues worked out upto 31.3.2005 as approved in the securitization order of the Commission dated 01.12.2008.

(B) From Arrear Revenue

The collection to be made out of the arrear outstanding as on 01.4.2012 /beginning of the relevant financial year would be utilised in order of priority as indicated below:-

(i) 15% of the monthly arrear collection would be utilised towards payment of the balance arrear revised salary and pension liabilities worked out up to 31.3.2009 in respect of the retired and serving employees in that order.

(ii) 15% of the monthly arrear collection would be utilized in special repair/renovation of the distribution network.

(iii) Balance 70% of the monthly arrear collection would be utilized towards settling the outstanding NTPC Bond dues by NESCO, WESCO and SOUTHCO to GRIDCO. After the outstanding NTPC Bond dues have been fully settled, the said 70% of the arrear collection would be utilized towards outstanding defaulted securitized dues. In case of CESU the balance 70% of the monthly arrear collection shall be utilized towards settling the outstanding defaulted securitized dues.

(C) GRIDCO and the Distribution companies are also bound to follow the following guidelines:-

(i) GRIDCO is to relax escrow towards repair and maintenance in each month to DISCOMs proportionately based on the figures approved in the ARR of the respective financial year, considering the revenue deposited in escrow and the LC limit allowed by the banks to DISCOMs taken together. If the DISCOMs fail to draw the amount earmarked towards R&M for a quarter at the end of next quarter, the claim of DISCOMs will automatically lapse and the unutilized amount shall not be carried over to next period.

(ii) WESCO, NESCO and SOUTHCO should open letter of credit in the form prescribed by the bank and communicate the same to GRIDCO. This is also applicable to CESU if not already done.

(iii) In each month WESCO, NESCO, SOUTHCO and CESU should give the following statements to GRIDCO:

a. Amount of revenue collected

b. Amount deposited in escrow account

c. Amount paid to GRIDCO, OPTCL, SLDC

d. Amount drawn towards R&M cost, Employees cost

e. Amount diverted from SOD account.

(f) Statement of arrear collection out of the amount outstanding at the beginning of the year and deposited in escrow account.

DETERMINATION OF TARIFF (Para 452 to 535)

452. The determination of tariff by the Commission has been done after examination of all details based on the records submitted by the Licensees, written and oral representations of the objectors. The electricity tariff in Odisha had not undergone any change in general from 01.02.2001 to 31.03.2010, except for changes in certain incentive schemes. This in turn means decline in tariff in real terms as the inflation

effect has been absorbed in the efficiency gain achieved by the licensees to the benefit of all groups of consumers. The Commission has revised Retail Tariff upward in FY 2010-11 and 2011-12 of the order of 22.20% and 19.74% above the tariff of 2009-10 and 2010-11 respectively. For the coming year 2012-13 the Commission has also raised the tariff successively for third year of the order of 12% above the tariff of 2011-12.

453. **The present tariff structure**

LT supply upto 100 KW/110 KVA

Kutir Jyoti consumers: Monthly Fixed Charge (Rs./Month)
Other classes of consumers:
(a) Energy Charge (Paise/unit)
(b) Monthly Minimum Fixed Charge (MMFC) (Rs./KW/ Month)

LT supply with connected load 110 KVA and above

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

HT Consumers

(a) Demand Charge (Rs./KVA, Rs./KW)
(b) Energy Charge (Paise/Unit)
(c) Customer Service Charge (Rs./Month)

EHT Consumers

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

454. Consumers covered under two-part tariff are not required to pay the MMFC but are to pay Demand Charge and Customer Service Charge. Consumers covered under single-part tariff and liable to pay MMFC will neither pay the Demand nor the Customer Service Charge.

455. In addition, certain other charges like power factor penalty/incentive, 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.

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

Tariff for Consumers Availing Power Supply at LT

The consumers availing power supply at LT with CD less than 110 KVA has to pay MMFC and energy charges as described below:

457. The MMFC is payable by the consumers with contract demand less than 110 KVA supplied power at LT. This is intended to meet a component of the fixed cost incurred in the system for meeting the consumer’s load and also to recover the expenses on maintenance of meter, meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts.

458. The Commission decides that the existing rate of MMFC should continue for FY 2012-13 also. Accordingly, the rates applicable to all such customers who are to pay MMFC are given below:

Table – 98
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 2012-13	
	LT Category		
1.	Domestic (other than Kutir Jyoti)	20	15
2.	General Purpose LT (<110 KVA)	30	25
3.	Irrigation Pumping and Agriculture	20	10
4.	Allied Agricultural Activities	20	10
5.	Allied Agro-Industrial Activities	80	50
6.	Public Lighting	20	15
7.	LT Industrial (S) Supply	80	35
8.	LT Industrial (M) Supply	100	50
9.	Specified Public Purpose	50	50
10.	Public Water Works and Sewerage Pumping <110 KVA	50	50

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

459. Some consumers with connected load of less than 110 KVA might have been provided with simple energy meters which record energy consumption and not the maximum demand. But the OERC Distribution (Conditions of Supply) Code, 2004, Regulation 64 provides that "contract demand for loads of 110 KVA and above shall be as stipulated in the agreement and may be different from the connected load. Contract Demand for a connected load below 110 KVA shall be the same as connected load. However, in case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis. The licensees are directed to follow the above provision of Regulation strictly.

Energy Charge (Consumers with connected load less than 110 KVA)

Domestic

460. 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.60/- 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.

461. 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 has been revised as follows:

<u>Domestic consumption slab per month</u>	**<u>Energy charge</u>**
Upto and including 50 Units	220 paise per unit
From 51 to 200 units	390 paise per unit
From 201 to 400 units	490 paise per unit
Balance units of consumption	530 paise per unit

462. 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):

463. The Commission reviewed the existing tariff structure and decided to revise the existing rates and the revised rates are as follows:

Table - 99

Slab	Existing Energy charge (P/U)	Revised Energy charge (P/U)
First 100 units	480	500
Next 200 units	590	610
Balance units	660	680

Irrigation Pumping and Agriculture

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

Allied Agricultural Activities

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

Allied Agro-Industrial Activities

466. The Commission after careful consideration decides to revise the tariff of this category and it shall be to 380 paise per unit at LT and 370 paise per unit at HT.

467. The estimated overall average cost of supply for FY 2012-13 for the State as a whole is 460.51 paise per unit. 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 revised tariff structure has been adopted for all loads at LT except domestic, Kutir Jyoti, general purpose, irrigation pumping, allied agricultural activities and allied agro-industrial activities.

