

**ORISSA ELECTRICITY REGULATORY COMMISSION**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS 1997-1998 & 1998-1999**

**BIDYUT NIYAMAK BHAVAN, UNIT - VIII,  
BHUBANESWAR**

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## **CHAPTER - 1**

### OVERVIEW

#### **The Commission in Brief**

Orissa is the first State in India which has brought about a comprehensive reform of the electricity industry by

- \* unbundling the erstwhile vertically-integrated State Electricity Board and setting up separate entities for generation, transmission and distribution;
- \* corporatisation of these functions;
- \* private sector participation in generation and distribution.

The Orissa Electricity Reform Act, 1995 became effective from 1st April, 1996. Orissa Electricity Regulatory Commission (OERC) was created by this Act as an independent regulatory commission to oversee Orissa's electric utilities. Some of the main functions of the Commission are :-

- \* to aid and advise in matters concerning generation, transmission, distribution and supply of electricity in the State;

- \* to regulate the working of licensees and to promote their working in an efficient, economical and equitable manner;
- \* to issue licences in accordance with the provisions of the Reform Act and determine the conditions to be included in the licences;
- \* to regulate the purchase, distribution, supply and utilisation of electricity, the quality of service, the tariff and charges payable keeping in view both the interest of the consumer as well as the consideration that the supply and distribution cannot be maintained unless the charges for the electricity supplied are reasonably levied and duly collected;
- \* to promote competitiveness and progressively involve the participation of the private sector, while ensuring a fair deal for the customers.

The Commission has three members appointed by the Govt. of Orissa on the recommendation of a Selection committee. One member is designated as the Chairman. Each member has an equal vote and decisions are taken by a majority of votes without a casting vote of the Chairman.

The Commission considers licence applications, tariff applications and other matters submitted by the electric utilities of Orissa and sets industry-wise rules. Commission meetings are open to the public. All decisions of the Commission are supported by written orders to ensure transparency and can be appealed against in the High Court of Orissa on points of law to ensure accountability.

### **Activities in 1997-98 & 1998-99**

#### Licensing

The Commission had issued two licences, 'one for transmission and bulk supply and another for distribution and retail supply to Gridco in the year 1996-97 when both the activities were being carried out by Gridco. In accordance with the objectives of the Reform Act, Gridco moved in the direction of divestment of its distribution activity by forming four wholly-owned subsidiary companies for the four zones of the State i.e. Western, North Eastern, Central and Southern zones. These wholly-owned distribution companies were incorporated in October, 1998. Following the formation of the four distribution companies known as Central Electricity Supply Company of Orissa

Limited, North Eastern Electricity Supply Company of Orissa Limited, Southern Electricity Supply Company of Orissa Limited, Western Electricity Supply Company of Orissa Limited, the respective companies applied to the Commission for issue of licence for distribution and retail supply in their respective areas of supply. Simultaneously Gridco also applied to the Commission for amendment of the transmission and bulk supply licence granted to it by the Commission. These applications were considered by the Commission in public hearings and the relevant licences were issued/am'ended to be effective from 01.04.99.

One of the objectives of the Electricity Reform Act, 1995 was to provide for avenues for participation of private sector entrepreneurs in the electricity industry. Privatisation of distribution has been considered as a major thrust area of reform both by the Govt. of India and Govt. of Orissa. Accordingly GRIDCO took effective steps for disinvestment of 51% of the shares of the four zonal distribution companies. While the process was completed in respect of WESCO, NESCO and SOUTHCO with effect from 02.04.99, in respect of the fourth distribution company, CESCO, the process of disinvestment became effective from 01.09.1999. Thus a major milestone of the reform process was achieved during the year 1998-99.

#### Monitoring Licensees' Performance

Another major responsibility of the Commission is monitoring the performance of the licensees. In view of the difficult task of monitoring the performance all over the State, the Commission decided to focus on some key areas which would have a trickle-down or multiplier affect. The Commission initiated public hearings on improvements in power supply at Cuttack and Bhubaneswar, improvement of power supply at Puri and improvement of power supply at Chhatrapur and Gopalpur. As a result of the various directions given by the Commission to the transmission licensee and distribution licensees in charge of those areas, there has been a significant improvement in power supply at these places.

