BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION,
BHUBANESWAR.

Plot No-4,Chunokoli, Shailashree Vihar,Bhubaneswar-751021

IN THE MATTER OF:	**Case No 125 of 2023 – Application filed by TPCODL for Aggregate Revenue Requirement and determination of Wheeling and Retail Supply Tariff for FY 2024-25 .**
	And
IN THE MATTER OF:	TP Central Odisha Distribution Ltd. Corporate Office, Power House ,Unit 8, Bhubaneswar- 751 012 represented by its Chief Regulatory & Government Affairs.

.... Petitioner

Affidavit

I, Vidyadhar Hari Wagle , aged about 56 son of late Hari Prabhakar Wagle residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief Regulatory & Government Affairs of TP Central Odisha Distribution Ltd. the Petitioner in the above matter and duly authorized to swear this affidavit on its behalf.

2. The statements made in this submission herein shown to me are based on information and I believe them to be true.

Bhubaneswar.
Dated: 25.01.2024

VHWagle

Chief Regulatory & Govt. Affairs

NILAMANI BEHERA
NOTARY BHUBANESWAR
GOVT. OF ODISHA (INDIA)
REGD. NO-ON-22/2003

TPCODL

25th January, 2024

File No TPCODL/Regulatory /2024/13/790

Secretary
Odisha Electricity Regulatory Commission
Bidyut Niyamak Bhawan
Plot No 4, Chunokoli
Shailashree Vihar
Bhubaneshwar 751021

Dear Sir

Case No 125 of 2023 : Aggregate Revenue Requirement and determination of Wheeling and Retail Supply Tariff for FY 2024-25 for TPCODL.

TPCODL has published the public notice on 16th December 2023 in the subject matter in compliance with the Hon'ble Commission's directive given in Letter No-Case No.125/2023 /1821 dated 14.12.2023. Some queries/objections/suggestions were received on our filings.

We are through this letter providing the rejoinder to the same raised by various persons and organizations in the **Appendix.**

The list of objectors to whom we are providing the reply are as follows. The response to the suggestions/objections filed by Shri Jitendriya Prasad Das is being provided shortly.

Sr No	Name of the Objector
1	Mr. Soumya Ranjan Patnaik, MLA, Khandapada
2	M/s Grinity Powertech Private Ltd.
3	M/s Utkal Chamber of Commerce & Industry Ltd (UCCI)
4	M/s Jindal Steel & Power Ltd.
5	Principal Chief Electrical Engineer , East Coast Railway
6	M/s Juggernaut Association of Entrepreneurs
7	M/s Odisha Power Transmission Corporation Limited (OPTCL)
8	Shri Srikanta Kumar Samantray, CEO, M/s New Laxmi Steel & Power
9	Shri Panchanana Jena, Working President ,Bijuli Kramachari Sangh
10	Shri Akshaya Kumar Sahani
11	Shri Prem Kumar
12	Shri Priyabrata Sahu
13	Shri Ramesh Ch. Satpathy
14	Shri Prabhakar Dora

TP CENTRAL ODISHA DISTRIBUTION LIMITED
(A Joint Venture of Tata Power and Government of Odisha)
Corporate Office: Power House Square, Unit – 8, Bhubaneswar – 751012
Registered Office: Power House Square, Unit – 8, Bhubaneswar – 751012 Tel.:0674 2541575
Web: www.tpcentralodisha.com, Email : tpcodl@tpcentralodisha.com, CIN: U40109OR2020PLC032901

We trust the same is in order.

In line with the directions given by the Hon'ble Commission in the above letter, we are serving the copy of the respective rejoinders to the individual respondents.

Yours faithfully

VH Wagle

(Vidyadhar Hari Wagle)
Chief – Regulatory & Government Affairs

CC: Respective Rejoinders

1. Mr. Soumya Ranjan Patnaik, MLA, Khandapada,
   Plot No- 185, VIP Colony, Nayapalli, Bhuubaneswar,Odisha-15
   Email: soumyapatnaik.sambad@gmail.com
2. M/s Grinity Powertech Private Ltd,
   K-8-82, Kalinga Nagar, Ghatkia
   Bhubaneshwar 751029
   Email: gpwrtch@gmail.com
3. M/s Utkal Chamber of Commerce & Industry Ltd (UCCI),
   N-6,IRC Village, Nayapalli, Bhubaneswar-751015
   Email: contactus@utkalchamber.in , gpwrtch@gmail.com
4. M/s Jindal Steel & Power Ltd
   Chhendipada Road, SH 63, Po-Nisa, Angul-759130
5. Principal Chief Electrical Engineer, East Coast Railway
   Rail Sadan, Chandrasekharpur, Bhubaneswar – 751017
6. M/s. Juggernaut Association of Entrepreneurs,
   Plot No.1294, CRP Square, Nayapalli, Bhubaneswar-751012.
   Email: jae.org.in@gmail.com
7. Odisha Power Transmission Corporation Limited (OPTCL),
   Janapath, Bhubaneswar-751022.
   Email: rtc@optcl.in
8. Shri Srikanta Kumar Samantray, CEO, M/s. New Laxmi Steel & Power Pvt. Ltd.,
   Sarua Industrial Estate, Khordha-7520551
   Email: aks.kr.sahani@gmail.com
9. Shri Panchanan Jena, Working President ,Bijuli Kramachari Sangh,
   S/o-Late Bairagi Jena, Sakti Nagar, 3rd Lane, Engineering School Road, Berhampur-760010.
   Email: jena.manoranjan1@gmail.com

10. Shri Akshya Kumar Sahani, Retd. Electrical Inspector,GoO,
    B/L-108, VSS Nagar, Bhubaneswar-75007.
    Email: aks.kr.sahani@gmail.com
11. Shri Prem Kumar,
    S/o-Sri Bhagaban Ram, Dama Sahi, Ward No-8, In front of Forest Colony, Main Road, Dist-Khordha-752055
    Email: premkumarr1973@gmail.com
12. Shri Priyabrata Sahu,
    S/o-Late Adikanda Sahu, At-Bijaya Bihar, 3rd Lane, Po-Berhampur, Dist-Ganjam-760004.
    Email: sahu.priyabrata999@gmail.com
13. Shri Ramesh Ch. Satpathy,
    Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012.
    Email: ramesh.satapathy112@gmail.com
14. Shri Prabhakar Dora,
    S/o-Late Bhaskar Rao Dora, 3rd Lane, Vidya Nagar, Po/Dist- Rayagada-755001
    Email: doraprabhakar1965@gmail.com

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Appendix

1. Reply to Objections/ Suggestions raised by Shri Soumya Ranjan Patnaik

The Respected Respondent has made combined observations on the Tariff petitions of all Discoms, GRIDCO, OPTCL,SLDC, OPGC and OHPC. We have limited our response the observation on TPCODL/ Discom's Tariff petition.

1. Odisha RST Vs. National Average

Based on the Power Finance Corporation (PFC) Report on 'Performance of Power Utilities for 2021-22', the respected Respondent has made certain observation with regards to ACS (Average Cost of Supply), ARR (Average Revenue Realized) ,ACS-ARR Gap and has also made a comparison of Odisha figures with that of 'State Sector', 'Private Sector' and 'Over Grand Total for the Country (National Average)' and provided a comparison summary under Table No-1. Our response to the observation of the respected Respondent is provided below.

Response

- *The Respected Respondent while referring to Annexiure-1.1 (b) of the PFC Report for FY 2021-22, has observed that the Odisha Consumers have paid Rs. 5.98 per unit of electricity against national average of Rs. 5.19 thus paying excess tariff of 0.79 per unit as compared to national tariff. Table -1 made by the Respected Respondent is produced below for ease of reference.*

TABLE No:- 1

REVENUE STRUCTURE OF ALL INDIA DISCOMS AS PER ANNEXURE-1.1(b) (Page no. 13 &14) of PFC REPORT FOR FY 2021-22 (Rs./KWh)

SL No	Particulars	Collection from Consumers	Non-Tariff Income	Tariff Subsidy Received	Other Revenue Grants	DISCOMs Revenue	Energy Sold (in MUs)	Difference: Revenue Vs. Cost
1	State Sector	5.08	0.18	1.37	0.62	7.25	1024176	0.96
2	Private Sector	6.59	0.38	0.43	0.16	7.56	76944	1.34
3	Grand Total	5.19	0.19	1.31	0.59	7.28	1101120	0.99
4	Odisha scene	5.98	0.23	0.00	0.14	6.35	21501	1.74
5	Difference(4-3)	0.79	0.04	-1.31	-0.45	-0.93	NA	NA

COST STRUCTURE OF ALL INDIA DISCOMS AS PER ANNEXURE-1.2(a) (Page no. 25 & 26) of PFC REPORT FOR FY 2021-22 (Rs./KWh)

SL No	Particulars	Cost of Power Purchased	O&M Cost	Interest Cost	Depreciation	Other Cost	ACS (Ave Cost of Supply)	Energy Purchased (in MUs)
1	State Sector	4.79	0.51	0.45	0.25	0.30	6.29	1237284
2	Private Sector	4.49	0.59	0.38	0.27	0.50	6.22	88678
3	Grand Total	4.77	0.51	0.45	0.25	0.31	6.29	1325962
4	Odisha scene	3.21	0.74	0.07	0.12	0.47	4.61	27396
5	Difference(4-3)	-1.56	0.23	-0.38	-0.13	0.16	-1.68	NA

Response :

As can be observed from above table, the Odisha Tariff at Rs 5.98 pu is considerably lower than private sector Tariff of Rs. 6.59 pu. The National Tariff being lower than Odisha is attributable to the fact the State Sectors have managed to keep the tariff low as their total revenue realization is supported by Tariff Subsidy (Rs. 1.37 pu for State sector and Rs. 1.31 pu at National Level). Hence the 'ARR on Energy Sold excluding Regulatory Income and Revenue Grant under UDAY for loan takeover' ('Discoms Revenue' as worded by the Respected Respondent) in place of 'Revenue from Sale of Power' (' Collection from Consumers' as worded by the Respected Respondent) would be a better comparison for accessing the performance of the Discoms.

As can be observed, the 'Revenue from Sale of Power'(DISCOMs revenue) for Odisha is lowest of the Sate Sector, Private Sector and National Average. It is lower by Rs. 0.93 pu than the national average.

- *The Respected Respondent while referring to Annexiure-1.1 (b) and Annexure- 1.2 (a) of the PFC Report for FY 2021-22, has observed that the ACS for Odisha stands at Rs. 4.61 per unit resulting in surplus revenue (ARR –ACS) of Rs. 1.74 per unit which is higher by Rs. 0.75 per unit than national average.*

Response:

It is submitted while computing the ACS- ARR Gap/Surplus , the Respected Respondent has referred to Annexure-1.1 (b) which gives **ARR on energy sold basis** and Annexure-1.2 (a) which gives **ACS on Energy Input basis**. The CEA guideline No- CEA/DPD/AT&C losses/2017/1169-1291 dated 02.08.2017 stipulates computation of ACS –ARR gap on energy input basis. For the purpose of computation of ACS-ARR Gap,we have refereed to Annexure-1.1 (a) and Annexure-1.2 (a) of the PFC Report and the same is provided below.

Table 1 : Average Revenue Realized (ARR) from Annexure-1.1 (a) of PFC Report & ACS-ARR Gap

Revenue Structure (ARR) -Gross Input Basis (FY 2021-22) in Rs/kwh (Annexure-1.1 (a) , page -7,8 of the PFC Report for FY 2021-22)											
Sr No	Particular	Gross input Energy (MU)	Revenue from Operations	Tariff Subsidy	Regulatory Income	Revenue Grant under UDAY for loan takeover	Other Income and Revenue Grants	ARR on Tariff Subsidy Billed basis	Tariff Subsidy Received	ARR on Tariff Subsidy Received (excluding Regulatory Income and Revenue Grant under UDAY for loan takeover)	ARR-ACS (Revenue Surplus /(Gap)
		A	B	C	D	E	F	G	H	I	J =I-Q
1	State Sector	12,37,284	4.35	1.14	-0.02	0.04	0.51	6.01	1.24	6.11	-0.18
2	Private Sector	88,678	6.04	0.37	0.14	-	0.14	6.68	0.36	6.54	0.32
3	Grand Total	13,25,962	4.47	1.08	-0.01	0.03	0.49	6.06	1.19	6.14	-0.15
4	Odisha	27,396	4.87	-	-0.26	-	0.11	4.73	0.00	4.99	0.38
5	Difference (4-3)										0.53

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Table 2 : Average Cost of Supply (ACS) from Annexure-1.2 (a) of PFC Report

Cost Structure (ACS) -Gross Input Basis (FY 2021-22) in Rs/kwh-Annexure 1.2 (a), Page 25,26								
Sr No	Particular	Gross Input Energy (MU)	Cost of Power (incl. own generation)	Employee Cost	Interest Cost	Depreciation	Other Costs	ACS on Energy Input basis
		K	L	M	N	O	P	Q
1	State Sector	1237284	4.79	0.51	0.45	0.25	0.3	6.29
2	Private Sector	88678	4.49	0.59	0.38	0.27	0.5	6.22
3	Grand Total	1325962	4.77	0.51	0.45	0.25	0.31	6.29
4	Odisha	27396	3.21	0.74	0.07	0.12	0.47	4.61
5	Difference (4-3)							-1.68

As can be observed, when calculated at energy input basis the surplus revenue for Odisha stands at Rs. 0.38 per unit against Rs. 1.74 per unit as computed by the Respected Respondent.

2. Uncompetitive Odisha RST and hence dismal FDI in Odisha.

The tariff in the State is uncompetitive as Odisha consumer are paying excess tariff of 79 paise per unit than national average (as computed by the Respected Respondent from the PFC report) resulting in dismal FDI in the state. The Respected Respondent has also referred to Annexure-1 referred to in reply to part (c) of Lok Sabha Starred Question No-258 for FDI details and has observed that Maharashtra , Karnataka and Gujrat are the top three recipient t of FDI.

Response

With regards to the excess tariff computation of 79 paise per unit we have already provided our detailed response in response to the previous observation (above).

With regards to the observation of FDI in the state , it is submitted that FDI depends on many factors with electricity tariff being one of the factors i.e. electricity tariff may not be the only parameter for FDI investment in a state. In this regard , we wish to compare the tariff of Odisha with the top three FDI recipient state quoted by the Respondent. We have referred to the same PFC report for this purpose, and the comparison statement is provided below.