<u>Voltage of Supply</u>	**<u>Energy Charge</u>**
LT	530 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

468. The existing customer service charge for consumers with connected load of 110 KVA and above shall continue for FY 2012-13.

Table - 100

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:

469. 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.

<u>Voltage of Supply</u>	<u>Demand charge</u>
LT (110 KVA & above)	Rs.200/ KVA/month

Tariff for HT & EHT Consumers

Customer Service Charge for consumers with contract demand of 110 KVA and above at HT & EHT:

470. 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 - 101

Category	Voltage of Supply	Customer service charge (Rs./month)
Bulk Supply (Domestic)	HT	
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	Rs.250/- for all categories

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

Demand Charge for consumers with contract demand of 110 KVA and above at HT & EHT

471. 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. The Commission studied the Demand Charges for similarly placed consumers of utilities of other states. After thorough examination, the Commission has decided to revise the present rate of Demand Charge to Rs.250/KVA/month payable by the consumers with contract demand of 110 KVA and above. The class of consumers and the voltage of supply to whom this charge shall be applicable are listed below.

<u>HT Category</u>

Specified Public Purpose
General Purpose (>70 KVA <110 KVA)
HT Industrial (M) Supply
General Purpose (>=110 KVA)
Public Water Works and Sewerage Pumping
Large Industry
Power Intensive Industry
Mini Steel Plant
Railway Traction

<u>EHT Category</u>

General Purpose
Large Industry
Railway Traction
Heavy Industry
Power Intensive Industry
Mini Steel Plant

472. Consumers with contract demand 110 KVA and above are billed on two-part tariff on the basis of 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, 2011 to September, 2011. The Commission after taking into consideration this aspect has decided that **the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue**. The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2004. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.

473. 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 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 has decided to allow the existing Demand Charges to continue.** Accordingly, the rates applicable to all such customers who are to pay demand charges are given below**:**

Table - 102

Category	**(Rs./KW/month)**
Bulk Supply Domestic	15
Irrigation pumping	30
Allied Agricultural Activities	30
Allied Agro-Industrial Activities	50

474. However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA 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.

Energy Charge for consumers with contract demand of 110 KVA and above

475. 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.

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

476. With a view to avoid steep rise in tariff in respect of Irrigation pumping, Allied Agricultural/Agro-Industrial Activities availing power at HT and for encouraging Agro-Industrial growth, the Energy Charge is fixed for them as follows:

Category		Energy Charge
Irrigation Pumping	-	100 paise per unit
Allied Agricultural Activities	-	110 paise per unit
Allied Agro-Industrial Activities	-	370 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 450 paise per unit for supply at HT and 440 paise per unit at EHT. For the energy consumed in colony in excess of 10% of the total consumption, the same shall be billed at the rate of Energy Charge applicable to the appropriate class of industry.

Emergency power supply to CGPs/Generating stations

478. 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 690 paise/kwh at EHT and (ii) 700 paise/kwh at HT would apply.

Peak and off-peak tariff

479. 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."

480. Further, in accordance with the provision of para 7(a) (i) of OERC (Terms and Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. Accordingly, the Commission decides to continue off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 10 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

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

Incentive for improvement in power factor

481. The Commission decides that incentive for maintenance of high power factor shall be given as a percentage of the monthly Demand Charge and Energy Charge and shall be applicable to the HT/EHT consumers who are liable to pay power factor penalty. **The rate of this incentive will be 1% for every 1% rise above the PF of 97% upto and including 100% on the monthly Demand Charge and Energy Charge.** All leading power factor drawal for incentive purpose will be deemed to be unity power factor.

Power Factor Penalty

482. 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

Rate of Power Factor Penalty:

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%

There shall not be any power factor penalty for leading power factor determined through meter.

Other Charges

The Commission authorises levy of other charges by the licensees as given below:-

Over drawl during off peak hours

483. As per the existing tariff provisions, 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.

Penalty for overdrawal of power above the contract demand

484. The overdrawal penalty shall be Rs250/KVA/Month for overdrawal during hours other than the off-peak hours and off-peak hours.

Metering on LT side of Consumers Transformer

485. 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)

Incentive for prompt payment

486. 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.

487. **Special Rebates**

(a) 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.

(b) To avail the 'Take or Pay' tariff, HT and EHT consumers having contract demand more than or equal to 110 KVA can give their willingness in writing to pay for energy charge as per actual drawal or 70% load factor of the maximum demand (other than off-peak hours) per month whichever is higher upto the validity of this tariff order. During the validity period no downward revision of the contract demand shall be allowed. Such HT and EHT consumers shall also be allowed 50 p/u special concession on total consumption. For calculation of load factor the contract demand wherever mentioned in KVA the actual power factor shall be taken into consideration. For Load factor computation allowable interruption hours shall also be taken into consideration.

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

Delayed Payment Surcharge

488. 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

Reconnection Charge:

489. The Commission decides to revise the existing re-connection charges as follows:

Table - 103

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/-

490. The tariff as determined above is reflected in **Annexure-B**.

Rounding off of consumers billed amount to nearest rupee

491. 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

492. The tariff for the period of temporary connection shall be at the rate applicable to the relevant consumer category. Connection 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

493. 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

494. 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.

Effective date of Tariff

495. The revised tariff schedule shall be made effective from 01.04.2012. In order to simplify the procedure, we stipulate that if the metering and billing date falls within 15th of April'12 (including 15th), the bill for the consumers will be prepared on pre-revised rate i.e. tariff applicable for the FY 2011-12. If the billing and metering date falls on or after 16th of April, 2012 the bill will be prepared at the revised tariff rate i.e. Tariff applicable for 2012-13. The DISCOMs should ensure that the billing cycle of any consumer should not be disturbed due to the above stipulations.

Directives of the Commission on Various Issues

Maintenance of Distribution System:

496. The Commission feels that the present unsatisfactory conditions of the power supply has arisen because of poor maintenance and lack of monitoring of performance of various elements of the distribution system. The Commission is receiving the reports of poor quality of supply mainly because of failure of lighting arrestors, Insulators, Circuit Breakers and jumpers.

497. The Commission in para 566 of ARR and Retail Supply Tariff for FY 2010-11 has stipulated as under :

"The licensees are required to comply with the directions of the Commission as well as the long-term and short-term recommendations of the enquiry teams. As reported, the licensees have complied some of the recommendations and also taken up some long term recommendations of the enquiry committees as system improvement measure. Hence, the Commission will continue to engage a team of professionals for carrying out technical audit on status of the compliances to the recommendations/directions with reference to the aforesaid enquiries during the financial year 2010-11."