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. In a significant departure from the past practice of performance monitoring in detail, the Commission framed various codes for improvement of performance of the licensees and only departure from the codes are taken note of by the Commission for remedial action. Some of the codes framed by the Commission to achieve this objectives are:

- a) Transmission planning and security standards
- b) Power supply planning and security standards
- c) Transmission operation and standards
- d) Grid Code
- e) Distribution (Conditions of Supply) Codes
- f) Overall performance standards
- g) Distribution system planning and security standards
- h) Operating standards
- i) Distribution (Planning and Operating) Codes

### **Tariff Determination :**

One of the most important functions of the Commission is determination of tariffs of the power utilities. The Commission determines bulk supply tariff applicable to purchases by distribution companies from the Transmission and Bulk Supply Licensee and Retail supply tariff for consumers who purchase electricity from the distribution companies. •

Keeping in view the objective of bringing about economy and efficiency in the electricity sector, the Commission formulates a least cost combination of power purchase by the bulk supplier and critically scrutinizes the cost centres of the licensees. In an effort to rationalize the retail tariff, the Commission has signalled a shift from the principle of determining tariff from the basis of 'Mature and purpose of use' to the 'voltage of supply' as would reflect the true cost of supply. Application of this principle would mean significant reduction of subsidies and cross-subsidies. Since this would impose sudden burden on the consumers accustomed for long to below-cost rates, the Commission has moved in the direction of tariff rationalisation in a gradual manner.

Along with aligning electricity rates to true costs, the Commission has put great emphasis on efficiency of operations so that costs are continuously reduced. At a time when T&D loss in the Orissa system was claimed to have been about 48%, the Commission clearly signalled its unwillingness to accept such a high percentage of T&D loss and made it clear that no more than 35% T&D loss could be accepted for the purpose of retail tariff. As a measure of incentive to the utilities to reduce the T&D loss, the Commission has held out the possibility of considering a higher return of 1% for every percentage reduction below 35% loss level. Consumer Protection

In *its* constant endeavour to attain the objective of the Reform Act, the Commission has taken significant steps for consumer protection. OERC Distribution (Conditions of Supply) Code, 1998 is a significant improvement over the OSEB Supply Regulations. It prescribes performance standards for the licensees. The Commission has approved ;

- a) • Consumers Rights Statement
- b) Performance Standards
- c) Code of Practice on payment of bills and;
- d) Licensee's Complaint Handling Procedure

to govern the relationship between the licensees and the consumers in a transparent manner.

Arbitrary action on the part of the licensee has been checked for instance in the case *pf* billing on presumptive load basis where the Commission directed the licensee to withdraw the order. In order to speedily solve the problems of electricity consumers, as a supplement to the Commissions statutory procedure, a Grievance Redressal Forum has been created where resolution of disputes between the licensee and the consumers is done in a consensual manner.

#### **Administration :**

The Commission, which initially started with a skeleton staff drawn on deputation from GRIDCO, took prompt action to recruit qualified personnel to fill up the sanctioned posts in 1997-98. However, a few posts for which qualified personnel could not be recruited from the open market were filled up by deputation of suitable officers from various Central and State government departments.

The staff of the Commission is a mix of electrical engineers, economists, financial analysts, lawyers, legal experts, information technology specialists and administrators to provide specialist advice and inputs to the Commission. The auxiliary staff of the Commission comprise 6 junior supporting staff (who work as stenographers-cum-data entry operators-cum-clerks), 4 peons and 4 drivers.

The Commission has in its desire to have a lean staff, equipped itself with computers and other peripheral modern office equipment. For the purpose of information management, a new software called RIMS (Regulatory Information Management System) was developed through MECON, Ranchi.

Regulation of utilities being a totally new concept in India requires intensive and extensive training in inter-disciplinary subjects. The specialist officials of the Commission are sent to various training courses and seminars organised by Administrative Staff College, Hyderabad, Tata Energy Research Institute, New Delhi and other professional bodies.

The Members of the Commission and other officials in the Commission staff have also visited the Utilities Commissions of Washington, D.C. and., Colorado in USA under the Energy Partnership Programme of

United States Energy Association for exchange of professional knowledge and experience.

The Commission's expenditure which is 'charged' on the Consolidated Fund of the State of Orissa, has been considerably less than the license fee the Government of Orissa receives from the licensees. In 1998-1999, while the receipt from license fee was Rs.1.50 Crores, the Commission's approved expenditure budget. was only Rs.1.14 Crores. The Commission is not an extra burden on the State's resources. The Commission keeps a close a watch over its own expenditure as it does on the licensee's expenditure.