Table 3 : Comparison of Odisha Tariff with the top three FDI recipient State

Revenue Structure (ARR) -Gross Input Basis (FY 2021-22) in Rs/kwh (Annexure-1.1 (a) , page -7,8 of the PFC Report for FY 2021-22)										
Sr No	Particular	Gross input Energy (MU)	Revenue from Operations	Tariff Subsidy	Regulatory Income	Revenue Grant under UDAY for loan takeover	Other Income and Revenue Grants	ARR on Tariff Subsidy Billed basis	Tariff Subsidy Received	ARR on Tariff Subsidy Received (excluding Regulatory Income and Revenue Grant under UDAY for loan takeover)
		A	B	C	D	E	F	G	H	I
1	Maharashtra	1,48,642	5.42	0.55	0.08	-	0.35	6.40	0.70	6.47
2	Karnataka	69,139	4.81	1.83	-0.38	-	0.29	6.54	2.79	7.89
3	Gujarat	1,10,622	4.67	0.83	-	-	0.12	5.62	0.83	5.62
4	Odisha	27,396	**4.87**	-	-0.26	-	0.11	**4.73**	0.00	**4.99**
5	National Average	13,25,962	4.47	1.08	-0.01	0.03	0.49	6.06	1.19	6.14

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Revenue Structure (ARR) -Energy Sold Basis (FY 2021-22) in Rs/kwh (Annexure-1.1 (b) , page -13,14 of the PFC Report for FY 2021-22)									
Sr No	Particular	Gross Energy Sold (MU)	Revenue from Sale of Power	Other Operating Income including Wheeling Charges	Tariff Subsidy	Regulatory Income and Revenue Grant under UDAY for loan takeover	Other Income and Revenue Grants	ARR on Energy Sold Basis	ARR on Energy Sold excluding Regulatory Income and Revenue Grant under UDAY for loan takeover
		A	B	C	D	E	F	G	H
1	Maharashtra	1,20,732	6.66	0.01	0.68	0.10	0.43	7.88	7.78
2	Karnataka	58,792	5.71	-0.06	2.15	-0.45	0.34	7.70	8.15
3	Gujarat	95,327	5.34	0.08	0.96	0.00	0.14	6.52	6.52
4	Odisha	21,501	**5.98**	0.23	0.00	-0.33	0.14	**6.03**	**6.35**
5	National Average	11,01,120	5.19	0.19	1.31	0.03	0.59	7.30	7.27

As can be observed On energy input basis , the Odisha Tariff is lower than the top three State. On Energy sold basis, if the total ARR is considered Odisha Traiff is again lower than the top three state, if 'Revenue from Sale of Power' is considered it is lower than Maharashtra.

3. ***Excess Tariff Collected by Discoms over approved Tariff and refund of the excess tariff collected.***

The Respected Respondent has observed the Discoms have collected a sum of Rs. 2727 Cr (at higher tariff of Rs. 1.27 per unit) above approved average tariff during FY-21 to FY-23 and requested the Hon'ble Commission for refund of this amount.

Response

It is submitted that the Discoms are allowed to recover from the consumers at Tariff that is approved by the Hon'ble Commission every year in the Tariff Order (Annexure-B of the Tariff Order). We are not levying any other tariff other than what is approved in Annexure-B of the Tariff order. Further , the issue of surplus /shortfall in revenue collection (as the case may be for a particular year) will be accounted for during the Truing up process by the Hon'ble Commission. In this regard, it is submitted that TPCODL has already submitted its True up petitions for the previous years (FY-21 (10 Months), FY-22 and FY-23) before the Hon'ble Commission.

4. ***Reconciled Cash flow Statement with counterpart ARR items in the instant proceeding so as to make power tariff competitive in Odisha***

Response

The ARR for any Discoms or any utility has to be prepared on the basis of the Tariff Regulations. The Tariff Regulations do not specify as such any requirement of claiming of expenditure on Cash Flow basis.

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2. Reply to Objections/ Suggestions raised by M/s Grinity Powertech Private Ltd

The Respected Respondent has raised several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

1. Employee Cost

The respondent has observed that Employee Cost to be considered as controllable, audited figures of previous years to be considered for arriving of employee cost and annual truing up exercise to be carried out.

Further, the respondent has requested TPCODL to control employee cost and has commented that the estimate for FY 2024-25 is very high and should not be approved.

Our response

We have taken note of the Respected Respondent's observations on the above. We assure the Respected Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective.

As shall be appreciated, bulk of the Cost is towards Employee Costs of inherited employees who are governed by the OSCR Structure, which cannot be altered. All fresh recruitments are being done taking into account resource / skill gaps and with due approval of the Hon'ble Commission.

The Hon'ble Commission carries out a detailed prudence check while allowing all costs, including the Employee Costs.

The Cost of erstwhile CESU employees have been estimated for FY2024-25 on following basis.

a. 3% escalation considered on Basic Salary over FY 2023-24 and the impact on account of retirements estimated in FY-25 has been deducted
b. DA is considered at 52 % on the Basic Salary.
c. Housing Rent allowance considered at 20% of Basic Salary
d. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
e. Staff Welfare & Other Employee Benefit Expenses ,Other Allowances and Other Staff Costs based on estimate.
f. Ex-Gratia/Performance Incentive based on estimate

Further, TPCODL has been recruiting manpower as per the approval received by the Hon'ble Commission. Considering these recruitment and man power addition proposed in FY 2024-25, employee cost of new TPCODL employees has been proposed for FY 2024-25.

The Hon'ble Commission has approved Rs. 95.8 Cr for FY 2023-24 towards new TPCODL employee cost against our submission of Rs. 132.7 Cr. TPCODL vide its letter dated 17th April 2023 and 3rd June 2023 has submitted that the approved cost for FY 2023-24 is inadequate as it is even lower the cost approved for FY 2022-23 (Rs. 98.1 Cr was approved for FY 2022-23 in FY-23 Tariff Order against which the actual cost that was incurred was Rs. 109.7 Cr).

Against the above submission of TPCODL, the Hon'ble Commission vide its letter dated 12th July '2023 while directing TPCODL to make required submission in this matter in ARR FY 2024-25 has stipulated that that the matter would be considered by the Hon'ble Commission while pronouncing the order for FY 2024-25. The relevant extract from the above letter of the Hon'ble Commission is provided below.

> *The Commission therefore opines that the TPSODL, TPCODL and TPNODL may make their submission with regard to any reconsideration of the approved expenses , allowed in the ARR FY 2023-24 ,along with the submission for the ARR of FY 2024-25. The Commission may accordingly take a suitable view for any reconsideration of the approved amounts, under these heads for FY 2023-24 ,while pronouncing the order for FY 2024-25.*

It is worthwhile to submit that considering the actual cost of New TPCODL employees booked in FY 2023-24 ,the recruitment already made in FY 2023-24 as well as the recruitment planned in remaining of FY 2023-24, the estimated cost of New TPCODL employees is estimated at **Rs 127.5 Crores** for FY 2023-24.

Further, there has been substantial number of retirement of Lineman in TPCODL, around 600 Lineman need to be replenished. The continuous reduction of Lineman is impacting field operations in terms of PTW, Maintenance across Section Offices, Fuse Call Camps etc. Further, the number of FCCs have increased in the past and there is a need to recruit lineman for running this FCC. It is further submitted such FCCs are catering to HT as well as LT network. In order to meet this Gap, TPCODL has proposed recruitment of 150 Lineman in FY 2024-25. Considering the impact of this recruitment, and the 100% impact of recruitment done in FY-24 (in FY-24 100% impact was not there as recruitment was done in staggered manner throughout the year) and nominal growth in salary of existing new employees, the employee cost for FY 2024-25 of new TPCODL employees is estimated at Rs. 152.89 Cr.

For Outsourced Employees, a nominal escalation of 10% in Employee Cost over FY 2023-24 estimate has been taken. Further, the detailed component wise cost break up of Outsourced Employee Cost has already been submitted to the Hon'ble Commission

In view of the above, the total Gross Employee Cost for FY 2024-25 has been projected at Rs. 885.1 Cr. (i.e. Rs. 856.2 after capitalization of Rs. 29 Cr)

The year on year growth in total Employee Cost is as depicted below.

% Growth in Emp Cost

Item	*FY-22 Actuals	FY-23 (Actual)	FY -24 (Est.)	FY-25 (Est.)
Gross Emp Cost (Rs. Cr)	777	775.99	837.61	885.12
Growth (%)		0%	8%	6%

* FY-22 Actuals Includes Rs. 33.9 Cr payment towards 7th Pay Arrear

Item	#FY-22 Actuals	FY-23 (est)	FY -24 (Est.)	FY-25 (Est.)
Gross Emp Cost (Rs. Cr)	743.1	775.99	837.61	885.12
Growth (%)		4%	8%	6%

Rs. 33.9 Cr towards 7th Pay Arrear has been excluded from FY-22 actuals

As can be seen, the growth of 6 % in Total Employee Cost is very much reasonable and not very high as observed by the Respected Respondent.

2. ***A&G Expenditures***

The Hon'ble Commission should conduct a prudence check regarding A&G cost for each year and 7% increase over earlier approved A&G cost for FY 2023-24 or actual A&G expenses whichever is lower may be approved for FY 2024-25.

Response

Any expenditure allowed by the Hon'ble Commission on True-Up of expenditure is based on extensive prudence check and expenditure appearing in the Discom's Audited Accounts. The expenditure sought by TPCODL for FY 24-25 is as per the extant Regulations, duly supported by a detailed zero based budget for its requirements; we firmly believe that amount sought towards A&G expenditure is the minimum requirement to carry out our operations efficiently.

As stipulated in Regulations 3.9.16 to 3.9.18, we have estimated the normative A&G cost for FY 2024-25 as following.

TPCODL

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost approved in FY 2023-24 Tariff Order	142
2	A&G Cost to be considered as base (Equal to actual Estimated Expenditure for FY 2023-24)	168
3	A&G for FY 2024-25 by applying a base of 7% p.a	179.9
4	Additional or Special Expenditure Required	54
5	**Total A&G Cost Required**	**234**

Based on the Zero based budgeting exercise, the estimated A&G cost for FY 2023-24 and FY 2024-25 is as provided below.

Particulars	Total estimate for Current FY 2023-24	Total Estimate for (FY 2024-25)
Rental of land, buildings, plant and equipment, etc	7.17	9.25
Electricity consumption expenses	4.57	3.75
Telephone & Communication expenses	2.12	2.27
Foods and conveyance	1.60	1.60
Bank & other charges	6.98	7.47
Office expenses + Facility Management and House Keeping etc	9.50	10.62
Travelling expenses	6.22	6.50
Insurance premium	7.00	9.63
Legal and professional charges	7.61	10.90
Software & IT expenses	0.53	4.46
Other Finance/Statutory Expenses	4.86	5.20
Advertisement & marketing expenses	2.60	5.15
Metering and billing expenses Collection, Payment Transcation Charges,Customer Awareness for Digital/Prompt/Regular Payments, Customer Service (Cust. Care, Call Center,Meter Services etc.)	103.73	144.02
Printing and stationary	2.09	2.10
Miscellaneous expenses	1.53	3.00
DSM Activity		8.00
TOTAL	**168**	**234**

It is submitted that TPCODL's estimated A&G cost estimate for FY-24 is Rs. 168 Cr against approved amount of Rs. 142 Cr. While Additional A&G Cost was approved to other three Discoms in FY 2023-24 , no such additional A&G Cost was approved for TPCODL. Hence, applying 7% escalation on the approved amount of Rs. 142 Cr would not be proper.

The detailed explanation for increase in A&G cost has already been provided in our petition, hence it is requested that the A&G Cost sought by us may kindly be approved as it is essential for running the day to day activities of the business .

3. ***Depreciation to be allowed as per OERC stipulations***

Response

TPCODL has been computing deprecation at "pre- 92" rates on the opening assets as explained in para 3.6.1.1 of our petition for ARR FY 2024-25.

Further , TPCODL have been claiming in our ARR/True up Net depreciation after deducting Depreciation on meters, Amortization on Opening Assets ,Amortization on Grants and Amortization on Consumer Contribution from the total deprecation booked in accounts . Table 3-15 (Page 30) of our ARR FY 2024-25 petition may be referred to in this regard.

Out of this Net Deprecation , Depreciation on Asset Created out of Own Capex of TPCODL are being used towards repayment of Capital loan and the balance towards funding of ASL payment. Table 3-16 (Page 30) of our ARR FY 2024-25 petition may be referred to in this regard.

4. ***R&M Expenses to be allowed considering reduction in GFA created due to depreciation***

Response

TPCODL has claimed estimated R&M Expenses for FY 2024-25 based on the norms stipulated by the Hon'ble Commission in the Tariff Regulations'22.

The breakup of the same as required per Regulations is as provided below.

in Rs. Cr

Sr No	Particular	Est. for FY 2024-25
1	R&M on Own Asset @ 4% of Opening GFA	254
2	R&M on Asset not in books of TPCODL @ 3% of Opening GFA	62
3	Special R&M	42
4	**Total Estimated R&M for FY 2024-25**	**358**

The estimated GFA under Own Capex and the R&M estimate thereon for FY 2024-25 is already provided at Table 3-24 (Page-45) and Table 3-25 (Page -46) of our ARR FY-25 Petition.

The Scheme wise Assets that are note appearing in TPCODL's books but maintained by TPCODL on which R&M at 3% has been requested by TPCODL based on Tariff Regulations 2022 has already been provided at Extract 3-4 (Page 46) and Table 3-26 and Table 3-27 (Page 47) of our ARR FY-25 Petition.

With respect to the Respondents view that depreciation should not be allowed on GFA created due to Depreciation, it is clarified that All Asset, irrespective of source of funding, need to be maintained and consequently R&M Cost needs to be allowed for maintenance of ALL Assets, including the Govt. owned Assets which are not funded by the Discoms but are maintained by them.

5. ***Revenue Requirement***

Observation: *Hon'ble Commission to allow Revenue Requirement for FY 2024-25 after prudence check*

Response

We are providing the Hon'ble Commission with all information as being sought by them for carrying out a prudence check on our filings, which we firmly believe, have been prepared in accordance with the extant Regulations as well as based on our best estimates of efficient costs/ revenues.

6. ***Re-introduction of 3 slab based graded incentive tariff for HT / EHT Consumers in FY 2024-25***

Response

While Tariff Design is the sole preserve of the Hon'ble commission, we are of the view that the 3-slab based graded incentive tariff mechanism is not actually beneficial as it complicates the billing mechanism without offering commensurate benefit. In the 3 slab mechanism, the difference in slab tariff was negligible, but in two slab the difference is more than one rupee which is almost a reduction of 19%. Therefore, in our view, the earlier 3 slab tariff structure has been consciously withdrawn by Hon'ble Commission to extend more benefit to consumers.