498. In respect of distribution licensees, the Commission had also engaged teams of independent experts to enquire into the maintenance of Distribution lines & S/Ss under different electrical circles of CESU, SOUTHCO, WESCO & NESCO.

Summary of some of the recommendations made by the Enquiry Team on distribution system:

- Regular measurement of earthing at every locations and proper record keeping.
- Regular checking of connectors and joints.
- Provision of lightning arrestors/replacement of damaged one in all S/Ss.
- Replacement of worn out arcing AB switches.
- Operation of all breakers and their mechanism must be checked at least once in a month.
- Daily checking of Battery electrolyte specific gravity. Cell tester and Hydrometers must be made available at all 33/11 kV S/S.
- Proper fencing and compound walls should be provided in all S/Ss for safety & security.
- Long, overloaded 11 kV feeders should be provided with intermittent S/Ss.

- Load balancing, pruning of tree branches, replacement of damaged insulators & lightning arrestors.

In addition to that, the Commission has also directed that

"*The Licensee should choose one 33/11 kV S/S in each division at a time and make it fully equipped with all necessary equipments so that it meets load without overloading with improved voltage condition to set an example for other to follow. Thereafter, the Licensee should concentrate on another S/S and so on to improve all the S/Ss available in its area of operation"*.

499. The Commission in para 579 of ARR and Retail Supply Tariff for FY 2011-12 has stipulated as under :

*"DISCOMs are furnishing the compliance reports with respect to aforesaid enquiries and the Commission is monitoring it regularly. Although most of the short term recommendations have been attended to, still a number of long term recommendations are yet to be complied. Hopefully, DISCOMs shall complete the pending works in recent future anyway latest by **31.03.2012**, in order to extend quality & reliable power to their consumers. The supply situation will definitely further improve after implementation of the recommendations and execution of investment proposals approved by the Commission under system improvement and CAPEX programmes which can be seen at the annexed part containing features both for OPTCL & DISCOMs."*

500. The licensees are directed to ensure full compliance of the both short term and long term recommendation of the Expert Team latest by 30.09.2012. The Commission will continue to engage a team of professionals for carrying out technical audit on status of the compliances to the recommendations/directions with reference to the earlier enquiries during the year 2012-13.

Evaluation of the Standards of Performance of Electricity Distribution Companies Licensees):

501. The Distribution Licensees are furnishing to the Commission the level of performance achieved by them in a periodic manner. The Commission is making publication of such information furnished by the Distribution Licensees under Section 59 (2) of the Electricity Act, 2003.

Monitoring the quality of Power Supply and Standards of Performance:

502. The Commission has noted that the quality of power supply to the consumers is allegedly poor and there are frequent complaints from the consumers about the poor Standard of Performance. The matter was discussed in the SAC Meeting and a Monitoring Committee was formed with three members of SAC, two officials from OERC, Govt. Representative and the senior officials from the Transmission and Distribution utilities. The Committee has adopted one section each of the DISCOMs (Balikuda, Kanisi, Kamarda and Badagaon of CESU, SOUTHCO, NESCO & WESCO respectively) for turning them into model sections. With the above objectives, the committee members visited the sections to have a first hand assessment of the present status. In the mean time, the Committee has finalised their report. The DISCOMs have submitted their requirements for the sections to the Committee.

503. It has also been advised that while attempting to turn around the sections into model one, there should be no attempt to incur extravagant expenditure on material,

manpower or other resources so as to reap maximum benefit out of least possible cost. The DISCOMs have been advised to look into the area of distribution automation, improved staff mobility & communication and new technological interventions to optimize the use of the existing manpower. They were also requested to fill up the vacant posts with technically qualified manpower and resort to temporary outsourcing wherever required and to review the final requirement after completion of the exercise. The Commission has also directed DISCOMs to stick to the time line and complete the recommended works, which is non-negotiable agenda to show-case a model section. Simultaneously action plan of other sections for pre-assessment of overall requirements be prepared and taken up concurrently by DISCOMs suo motu, based on the findings from the areas selected by the Monitoring Committee.

Payment of Compensation to the consumers.

504. OERC (Licensees Standard of Performance) Regulation, 2004 has specified that the licensees should pay compensation to the consumers on default of rendering service to them within the stipulated time period. As reported by the licensee, only CESU has paid compensation of Rs.18700.00 to one of the consumer Smt. Sarojini Satpathy after intervention of GRF and vetted by the Ombudsman and the Hon'ble High Court. No other compensations have not been reportedly paid by any licensees. The licensees are hereby directed to strictly adhere to the principle set in the Standard of Performance Regulation in the matter of Payment of Compensation.

505. Status of consumer grievances forwarded to Licensees by OERC reveals that the licensees are not serious in taking timely action to redress the grievances of the consumers. Even when complaints are forwarded to utilities by OERC for redressal, due to faulty consumer grievance redressal mechanism and lack of coordination between Head Office and field offices, complaints are not redressed timely. As a result, there is anguish and wounded feeling among the paying honest consumers and therefore sometimes they are not cooperating with the utilities. This also leads to revenue loss and ever ending litigation.

506. It appears that there is no mechanism for internal grievance redressal of Utilities, they do not follow their own Complaint Handling Procedure properly. Despite several resolutions by the SAC no weekly date is fixed at section/sub-division/division level exclusively for complaint redressal. This has to be ensured by 30.04.2012 and compliance be furnished.

507. Though the Licensees' Minimum Standards of Performance Regulation 2004 mandates standards of performance in each area of power distribution such as restoration of power supply, normal fuse-off, line breakdowns, distribution transformer failure, period of scheduled outages, voltage variations, complaints about meters, new connections/addition of load, transfer of ownership and conversion of services, reconnection of supply following disconnection due to non-payment of bills, etc., the licensees are violating the standard of performance as alleged by some of the objectors during public hearing from 24.02.2012 to 28.02.2012.

GRFs and Ombudsman

508. GRFs and Ombudsman are required to resolve the dispute/grievances of the consumers when the licensees at their level have failed to do so, very often through their sheer callousness. Even the licensees are taking undue long time to implement the orders of the GRF and Ombudsman. As directed in the interactive meeting held on 21.09.2011 the concerned CEO/MDs are to hold periodical meeting to review the

implementation of orders of GRFs/Ombudsman. If there is delay in implementing the order of GRFs/Ombudsman the concerned Divisional Engineers shall be personally held responsible and be proceeded against under Section 142 of the Electricity Act, 2003.