## **CHAPTER - 2**

### **LICENSING**

One of the main aims of reform in the power sector was to replace government ownership and direct control with a licensing system in transmission and distribution so as .to achieve greater efficiency, accountability and transparency. The first task of the Commission after it came into being was to issue two licences for transmission and supply of electricity. After reconstitution of the Orissa State Electricity Board, the Transmission, Bulk Supply, Distribution and Retail Supply activities were vested in the newly constituted GRIDCO. Two provisional licences for 1)Transmission and Bulk Supply 2) Distribution and Retail Supply were issued to GRIDCO by Government of Orissa prior to formation of OERC. These were, taken ay licence applications by the Commission and two separate licences for' distribution, and retail supply and transmission and bulk supply were granted to GRIDCO vide the Commission's order No.005 dtd.31.03.97. The licenses which became effective from 1st April, 1997,. were issued for a period of 30 years subject to modification if any part pf area of supply were divested.

In accordance with' the objectives of the Reform Act, GRIDCO moved in the direction of divestment of its distribution activity by forming four wholly-owned subsidiary companies for the four zones of the state. The wholly-owned Western, North Eastern, Central and Southern distribution companies were thus incorporated in October., 1998. These companies were known as the Central Electricity

Supply Company of Orissa Ltd., North Eastern Electricity Supply Company of Orissa Ltd., Southern Electricity Supply Company of Orissa Ltd. and Western Electricity Supply Company of Orissa Ltd.

After their formation, the four distribution companies applied to the Commission for issue of licence for distribution and retail supply in their respective areas of jurisdiction^ Simultaneously, GRIDCO also applied to the Commission for amendment of its transmission and bulk supply licence.

Notice of the applications for retail supply licence was published seeking objections. In response to the notice, the Orissa Consumer Association, Cuttack and two other individuals filed objections against the applications. After hearing all parties the Commission issued its order on 18.12.98 granting four separate licences to CESCO, NESCO, SOUTHCO, and WESCO.

Notice of the application for amendment of Transmission and Bulk Supply licence was simultaneously published seeking objections from the public. A single objection by the Orissa Consumer Association, Cuttack, was admitted. After hearing both parties, the Commission issued its order granting an amended Transmission and Bulk Supply licence to GRIDCO on 18.12.98.

The highlights of the new licences are as follows :

- (i) The portions of EHT system providing supply to EHT consumers which were earlier included in Distribution System are shifted to Transmission Licensee's purview.,
- (ii) The definition of consumer was amended so that those taking supply at EHT are also consumers of Distribution and Retail Supply licensee though they are not connected to the Distribution System but to the Transmission System.

(iii)The Distribution Code is notified by the Commission in two documents as (1) Distribution (Planning and Operation) Code which deals with technical matters and (2) OERC Distribution (Conditions of Supply)Code, 1998 which is a regulation mainly dealing with commercial aspect and Consumer interface.

(iv) The licensee is amenable to all regulations and orders issued by the Commission under the Reform Act .

- (v) It is obliged to maintain separate accounts and records and provide a report of its revenue requirement to the Commission before the end of each financial year.
- (vi) The licensee is obliged to obtain clearances from the Commission with regard to disposal of its assets costing in excess of Rs. 30.00 lacks and investment equal to or exceeding Rs.5 Crores. Shares and stocks has been included in the term "assets" for all purposes under restriction condition on disposal of assets.
- (vii)The licensee is prohibited from showing discrimination and undue preference to any category of consumers.
- (viii)The licensee shall supply to the Commission any information as the Commission may direct in the manner and at times specified by it including any major incident.
- (ix) The licence enumerates the conditions in conformity with Reform Act under which it can be revoked.
- (x) Distribution -and Retail Supply ' licensees are obliged to comply with Grid Code, Distribution Code, Right to Information and Standards of Performance Regulations, Distribution System Planning and Security Standards, Operating Standards, Overall Performance Standards and . Standards of Performance in addition all other relevant Acts, Rules and Regulations.
- (xi) With regard to-consumer service, the licensee is required to follow a Code of Practice on Payment of Bills, Complaint Handling Procedure and Consumer Rights Statement approved by the Commission besides OERC (Conditions of Supply) Code, 1998.
- (xii)By 31st December of every year the licensee will submit to the Commission the forecast of its demand for power for the next 5 years including year wise break up.
- (xiii)The Transmission and Bulk Supply licensee is obliged to observe the Grid Code, Distribution Code, Transmission Planning and Security Standards, Power Supply Planning and Security Standards, T/ransmission Operating Standards and Power Supply Operating Standards as well as certain provisions regarding scheduling and despatch.
- (xiv)The Commission is actively considering to lay down a Power Procurement Procedure for the licensees and ruled that purchase and procurement of energy will be under a transparent procedure approved by the Commission.