7. ***In view of expected increase in HT/EHT sales and hence expected increased /surplus revenue / Industrial Tariff may be reduced .***

Response

The Respondent has observed increase in HT/EHT sales is expected due to various factors like Rs. 10.5 trillions of investment announced by GoO in recently concluded Make in Odisha Conclave etc and has requested for reduction of Industrial Tariff. It is submitted that the investment declared by GoO may take some to materialize and only when these investment result into actual increased in HT /EHT sales, the Hon'ble Commission may take into consideration among other factors for determination of Industrial Tariff.

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The Hon'ble Commission, who has the sole prerogative on Tariff determination and Tariff design, would take an appropriate view taking into account the projected growth in both Demand, requirement of legitimate costs recovery including that of the Discom together with BSP, etc..

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of disconnection squad operations for a number of years to inculcate the habit of paying the electricity dues in time. This involves cost and the burden of this expenditure should not be passed on to the good-paying consumers. Hence, it is proposed to increase the reconnection charges so that non-paying consumers would be compelled to change their habit.

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The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Code, thereby also jeopardising safety. Based on this rationale in our humble submission, the Reconnection Charges should be applicable for Pre-paid Meters too. However the Hon’ble Commission may decide on its applicability to Smart Meters.

10. ***The Standard Service Connection Charges (for three phase LT Connections) proposed by TPCODL should be reviewed and reduced if applicable.***

Response

While the OERC supply code defines the Standard Service connection charges for single phase connections upto 5 KW, there is no mention of service connection charges for three phase LT connections. In the absence of which, an estimate is required to be prepared for each case. Thus, in order to expedite the process and making the system based auto Demand Note for three phase connections in line with single phase cases, it is suggested that based on the average length of service cable, a standard cost of service connection charges for three phase connections is to be defined. Accordingly TPCODL has proposed Standard Service Connection Charges after carrying out a detailed estimation. Standard Service connection charges are proposed considering average 25 meters service length and use of armored cable. The cost of cable is considered as per the Rate Contract value which is derived after the rigorous tendering process. The detailed estimate (item wise material and Service component) has already been submitted to the Hon’ble Commission.

11. ***TPCODL has proposed Emergency Supply to be restricted within 10% of the load factor of highest capacity generating station unit or maximum demand upto 100% of highest generation capacity. The Hon’ble Commission may specify clear guideline for such transition.***

Response

We wish to submit that we have not submitted any such proposal in our ARR FY 2024-25 petition.

12. ***Necessary Amendment in Retail Supply Tariff Regulations may kindly be made for moving to Cost plus tariff for industries connected at HT & EHT level.***

Response

The matter refers to amendment of the Tariff Regulations which need to be taken up separately

13. ***Electrification of Industrial park and MSME cluster should be taken up by DISCOM in high priority in consultation with IDCO.***

Response

For any upcoming Industrial Estate / MSME Cluster, IDCO applies for the electrification of that Estate or Cluster and TPCODL carry out the joint site visit along with IDCO representative for the finalizing the Scope of Work and the estimate for electrification. IDCO used to carry out the electrification work i.e. all 33KV / 11KV & LT network in the Estate / Cluster by themselves and pay 6% supervision charges to TPCODL. Hence responsibility of developing Electrical infrastructure in any Industrial Estate and MSME Cluster is with IDCO. TPCODL is also facing difficulty in releasing the connection in the absence of network in the Industrial area.

Now in order to avoid all such delays, TPCODL is proactively interacting with IDCO and identifying the Estates which are proposed and based on its commissioning year, asking IDCO to apply for the electrification so that network can be established well in time.

14. ***Open Access Charges Regulations 2020 may be amended to limit Cross Subsidy surcharge within +/- 20% of Applicable tariff in line with Tariff Policy.***

Response

It is clarified that the Hon'ble Commission has been determining tariffs in consonance to the provisions of the Electricity Act'2003, as well as the National Tariff Policy which stipulates the following:

> *"8.3 (2)….For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply."*

The Tariffs are stipulated by the Hon'ble Commission within ±*20% of the* average cost of supply of the Discoms, as has been mentioned in Para 76 of the FY 23-24 Tariff Order, the relevant extract of which is reproduced below:

> *"76. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that tariff for cross-subsidised categories and cross-subsidising categories remains within ±20% of the average cost*

of supply as per Clause 8.3 of National Tariff Policy. Ultimate objective is that tariff should be reflection of cost of supply. EHT and HT consumers are cross subsidizing LT consumers of the State. Further, Regulation 5.15.2 of OERC Wheeling & RST Regulations, 2022 provides that the Commission shall endeavor to reduce gradually the cross subsidy between the consumer categories with respect to the Average cost of Supply. Also the Commission is guided by the provisions under Regulation 5.15.3 wherein the Commission has to ensure that the tariff progressively reflects the cost of supply of electricity. The Commission has determined the category wise tariff considering the above provisions under OERC Wheeling & RST Regulations, 2022"

As mentioned earlier, Tariff Design and Determination is the sole preserve of the Hon'ble Commission.

15. ***Odisha based MSME should be given priority by Tata power for procurement by respective DISCOMs .***

<u>Response</u>

We wish to submit here that TPCODL carries out its procurement process as per its established Procurement Policy. In order to promote local MSMEs, TPCODL has implemented preferential norms for MSME which is part of its procurement policy. Some of the preferences given are as follows:

i. **Tender Fees**

To participate in the tender, MSMEs registered in the State of Odisha shall pay Rs.1,000/- including GST towards cost of tender paper.

ii. **Earnest Money Deposit (EMD)**

EMD shall be exempted for MSME registered in the State of Odisha. However, Bidder shall be barred to participate in the tendering process for a period of 2 years in case it backs out post award of the contract.

iii. **Qualification Requirement for Open Tenders**

Qualification Requirement of Financial Turnover for MSME registered in the State of Odisha shall be reduced to 20% of the existing criteria.

For Technical Qualification, instead of relying on the volumes / value of earlier Supplies / Projects, assessment of the Bidder shall be done on the basis of feedback from Customers. Past performance experience at Tata Power and its Group Companies shall supersede feedback from other Customers.

iv. **Reservation for MSME**

It shall be mandatory to procure at least 20% of the total volume of the procurement from MSME registered in the State of Odisha (however, it shall not apply where goods/services are not available with the MSME), subject to matching L1 discovered prices and meeting technical specifications including quality requirements.

v. Performance Bank Guarantees

Performance Bank Guarantee for MSME registered in the State of Odisha shall be 25% of the value normally prescribed.

16. Pending Payments to vendors / service providers which are due by the erstwhile utilities

Response

While the responsibility of making payments to Vendors, etc. for their legitimate dues pertaining to period prior to vesting of Utilities, has been entrusted on the new Discoms in the Vesting Order, the said Order also directs in the Discom to take prior approval of the Hon'ble Commission before releasing such payments.

Before making any such payments, TPCODL carries out an examination of the legitimacy of the claims, and after due satisfaction, submits them to the Hon'ble Commission for approval.

We have also brought out an advertisement in Newspaper (in Odia and English language) on accepting any past claims till 30th Sep 2023 only. The list of total claims received have been submitted to the Hon'ble Commission. These claims are being verified as well as audited and being submitted to Hon'ble Commission's approval in a phased wise manner.

17. DSM and Consumer awareness to be taken up by Discoms

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

Information about DSM programs are spread through website, social media, and via SMS to educate customers about the benefits of switching to Energy efficient appliances. Workshops for staff, guided by experts, is being held at regular intervals to emphasize the importance and long-term benefits of energy-efficient practices, promoting a culture of responsibility.

Further, TPCODL has filed a petition (combined petition on behalf of all four Discoms) for approval of Energy Efficiency Program for Domestic Consumer for promotion of Demand Side Management in the State. The Hon'ble Commission has accorded in principle approval for the above petition (Case 79/2023). The Scope of the proposal covers replacement of 20,00,000 induction Fans with BEE 5 Star rated Brush-Less Direct Current (BLDC) Fans(Maximum 2 per Household) for Domestic (Private) i.e. 5 Lakhs Fan per each Discom with 30% subsidy by GoO and 20% by Discoms by way of approval in ARR.

Further, details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

18. E-Mobility initiative

Response

TPCODL has already signed an MOU with OREDA for providing 10 EVs under its 'E-Mobility Solution'. TPC has already installed a number of EV Charging Stations in Bhubaneswar

19. Energy Audit

Response

A dedicated Centralised Energy Accounting & Audit Cell is functioning in TPCODL who is identifying the Circle-wise, Division-wise and Section-wise AT&C losses on monthly & YTD basis and communicating to all field functionalities with necessary recommendations to take remedial measures to bring down the losses.

Further, as per the notification issued by Bureau of Energy Efficiency in Oct-2021, this group is conducting the periodic (quarterly) energy accounting by the in-house Certified Energy Manager for each quarter of the Financial Year and Annual energy audit by an independent third party Accredited Energy Auditor for each Financial Year in TPCODL. These Accredited Energy Auditors have been empaneled by the 'Bureau of Energy Efficiency(BEE, India)' to conduct the Energy Audit in DISCOM sector. The Quarterly Energy Accounting Reports and Annual Energy Reports are submitted to the BEE, India & the State Designated agency (SDA, Odisha) and made available on the TPCODL website for reference of all stakeholders. Moreover, during the performance review by the Hon'ble Commission , the data is also submitted for kind appraisal for the Hon'ble Commission.

20. No members of GRF shall be employees of DISCOM.GRF should be created division wise. The GRF and Ombudsman Regulations needs to be amended immediately.

Response

The appointment of GRFs is on the basis of the OERC (Grievance Redressal Forum and Ombudsman) Regulations 2004 and subsequent amendments

TPCODL

3. Reply to Objections/ Suggestions raised by M/s Utkal Chamber of Commerce & Industry Ltd. (UCCI)

The Respected Respondent has raised several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

1. Employee Cost

The respondent has observed that Employee Cost to be considered as controllable, audited figures of previous years to be considered for arriving of employee cost and annual truing up exercise to be carried out.

Further, the respondent has requested TPCODL to control employee cost and has commented that the estimate for FY 2024-25 is very high and should not be approved.

Our response

We have taken note of the Respected Respondent’s observations on the above. We assure the Respected Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective.

As shall be appreciated, bulk of the Cost is towards Employee Costs of inherited employees who are governed by the OSCR Structure, which cannot be altered. All fresh recruitments are being done taking into account resource / skill gaps and with due approval of the Hon’ble Commission.

The Hon’ble Commission carries out a detailed prudence check while allowing all costs, including the Employee Costs.

The Cost of erstwhile CESU employees have been estimated for FY2024-25 on following basis.

g. 3% escalation considered on Basic Salary over FY 2023-24 and the impact on account of retirements estimated in FY-25 has been deducted
h. DA is considered at 52 % on the Basic Salary.
i. Housing Rent allowance considered at 20% of Basic Salary
j. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
k. Staff Welfare & Other Employee Benefit Expenses ,Other Allowances and Other Staff Costs based on estimate.
l. Ex-Gratia/Performance Incentive based on estimate

Further, TPCODL has been recruiting manpower as per the approval received by the Hon'ble Commission. Considering these recruitment and man power addition proposed in FY 2024-25, employee cost of new TPCODL employees has been proposed for FY 2024-25.

The Hon'ble Commission has approved Rs. 95.8 Cr for FY 2023-24 towards new TPCODL employee cost against our submission of Rs. 132.7 Cr. TPCODL vide its letter dated 17th April 2023 and 3rd June 2023 has submitted that the approved cost for FY 2023-24 is inadequate as it is even lower the cost approved for FY 2022-23 (Rs. 98.1 Cr was approved for FY 2022-23 in FY-23 Tariff Order against which the actual cost that was incurred was Rs. 109.7 Cr).

Against the above submission of TPCODL, the Hon'ble Commission vide its letter dated 12th July '2023 while directing TPCODL to make required submission in this matter in ARR FY 2024-25 has stipulated that that the matter would be considered by the Hon'ble Commission while pronouncing the order for FY 2024-25. The relevant extract from the above letter of the Hon'ble Commission is provided below.

> *The Commission therefore opines that the TPSODL, TPCODL and TPNODL may make their submission with regard to any reconsideration of the approved expenses , allowed in the ARR FY 2023-24 ,along with the submission for the ARR of FY 2024-25. The Commission may accordingly take a suitable view for any reconsideration of the approved amounts, under these heads for FY 2023-24 ,while pronouncing the order for FY 2024-25.*

It is worthwhile to submit that considering the actual cost of New TPCODL employees booked in FY 2023-24 ,the recruitment already made in FY 2023-24 as well as the recruitment planned in remaining of FY 2023-24, the estimated cost of New TPCODL employees is estimated at **Rs 127.5 Crores** for FY 2023-24.

Further, there has been substantial number of retirement of Lineman in TPCODL, around 600 Lineman need to be replenished. The continuous reduction of Lineman is impacting field operations in terms of PTW, Maintenance across Section Offices, Fuse Call Camps etc. Further, the number of FCCs have increased in the past and there is a need to recruit lineman for running this FCC. It is further submitted such FCCs are catering to HT as well as LT network. In order to meet this Gap, TPCODL has proposed recruitment of 150 Lineman in FY 2024-25. Considering the impact of this recruitment, and the 100% impact of recruitment done in FY-24 (in FY-24 100% impact was not there as recruitment was done in staggered manner throughout the year) and nominal growth in salary of existing new employees, the employee cost for FY 2024-25 of new TPCODL employees is estimated at Rs. 152.89 Cr.

For Outsourced Employees, a nominal escalation of 10% in Employee Cost over FY 2023-24 estimate has been taken. Further, the detailed component wise cost break up of Outsourced Employee Cost has already been submitted to the Hon'ble Commission

In view of the above, the total Gross Employee Cost for FY 2024-25 has been projected at Rs. 885.1 Cr. (i.e. Rs. 856.2 after capitalization of Rs. 29 Cr)

The year on year growth in total Employee Cost is as depicted below.

% Growth in Emp Cost

Item	*FY-22 Actuals	FY-23 (Actual)	FY -24 (Est.)	FY-25 (Est.)
Gross Emp Cost (Rs. Cr)	777	775.99	837.61	885.12
Growth (%)		0%	8%	6%

* FY-22 Actuals Includes Rs. 33.9 Cr payment towards 7th Pay Arrear

Item	#FY-22 Actuals	FY-23 (est)	FY -24 (Est.)	FY-25 (Est.)
Gross Emp Cost (Rs. Cr)	743.1	775.99	837.61	885.12
Growth (%)		4%	8%	6%

Rs. 33.9 Cr towards 7th Pay Arrear has been excluded from FY-22 actuals

As can be seen, the growth of 6 % in Total Employee Cost is very much reasonable and not very high as observed by the Respected Respondent.