509. As per reports of GRFs & Ombudsmen to the OERC the position of cases registered and disposed by various GRFs in the state is as given below:

Table - 104
Disposal of Consumer Complaints by GRFs from April 2011 to September, 2011

Name of Licensee	Name of GRF	Opening balance of cases	No. of cases registered	No. of cases disposed	No. of cases pending for disposal	No. of orders pending for implementation
NESCO	**Balasore**	10	110	84	36	171
	Jajpur	2	80	79	3	169
SOUTHCO	**Berhampur**	43	110	84	69	105
	Jeypore	3	15	13	5	30
WESCO	**Burla**	9	45	43	11	67
	Rourkela	15	25	34	6	19
	Bolangir	181	236	343	74	840
CESU	**Bhubaneswar**	1	25	23	3	16
	Khurda	24	46	55	15	27
	Cuttack	4	167	162	9	14
	Dhenkanal	22	50	47	25	43
	Paradeep	19	40	35	24	30

System Improvement

510. As regards to the improvement to the existing infrastructure, the Commission had directed for installation/up-gradation alongwith replacement of burnt transformers, load balancing, earthing, installation checking, provision of breakers, boundary walls with gates in all distribution S/Ss, DT metering and energy audit etc. In compliance to the aforesaid directives by the Commission, from the status report as on 31.12.11 submitted by the distribution licensees, it is found that licensees are well behind the target set by the Commission. It has been consistently observed that the DISCOMs are too callous us in their approach in submitting the progress in the System Improvement works. The Commission while emphasizing the need for improvement in the existing infrastructure directs the licensees to bring about the development of the distribution infrastructure in the next financial year. Each DISCOM is required to take up repair and renovation specially in respect of following items of work as tabled bellow in order to improve the quality of supply giving priority to rural areas.

Table – 105

Sl. No	Work to be carried out	Target for CESU	Individual Target for NESCO, WESCO & SOUTHCO
1	Upgradation and install new distribution transformers	1000	750 each
2	Complete the energy audit of each distribution transformer by the end of 2012-13.	100 %	100 %
3	Load balancing in 3-phases of DTR	2000	1000

Sl. No	Work to be carried out	Target for CESU	Individual Target for NESCO, WESCO & SOUTHCO
4	Conversion of single phase to 3-phase line	150 KM	100 KM
5	Provision of 33 & 11 KV Crt. Breaker	100 % to complete	100 % to complete
6	Provision of stringing of AB cables	300 KM	200 KM

511. The fund required for such minimum special repair/renovation of distribution network is to be met out of the R&M expenditure approved for the year 2012-13 as well as from the collection of arrear outstanding as on 01.04.2012. Based on the flow of revenue, GRIDCO will relax the Escrow account in order to enable the Distribution Company to take up the minimum special repair/ renovation work as indicated above.

512. With regard to the System Improvement works where the target has not been fixed by the Commission the licensees are to set their own target and submit before the Commission before 15th May 2012.

Issues of Theft and Vigilance

513. It is seen that the Vigilance Cell and MRT staff have reported serious negligence or connivance of the officers, staff in the matter of theft of electricity and other irregularities in collection. Prompt and exemplary action should be taken against such erring officers and staff based on the enquiry report of the vigilance staff.

514. It is generally pointed out that the loss in case of EHT consumers is zero and in case of HT consumers it is 8%. But in reality this does not take into account unauthorized abstraction of electricity by these high end consumers. 100% checking of the meters of EHT & HT consumers should be periodically ensured by MRT staff. It was reported that some of these high end consumers are using technology like remote control mechanism to tamper or disable the meter temporarily and accordingly while conducting verification of their meters, appropriate instrument should be used to detect such bypassing meters. All high end consumers of contract demand of 20 KW above be invariable covered under AMR and their consumption pattern be analyzed both at Divisional and Headquarter office. Divisional Engineers be made accountable for proper billing and collection of such high end consumers of CD 20 KW and above.

515. Monthly report should be submitted by 15th of the succeeding month to the Commission indicating the name of high end consumers like industries, hotels, nursing homes, shopping malls, hospitals, private education institutions, cinema houses, fabricating units, vehicle showrooms etc., where verification / cross checking of meters has been done and the result of such verification/ raids. Monthly target should be fixed for the CVO and Energy Police Stations for verification and conducting raids of high value consumers.

Collection of Arrear

516. For repayment of GRIDCO dues the DISCOMs must have to give utmost importance to the collection of arrears from its consumers. From the submissions of the DISCOMs during the performance review in the month of December 2011, it is seen that the arrear electricity charges outstanding against various consumers' works out to Rs.4002.58 cr. as given bellow.

Table - 106

Performance of DISCOMs on Collection of Arrear						
		CESU (Rs Cr)	**NESCO (Rs Cr)**	**WESCO (Rs Cr)**	**SOUTHCO (Rs Cr)**	**TOTAL (Rs Cr)**
		ARREAR AS ON APRIL 2011				
1	**Total outstanding as on 01.04.2011**	**1447.46**	**941.76**	**929.06**	**445.41**	**3763.69**
2	Arrear for the period April-Sept' 2011 (Rs. Cr.)	98.13	81.25	122.22	49.70	351.30
3	Collection against arrear during April 11-12	41.60	26.82	25.49	18.49	112.40
4. **ARREAR AS ON 30th SEPTEMBER 2011 (1+2-3)**						
(i)	EHT	21.47	94.11	29.65	0.10	145.33
(ii)	HT	76.20	19.79	24.72	4.40	125.11
(iii)	LT	1181.05	805.13	888.39	380.77	3255.34
(iv)	Govt.-LT	150.34	11.06	17.25	63.05	241.70
(v)	Govt.-HT	74.94	**66.11**	65.76	28.30	235.11
(vi) (i to v)	**Total**	**1504.00**	**996.19**	**1025.77**	**476.62**	**4002.58**
5	Addition of Arrear	56.54	54.43	96.71	31.21	238.90

517. From the above submissions of the DISCOMs it is clear that the amount of arrear receivable by the DISCOMs are far more than the amount payable to GRIDCO. The above table shows that the performance of the licensees in collection of arrear is very poor. The Commission had set target for collection of arrear for FY 2010-11 at Rs.200 Cr. for CESU, NESCO and WESCO each while Rs.100 Cr. for SOUTHCO during the Performance review minutes for FY 2009-10. The same target was kept for FY 2011-12. Further it was stipulated that from the arrears that may be outstanding as on 01.04.2011. 50% of the arrear thus collected shall be paid to GRIDCO towards the outstanding securitised amount worked as on 31.03.2005 vide Commission's Order dated 01.12.2008 in case no 115/04.The balance 50% of the arrear collected shall be utilised to clear the arrear revised pay and allowances. In response to this CESU, NESCO, WESCO & SOUTHCO have collected only Rs 41.60, Rs26.82 Cr, Rs25.49 Cr and 18.49 Cr. only during April-Sept' 2011 which is quite disappointing. The DISCOMs are to work out a well planned strategy to achieve the target of collection of arrears. GRIDCO shall release the fund from the escrow account as per the direction stipulation made by the Commission vide para 451 of this RST order for 2012-13.