(xv) The Commission shall act as arbitrator to adjudicate and settle disputes in accordance with Section 37(1) of the Act.

(xvi) The licensee is obliged to charge tariff only at the rate approved by the OERC.

(xvii) The licence outlines an elaborate system of monitoring to ensure safe and uninterrupted power supply in a most economical manner.

One of the objectives of the Electricity Reform Act, 1995 was to provide for avenues for participation of private sector entrepreneurs in the electricity industry. Privatisation of distribution has been considered as a major thrust area of reform both by the Govt. of India and Govt. of Orissa. Accordingly GRIDCO took effective steps for disinvestment of 51% of the shares of the four zonal distribution companies. The process was completed in respect of WESCO, NESCO and SOUTHCO with effect from 02.04.99. In respect of the fourth distribution company, CESCO, the process of disinvestment had to be carried forward to next financial year i.e., 1999-2000.

Licences for Transmission & Bulk Supply to GRIDCO and Distribution & Retail Supply to the privatised companies have been granted at an annual licence fee of Rs.50 lakhs each payable within 10th of April each year following the year in which those licences were granted till the subsistence of the licence. The total licence fee, payable per annum to the State Exchequer by the four distribution companies and M/s GRIDCO have been determined at Rs . 2 . 5 crores and these amounts have been actually paid.

## **CHAPTER 3**

### **MONITORING**

#### **LICENSEE**

#### **PERFORMANCE**

Another major thrust of responsibility of the Commission is monitoring the performance of the licensees against standards prescribed in various codes. Any departure from these ground rules are taken note of by the Commission for remedial action.

The following steps were taken by the Commission for improvement of quality of power supply and standards of service by the licensee in 1997-98 and 1998-99.

Transmission Planning and Security Standards, Power' Supply Planning and Security Standards, Transmission Operating Standards" were approved.

Practice Direction on procedure for obtaining consent from OERC for setting up captive power plant was approved by the Commission for circulation.

GRID CODE 1st version was made final after receiving the comments of 1st Grid code review panel meeting.

Draft Regulation on "Consumers Rights and Standards of Performance" was prepared and sent to CAC Members for their views.

Safety manual relating to safety aspects of operations and operating personnel submitted by GRIDCO was examined and directions issued to GRIDCO for implementation.

Draft "Distribution Code" furnished by GRIDCO with .necessary required amendments/alterations was placed in the CAC Meeting on 10.3.98.

The "Overall Performance Standard" of ,Distribution and Retail Supply Licensee as per licence 1 of 97 Condition 17.5 and Section 34 under OER Act 1995 was approved by the Commission on 29.12.97 and sent to GRIDCO.

Orissa Electricity Regulatory Commission (Exemption' from licence) Regulation 1998 was approved .by the Commission on 27.7.98 and Gazetted on 5.1.99.

GRID CODE version 2, version 3, version 4, and version 5 were approved on 2.6.98, 20.08.98, 16.12.98 and 31.12.98 respectively for adoption by electricity operators.

Distribution System Planning and Security Standards^ Operating Standards were approved on 20.4.98 by the Commission.

Orissa Electricity Regulatory Commission Distribution (Condition of supply) Code, 1998 was notified by the Commission on 7.9.98 and Gazetted on 5.1.99.

Orissa Distribution (Planning and Operating) Code was approved by the Commission on 10.11.98.

Transmission and Bulk Supply Licence (2/97) was amended on 31.3.99.

Distribution and Retail Supply Licences (1/99,2/99,3/99 & 4/99) were issued to four Distribution Companies on 31.3.99.

An amendment to OERC Distribution (Conditions of Supply) Regulation 1998 was approved by the Commission and sent to the Govt.of Orissa for publication in the Gazette.