2. ***A&G Expenditures***

The Hon'ble Commission should conduct a prudence check regarding A&G cost for each year and 7% increase over earlier approved A&G cost for FY 2023-24 or actual A&G expenses whichever is lower may be approved for FY 2024-25.

Response

Any expenditure allowed by the Hon'ble Commission on True-Up of expenditure is based on extensive prudence check and expenditure appearing in the Discom's Audited Accounts. The expenditure sought by TPCODL for FY 24-25 is as per the extant Regulations, duly supported by a detailed zero based budget for its requirements; we firmly believe that amount sought towards A&G expenditure is the minimum requirement to carry out our operations efficiently.

As stipulated in Regulations 3.9.16 to 3.9.18, we have estimated the normative A&G cost for FY 2024-25 as following.

TPCODL

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost approved in FY 2023-24 Tariff Order	142
2	A&G Cost to be considered as base (Equal to actual Estimated Expenditure for FY 2023-24)	168
3	A&G for FY 2024-25 by applying a base of 7% p.a	179.9
4	Additional or Special Expenditure Required	54
5	**Total A&G Cost Required**	**234**

Based on the Zero based budgeting exercise, the estimated A&G cost for FY 2023-24 and FY 2024-25 is as provided below.

Particulars	Total estimate for Current FY 2023-24	Total Estimate for (FY 2024-25)
Rental of land, buildings, plant and equipment, etc	7.17	9.25
Electricity consumption expenses	4.57	3.75
Telephone & Communication expenses	2.12	2.27
Foods and conveyance	1.60	1.60
Bank & other charges	6.98	7.47
Office expenses + Facility Management and House Keeping etc	9.50	10.62
Travelling expenses	6.22	6.50
Insurance premium	7.00	9.63
Legal and professional charges	7.61	10.90
Software & IT expenses	0.53	4.46
Other Finance/Statutory Expenses	4.86	5.20
Advertisement & marketing expenses	2.60	5.15
Metering and billing expenses Collection, Payment Transcation Charges,Customer Awareness for Digital/Prompt/Regular Payments, Customer Service (Cust. Care, Call Center,Meter Services etc.)	103.73	144.02
Printing and stationary	2.09	2.10
Miscellaneous expenses	1.53	3.00
DSM Activity		8.00
TOTAL	**168**	**234**

It is submitted that TPCODL's estimated A&G cost estimate for FY-24 is Rs. 168 Cr against approved amount of Rs. 142 Cr. While Additional A&G Cost was approved to other three Discoms in FY 2023-24 , no such additional A&G Cost was approved for TPCODL. Hence, applying 7% escalation on the approved amount of Rs. 142 Cr would not be proper.

The detailed explanation for increase in A&G cost has already been provided in our petition, hence it is requested that the A&G Cost sought by us may kindly be approved as it is essential for running the day to day activities of the business .

TPCODL

3. ***Depreciation to be allowed as per OERC stipulations***

Response

TPCODL has been computing deprecation at “pre- 92" rates on the opening assets as explained in para 3.6.1.1 of our petition for ARR FY 2024-25.

Further , TPCODL have been claiming in our ARR/True up Net depreciation after deducting Depreciation on meters, Amortization on Opening Assets ,Amortization on Grants and Amortization on Consumer Contribution from the total deprecation booked in accounts . Table 3-15 (Page 30) of our ARR FY 2024-25 petition may be referred to in this regard.

Out of this Net Deprecation , Depreciation on Asset Created out of Own Capex of TPCODL are being used towards repayment of Capital loan and the balance towards funding of ASL payment. Table 3-16 (Page 30) of our ARR FY 2024-25 petition may be referred to in this regard.

4. ***R&M Expenses to be allowed considering reduction in GFA created due to depreciation***

Response

TPCODL has claimed estimated R&M Expenses for FY 2024-25 based on the norms stipulated by the Hon’ble Commission in the Tariff Regulations’22.

The breakup of the same as required per Regulations is as provided below.

in Rs. Cr

Sr No	Particular	Est. for FY 2024-25
1	R&M on Own Asset @ 4% of Opening GFA	254
2	R&M on Asset not in books of TPCODL @ 3% of Opening GFA	62
3	Special R&M	42
4	**Total Estimated R&M for FY 2024-25**	**358**

The estimated GFA under Own Capex and the R&M estimate thereon for FY 2024-25 is already provided at Table 3-24 (Page-45) and Table 3-25 (Page -46) of our ARR FY-25 Petition.

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of supply as per Clause 8.3 of National Tariff Policy. Ultimate objective is that tariff should be reflection of cost of supply. EHT and HT consumers are cross subsidizing LT consumers of the State. Further, Regulation 5.15.2 of OERC Wheeling & RST Regulations, 2022 provides that the Commission shall endeavor to reduce gradually the cross subsidy between the consumer categories with respect to the Average cost of Supply. Also the Commission is guided by the provisions under Regulation 5.15.3 wherein the Commission has to ensure that the tariff progressively reflects the cost of supply of electricity. The Commission has determined the category wise tariff considering the above provisions under OERC Wheeling & RST Regulations, 2022"

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17. DSM and Consumer awareness to be taken up by Discoms

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

Information about DSM programs are spread through website, social media, and via SMS to educate customers about the benefits of switching to Energy efficient appliances. Workshops for staff, guided by experts, is being held at regular intervals to emphasize the importance and long-term benefits of energy-efficient practices, promoting a culture of responsibility.

Further, TPCODL has filed a petition (combined petition on behalf of all four Discoms) for approval of Energy Efficiency Program for Domestic Consumer for promotion of Demand Side Management in the State. The Hon'ble Commission has accorded in principle approval for the above petition (Case 79/2023). The Scope of the proposal covers replacement of 20,00,000 induction Fans with BEE 5 Star rated Brush-Less Direct Current (BLDC) Fans(Maximum 2 per Household) for Domestic (Private) i.e. 5 Lakhs Fan per each Discom with 30% subsidy by GoO and 20% by Discoms by way of approval in ARR.

Further, details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

18. E-Mobility initiative

Response

TPCODL has already signed an MOU with OREDA for providing 10 EVs under its 'E-Mobility Solution'. TPC has already installed a number of EV Charging Stations in Bhubaneswar

19. Energy Audit

Response

A dedicated Centralised Energy Accounting & Audit Cell is functioning in TPCODL who is identifying the Circle-wise, Division-wise and Section-wise AT&C losses on monthly & YTD basis and communicating to all field functionalities with necessary recommendations to take remedial measures to bring down the losses.

Further, as per the notification issued by Bureau of Energy Efficiency in Oct-2021, this group is conducting the periodic (quarterly) energy accounting by the in-house Certified Energy Manager for each quarter of the Financial Year and Annual energy audit by an independent third party Accredited Energy Auditor for each Financial Year in TPCODL. These Accredited Energy Auditors have been empaneled by the 'Bureau of Energy Efficiency(BEE, India)' to conduct the Energy Audit in DISCOM sector. The Quarterly Energy Accounting Reports and Annual Energy Reports are submitted to the BEE, India & the State Designated agency (SDA, Odisha) and made available on the TPCODL website for reference of all stakeholders. Moreover, during the performance review by the Hon'ble Commission , the data is also submitted for kind appraisal for the Hon'ble Commission.

20. No members of GRF shall be employees of DISCOM.GRF should be created division wise. The GRF and Ombudsman Regulations needs to be amended immediately.

Response

The appointment of GRFs is on the basis of the OERC (Grievance Redressal Forum and Ombudsman) Regulations 2004 and subsequent amendments

4. Reply to Objections/ Suggestions raised by M/s Jindal Steel & Power Ltd

The Respected Respondent has raised several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

1. Employee Cost

The respondent has observed that Employee Cost to be considered as controllable, audited figures of previous years to be considered for arriving of employee cost and annual truing up exercise to be carried out.

Further, the respondent has requested TPCODL to control employee cost and has commented that the estimate for FY 2024-25 is very high and should not be approved.

Our response

We have taken note of the Respected Respondent's observations on the above. We assure the Respected Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective.

As shall be appreciated, bulk of the Cost is towards Employee Costs of inherited employees who are governed by the OSCR Structure, which cannot be altered. All fresh recruitments are being done taking into account resource / skill gaps and with due approval of the Hon'ble Commission.

The Hon'ble Commission carries out a detailed prudence check while allowing all costs, including the Employee Costs.

The Cost of erstwhile CESU employees have been estimated for FY2024-25 on following basis.

m. 3% escalation considered on Basic Salary over FY 2023-24 and the impact on account of retirements estimated in FY-25 has been deducted
n. DA is considered at 52 % on the Basic Salary.
o. Housing Rent allowance considered at 20% of Basic Salary
p. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
q. Staff Welfare & Other Employee Benefit Expenses ,Other Allowances and Other Staff Costs based on estimate.
r. Ex-Gratia/Performance Incentive based on estimate

Further, TPCODL has been recruiting manpower as per the approval received by the Hon’ble Commission. Considering these recruitment and man power addition proposed in FY 2024-25, employee cost of new TPCODL employees has been proposed for FY 2024-25.

The Hon’ble Commission has approved Rs. 95.8 Cr for FY 2023-24 towards new TPCODL employee cost against our submission of Rs. 132.7 Cr. TPCODL vide its letter dated 17th April 2023 and 3rd June 2023 has submitted that the approved cost for FY 2023-24 is inadequate as it is even lower the cost approved for FY 2022-23 (Rs. 98.1 Cr was approved for FY 2022-23 in FY-23 Tariff Order against which the actual cost that was incurred was Rs. 109.7 Cr).

Against the above submission of TPCODL, the Hon’ble Commission vide its letter dated 12th July ‘2023 while directing TPCODL to make required submission in this matter in ARR FY 2024-25 has stipulated that that the matter would be considered by the Hon’ble Commission while pronouncing the order for FY 2024-25. The relevant extract from the above letter of the Hon’ble Commission is provided below.

> *The Commission therefore opines that the TPSODL, TPCODL and TPNODL may make their submission with regard to any reconsideration of the approved expenses , allowed in the ARR FY 2023-24 ,along with the submission for the ARR of FY 2024-25. The Commission may accordingly take a suitable view for any reconsideration of the approved amounts, under these heads for FY 2023-24 ,while pronouncing the order for FY 2024-25.*

It is worthwhile to submit that considering the actual cost of New TPCODL employees booked in FY 2023-24 ,the recruitment already made in FY 2023-24 as well as the recruitment planned in remaining of FY 2023-24, the estimated cost of New TPCODL employees is estimated at **Rs 127.5 Crores** for FY 2023-24.

Further, there has been substantial number of retirement of Lineman in TPCODL, around 600 Lineman need to be replenished. The continuous reduction of Lineman is impacting field operations in terms of PTW, Maintenance across Section Offices, Fuse Call Camps etc. Further, the number of FCCs have increased in the past and there is a need to recruit lineman for running this FCC. It is further submitted such FCCs are catering to HT as well as LT network. In order to meet this Gap, TPCODL has proposed recruitment of 150 Lineman in FY 2024-25. Considering the impact of this recruitment, and the 100% impact of recruitment done in FY-24 (in FY-24 100% impact was not there as recruitment was done in staggered manner throughout the year) and nominal growth in salary of existing new employees, the employee cost for FY 2024-25 of new TPCODL employees is estimated at Rs. 152.89 Cr.

For Outsourced Employees, a nominal escalation of 10% in Employee Cost over FY 2023-24 estimate has been taken. Further, the detailed component wise cost break up of Outsourced Employee Cost has already been submitted to the Hon’ble Commission

In view of the above, the total Gross Employee Cost for FY 2024-25 has been projected at Rs. 885.1 Cr. (i.e. Rs. 856.2 after capitalization of Rs. 29 Cr)

The year on year growth in total Employee Cost is as depicted below.

% Growth in Emp Cost

Item	*FY-22 Actuals	FY-23 (Actual)	FY -24 (Est.)	FY-25 (Est.)
Gross Emp Cost (Rs. Cr)	777	775.99	837.61	885.12
Growth (%)		0%	8%	6%

* FY-22 Actuals Includes Rs. 33.9 Cr payment towards 7th Pay Arrear

Item	#FY-22 Actuals	FY-23 (est)	FY -24 (Est.)	FY-25 (Est.)
Gross Emp Cost (Rs. Cr)	743.1	775.99	837.61	885.12
Growth (%)		4%	8%	6%

Rs. 33.9 Cr towards 7th Pay Arrear has been excluded from FY-22 actuals

As can be seen, the growth of 6 % in Total Employee Cost is very much reasonable and not very high as observed by the Respected Respondent.

2. A&G Expenditures

The Hon'ble Commission should conduct a prudence check regarding A&G cost for each year and 7% increase over earlier approved A&G cost for FY 2023-24 or actual A&G expenses whichever is lower may be approved for FY 2024-25.

Response

Any expenditure allowed by the Hon'ble Commission on True-Up of expenditure is based on extensive prudence check and expenditure appearing in the Discom's Audited Accounts. The expenditure sought by TPCODL for FY 24-25 is as per the extant Regulations, duly supported by a detailed zero based budget for its requirements; we firmly believe that amount sought towards A&G expenditure is the minimum requirement to carry out our operations efficiently.

As stipulated in Regulations 3.9.16 to 3.9.18, we have estimated the normative A&G cost for FY 2024-25 as following.

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost approved in FY 2023-24 Tariff Order	142
2	A&G Cost to be considered as base (Equal to actual Estimated Expenditure for FY 2023-24)	168
3	A&G for FY 2024-25 by applying a base of 7% p.a	179.9
4	Additional or Special Expenditure Required	54
5	**Total A&G Cost Required**	**234**

Based on the Zero based budgeting exercise, the estimated A&G cost for FY 2023-24 and FY 2024-25 is as provided below.