Collection of Govt. Arrear

518. From the submission of the licensees it is observed that Rs 406.05 Cr is outstanding against the various departments and State Govt. undertakings as on Sept 2011. The Commission several times instructed the licensees to consider Govt. Departments as any other consumers and all out effort should be initiated to collect their electricity dues. Commission can act only as a facilitator for collection of arrears from the government. In pursuance to the submission of the licensees Commission has taken up the matter with Department of Finance Govt. of Odisha vide Letter No. DIR(T)-336/08/2852 dtd.03.03.2012 to issue appropriate direction to ensure that the outstanding bills are cleared by 31.03.2012 and there is no default in paying the monthly current electricity bills.

Table – 107
Outstanding Govt. Arrears

As on 30.09.2011 (Rs. In Lacs)						
		CESU	**NESCO**	**WESCO**	**SOUTHCO**	**TOTAL**
SL No.	**Govt. Dept.**					
1	Housing & Urban Development	2199.86	680.98	1505.94	1714.29	6101.07
2	Rural Development	785.75	226.33	244.80	582.34	1839.22
3	Irrigation(WR)	694.99	2318.22	188.69	2249.00	5450.90
4	Home Deptt.	196.02	108.10	130.26	104.00	538.38
5	Law Deptt.	177.19	69.49	0.00	29.31	275.99
6	Panchayat Raj Deptt	387.51	251.12	326.56	770.00	1735.19
7	School & Mass Education	603.01	19.71	494.82	107.20	1224.74
8	Higher Education	102.17	163.92	193.87	26.00	485.96
9	Industries	32.51	31.33	708.16	4.40	776.40
10	Revenue	138.40	128.61	119.84	100.91	487.76
11	Works	202.86	214.27	52.65	64.06	533.85
12	Fisheries & Animal Resources	41.83	37.19	248.87	40.33	368.22
	Total State Government	**6225.55**	**4663.94**	**7360.03**	**6085.94**	**24335.45**
16	Urban Local Bodies	4081.22	1903.70	3264.43	1974.00	11223.35
17	Co-Operatives	77.32	100.68	410.68	93.35	682.03
18	PSU	1714.08	1049.10	4294.14	981.47	8038.79
Total Outstanding Arrear		**12098.17**	**7717.43**	**11654.17**	**9134.76**	**40604.52**

519. From the half yearly review held in the month of December 2011, it is seen that bills raised during the current financial year have not been collected fully and arrear has been added which works out to Rs.238.90 crore for the period 01.04.2011 to 30.09.2011 as indicated above (vide para 516).

520. Special drive should be launched for collection of arrear both in respect of Govt. departments, urban local bodies, lift irrigation points, pani panchayat, urban water supply, rural water supply, hospital, etc. as well as other private consumers including HT & EHT consumers. All DISCOMs must ensure that all EHT and HT consumers not only pay the current monthly bills in time but also all arrears outstanding against them shall have to be cleared by 31.03.2012 at the latest. The DISCOMs are directed to report the monthly progress by 15th of the succeeding month.

521. There is need to evolve a mechanism to ensure that arrear of electricity dues outstanding against various departments and organization under its control, including municipalities are settled without much hassles. Show cause notices should be issued to all such organization indicating the date line to clear their outstanding dues failing which no leniency should be shown to disconnect their power supply. The clear cut instruction issued by Finance Department to ensure timely payment of electricity dues by various organizations should be brought to the notice of the district administration and they should be informed not to interfere in the efforts to disconnect the power supply to the defaulting organizations. The Govt. departments, urban local bodies, lift irrigation corporation, pani panchayats, cooperatives, State Govt. undertakings, autonomous organisation under the control of the State Govt. should avail the benefits

of One Time Settlement (OTS) Scheme in operation which has been approved by the Commission in their order dtd.20.07.2011 in Case Nos.4, 5 & 6 of 2010.

522. In case any Govt Institution and local bodies defaults three times in a year, in payment of electricity bill, DISCOMs may insist the concerned department mandatory installation of pre-paid meters for availing power supply.

Implementation of OTS

523. Commission has allowed One Time Settlement Scheme for the Reliance Managed DISCOMs as well as for CESU vide order dated 20.07.2011 in Case Nos.4, 5 & 6 of 2010. The benefit under the OTS approved by the Commission is as under:-

Sl No.	***Type of Consumer***	***Quantum of Rebate***
1.	*Group 'A' consumers i.e. all LT category of consumers to whom DPS is not applicable*	*(i) 25% of the eligible amount if payment is made in three monthly installments within the scheme period i.e. 50% + 25% + 25%.* *(ii) 30% of the eligible amount as on 01.4.2011 if the payment is made in two equal monthly installments within the Scheme period i.e 50%+50%.* *(iii) 40% of the eligible amount as on 01.4.2011 if the payment is made in full at a time within the Scheme period i.e 100%.*
2.	*Group 'B' consumers i.e. all LT category of consumers to whom DPS is applicable.*	*(i) DPS in full + 15% of the eligible amount if payment is made in three 1monthly installments with the Scheme period i.e 50% + 25% + 25%.* *(ii) DPS in full + 20% of the eligible amount if payment is made in two equal monthly installments with the Scheme period i.e 50% + 50%.* *(iii) DPS in full + 25% of the eligible amount if full payment is made at a time within the Scheme period.*
3.	*Group-C consumers i.e. all HT& EHT consumers.*	*(i) 40% of DPS of the eligible amount if payment is made in three monthly installments within the Scheme period i.e. 50% + 25% + 25%.* *(ii) 50% of DPS of the eligible amount if payment is made in two equal monthly installments within the Scheme period.* *(iii) Full waiver of DPS of the eligible amount if payment is made in full within scheme period in one installment.*

524. The broad guidelines laid down by the Commission in their order dated 20.7.2011 in case No.4, 5, 6 of 2010 filed by NESCO, WESCO and SOUTHCO is applicable in the matter of collection of arrears by the four distribution companies The broad guidelines of this OTS scheme are applicable in respect of the arrear electricity charges outstanding on the date of applying for the OTS out of the arrears outstanding as on

01.4.2010. In order to be eligible to the benefit under OTS the concerned consumer opting for the same at the 1st instance have to pay the outstanding bill if any towards the energy bill raised from 01.4.2010 till the date of submission of application for OTS.