The Commission also initiated select proceedings to monitor licensee performance in some key localities to ensure improvement in quality of power supply. These proceedings were initiated suo-moto by the Commission. The major cases taken up by the Commission in 1997-98 and 1998-99 were as follows -

1. Improvement of power supply to Bhubaneswar and Cuttack.
2. Improvement of power supply in the revenue district of Puri .
3. Improvement of power supply in Gopalpur and Chhatrapur.

The Commission Staff also made field enquiries and local investigations in connection with the improvement of power supply in the state. As a result of the various directions given by the Commission to the transmission licensee and distribution licensees in charge of these areas, there has been a significant improvement in power supply at these places.

## **CHAPTER 4**

### **DETERMINATIO**

### **N OF TARIFF**

Determination of tariff is one of the main functions of the Commission. The Commission is required to obtain and analyse the revenue requirements of the licensees and determine the charges to be levied on all types of consumers. In determining tariff the Commission is governed by three parameters, namely, the financial principle given in the Electricity (Supply) Act, 1948, the factors which would encourage efficiency, economy in the use of resources and good

performance etc. and, thirdly, the interest of the consumers. However, the Commission has been given the power to depart from the factors specified in the Sixth Schedule of the Electricity (Supply) Act, 1948.

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In determining tariff, there has to be an underlying philosophy and design and in pursuance of this a consultation paper -entitled "Conceptual Issues of Electricity Tariff in Orissa" was circulated to licensees, economists, industry association, power experts and user groups. The responses were used to fine tune the consultation paper. An economists' meet was organised on 12th March<sup>7</sup>1998 in order to discuss the issues involved. Based on the deliberations, the conceptual paper on tariff was given a final shape. The paper dealt with issues relating to system of accounts, reduction of subsidy and cross-subsidy, determination of revenue requirement, appropriate price regulation, tariff filling requirements, basis of asset valuation, unbundling of tariff, assignment of revenue requirement in tariff design, requirement of fuel and power purchase adjustment, zonal tariff differentiation and seasonal •and time-of-use tariff. The conceptual paper emphasised on cost-based tariff combining Rate-of-Return (ROR) and Performance-Based-Return (PBR) regulations. While the licensee is eligible for rate of return for capital employed, it is penalised for high T&D loss by the Commission. It also emphasised on unbundling of tariff and accordingly tariff for bulk supply and retail supply were unbundled for greater transparency. Further, enforcement of efficiency parameters should permit differential tariff across zones.

The basic principle of tariff rationalisation has been to gradually move away from a tariff based on nature and purpose ' of use to voltage based tariff which would reflect cost. It has also an objective of linking tariff to various efficiency parameters. Removal of inter-class and intra-class subsidy across a variety of consumer base is also a major job of the Commission. The Commission has faced a number of conflicting, scenarios while setting tariff for the end users. Low voltage consumers expect electricity at an affordable price which would be much lower than the high costs involved. At the same time the subsidising HT and EHT consumers like industries face high cost of electricity which affect their competitiveness. In the face of it captive power plants appear to be lucrative. Further the investors in the power sector want an assured return. The system suffers from unacceptable level of high T&D loss. Rise in cost of power-raises thfi

supply cost of electricity. The Commission had to take careful decisions to balance the interest of the consumers and the licensees.

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The Commission had to resolve a number of conflicting issues while setting tariff in 1998-99. While one of the objectives is to go for cost-based tariff, a section of consumers enjoy high dose of subsidy/cross-subsidy. Orissa is the second poorest state in the country which means the paying capacity of the general public is poor. The licensees' poor performance is reflected in unsatisfactory consumers service. The Commission, therefore, while resorting to voltage-based tariff introduced incentive tariff for HT and EHT consumers. Consumers with defective meters were asked to pay more. The Commission emphasised on metering and detection of unauthorised abstraction of electricity. Incentives for loss reduction have been proposed for the licensees. The tariff order emphasised on efficient utilisation of electricity and time-of-day tariff.

Accounting policy for the licensee was formulated with assistance of Batliboi & Co. of Calcutta. The policy based on international accounting practices provided a broad framework of\* accounting financial data. The licensees shall follow the same while finalising their annual accounts and providing data inputs for revenue requirements and tariff filing.

Preliminary examination of PPAs of GRIDCO with regard to purchase from Upper Indravati, KPCL and AES was done during the years under review.