Particulars	Total estimate for Current FY 2023-24	Total Estimate for (FY 2024-25)
Rental of land, buildings, plant and equipment, etc	7.17	9.25
Electricity consumption expenses	4.57	3.75
Telephone & Communication expenses	2.12	2.27
Foods and conveyance	1.60	1.60
Bank & other charges	6.98	7.47
Office expenses + Facility Management and House Keeping etc	9.50	10.62
Travelling expenses	6.22	6.50
Insurance premium	7.00	9.63
Legal and professional charges	7.61	10.90
Software & IT expenses	0.53	4.46
Other Finance/Statutory Expenses	4.86	5.20
Advertisement & marketing expenses	2.60	5.15
Metering and billing expenses Collection, Payment Transcation Charges,Customer Awareness for Digital/Prompt/Regular Payments, Customer Service (Cust. Care, Call Center,Meter Services etc.)	103.73	144.02
Printing and stationary	2.09	2.10
Miscellaneous expenses	1.53	3.00
DSM Activity		8.00
TOTAL	**168**	**234**

It is submitted that TPCODL's estimated A&G cost estimate for FY-24 is Rs. 168 Cr against approved amount of Rs. 142 Cr. While Additional A&G Cost was approved to other three Discoms in FY 2023-24 , no such additional A&G Cost was approved for TPCODL. Hence, applying 7% escalation on the approved amount of Rs. 142 Cr would not be proper.

The detailed explanation for increase in A&G cost has already been provided in our petition, hence it is requested that the A&G Cost sought by us may kindly be approved as it is essential for running the day to day activities of the business .

3. ***Depreciation to be allowed as per OERC stipulations***

Response

TPCODL has been computing deprecation at “pre- 92" rates on the opening assets as explained in para 3.6.1.1 of our petition for ARR FY 2024-25.

Further , TPCODL have been claiming in our ARR/True up Net depreciation after deducting Depreciation on meters, Amortization on Opening Assets ,Amortization on Grants and Amortization on Consumer Contribution from the total deprecation booked in accounts . Table 3-15 (Page 30) of our ARR FY 2024-25 petition may be referred to in this regard.

Out of this Net Deprecation , Depreciation on Asset Created out of Own Capex of TPCODL are being used towards repayment of Capital loan and the balance towards funding of ASL payment. Table 3-16 (Page 30) of our ARR FY 2024-25 petition may be referred to in this regard.

4. ***R&M Expenses to be allowed considering reduction in GFA created due to depreciation***

Response

TPCODL has claimed estimated R&M Expenses for FY 2024-25 based on the norms stipulated by the Hon’ble Commission in the Tariff Regulations’22.

The breakup of the same as required per Regulations is as provided below.

in Rs. Cr

Sr No	Particular	Est. for FY 2024-25
1	R&M on Own Asset @ 4% of Opening GFA	254
2	R&M on Asset not in books of TPCODL @ 3% of Opening GFA	62
3	Special R&M	42
4	**Total Estimated R&M for FY 2024-25**	**358**

The estimated GFA under Own Capex and the R&M estimate thereon for FY 2024-25 is already provided at Table 3-24 (Page-45) and Table 3-25 (Page -46) of our ARR FY-25 Petition.

The Scheme wise Assets that are note appearing in TPCODL’s books but maintained by TPCODL on which R&M at 3% has been requested by TPCODL based on Tariff Regulations 2022 has already been provided at Extract 3-4 (Page 46) and Table 3-26 and Table 3-27 (Page 47) of our ARR FY-25 Petition.

With respect to the Respondents view that depreciation should not be allowed on GFA created due to Depreciation, it is clarified that All Asset, irrespective of source of funding, need to be maintained and consequently R&M Cost needs to be allowed for maintenance of ALL Assets, including the Govt. owned Assets which are not funded by the Discoms but are maintained by them.

5. ***Revenue Requirement***

Observation: *Hon'ble Commission to allow Revenue Requirement for FY 2024-25 after prudence check*

<u>Response</u>

We are providing the Hon'ble Commission with all information as being sought by them for carrying out a prudence check on our filings, which we firmly believe, have been prepared in accordance with the extant Regulations as well as based on our best estimates of efficient costs/ revenues.

6. ***Re-introduction of 3 slab based graded incentive tariff for HT / EHT Consumers in FY 2024-25***

<u>Response</u>

While Tariff Design is the sole preserve of the Hon'ble commission, we are of the view that the 3-slab based graded incentive tariff mechanism is not actually beneficial as it complicates the billing mechanism without offering commensurate benefit. In the 3 slab mechanism, the difference in slab tariff was negligible, but in two slab the difference is more than one rupee which is almost a reduction of 19%. Therefore, in our view, the earlier 3 slab tariff structure has been consciously withdrawn by Hon'ble Commission to extend more benefit to consumers.

7. ***In view of expected increase in HT/EHT sales and hence expected increased /surplus revenue / Industrial Tariff may be reduced .***

<u>Response</u>

The Respondent has observed increase in HT/EHT sales is expected due to various factors like Rs. 10.5 trillions of investment announced by GoO in recently concluded Make in Odisha Conclave etc and has requested for reduction of Industrial Tariff. It is submitted that the investment declared by GoO may take some to materialize and only when these investment result into actual increased in HT /EHT sales, the Hon'ble Commission may take into consideration among other factors for determination of Industrial Tariff.

As per TPCODL's estimations based on new connection/ additional demand requests received by it, as well as taking into account physical progress of industry's coming up/ likely to come up, the growth in EHT/ HT Sales in FY 24-25 over FY 23-24 has been estimated .

The Hon'ble Commission, who has the sole prerogative on Tariff determination and Tariff design, would take an appropriate view taking into account the projected growth in both Demand, requirement of legitimate costs recovery including that of the Discom together with BSP, etc..

8. ***TPCODL has proposed re-introduction of DPS for LT domestic, LT general purpose and HT bulk Supply Domestic Consumers. It is important to explore alternative measures that encourage timely payment without imposing additional financial penalties on consumers. The Hon'ble Commission should consider more consumer friendly approach to address late payments such as education campaigns, billing transparency and improved customer communication.***

Response

There was a tendency among the category of LT Domestic, General Purpose and HT Bulk Supply Domestic etc. consumers negligent towards bill payment once the due date is over as no delayed payment surcharge was applicable. The Domestic and GPS category current billing is more than 90% of total LT billing and compared to total billing these consumers billing is around 46%. Therefore, in order to achieve 100% collection of LT current billing in every month, consumers should proactively pay in time and for which it is requested to introduce DPS for these category of consumers. The Hon'ble Commission may consider the proposal of the Petitioner.

9. ***Reconnection Charges should be abolished for Prepaid/Postpaid smart meters and for existing standard meters, the connection and reconnection charges should be reduced considering higher employee cost allocation to DISCOM by the Hon'ble Commission.***

Response

TPCODL has proposed for revision of reconnection charge due to the increase in such costs whereas these charges have remained at the level fixed in 2012.

As per regulation, it is the responsibility of the consumer to pay the electricity dues in time. Further, to encourage the consumer to pay their dues on time, Hon'ble Commission has provided prompt rebate, rural rebate and digital rebate. Still around 44% of the consumers require repeated follow-ups, involving 2-3 visits by our bill collectors/WSHG's, DC squad, and Ex-servicemen. Disconnection is used as a tool to influence the consumers to make payment of electricity dues, and bring changes in their payment behavior. This requires continuation

of disconnection squad operations for a number of years to inculcate the habit of paying the electricity dues in time. This involves cost and the burden of this expenditure should not be passed on to the good-paying consumers. Hence, it is proposed to increase the reconnection charges so that non-paying consumers would be compelled to change their habit.

With regard to smart meters, the numbers is very small now and it would take time to a level of significance. Even in those cases, costs are incurred towards Call Centers, SMS, etc. Once the number of non-paying consumers reduces to a level of less than 5%, then disconnection activities will be reduced to greater extent. Hence, the Hon'ble Commission is requested to accept the revised rate of Reconnection Charges.

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Code, thereby also jeopardising safety. Based on this rationale in our humble submission, the Reconnection Charges should be applicable for Pre-paid Meters too. However the Hon'ble Commission may decide on its applicability to Smart Meters.

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Before making any such payments, TPCODL carries out an examination of the legitimacy of the claims, and after due satisfaction, submits them to the Hon'ble Commission for approval.

We have also brought out an advertisement in Newspaper (in Odia and English language) on accepting any past claims till 30th Sep 2023 only. The list of total claims received have been submitted to the Hon'ble Commission. These claims are being verified as well as audited and being submitted to Hon'ble Commission's approval in a phased wise manner.

17. DSM and Consumer awareness to be taken up by Discoms

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

Information about DSM programs are spread through website, social media, and via SMS to educate customers about the benefits of switching to Energy efficient appliances. Workshops for staff, guided by experts, is being held at regular intervals to emphasize the importance and long-term benefits of energy-efficient practices, promoting a culture of responsibility.

Further, TPCODL has filed a petition (combined petition on behalf of all four Discoms) for approval of Energy Efficiency Program for Domestic Consumer for promotion of Demand Side Management in the State. The Hon'ble Commission has accorded in principle approval for the above petition (Case 79/2023). The Scope of the proposal covers replacement of 20,00,000 induction Fans with BEE 5 Star rated Brush-Less Direct Current (BLDC) Fans(Maximum 2 per Household) for Domestic (Private) i.e. 5 Lakhs Fan per each Discom with 30% subsidy by GoO and 20% by Discoms by way of approval in ARR.

Further, details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

18. E-Mobility initiative

Response

TPCODL has already signed an MOU with OREDA for providing 10 EVs under its 'E-Mobility Solution'. TPC has already installed a number of EV Charging Stations in Bhubaneswar

19. Energy Audit

Response

A dedicated Centralised Energy Accounting & Audit Cell is functioning in TPCODL who is identifying the Circle-wise, Division-wise and Section-wise AT&C losses on monthly & YTD basis and communicating to all field functionalities with necessary recommendations to take remedial measures to bring down the losses.

Further, as per the notification issued by Bureau of Energy Efficiency in Oct-2021, this group is conducting the periodic (quarterly) energy accounting by the in-house Certified Energy Manager for each quarter of the Financial Year and Annual energy audit by an independent third party Accredited Energy Auditor for each Financial Year in TPCODL. These Accredited Energy Auditors have been empaneled by the 'Bureau of Energy Efficiency(BEE, India)' to conduct the Energy Audit in DISCOM sector. The Quarterly Energy Accounting Reports and Annual Energy Reports are submitted to the BEE, India & the State Designated agency (SDA, Odisha) and made available on the TPCODL website for reference of all stakeholders. Moreover, during the performance review by the Hon'ble Commission , the data is also submitted for kind appraisal for the Hon'ble Commission.

20. No members of GRF shall be employees of DISCOM.GRF should be created division wise. The GRF and Ombudsman Regulations needs to be amended immediately.

Response

The appointment of GRFs is on the basis of the OERC (Grievance Redressal Forum and Ombudsman) Regulations 2004 and subsequent amendments

5. Reply to Objections/ Suggestions by Principal Chief Electrical Engineer, East Coast Railway

1. ***Railways be treated as separate category and tariff (HT & EHT) be fixed at lower level than that of tariff for other EHT and HT consumers in the state .***

Response

While there is a separate Tariff Category for Railway Traction, the Tariff is the same as many other categories. However the Hon'ble Commission has in the recent Tariff Order provided a special Rebate of Rs 0.25 per Kwh to Railways. The extracts from the Tariff Order is as follows:

> *(ix) Railway Traction category shall get a rebate of 25 paise per unit for all the units consumed in addition to all other rebates they are eligible to avail.*

Hence in our humble opinion , the Railways have been already provided a concessional tariff

2. ***'Railways to be charged at unit rate which is actual cost of supply of power to EHT category of consumers. The Respected Respondent has observed the category wise Tariff estimated by TPCODL in Form F-5.***

Response

The Tariff determination for the state is the sole prerogative of the Hon'ble Commission. The Retail Supply Tariff for the entire state is same, hence the Hon'ble Commission consider data of all four Discoms for determination of tariff and not just one Disocm. While determining the tariff for each category (i.e. LT,HT and EHT) , the Hon'ble Commission determines the Average Cost of Supply for the entire state and then determine the LT,HT and EHT wise tariff by keeping the cross subsidy limited to with in ± 20% as per mandate of the National Electricity and Tariff policy. Relevant extract from the Tariff Order FY 2023-24 is produced below for reference.

Table - 23
Cross Subsidy Table for FY 2023-24

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Average Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below of cost of supply	Remarks
(1)	(2)	(3)	(4)	(5) =(4)–(3)	(6)=(5)/(3)	(7)
2017-18	EHT	488.26	580.45	92.19	18.88%	The tariff for HT and EHT categories have been calculated based on average tariff of that category.
	HT		581.60	93.34	19.12%	
	LT		398.95	-89.31	-18.29%	
2018-19	EHT	489.47	576.88	87.41	17.86%	
	HT		579.18	89.71	18.33%	
	LT		398.72	-90.76	-18.54%	
2019-20	EHT	499.71	577.21	77.49	15.51%	
	HT		579.38	79.67	15.94%	
	LT		406.21	-93.50	-18.71%	
2020-21	EHT	524.62	595.77	71.15	13.56%	
	HT		596.18	71.56	13.64%	
	LT		433.81	-90.81	-17.31%	
2021-22	EHT	548.40	626.50	78.10	14.24%	
	HT		623.90	75.49	13.77%	
	LT		466.07	-82.33	-15.01%	
2022-23	EHT	587.77	654.61	66.84	11.37%	
	HT		640.36	52.59	8.95%	
	LT		478.44	-109.33	-18.60%	
2023-24	EHT	604.22	622.71	18.50	3.06%	
	HT		652.90	48.68	8.06%	
	LT		497.71	-106.51	-17.63%	

90. It would be noted from the above that the Commission, in line with the mandate of the National Electricity Policy and Tariff Policy, has managed to keep cross-subsidy among the subsidised and subsidising category of consumers in the State within ±20%. The above cross subsidy is meant only for Retail Supply Tariff fixation in the State and is applicable to all consumers (except BPL and Agriculture) and should not be confused with Cross Subsidy Surcharge (CSS) payable by open access consumers to the DISCOM(s). The Cross Subsidy Surcharge (CSS) is applicable only to open access consumers which is discussed hereinafter.

The Demand Charge reflects the recovery of fixed cost payable by the consumers as capacity is reserved for them by the licensee. 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. Further, the Hon'ble Commission in Tariff Order of FY 2023-24 has allowed 'Railway Traction' category consumers rebate of 25 paise per unit for all units consumed in addition to all other rebates that they are eligible to avail.

3. **Ignorance of Maximum Demand (MD) rise / overshoot of both the adjacent RTSSs during their feed extension over the RTSS where incoming supply failed due to OPTCL reason.**

<u>Response</u>

As per the present practise adjustment of any excess "Demand charge" is regularized in the next billing on proper verification of the report of Central MRT/OPTCL on feed extension, so the proposal of Railway to ignore the recorded MD within the same month is not correct. Moreover, the interruption in EHT line is very rare and therefore the issue of feed extension to all the traction points is not a common phenomenon to all the Traction points in each month.