525. Further, If there has been any revision of bills by the distribution companies under the existing complaint handling procedure or by an order of GRF/Ombudsman such amount, if forms a part of the arrear outstanding as on 1.4.2010 is to be excluded and the balance amount outstanding as on the date is to qualify for the benefit of the OTS.

Extension of OTS for FY2012-13

526. The three Reliance managed distribution companies have extended the benefits under OTS approved by the Commission in a phased manner but CESU has not implemented OTS in their area of operation during 2011-12. As per the feedback received, the response in the initial period was not encouraging, this has picked up in the later part of the current financial year, 2011-12. The question of involving the Members of the SAC in settling the arrear electricity dues by the consumers in a transparent manner through consumer mela was discussed in the meeting of the SAC held on 29.02.2012. In order to settle the arrear still outstanding as on 01.04.2010 and to ensure greater participation, the Commission hereby directs that OTS already approved by the Commission in their Order dtd. 20.07.2011 in Case No. 4, 5 & 6 of 2010 would be extended for the year 2012-13 i.e. upto 31.03.2013 for all the four distribution companies i.e. NESCO, WESCO, SOUTHCO and CESU. The benefits of the said OTS is applicable for the arrear outstanding as on 01.04.2010. In order to be eligible to get the benefit of One Time Settlement, the consumers have to clear at the first instance, the current bills raised from 01.04.2010 to till the date of filing application for OTS. All other terms and conditions, stipulations and the concession contained in the order dtd. 20.07.2011 in Case No. 4, 5, and 6 /2010 would mutatis mutandis remain unchanged for 2012-13.

527. Mandatory installation of pre-paid meters by defaulting consumers having defaulted thrice in a year should be undertaken by the DISCOMs. The DISCOMs can disconnect power supply under Section 56 by giving prior notice to the defaulting consumers. In order to discourage default and disincentivise them the DISCOMs must launch massive disconnection drive in respect of all defaulting consumers including the state govt. departments and various organisations under its control as defined under Article 112 of the Constitution of India. Besides the disconnection drive, if any, consumers including State Govt. departments or any establishments under its control as defined under article 112 of the Constitution defaults thrice in payment of electricity bills in a year, the said consumer has to install prepaid meters at its own cost and power supply shall not be restored unless prepaid meters are put in place. The DISCOMs are directed to inform all consumers in this regard through printed electronic media, monthly energy bills and all other mode.

Target for Franchisee Operation

528. Engagement of franchisee essentially aims at participation of public in management of electricity and hence a linkage between people and the electricity provider of the area. Thus for effective collection and qualitative supply to the consumers franchisee activities needs to be propagated and strengthened. The Commission while reviewing performance of the DISCOMs during December 2011 had reviewed the status of Franchisee operation in the state. From the submission of the DISCOMs it is found

that CESU, NESCO, WESCO and SOUTHCO have covered 510982, 143537, 118079, 66389 no of consumers respectively. This shows that except SOUTHCO the spread of Franchisee in other areas are satisfactory.

529. Like the previous years Commission has fixed target for introduction of atleast one micro franchisee in a section. With approximately 5 DTRs per franchisee and 100 consumers per DTR the target was to bring under at least 500 consumers per section in each DISCOM. Thus the target for CESU with 250 Sections is to add 1,25,000 consumers while for NESCO and WESCO with 125 Sections 62,500 consumers each and for SOUTHCO with 135 Sections 65,500 consumers during the Financial year FY 2012-13.

530. Now for the current year the Commission directs the DISCOMs to further spread the franchisee activity by at least setting up 4(three) Nos. of Micro-Franchisees per Section by the end of the Current Financial Year i.e 2012-13. Thus the cumulative target for FY 2012-13 will be to cover up at least 5,01,500 consumers for CESU and 2,50,000, consumers for NESCO and WESCO each and 1,99,500 for SOUTHCO by the end of the Current Financial year as per the Table below:

Table - 108

	No of Sections	No of DTRs per Micro Franchisee	No. of Consumers per DTR	No of Franchisees Target per Section	Total no of consumers covered
CESU	250	5	100	4	5,01,500
NESCO	125	5	100	4	2,50,000
WESCO	125	5	100	4	2,50,000
SOUTHCO	135	5	100	3	1,99,500

531. Though involvement of franchisee is essential to operate effectively with active support and cooperation of the local people it must not confine itself to some increase per input realisation but must bring in increased efficiency in billing, collection, reduction of distribution loss, AT&C loss and per input realisation in a defined time frame for which year wise target has be fixed on all such performance parameters. At the initial stage the Women Self Help Groups (SHG) may be entrusted with taking meter reading, billing and collection and maintenance may also be entrusted to them after a initial period of 3 to 6 months depending on their ability and performance.

Implementation of Smart Grid Solutions (AMR & AMI) in DISCOMs under Boot Model

532. While involvement of franchisee may continue particularly in Rural and Semi-Urban areas on input basis with annual pre-defined performance parameters in terms of AT&C loss reduction and increase in per input realisation. BOOT model on revenue sharing basis has to be extended to the loss making divisions, division being taken as unit. The BOOT model franchisee operator will be responsible for smart metering replacement by AB cables etc. The detailed modalities are to be worked out by the respective DISCOMs in consultation with the Commission as per the broad guidelines contained in letter No. DIR (T)-390/11/2457 dtd. 30.12.2011 of the Commission. Each DISCOMs is directed to entrust 3 divisions during 2012-13 to appropriate and suitable BOOT operators in accordance with broad principles issued by the Commission in their letter No. DIR (T)-390/11/2457 dtd. 30.12.2011.