The Tariff Division conducted need based research to support the policy decisions of the Commission. The studies undertaken during the year includes "Implications of Alternative Sources of Financing Losses" and "Subsidy, Price Elasticity and Willingness to Pay".

## **CHAPTER 5**

## **CONSUMER**

### **PROTECTION**

The Commission " has the mandate under Sections 11(1)(e), 26(2)(c) and 33(1) of the Orissa Electricity Reform Act, 1995 to protect the interest of the consumers in determination of tariff and framing regulations on right to information and standards of performance. The Act states that regulation of the purchase, utilisation, distribution and supply of electricity, quality of service and tariff and charges payable shall be set keeping in view the interest of the consumer. The Act does not allow any undue preference to any consumer of electricity but a difference in treatment is permissible basing upon consumers load factor or power factor, total consumption during any specified period or the time at which supply is required. The Act also ensures, albeit indirectly, that representative of the consumer groups will be consulted in the matter of tariff setting. The Commission is also required to ensure minimum standards of performance and uphold the right to information of the consumer. It must determine and enforce standards of overall performance by the licensee. In order to carry out its mandate, in the last two years the Commission has not only framed appropriate regulations but also taken up a number of proceedings on redressal of consumer grievances. The major steps undertaken by the Commission to carry out its statutory obligation regarding consumer protection are as follows:

- \* Orissa Electricity Regulatory Commission (Consumers Rights to Information and Standards of Performance) Regulation, 1998 was approved by the Commission on 2.6.98 and Gazetted on 5.1.99.
- \* Orissa Electricity Regulatory Commission Distribution (Condition of supply) Code, 1998 was notified by the Commission on 7.9.98 and gazetted on 5.1.99.
- \* After consultation with CAC, the "Complaint Handling Procedure" was approved by the Commission on 8.5.98, revised on 13.11.98 and sent to GRIDCO for implementation.
- \* "Code of Practice on Payment of Bill" -as per licence 1 of 97 (Condition 21.1) was approved by the Commission on 29.12.98 and sent to GRIDCO for implementation.

- \* "Consumers Right Statement" as per licence 1 of 97, (Condition 21.3) was approved by the Commission on 31.12.98 and sent to GRIDCO for implementation.

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On 1st January, 1999 the Commission issued an internal practice direction for redressal of Consumer Grievances. The Commission also took up 99 consumer complaints for resolution out of which about 80 have been disposed of.

The Commission also organised four consultancies in terrace programmes in the zonal headquarters of the distribution companies to get direct feedback on consumer service. The Commission Advisory Committee which advises the Commission on all matters related to consumer interest was duly constituted in 1996 and has met 11 times since its inception. The Commission has also organised consumer education programmes, seminars and conferences to raise awareness on power reform.

## CHAPTER 6

### **ADMINISTRATION**

#### **Organisation**

The Commission is a statutory body comprising three members; including a Chairman appointed by the State Govt. from a panel of names recommended by a Selection Committee in accordance with the procedure laid down in the OER Act, 1995. It is supported by a trained staff of 23 officers appointed by the Commission, comprising electrical engineers, economists, financial analysts, lawyers, legal experts, administrators and information technology specialists. The organisation tree of the Commission is at Annex-A.

The Commission is organised into five divisions namely Secretariat, Engineering, Tariff, Law and Administration. In the years 1997-1998 and 1998-1999, the Commission filled up most of its sanctioned posts including officers on deputation and became fully functional. The details of posts filled up during the above years is at Annex-B.

The details of the incumbents of the Commission and the Commission are at Annex-C.

### **Training**

The Commission officers are regularly sent to the India Energy Training Program of Administrative Staff College of India (ASCI), Hyderabad in order to keep themselves in tune with the recent developments in the power sector. They are also nominated to national/international seminars/workshops on Energy related topics.

OERC, being the first regulatory body of its kind in South-East Asia, has taken the lead in organising national/international seminars on regulation in power sector in Bhubaneswar, Orissa.

### **Computerisation**

In 1997-98, the Commission undertook a massive computerisation programme, installing state of the art equipment and latest IT software in keeping with its policy of modernisation and efficiency. Officers and supporting staff also attended a number of IT related training courses to enable them to achieve maximum efficiency in work and to keep pace with the changing environment, particularly in the power sector.