4. **Request for Reduction in existing Demand Charges and Energy Charges and Railway traction tariff be considered at par with that of organizations having > 60 % Load factor. Also Load factor incentive may be from 40% instead of 60%.**

Response

In this regard, we wish to submit that it is desirable that consumers operate with high load Factor as higher load factor improves the utilization of assets. Accordingly, if the Load Factor beyond which the lower tariff (i.e Rs 4.70 per KVAH) is applicable is set higher, it incentivizes the consumer consume higher energy from Discom to enable him to get the lower tariff. Hence the reduction of Load Factor threshold would not be interest of the above objective. We therefore would prefer that the Load Factor threshold of 60% is retained for all the consumers.

TPCODL

6. Reply to Objections/ Suggestions by M/s Juggernaut Association of Entrepreneurs

1. Cold Storage units and Seed Processing Units be classified under 'Allied Agricultural Activities' Category .

Response

The Respected Respondent has prayed before the Hon'ble Commission for change of Tariff category of Cold Storage Units and Seed Processing Units to ' Allied Agricultural Acivities' category.

As per Section 86 of the Electricity Act, the Hon'ble Odisha Electricity Regulatory Commission (OERC) has the sole preserve over fixation of Tariffs including the decision on its applicability to various Consumer Categories which have been specified by it in the OERC Distribution (Conditions of Supply) Code, 2019.

It is submitted, the change of Consumer category is a Supply Code issue and amendment to the Supply Code 2019 would be required for this, hence this issue may be considered separately as does not pertains to ARR FY 2024-25.

However, we wish to submit that the Hon'ble Commission in its Order dated 29.10.2021 in the matter of Case 03/2021 has rejected the proposal of M/s Cold Storage Association for changing the consumer category of Cold Storage units to ' Allied Agricultural Acivities' category. The relevant extract from the Order is provided below for reference.

"11. The prayer of the petitioner was substantially and indirectly the subject matter of consideration before this Regulatory Commission in Case Nos. 38, 39, 40, 41 and 90/2009 and after giving the opportunity of hearing to different stake-holders this Commission spelt out its observation in the order dated 02.07.2013 as stated below:

> XXXX
>
> *"12. For the FY 2009-10 the new Regulation which created two new categories of consumers such as allied agro industrial activities and allied agro industrial activities put cold storage in the latter category and excluded it from allied agricultural activities. The tariff for allied agricultural activities is higher than allied agricultural activities though there were some observation in the RST order for FY 2009-10 which regard to exclusion of cold storage used for commercial purpose from allied agricultural activities, the earlier Regulation have however not been changed and remained in force. xxxxxxxx*
>
> *13. Accordingly, the Cold Storages shall pay as per the tariff under General Purpose category till the end of FY 2007-08. Thereafter, they are required to pay tariff under 'Agro Industrial Consumer' category for the complete financial year 2008-09. They would also continue to pay the same Agro Industrial*

Consumer tariff till 08.11.2009. From 09.011.2009 onwards the Cold Storage consumers would be categorised under Allied Agro Industrial Activities or General Purpose depending upon their eligibility to be checked by DISCOMs and pay the tariff accordingly."

12. After considering the written submissions advanced by the parties as found from record, there appears no cogent occasion to revisit the said earlier order to take a contrary view. In other words, the prayer of the petitioner to categorise, the cold storages under the Regulation 138(f) instead of the category 138(g) of the OERC Distribution (Condition of Supply) Code, 2019 is found to be devoid of any merit and accordingly rejected.

13. For the sake of clarification, it is declared that this Commission will have no objection if any further subsidy/incentive is provided to the cold storages by the Government of Odisha.

7. <u>Reply to Objections/ Suggestions by M/s Odisha Power Transmission Corporation Limited (OPTCL)</u>

1. ***It is observed that while projecting the ARR , TPCODL has calculated transmission charges @ 24 paise / kwh without considering the proposal of OPTCL. Therefore , the Hon'ble Commission is requested to consider 37.68 Paise/kwh as transmission charges whi;e approving ARR of Discoms.***

<u>Response</u>

It is submitted that the Hon'ble Commission approves Transmission Charges only after detailed prudence check and review, hence it is not guaranteed that whatever charges proposed by OPTCL would be approved entirely by the Hon'ble Commission or not.

In view of the above , TPCODL has not considered the proposed transmission charges while preparing the ARR as it is not proper to compute the ARR at estimated Transmission Charges and has instead used the present tariff for working out the ARR. This has been the practice even in the past.

8. **Reply to Objections/ Suggestions by Shri Srikanta Kumar Samantray, CEO,M/s New Laxmi Steel**

The Respected Respondent has made several observations and suggestions on the ARR petition filed by TPCODL. We note that some of the observations relate to the proposal of TPCODL and some of them seem to suggest amendment to the Supply Code 2019. Further, it appears that some of the objections are on the proposals of other Distribution Licensees. We have provided the response as follows:

1. ***Special Proposals of TPCODL***

5. That under the Para-5.1 (146 to 149) of the petition is on DPS of electricity bills. The order passed by the Hon'ble Commission at Para-87 of RST order 2023-24 should not be changed. It should be continued. In this regard, the petition filed by the Petitioner are against the interest of the consumers.
6. That under the Para-5.2 (150 to 157) of the petition is on pro-rata billing. Now in the consumer's bills, there is no mention of billing month, as it was in the previously. Now bills are being done some time for 45 days sometime 20 days like that in a month, which is wrong. The LT domestic and commercial consumers are suffering a lot for such irregular monthly billing which should be strictly for 30 days or (+/-) 3 days. Hence, proposals furnished by the Petitioner may not be accepted.
7. That under the Para-5.3 (158 to 160) is bills on meter rent. The consumer will be affected if expenditure on most of the consumers to be the part of CAPEX plan. It may not be accepted by the Hon'ble Commission.

Response:

We have in the petition provided the rationale for considering the above and we have not repeated the same here. We are briefly providing below the reasons for introducing the above

Re-introduction of DPS

- We have noted that rescinding the levy of DPS has resulted in wilful delay in payment. The DPS was acting as the required deterrent and the consumers were paying in time. We were therefore requesting the re-introduction of the DPS for the said categories to curb such practice.

- At the same time, we wish to assure that the DPS would be applicable only on the undisputed portion. Hence when the Bill gets revised due to Disputes, the DPS would be once again computed on the Un Disputed amount.

- Further we also note that the consumers at times are required to pay DPS as the bill delivery is delayed. Such situation arises as the Due Date is very short of 7 days. Hence in order to address this grievance of the consumer, it may be appropriate to increase the Due Date of such consumers to 30 days.

Pro-rata Billing

- Despite best efforts of the Discoms, due to uncontrollable climatic conditions such as Kalbaisakhi, monsoons and extremely high temperature during summer months which beset Odisha regularly, that effect normal meter reading billing cycles, the normal billing period beyond the + 3 working days for monthly billing cycle gets exceeded.

- The pro-rata billing for slab adjustment based on actual number of days of billing vis a vis the standard norm of 30 days is just and equitable for consumers as it compensates the consumers for any deficit in slab benefit in a particular month (less than one month) in the subsequent month where the Billing is for more than 30 days.

- It is further submitted that similar methodology of pro-rata Slab adjustment is adopted by various States and the same can be followed by Odisha too.

Meter Rent Recovery

- It is submitted that at present the cost of meters are recovered through the approved Meter Rents by the Hon'ble Commission. Further, the Meter rents permitted are for a period of 5 years or 8 years for Single Phase Smart Meters. In addition, the Meter Rents are different for various kind of meter installed. In addition, the Supply Code also permits recovery of rent even after a period of 5 years after the meter is changed due to technological upgradation.

- It is noticed that such conditions in the Supply Code as well as the availability of various types of meters leads to difference in interpretation of various clauses of Tariff Order and also the Supply Code and consumer disputes with regards to recovery of Meter Rent.

- It will be therefore be appropriate that Meter Cost is recovered through Capex rather than through Rent. We also note that many states are allowing the cost of such meters to be recovered through Capex i.e through Retail Supply Tariff rather than through Meter Rent

2. ***KVAH Billing: The Hon'ble Commission may withdraw kVAH billing.***

Response:

The Hon'ble Commission had after a long time moved from KWH billing to KVAH for HT and EHT Consumers. The same has been effected after removing the penalty and incentive on PF. We are of the view that such billing should continue as it incentivizes the consumer to improve the power factor thereby improving the system parameters in general

3. ***Corpus for Meeting Calamity***

10. That under Para-5.6(163) in the head Creation of Corpus for Meeting Natural Calamities, it is prayed that to create certain fund charging separate charge of Rs.2.00 per month from consumers. For natural calamities, crores of rupees has been allotted by the Govt. of Odisha and how it is utilized is best known to everybody. Immediately after such natural calamity, DISCOMs are intimating Govt. that what is the line length of LT, HT line and nos of Sub-stations are affected, as if they have foresee of such devastation and the entire money utilized for such devastation. In this regard, the enquiry should have been made/ should be made, to ascertain the truth. So imposition of separate charge against the consumers is illegal and unjust. Such prayer should not be accepted.

Response:

The state of Odisha faces a lot of natural calamities like, cyclone, flood, thunderstorm, wind storm etc. To face such unforeseen events DISCOMs creation of adequate resource is not cost effective. Therefore, it is to submit that DISCOM needs to create certain fund for such distress requirement. In view of the above it is the humble submission of the licensee that a separate charge of Rs.2 per month may kindly be allowed to be recovered from all the consumers through energy charges.

4. ***Reconnection Charges***

11. That under Para-5.8.1 is on revision of reconnection charges, the Petitioner should intimate what is the actual expenditure towards reconnection. Such prayer is unjust, as virtually there is no expenditure as paid staffs of the Licensee are reconnecting the power supply which is within their service. Hence, reconnection charges for 1st April 2012 should be reintroduced.

Response:

The Reconnection Charges have been the same for the last 12 years and are needed to be revised to reflect the cost of such re-connection. Further the Reconnection charges should also be a deterrent to the consumers who do not pay the bills and face the risk of being disconnected.

5. Rebate to Steel Plants

21. That as per RST Order 2022-23, Note-vi "All HT industrial consumers (Steel Plant) having Contract Demand (CD) of 1 MVA and above shall get a rebate on energy charge on achieving the specified load factor. But, as per RST Order 2023-24, Note-v, "All HT industrial consumers (Steel Plant) without CGP having Contract Demand (CD) of 1 MVA and above shall get a rebate on energy charge on achieving such load factor. For the interest of the Licensee, a word "without CGP"' is added in the RST Order 2023-24, in place of such concerned Para Note-vi for RST Order 2022-23. In this regard, it is prayed that Note-vi of RST Order 2022-23 should be re-introduced, as all the HT industrial consumers with CD 1 MVA and above have to have their CGP for continuous power supply, which has not been supplied by the DISCOMs.

Response:

We shall abide by the directions of the Hon'ble Commission in this regard

6. Other Points

Response:

We note that other points raised are either related to amendment of the Supply Code or on the proposals of other Discoms. We have not commented on the same.

9. Reply to Objections/ Suggestions by Shri Panchanan Jena

The Respected Respondent has made several observations and suggestions on the ARR petition filed by TPCODL. We however note that a large number of observations are related to the Manpower in TPSODL and no specific issues have been raised for TPCODL. Our response to the observations which are related to TPCODL has been have provided as follows:

1. *CTC Costs : Component wise cost of CTC category not provided*

Response:

In this regard it is necessary to submit that the Hon'ble Commission has been approving the CTC Employee costs as a whole and not providing the detailed breakup in their Tariff Order. The breakup in the Tariff Order is available for erstwhile employees. We have in the similar manner provided the information in our ARR Petition under Table 3-23 i.e provided the breakup for Erstwhile employees and a total figure for CTC employees.

2. *There is wasteful expenditure in R&M and A&G which needs to be curtailed .*

Response:

In this regard, we wish to submit that the operations of Discoms are only two to three years old. The O&M Expenditure for the three discoms would depend on the level of activities in the area of Repairs , Maintenance , Billing, Collection, statutory fees, recruitment of personnel as per the approval of the Hon'ble Commission to cover the deficit on account of no recruitment in the past. Hence such expenditure cannot be considered as wasteful.

It is submitted that since the take over of the erstwhile utilities, various new activities/initiatives have been undertaken. TPCODL has explained the same in the Performance Review and other submissions made to the Hon'ble Commission from time to time.

Further, increase in the expenditure would also need to be considered after factoring the increase in assets, number of consumers from 26.82 Lakhs to 30.72 Lakhs, operation of customer care centers, Fuse Call Centres in different parts of the licensed Area and also the various activities for providing better consumer services and also improvement in reliability.

The O&M expenditure incurred has resulted in reduction of AT&C losses from about 30.4% in FY 2019-20 to 20.96% in FY 2022-23 i.e a reduction of 10% in the three years. Further there is reduction of Distribution Transformers (DTs) failures from 6 % in FY 2020-21 to 3.42 % in FY

2022-23- and 219 hrs in FY 2020-21 to 137 hrs in FY 2022-23. Hence the O&M Expenditure has been put to use and the results of such expenditure is visible.

Further TPCODL in the Petition has provided detailed justification for incurrence of higher O&M Expenditure as compared to that approved. We therefore request you to kindly approve the expenditure sought by TPCODL in their petition

TPCODL

10. Reply to Objections/ Suggestions by Shri A K Sahani

The Respected Respondent has made several observations and suggestions on the ARR petition filed by TPCODL. We note that some of the observations relate to the proposal of TPCODL and some of them seem to propose amendment to the Supply Code 2019. We have provided the response on the ARR filed by TPCODL as follows:

1. T&D Losses

2. That now the Petitioner is taking adequate action for AT&C reduction, which plays a vital role for determination of tariff. Present projected AT&C loss and T&D loss should be on audited basis and this figure may not be correct as all feeders and Sub-stations and all consumers are not yet metered. However, TATA Power as a whole is not careful about maintenance of lines and sub-station. One necked figure is placed by this Respondent as Annexure-A. That line and sub-station is covered with wigs in such a manner that line and sub-station is not visible. From such, one can assess how interruptions are there with huge loss of energy. So the figure on AT&C loss and T&D loss projected by the Petitioner cannot be taken as granted. Due care should be taken by the Petitioner. Such cases are everywhere in all sections of TPCODL.

Response

In this regard, it is submitted that TPCODL is taking utmost care to maintain the network spread over the vast area. Further, the loss figures presented by TPCODL for the previous years of operation are based on Audited figures for the Distribution Licensee as a whole.