533. As decided in the meeting held on 29.01.2011 for implementation Smart Grid Operation in BOOT model in the state, the agencies, organizations willing to supply

install smart meters which can connect/dis-connect, enhance load remotely, and facilitate meter reading along with other standard meter features should be entrusted with supply, installation, billing and collection and increase in the revenue per input should be appropriately shared keeping in view their requirement to recover the cost of capital. Preferably one or more division should be entrusted to such of the willing agencies on Build-Own-Operate-Transfer (BOOT) modality with revenue sharing basis so that they will have economy of scale to ensure economy in operation and better performance.

Implementation of Intra-State ABT

534. OERC (Intra-State ABT) Regulation, 2007 was published in Odisha Gazette on 14.02.2008. As per Regulation 1 (III), OERC (Intra-State ABT) Regulation, 2007 is in force from 14.02.2008 i.e. the date of publication in the Official Gazette.

535. The Commission vide its order dated – in Case No. 2/2012has fixed the date of implementation of Intra-State ABT (Phase-I) in real time mode with commercial implication in the State of Odisha w.e.f 01.04.2012. The Commission reiterates its direction that any lapses in implementation of Intra-State ABT (Phase-I) with commercial implication beyond 01.04.2012 will not be entertained & action under Section 142 will be initiated against the Licensee, SLDC & the Officers responsible for derailing such implementation beyond 01.04.2012.

536. 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 and Appeal Nos. 26, 27 & 28 of 2009 in respect of RST Order dtd. 20.03.2009 for FY 2008-09 and Appeal Nos. 160,161 & 162 of 2010 in respect of RST Order dtd. 20.03.2010 for FY 2010-11 before the Hon'ble ATE have raised several issues such as those concerning interest on NTPC bonds, distribution loss, mode of calculation of estimated sales and income and truing exercises etc. Appeal Nos. 147, 148, 149/2011 preferred by NESCO, SOUTHCO and WESCO in respect of RST Order of the Commission for FY 2011-12 are also pending before the Hon'ble ATE. Again, M/s. OPTCL has preferred an Appeal bearing No. 110/2011 against the Transmission Tariff Order for FY 2011-12 of the Commission before the Hon'ble ATE. The RIL managed DISCOMs have preferred a common appeal regarding Bulk Supply Price Order of the Commission for FY 2011-12 in Appeal No. 116/2011 which is also pending before the Hon'ble ATE for adjudication. In the first two sets of cases aforesaid relating to FY 2006-07 and 2007-08 the Hon'ble ATE has passed its orders and the Commission has preferred appeals against those order before the Hon'ble Supreme Court vide Civil Appeal No. 759 of 2007 and Civil Appeal No. D.4688 of 2011(Civil Appeal Nos. 3595, 3596 & 3597 of 2011). In the last two sets of appeals aforesaid the Hon'ble ATE has not yet delivered its judgments. Thus in the four sets of appeals the matter are pending either in the Hon'ble Supreme Court or in the Hon'ble ATE. The matters relate to tariff Orders of licensees for the last six years namely for FY 2006-07, 2007-08, 2008-09, 2009-10, 2010-2011 & 2011-12. In none of these cases CESU the other Distribution Company has preferred any appeal or has been impleaded as a respondent. When above appeals will be finally disposed of, the effect of those final judgments shall be taken into consideration while determining tariff for ensuing years by the Commission.

537. The revised Retail Supply Tariff as stipulated in the order shall be effective from 1st April, 2012 and shall be in force until further orders.

The applications of CESU bearing Case No.93/2011, NESCO bearing Case No.94/2011, WESCO bearing Case No.95/2011 and SOUTHCO bearing Case No.96/2011 are disposed of accordingly.

Sd/-	Sd/-	Sd/-
(B. K. MISRA)	**(K. C. BADU)**	**(S. P. NANDA)**
MEMBER	**MEMBER**	**CHAIRPERSON**

Annexure – 'A'

(Rs. Crore)

REVENUE REQUIREMENT OF DISCOMS FOR THE FY 2012-13										
	WESCO		NESCO		SOUTHCO		CESU		TOTAL DISCOMs	
Expenditure	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**
Cost of Power Purchase		1,948.80		1,597.11		554.55		2149.6	-	6,250.06
Transmission Cost		162.40		132.65		76.18		205.9	-	577.13
SLDC Cost		1.17		0.95		0.55		1.481	-	4.15
Total Power Purchase, Transmission & SLDC Cost (A)	**1,866.70**	**2,112.37**	**1,640.04**	**1,730.71**	**549.29**	**631.28**	**2,074.07**	**2,356.98**	**6,130.10**	**6,831.34**
Employees cost	286.78	206.82	254.88	180.02	243.43	186.17	349.54	339.89	1,134.63	912.89
Repair & Maintenance Expenses	59.43	40.06	79.860	51.17	57.94	28.28	64.6	57.78	261.83	177.29
Administrative and General Expenses	48.60	29.25	51.01	21.38	42.02	19.17	62.05	39.73	203.68	109.54
Provision for Bad & Doubtful Debts	52.33	16.09	31.58	10.34	18.73	6.92	44.98	19.44	147.62	52.79
Depreciation	39.45	23.13	53.37	31.07	39.08	14.95	88.33	35.38	220.23	104.53
Interest Chargeable to Revenue including Interest on S.D	68.96	37.79	38.59	30.78	32.89	15.98	105.49	53.49	245.93	138.04
Sub-Total	555.55	353.14	509.29	324.75	434.09	271.47	714.99	545.72	2,213.92	1,495.08
Less: Expenses capitalised	2.09	2.09	0.62	0.62	2.66	2.66			5.37	5.37
Total Operation & Maintenance and Other Cost	**553.46**	**351.05**	**508.67**	**324.13**	**431.43**	**268.81**	**714.99**	**545.72**	**2,208.55**	**1,489.71**
Return on equity	7.78	7.78	10.55	10.55	6.03	6.03	11.64	11.64	36.00	36.00
Total Distribution Cost (B)	**561.24**	**358.83**	**519.22**	**334.68**	**437.46**	**274.84**	**726.63**	**557.36**	**2,244.55**	**1,525.71**
Amortisation of Regulatory Asset	52.67		73.10		166.49				292.26	-
True up of Past Losses	615.42		387.65		215.93				1,219.00	-
Contingency reserve	4.13		5.54		4.03	9.00			13.70	9.00
Total Special Appropriation (C)	672.22	-	466.29	-	386.45	9.00	-	-	1,524.96	9.00
Total Cost (A+B+C)	**3,100.16**	**2,471.20**	**2,625.55**	**2,065.40**	**1,373.20**	**915.11**	**2,800.70**	**2,914.34**	**9,899.61**	**8,366.05**
Less: Miscellaneous Receipt	25.16	49.10	17.77	50.70	10.99	17.07	70.44	45.64	124.36	162.51
Total Revenue Requirement	**3,075.00**	**2,422.10**	**2,607.78**	**2,014.70**	**1,362.21**	**898.04**	**2,730.26**	**2,868.70**	**9,775.25**	**8,203.55**
Expected Revenue (Full year)	**1,816.31**	**2,422.27**	**1,579.29**	**2,015.02**	**624.36**	**900.32**	**2249.16**	**2,870.91**	**6,269.12**	**8,208.52**
GAP at existing(+/-)	**(1,258.69)**	**0.17**	**(1,028.49)**	**0.32**	**(737.85)**	**2.28**	**(481.10)**	**2.21**	**(3,506.13)**	**4.97**