#### **i. Network Connectivity & Upgradation :**

Computer connectivity through LAN (Local Area Network) of all officers of the Commission has been implemented. The major features of this network are as follows :

A Netware 4.1 server with 10 diskless nodes; .  
Structured cabling using SNMP hubs, cat-3 cables,  
patch panel and cords.

In February 1999, a high-end network server, Compaq Proliant 1600 was procured and installed with the funding from DFTD

through NERA(National Economic Research Associates) the then consultant to OERC. It has the following configurations:

. - P-II 450 Mhz CPU (with dual processor capability)  
128 MB ECC SDRAM  
2 X 4.3 GB hot-plug hard drives

Windows NT 4.0, a feature-rich network operating system was installed on the aforesaid server. The Compaq server with Windows NT 4.0 was integrated with the existing Novell Netware based LAN. This allowed Windows 95 based machines act as nodes to Windows NT as well as Novell Netware servers; thus achieving progress with continuity.

#### ii. RIMS Development and Installation

ORACLE 8.0 was installed on the Compaq server and Developer 2000 was loaded on the pentium-based nodes. This is the" minimum configuration required for installation of the Regulatory Information Management System (RIMS). RIMS is an integrated information system developed by M/s MECON, Ranchi. This project was funded by DFID through NERA (National Economic Research Associates). The major objectives of this system are as follows:

To monitor the performance of various licensees (i.e Bulk Supply, Transmission and Distribution and Retail Supply) and track their progress in improving performance over time against license condition and standards laid down by rules and regulations;  
To assist in approval/modification of tariff for the ensuing year; :.,  
To improve the quality of supply and consumer service.

The development of this package was started in June 1998.

#### iii) Launching of Website

OERC launched its website in December 1998. It can be accessed by the address **www.oriarc.org** through internet. It has more than 1000 pages of information which are well organized and

linked. Even a novice user can access -required information intuitively from this site. The main contents of this website are as follows :

Major Orders pronounced by OERC  
Approved Documents like licences,  
codes, regulations, standards etc.

- Tariff and Conceptual issues
- Licensing

Information regarding the organisation

This site is updated once in a month to include the 'Cause List' for that month and latest developments, if any.

#### iv) Internet Access

A TCP/IP based internet connection was taken from NIC in October 1997. It was adequate for e-mailing purposes; but it was found difficult to browse any site using this facility. As such, it was decided to go for the DOT connection when it was offered. Internet connectivity through DOT, Bhubaneswar was commissioned in February 1999.

#### v) Training of Personnel

i) A training programme on Microsoft Windows and office was organised in March 1998 for all our officers and junior supporting staffs at our premises.

ii) IT Manager was imparted with Windows NT and Oracle Database Administration (DBA) training in January '99 for smooth Implementation of RIMS.

iii) Oracle and Developer 2000 training was given to three of our Officers. It is envisaged that RIMS which is on the same platform would be maintained .in-house by these trained professionals.

#### vi) Implementation of Payroll Software

A software package to handle the pay particulars of employees of OERC and to help in pay-related calculations like income-tax, GPF deductions etc. was developed and implemented in March 1998.

#### vi.i) Procurement & Maintenance of Assets

Many state-of-the-art equipment were procured for smooth functioning of this modern office. These hi-tech equipment include LCD projector. Digital Copier (Network ready). Laptop Computer (Compaq Pressario), Fax Machine, HP CD-Writer, Colour Printer, HP Scanner, 5 KVA CVT etc. Maintenance of computers & printers (laser, dot-matrix & inkjet), Air-conditions, uninterrupted power

supply along with batteries, CVT & stabilisers, copiers etc. are being carried out regularly.

### **Finance & Accounts**

In accordance with the provisions of the Section 8(3) of the OER Act, 1995, the salaries and allowances payable to the members of the Commission and the administrative expenses shall be charged to the Consolidated Funds of the State. According to the procedure laid down in the Act, the State Govt. is required to provide the funds for a financial year on the basis of statement of estimated expenditure submitted by the Commission to the Govt. The budgetary provisions for the years 1997-98 and 1998-99 in respect of major heads vis-a-vis the actual expenditure made during the corresponding year are given at Annex-D.

The Commission is not designed to collect any revenue and therefore, the entire resources were limited to the budgetary grant charged to the Consolidated Fund of the State.