However not withstanding the above, it is submitted that the AT&C Loss value plays a role in estimating the Power Purchase Quantum. In this regard it is important to add that while working out the ARR and the tariff, the AT&C loss used in the Tariff Trajectory given in the Vesting order is applied and the loss achieved by TPCODL is not relevant for Tariff. Hence in other words, the actual AT&C loss does not play any role while determining the ARR. The Power Purchase Quantum for ARR is worked out through Grossing up of Sales by the Tariff Trajectory AT&C Loss.

2. Assets funded Consumer Contribution

4. That under Para-3.4.6 (34) i.e. in the head assets created against consumer's contribution is not understood i.e. what is the consumer's contribution. For the Respondent, consumer's contribution means the entire investment they have made for construction of line and sub-station, as no remunerative benefit being extended to such consumers. Consumers below 70 KVA which should be from the LT system of the licensee are being forced for construction of line and sub-station. No remunerative benefit so far has been extended to any such consumer. The Hon'ble Commission may pass order that consumers below 70 KVA should not be asked for construction of line and sub-station. Most surprisingly, such consumers are being provided with LT meter and bills are on KVAH unit with transformer loss. Necessary strict order Hon'ble Commission may be passed that DISCOMs should follow the mandated provisions of law.

Response

We wish to submit that some of the assets have been created on the Balance Sheet of TPCODL with the same being financed by Consumer. Such assets have been considered under the head of Assets created against consumer contribution. TPCODL has not claimed any Interest on Debt or Return on Equity on such Assets and also no depreciation has been considered in the ARR as they have been funded by the Consumer

3. *Special Proposals of TPCODL*

......

5. That under the Para-5.1 (146 to 149) of the petition is on DPS of electricity bills. The order passed by the Hon'ble Commission at Para-87 of RST order 2023-24 should not be changed. It should be continued. In this regard, the petition filed by the Petitioner are against the interest of the consumers.
6. That under the Para-5.2 (150 to 157) of the petition is on pro-rata billing. Now in the consumer's bills, there is no mention of billing month, as it was in the previously. Now bills are being done some time for 45 days sometime 20 days like that in a month, which is wrong. The LT domestic and commercial consumers are suffering a lot for such irregular monthly billing which should be strictly for 30 days or (+/-) 3 days. Hence, proposals furnished by the Petitioner may not be accepted.
7. That under the Para-5.3 (158 to 160) is bills on meter rent. The consumer will be affected if expenditure on most of the consumers to be the part of CAPEX plan. It may not be accepted by the Hon'ble Commission.

Response

We have in the petition provided the rationale for considering the above and we have not repeated the same here. We are briefly providing below the reasons for introducing the above

Re-introduction of DPS

- We have noted that rescinding the levy of DPS has resulted in wilful delay in payment. The DPS was acting as the required deterrent and the consumers were paying in time. We were therefore requesting the re-introduction of the DPS for the said categories to curb such practice.

- At the same time, we wish to assure that the DPS would be applicable only on the undisputed portion. Hence when the Bill gets revised due to Disputes, the DPS would be once again computed on the Un Disputed amount.

- Further we also note that the consumers at times are required to pay DPS as the bill delivery is delayed. Such situation arises as the Due Date is very short of 7 days. Hence in order to address this grievance of the consumer, it may be appropriate to increase the Due Date of such consumers to 30 days.

Pro-rata Billing

- Despite best efforts of the Discoms, due to uncontrollable climatic conditions such as Kalbaisakhi, monsoons and extremely high temperature during summer months which beset Odisha regularly, that effect normal meter reading billing cycles, the normal billing period beyond the + 3 working days for monthly billing cycle gets exceeded.

- The pro-rata billing for slab adjustment based on actual no of days of billing vis a vis the standard norm of 30 days is just and equitable for consumers as it compensates the consumers for any deficit in slab benefit in a particular month (less than one month) in the subsequent month where the Billing is for more than 30 days.

- It is further submitted that similar methodology of pro-rata Slab adjustment is adopted by various States.

Meter Rent Recovery

- It is submitted that at present the cost of meters are recovered through the approved Meter Rents by the Hon’ble Commission. Further, the Meter rents permitted are for a period of 5 years or 8 years for Single Phase Smart Meters. In addition, the Meter Rents are different for various kind of meter installed. In addition, the Supply Code also permits recovery of rent even after a period of 5 years if the meter is changed due to technological upgradation.

- It is noticed that such conditions in the Supply Code as well as the availability of various types of meters leads to difference in interpretation of various clauses of Tariff Order and also the Supply Code and leads to consumer disputes with regards to recovery of Meter Rent.

- It will be therefore be appropriate that Meter Cost is recovered through Capex rather than through Rent. We also note that many states are allowing the cost of such meters to be recovered through Capex i.e through Retail Supply Tariff rather than through Meter Rent

4. ***KVAH Billing: The Hon'ble Commission may withdraw kVAH billing***

<u>Response</u>

The Hon'ble Commission had after a long time moved from KWH billing to KVAH for HT and EHT Consumers. The same has been effected after removing the penalty and incentive on PF. We are of the view that such billing should continue as it incentivizes the consumer to improve the power factor thereby improving the system parameters in general

5. ***Corpus for Meeting Calamity***

10. That under Para-5.6(163) in the head Creation of Corpus for Meeting Natural Calamities, it is prayed that to create certain fund charging separate charge of Rs.2.00 per month from consumers. For natural calamities, crores of rupees has been allotted by the Govt. of Odisha and how it is utilized is best known to everybody. Immediately after such natural calamity, DISCOMs are intimating Govt. that what is the line length of LT, HT line and nos of Sub-stations are affected, as if they have foresee of such devastation and the entire money utilized for such devastation. In this regard, the enquiry should have been made/ should be made, to ascertain the truth. So imposition of separate charge against the consumers is illegal and unjust. Such prayer should not be accepted.

<u>Response</u>

The state of Odisha faces a lot of natural calamities like, cyclone, flood, thunderstorm, wind storm etc. To face such unforeseen events DISCOMs creation of adequate resource is not cost effective. Therefore, it is to submit that DISCOM needs to create certain fund for such distress requirement. In view of the above it is the humble submission of the licensee a separate charge of Rs.2 per month may kindly be allowed to be recovered from all the consumers through energy charges.

6. ***Reconnection Charges***

11. That under Para-5.8.1 is on revision of reconnection charges, the Petitioner should intimate what is the actual expenditure towards reconnection. Such prayer is unjust, as virtually there is no expenditure as paid staffs of the Licensee are reconnecting the power supply which is within their service. Hence, reconnection charges for 1st April 2012 should be reintroduced.

Response

The Reconnection Charges have been the same for the last 12 years and are needed to be revised to reflect the cost of such re-connection. Further the Reconnection charges should also be a deterrent to the consumers who do not pay the bills and face the risk of being disconnected.

7. Rebate to Steel Plants

21. That as per RST Order 2022-23, Note-vi "All HT industrial consumers (Steel Plant) having Contract Demand (CD) of 1 MVA and above shall get a rebate on energy charge on achieving the specified load factor. But, as per RST Order 2023-24, Note-v, "All HT industrial consumers (Steel Plant) without CGP having Contract Demand (CD) of 1 MVA and above shall get a rebate on energy charge on achieving such load factor. For the interest of the Licensee, a word "without CGP"" is added in the RST Order 2023-24, in place of such concerned Para Note-vi for RST Order 2022-23. In this regard, it is prayed that Note-vi of RST Order 2022-23 should be re-introduced, as all the HT industrial

consumers with CD 1 MVA and above have to have their CGP for continuous power supply, which has not been supplied by the DISCOMs.

Response

We shall abide by the directions of the Hon'ble Commission in this regard

8. Other Points

Response

We note that other points raised are either related to amendment of the Supply Code or on the proposals of other Discoms. We have not commented on the same.

11. Reply to Objections/ Suggestions by Shri Prem Kumar

The Respected Respondent has made several observations and suggestions on the ARR petition filed by TPCODL. We have limited our response to the items pertaining to ARR FY 2024-25 only. While we appreciate the concern raised by the respected respondent, it is submitted to bring these items in appropriate forum.

1. ***No remunerative benefit was extended to any consumers***

Response

TPCODL has been providing power supply as per the provision of the Supply Code.2019. In the absence of details of any specific instance ,we would not be able to comment on the matter.

2. ***The Security Desposits are not reviewed by the Petitioner.***

Response

We request the Respected Respondent to provide any specific instance for us to take any appropriate action.

3. ***The meter rents are being collected above landed cost of the meter/RST order , which is not reviewed by the Petitioner .***

Response

TPCODL has been collecting the meter rents as per the Supply Code ,2019 at the rate approved by the Hon'ble Commission in the Tariff Orders.

4. ***After permanent disconnection of line, demand charges are raised even no investment has been made by the Petitioner for such power supply.***

Response

We request the Respected Respondent to provide any specific instance for us to take any appropriate action.

12. Reply to Objections/ Suggestions by Shri Priyabrata Sahu

The Respected Respondent has made several observations and suggestions on the ARR petition filed by TPCODL. We note that some of the observations relate to the proposal of TPCODL and some of them seem to propose amendment to the Supply Code 2019. Further, it appears that some of the objections are on the proposals of other Distribution Licensees. We have provided the response related to the queries related to TPCODL ARR as follows:

1. *Employee Expenditure, R&M Expenditure and A&G Expenditure*

2) The ARR of all Discoms proposes a unnatural hike in expenditure in employees cost, Repair & maintenance cost and A&G expenditure which is double then the last year approved expenditure. Further power outrages have gone up after TATA power taken over the company. If the gap proposed by the all Discoms is allowed it will increase the cost of unit by Rs 1.00 per unit.

Response :

In this regard, we wish to submit that the operations of Discoms are only two to three years old. The O&M Expenditure for the three discoms would depend on the level of activities in the area of Repairs , Maintenance , Billing, Collection, statutory fees, recruitment of personnel as per the approval of the Hon'ble Commission to cover the deficit on account of no recruitment in the past. It is submitted that since the take over of the erstwhile utilities, various new activities/initiatives have been undertaken. TPCODL has explained the same in the Performance Review and other submissions made to the Hon'ble Commission from time to time.

Further, increase in the expenditure would also need to be considered after factoring the increase in assets, number of consumers from 26.82 Lakhs to 30.72 Lakhs, operation of customer care centers in all Divisions, Fuse Call Centres in different parts of the licensed Area and also the various activities for providing better consumer services and also provide improved reliability.

The O&M expenditure incurred has resulted in reduction of AT&C losses from about 30.4% in FY 2019-20 to 20.96% in FY 2022-23 i.e a reduction of 10% in the three years. Further there is reduction of Distribution Transformers (DTs) failures from 6 % in FY 2020-21 to 3.42 % in FY 2022-23- and 219 hrs in FY 2020-21 to 137 hrs in FY 2022-23. Such improved parameters justify the O&M Expenditure sought.

Further TPCODL in the Petition has provided detailed justification for incurrence of higher O&M Expenditure as compared to that approved. We therefore request the Hon'ble Commission to kindly approve the expenditure sought by TPCODL in their petition.

2. Capital Expenditure in the ARR

5) Further while calculating the interest on Capex loan is charged for the whole year. The detail on loan availed from banks and the rate of interest may be furnished.
6) The Discoms must give detail financial benefits derived from the Capex plan on account of loss reduction and its impact on tariff

Response :

We have provided the extracts of sanction letters under Page No 31 and 33 of the petition which specify the details of the loans and also provide the applicable interest rate. Further, the benefits from the Capital Expenditure has been given in the Capex petition that was submitted by TPCODL and based on the justification, the Hon'ble Commission has approved the Capital Expenditure till FY 2024-25

3. KVAH Billing

Hence we pray before the Hon'ble commission for appropriate directions to the DISCOM authorities for consideration of energy consumption in KWH for HT IND consumers till the DTRs of power utilities standardized as per the BEE and request for refund of excess of revenue already collected by adjusting in their respective ECh bills .

Response :

The Hon'ble Commission had after a long time moved from KWH billing to KVAH for HT and EHT Consumers. The same has been effected after removing the penalty and incentive on PF. We are of the view that such billing i.e based on KVAH should continue as it incentivizes the consumer to improve the power factor thereby improving the system parameters in general and reduction of loss

We are also of the view that the standardization of DTRs by the Discom may be parallel activity and the same should not be linked to the KVAH billing in vogue.

4. Assets transferred by Government

25) **Gridco equity in kind**

ODSSP 33/11 substation is being provided to Discoms as equity contribution by GRIDCO in kind. ODSSP is a state sponsored scheme of GOO and expenditure is met from state budget duly approved by cabinet which means the money is already recovered from the tax payers, So the said equity infusion can not earn ROE as well as depreciation which will increase the tariff. It is a double recovery cost from the consumer of Odisha,

Response :

TPCODL in its Tariff Petition under Para 31 and 32 and Table 3-6 has explained the need to include the Gridco contribution in the computations as the same is in kind. Hence in our humble submission, there is a need to consider the transfer of Government Assets which represents the Gridco Equity in kind for computation of Return on Equity

13. Reply to Objections/ Suggestions raised by Shri Ramesh Satpathy

The Respected Respondent has raised several issues besides those covered under ARR filed by TPCODL. We have limited our replies to queries / observation relevant to the ARR.

1. ***The petitioner should produce the detail particulars as per OERC Tariff Regulations, 2022.***

2. That, the petitioner should produce the detail particulars as per OERC (Terms & Conditions and determination of wheeling tariff & Retail Supply Tariff) Regulation,2022.
   a) Division wise detail report on construction, maintenance & renovation of lines & S/s are constructed / renovated for the FY 2020-21 approved on dated 8th Sep'2020 under Capital Investment Scheme.
   b) Division wise detail report on construction, maintenance & renovation of lines & S/s are constructed / renovated for the FY 2021-22 approved on dated 18th Sep'2021 under Capital Investment Scheme.
   c) Division wise detail report on construction, maintenance & renovation of lines & S/s are constructed / renovated for the FY 2022-23 approved on dated 19th July'20212 under Capital Investment Scheme.
   d) Division wise detail report on construction, maintenance & renovation of lines & S/s are constructed / renovated for the FY 2021-22 approved on dated 16th Dec'2022 under Capital Investment Scheme.
   e) Division wise detail report on construction, maintenance & renovation of lines & S/s are constructed / renovated for the FY 2023-24 approved on dated 21th June'2023 under Capital Investment Scheme.