Annexure – 'B'

RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST APRIL, 2012

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-->			60		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		**220.00**		20	15	
	(Consumption >50, <=200 units/month)	LT		**390.00**		20	15	
	(Consumption >200, <=400 units/month)	LT		**490.00**		20	15	
	Consumption >400 units/month)	LT		**530.00**		20	15	
2	General Purpose < 110 KVA							10
	Consumption <=100 units/month)	LT		**500.00**		30	25	
	Consumption >100, <=300 units/month)	LT		**610.00**		30	25	
	(Consumption >300 units/month)	LT		**680.00**		30	25	
3	Irrigation Pumping and Agriculture	LT		**110.00**		20	10	10
4	Allied Agricultural Activities	LT		**120.00**		20	10	10
5	Allied Agro-Industrial Activities	LT		**380.00**		80	50	DPS/Rebate
6	Public Lighting	LT		**530.00**		20	15	DPS/Rebate
7	L.T. Industrial (S) Supply <22 KVA	LT		**530.00**		80	35	10
8	L.T. Industrial (M) Supply >=22 KVA <110 KVA	LT		**530.00**		100	50	DPS/Rebate
9	Specified Public Purpose	LT		**530.00**		50	50	DPS/Rebate
10	Public Water Works and Sewerage Pumping<110 KVA	LT		**530.00**		50	50	**10**
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	**530.00**	30			**10**
12	General Purpose >= 110 KVA	LT	200	**530.00**	30			DPS/Rebate
13	Large Industry	LT	200	**530.00**	30			DPS/Rebate
	HT Category							
14	Bulk Supply - Domestic	HT	15	**400.00**	250			10
15	Irrigation Pumping and Agriculture	HT	30	**100.00**	250			10
16	Allied Agricultural Activities	HT	30	**110.00**	250			10
17	Allied Agro-Industrial Activities	HT	50	**370.00**	250			DPS/Rebate
18	Specified Public Purpose	HT	250	**As indicated in the notes below**	250			DPS/Rebate
19	General Purpose >70 KVA < 110 KVA	HT	250		250			10
20	H.T Industrial (M) Supply	HT	250		250			DPS/Rebate
21	General Purpose >= 110 KVA	HT	250		250			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	250		250			**10**
23	Large Industry	HT	250		250			DPS/Rebate
24	Power Intensive Industry	HT	250		250			DPS/Rebate
25	Mini Steel Plant	HT	250		250			DPS/Rebate
26	Railway Traction	HT	250		250			DPS/Rebate
27	Emergency Supply to CGP	HT	0	**700.00**	250			DPS/Rebate
28	Colony Consumption	HT	0	**450.00**	0			DPS/Rebate
	EHT Category							
29	General Purpose	EHT	250	**As indicated in the notes below**	700			DPS/Rebate
30	Large Industry	EHT	250		700			DPS/Rebate
31	Railway Traction	EHT	250		700			DPS/Rebate
32	Heavy Industry	EHT	250		700			DPS/Rebate
33	Power Intensive Industry	EHT	250		700			DPS/Rebate
34	Mini Steel Plant	EHT	250		700			DPS/Rebate
35	Emergency Supply to CGP	EHT	0	**690.00**	700			DPS/Rebate
36	Colony Consumption	EHT	0	**440.00**	0			DPS/Rebate

Note:

Slab rate of energy charges for HT & EHT consumers

(Paise per unit)

Load Factor (%)	HT	EHT
Upto 50%	495	490
> 50% = < 60%	450	445
> 60%	395	390

(i) The reconnection charges w.e.f. 1.4.2012 shall be as follows.

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

(ii) The meter rents for FY 2012-13 is 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

(iii) 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.

(iv) A "Tatkal Scheme" for new connection has been introduced which is applicable to LT Domestic, Agricultural and General Purpose consumers.

(v) 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.

(vi) 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.

(vii) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @10 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as **12 Midnight to 6 AM** of next day.

(viii) 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.

(ix) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from **12 Midnight to 6.00 A.M.** of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged over and above the 120% of contract demand. When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.

(x) 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.

(xi) To avail the 'Take or Pay' tariff, HT and EHT consumers having contract demand more than or equal to 110 KVA can give their willingness in writing to pay for energy charge as per actual drawal or 70% load factor of the maximum demand (other than off-peak hours) per month whichever is higher upto the validity of this tariff order. During the validity period no downward revision of the contract demand shall be allowed. Such HT and EHT consumers shall also be allowed 50 p/u special concession on total consumption. For calculation of load factor the contract demand wherever mentioned in KVA the actual power factor shall be taken into consideration. For Load factor computation allowable interruption hours shall also be taken into consideration.

(xii) 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 HT supply by owning their distribution transformer. In such a case licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the ‘OYT’ transformer shall be made by DISCOMs. For removal of doubt it is clarified that the “OYT Scheme” is not applicable to any existing or new HT/EHT consumer.

(xiii) Power factor incentive for HT & EHT consumers will be applicable above power factor of 97% and power factor penalty shall be applicable below the level of 92%.

The rate of power factor incentive shall be 1% 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

iv) 0.5% for every 1% fall from 92% upto and including 70% plus

v) 1% for every 1% fall below 70% upto and including 30% plus

vi) 2% for every 1% fall below 30%

There shall not be any power factor penalty for leading power factor.

(xiv) 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.

(xv) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.04.2012. However, for the month of April, 2012 the pre-revised tariff shall be applicable if meter reading / billing date is on or before 15.04.2012. The revised tariff shall be applicable if meter reading/billing date is on 16.04.2012 or afterwards. The billing cycle as existing shall not be violated by the DISCOMs.