Response

Division wise details report of construction completed under capital investment of different FY' CAPEX

FY' 2020-21

Sl. No.	*Circle*	*Div.*	*Description*	*Scope of work*
1	BBSR-II	NYED	1 no's of 33kV existing feeder refurbishment/ Augmentation	*27Ckm*
2	BBSR-II	BAED	1 no's of 33kV existing feeder refurbishment/ Augmentation	*2Ckm*
3	Dhenkanal	TED	1 no's of 33kV existing feeder refurbishment/ Augmentation	*7Ckm*
4	Paradeep	KED-I	2 no's of new 33kV line under power evacuation from new GSS	*5Ckm*
5			DSS Refurbishment- in all 5 circles	*800no's*
6			Fencing- in all 5 circles	*1200no's*

FY' 2021-22

Sl. No.	***Circle***	***Div.***	***Description***	***Scope of work***
1	BBSR-I	BCDD-I	1 no's of 33kV existing feeder refurbishment/ Augmentation	***4Ckm***
2	BBSR-I	BCDD-II	1 no's of 33kV new line and 3 no's of 33kV interlinking lines	***11.7Ckm***
3	BBSR-I	BED	1 no's of 33kV new line and 1 no of 33kV interlinking line	***3Ckm***
4	BBSR-II	NYED	1 no of 33kV interlinking line	***10.5Ckm***
5	BBSR-II	BAED	1 no of 33kV existing line conductor Augmentation	***7.5Ckm***
6	Cuttack	AED	1 no of 33kV interlinking line	***1.7Ckm***
7	Cuttack	CDD-I	2 no's of new 33kV line under power evacuation from new GSS, 1no of 33kV feeder conductor augmentation and 1 no feeder interlinking line	***13.4Ckm***
8	Cuttack	CDD-II	1 no of 33kV interlinking line	***6.3Ckm***
9	Cuttack	CED	2 no of 33kV existing line conductor Augmentation	***15Ckm***
10	BBSR-I	BCDD-I	2 no's PTR Augmentation	19 MVA capacity addition
11	BBSR-I	BCDD-II	6 no's PTR Augmentation	49 MVA capacity addition
12	BBSR-I	BCDD-II	11 no of 11kV existing line conductor Augmentation	***8.3Ckm***
13	BBSR-I	BED	3 no of 11kV new/ interlinking line	***0.5Ckm***
14	Cuttack	CDD-I	3 no of 11kV existing line conductor Augmentation	***2.1Ckm***
15	Cuttack	CDD-II	6 no of 11kV new/ interlinking line	***8.8Ckm***
16	Cuttack	CED	2 no of 11kV new/ interlinking line and 5no's existing line conductor Augmentation	***75.8Ckm***
17			DSS Refurbishment- in all 5 circles	***230no's***
18			Fencing- in all 5 circles	***200no's***

FY' 2022-23

Sl. No.	*Circle*	*Div.*	*Description*	*Scope of work*
1	BBSR-II	*BAED*	3 no's of 33kV existing feeder refurbishment/ Augmentation	***12.4Ckm***
2	BBSR-II	*KHD*	2 no's of new/interlinking 33kV line and 2 no's of 33kV existing feeder refurbishment/ Augmentation	***14.23Ckm***
3	Cuttack	CED	1 no of 33kV interlinking line	***4Ckm***
4	Cuttack	*SED*	1 no of 33kV interlinking line	***0.4Ckm***
5	Dhenkanal	*DED*	1 no of 33kV existing line conductor Augmentation	***4Ckm***
6	Dhenkanal	*TED*	2 no of 33kV existing line conductor Augmentation	***12.3Ckm***
7	Paradeep	*PDP*	1 no of 33kV existing line conductor Augmentation	***6.58Ckm***
8	Cuttack	CDD-II	1 no's PTR Augmentation	8 MVA capacity addition
9	Dhenkanal	*ANED*	2 no's PTR Augmentation	4.85 MVA capacity addition
10	Paradeep	*KED-I*	1 no's PTR Augmentation	1.85 MVA capacity addition

FY' 2022-23 (Supplementary Capex)

Sl. No.	*Circle*	*Div.*	*Description*	*Scope of work*
1	BBSR-I	BCDD-II	1 no's of new 33kV line under power evacuation from new GSS, 1 no's of 33kV existing feeder refurbishment/ Augmentation	***20Ckm***
2	BBSR-I	*BED*	5 no's of new 33kV line under power evacuation from new GSS and 2 no's of 33kV existing feeder refurbishment/ Augmentation	***25.3Ckm***
3	BBSR-I	BCDD-II	5 no of 11kV new/ interlinking line and 7no's existing line refurbishment/ augmentation	***51Ckm***
4	BBSR-I	*BED*	5 no of 11kV new/ interlinking line and 2no's existing line refurbishment/ augmentation	***19.5Ckm***
5	Cuttack	CDD-II	1 no of 11kV new/ interlinking line	***3.85Ckm***
6	Cuttack	CED	1no existing line refurbishment/ augmentation	***7.3Ckm***

2. ***The petitioner should submit the detail particulars of 33/11 kV sub-station under ODSSP scheme & demand of the area. If the demands are more or less, what action is TPCODL taking.***

3. That, the petitioner should submit the detail particulars of 33/11 KV sub-station under ODSSP scheme & demands of the area. If the demands are more, what steps the licensee has taken. If the demands are less, what steps the licensee has taken. It has come to our notice; most of the 33/11 KV S/s are not up to the standard for which ATC loss is increasing day by day. If it is a fact, what action TPCODL has taken.

Response

Total 134 no's of new 33/11kV PSS with associated 33kV and 11kV linking lines were proposed in different ODSSP schemes under Ph-I, II& III. However, 131 no's PSS have been charged and 126 no's have been handed over to TPCODL and work for rest 3 no's of PSS is completed but part of associated lines is pending due to ROW issues.

All these 134 no's PSS proposals were planned during erstwhile CESU period, however TPCODL is working towards optimizing these as per plan for reliable and quality power supply to consumers by mitigating low voltage issue, overloading issue and through length reduction of existing network and reducing AT&C losses.

Below are the details of 126 no's PSS:-

Sl. No	District	No of PSS	Total Installed Capacity (MVA)	Total Firm Capacity (MVA)	Total Peak Load FY' 23-24 (MVA)
1	Angul	11	118	59	29
2	Cuttack	20	242	121	95
3	Dhenkanal	16	160	80	32
4	Jagatsinghpur	14	152	76	34
5	Jajpur	2	20	10	5
6	Kendrapara	10	118	59	25
7	Khurda	25	304	152	127
8	Nayagarh	12	120	60	21
9	Puri	16	168	84	36
10	**Grand Total**	**126**	**1403**	**701**	**404**

Considering present and forecasted load with load growth, TPCODL has planned utilization of these PSS and identified actions as mentioned below:

a) New 11kV linking lines with existing 11kV feeders.
b) New 11kV feeders to bifurcate load and length of existing feeders.

c) Provision of AB Switches and RMU's for shifting of existing feeders load with smooth switching.

d) Proposal for load transfer or PTR augmentation where PTR's loading is > 70% of its installed capacity.

3. TPCODL has to produce amount collected from the workers for EPF and pension now deposited in CESCO Employees Pension Trust and CESCO Employees Provident Trust till 31.03.2023.

Response

TPCODL has already submitted Employee Trust position as on 31.03.2023 and 30.11.2023 to the Hon'ble Commission.

4. TPCODL should produce total security deposit received from consumers from 2000 to 2023 and details of their deposit.

Response

TPCODL has already submitted Consumer Security Deposit data as on 31.03.2023 and 30.11.2023 to the Hon'ble Commission.

5. As per the notification published by TPCODL regarding the outstanding dues receivables from the vendors till 30.09.2023 as per the direction of the Hon'ble Commission ,how many claims the TPCODL has received ,should produce before hearing of the cases.

Response

TPCODL had brought out an advertisement in Newspaper (in Odia and English language) on accepting any past claims till 30th Sep 2023 only. The list of total claims received have been submitted to the Hon'ble Commission. These claims are being verified as well as audited and being submitted to Hon'ble Commission's approval in a phased wise manner.

6. TPCODL has to produce under which section of OERC Tariff Regulations,2022 TPCODL has impose penalty from the consumers without any notice. TPCODL should produce the details report division wise ,how much penalty they have collected since 2020 till 2023.

Response

In the absence of any specific details, we will not be able to comment on the above observation of the Respected Respondent.

14. Reply to Objections/ Suggestions by Shri Prabhakar Dora

1. ***'More Consumption less tariff 'method should be adopted for tariff fixing.***

Response:

Tariff Design is the sole prerogative of the Hon'ble Commission who may decide on the structure of the Tariff.

Further, The Telescopic (increasing) tariff fixation for higher slabs of consumption is premised on the marginal cost of power being higher.

2. ***Projection under O&M heads appears to be very high. There is a need to follow austerity measures and strict third party audit of technical and finance before allowing any extra provision against Revenue Requirement.***

Response:

We assure the Respected Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective. The O&M cost have been estimated based on the zero based budgeting and are the minimum requirement for running the business. Further, TPCODL has submitted its actual cost based on Audited Financial Statement for the True up of FY-21, FY-22 and FY-23.

In this regard, we wish to submit that the operations of Discoms are only two to three years old. The O&M Expenditure for the three discoms would depend on the level of activities in the area of Repairs , Maintenance , Billing, Collection, statutory fees, recruitment of personnel as per the approval of the Hon'ble Commission to cover the deficit on account of no recruitment in the past. Hence such expenditure cannot be considered as wasteful.

It is submitted that since the take over of the erstwhile utilities, various new activities/initiatives have been undertaken. TPCODL has explained the same in the Performance Review and other submissions made to the Hon'ble Commission from time to time.

Further, increase in the expenditure would also need to be considered after factoring the increase in assets, number of consumers from 26.82 Lakhs to 30.72 Lakhs, operation of customer care centers, Fuse Call Centres in different parts of the licensed Area and also the various activities for providing better consumer services and also improvement in reliability.

The O&M expenditure incurred has resulted in reduction of AT&C losses from about 30.4% in FY 2019-20 to 20.96% in FY 2022-23 i.e a reduction of 10% in the three years. Further there is reduction of Distribution Transformers (DTs) failures from 6 % in FY 2020-21 to 3.42 % in FY 2022-23- and 219 hrs in FY 2020-21 to 137 hrs in FY 2022-23. Hence the O&M Expenditure has been put to use and the results of such expenditure is visible.

Further TPCODL in the Petition has provided detailed justification for incurrence of higher O&M Expenditure as compared to that approved. We therefore request you to kindly approve the expenditure sought by TPCODL in their petition

3. ***DPS on electricity bills for LT Domestic, LT General Purpose and HT Bulk Supply Domestic Consumers.***

Response

We are thankful to the Respected Respondent for supporting our proposal.

4. ***Pro-rata Billing***

Response

We are thankful to the Respected Respondent for supporting our proposal.

5. ***Meter Cost to be recovered in tariff instead of through meter rent***

Response

We are thankful to the Respected Respondent for supporting our proposal.

6. ***kVAH billing for LT small and medium industrial consumption***

Response

We are thankful to the Respected Respondent for supporting our proposal.

7. ***Encouragement towards E bill***

Response

We are thankful to the Respected Respondent for supporting our proposal.

8. ***Creation of Corpus fund for contingent natural calamities-Licensee has no such power to collect such corpus and hence Hon'ble Commission may examine the same in its true perspective,***

Response

The state of Odisha faces a lot of natural calamities like, cyclone, flood, thunderstorm, wind storm etc. To face such unforeseen events DISCOMs creation of adequate resource is not cost effective. Therefore, it is to submit that DISCOM needs to create certain fund for such distress requirement. In view of the above it is the humble submission of the licensee that a separate charge of Rs.2 per month may kindly be allowed to be recovered from all the consumers through energy charges.

9. Billing of public lighting: The proposal of licensee is ultra-vires of the act and Regulations.

Response

Various steps have been initiated by TPCODL for metering of the existing public lighting system after due to verification of the existing network system. <u>The key issues on No metering of street light points are as below.</u>

1. **Issues on Metering of Street Lights in Urban Area**: Many connections are existing where the total connected load/street light connections under the division is booked under one CA No for easy process of billing (*with No Meter*) by Discom and process of payment by Govt.
   a. HT metering / LT Metering of such connections are not possible as such street lights are connected to different transformers of the Utility.
   b. In some other locations, new street light network with Timer Mechanism is required for metering and billing with new CA No.
2. **Issues on Metering of Street Lights in Rural Area**: Many connections are existing in rural where the total connected load/street light connections under the division/Section is booked under one CA No for easy process of billing (*with No Meter*) by Discom and process of payment by Govt.
   a. HT metering / LT Metering of such connections are not possible as the street lights are connected to different transformers of Utility.
   b. In maximum locations under GP level, many streetlights have been installed without the knowledge of Licensee and there is no earmark street light network for metering and timely power off. Therefore, in such cases dedicated street light network with Timer Mechanism is required for metering and billing with new CA No.

In light of the above situation , where it is not possible to ascertain the consumption easily through meters , It is proposed that wherever meters are not installed billing should be considered assuming 11 hours burning time taking the average use of summer and winter seasons. This norm of 11 Hours has been directed by the Hon'ble Commission on various Tariff Orders. The Extract from Tariff Order for FY 2015-16 is provided below.

Issue of Public lighting

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

10. Revision in Reconnection Charges

Response

The Reconnection Charges have been the same for the last 12 years and are needed to be revised to reflect the cost of such re-connection. Further the Reconnection charges should also be a deterrent to the consumers who do not pay the bills and face the risk of being disconnected.

With regards to Disconnection and Reconnection , Regulation 178 to 184 of the Supply Code,2019 specify the manner in which the Discoms would conduct and TPCODL would abide by the same.

11. Realistic Assessment of Load: The proposal is most unrealistic and wayward.

Response

We have in our submission have proposed a load factor higher than that is specified for computation of Security Deposit under Para 52 of the Supply Code, 2019. We are of the view that higher Load Factor needs to be used as the unauthorised use is generally higher than the authorised use. The Hon'ble Commission may specify an appropriate method for estimation of the energy consumed by the errant consumer.

12. Standard Service connection charges

Response

We are thankful to the Respected Respondent for supporting our proposal.

13. Relaxation of Documents to provide New Connections

Response

We are thankful to the Respected Respondent for supporting our proposal.

14. Agreement for Power Supply – There is no ground for considering the suggestion.

Response

We have provided our rationale under para 184 of our Tariff Petition. The Hon'ble Commission may kindly take appropriate decision in this regard

15. ***Extension of Time period for temporary Connections: There seems to be no logic in proposal of the licensee.***

Response

We have provided our rationale under para 185 of our Tariff Petition. The Hon'ble Commission may kindly take appropriate decision in this regard.

TPCODL