According to the provisions of the OER Act, 1995 the Commission is to maintain accounts and keep records as may be prescribed in the regulations in consultation with the Comptroller and Auditor General of India or persons designated by him. Draft regulations was forwarded by the Commission to the State Government and A.G., Orissa, who has been nominated by the Comptroller and Auditor General of India for the purpose. Since the approval is pending, the accounts are maintained according to the traditional government procedure.

### **Proceedings before -the Commission**

During the year 1998 about 45 no of cases have been filed before the Commission of which 16 nos have been disposed off. 29 no of cases were pending by the end of the year. In most of the cases Gridco is the Opposite &/or Affected Party. The Law Division has examined and scrutinised petitions/applications and advised the other Divisions of the Commission for initiation and proper conduct of the proceedings and represented the Commission in all legal matters involved. During the year 1998, the major cases heard by the Commission include the Arbitration Case (ICCL Vrs. Gridco Case No.15 of 1997) and other important proceedings like Tariff filing Case Nos. 18 of 1998 & 19 of 1998, Issue of license to 4 subsidiaries companies of Gridco Case Nos. 22, 23, 24 & 25 of 1998' and amendment of Gridco's existing Transmission and Bulk Supply License Case No. 21 of 1998).

(I) Case Matters before the Commission :-

1. Total number of cases filed before the Commission in the year 1997 - 27
2. Total number of cases disposed by the Commission in the year 1997 - 16
3. Total number of cases pending – 11

In most of the cases (feridco is the Opposite Party/Affected Party. Only in Case No.1 & 2/97 and Case 14/97, Case No.23/97, 26/97 Gridco is the petitioner/Applicant.

During the year 1997-98 the Commission granted permission for the following D.G. Sets/T.G. Sets.

57 consents issued to D.G. Sets.

2 consents issued to T.G. Sets.

:

During the year 1998-99 the Engineering Division of the Commission undertook the following activities :-

**Permission for D.G Sets /T. G Sets.**

48 Nos. consents issued for DG Sets.

Consent issued for following Thermal Plants -

- a) 5x130MW Thermal Plant of M/s Aditya AluminAuMi.
- b) 77 MW Thermal Plant of M/s INDAL^ HiraHud
- c) 80MW (2x30+1x20) Thermal Plant of Utkal Alumina, Raygada.
- d) 55MW Thermal Plant of Konark Metcoke Ltd., Duburi
- e) 6x120MW Thermal Plant of M/s St'elblite Industries (P) Ltd.
- f) 10MW Thermal Plant- of M/s Sponge Iron Ltd., Polaspanga.

**Consent issued for following Co-Generation Plant -**

- a) 6.255MW Co-Generation Plant of M/s Biria^ Tyres, Balasore.
- b) 2x4.5MW -Co-Generation Plant of M/s 'Mideast Integrated Still Ltd-, Duburi. i

Writ petitions and appeals

Eight Misc. Appeals and 4 OJC, (writs) cases were filed in the Hon'ble High Court of Orissa against the orders/decisions of the Commission in the year 1997. Only one case i.e. MA 138/97 was disposed off and all other cases are pending before the Hon'ble Court. Parawise commentary has been prepared for all High-Court Cases and handed over to the Legal Consultant in consultation with various divisions. By the end of the year 1997, total 15 cases (seven Miscellaneous Appeals and eight original jurisdiction cases) were

pending in the Hon'ble High Court of Orissa instituted against the orders/decisions of the Commission.

During the year 1998, two original jurisdiction cases bearing No. 2458 of 1998 & No. 12987 of 1998 have been filed in the Hon'ble High Court against the appointment orders of the Commission. Parawise comments in these cases are being prepared by the Law Division and this Division assists and feeds data to the counsel for defending the cases. During the year 1998, the Hon'ble High Court of Orissa has disposed the following three cases where OERC was impleaded as respondent.

Sl. No of Disposal	Case No. File No of No	Name of the Parties	Date of Disposal
		No Law division	
1.	MJC.229/97 CMH/8/97	ICCL	10.02.98
		Vrs. Gridco & Others	
2.	OJC.1004/96 30.10.98 CMH/1/96	Krisna Cement	
		Vrs. State of Orissa & Others	
3.	OJC.11273/96 30.10.98 CMH/2/96	Sriram Re	
		Rollers (P) Ltd. Vrs. State of Orissa & Others	

During the months of January to March, 1999, Commission had received notices from the Hon'ble High Court to appear in two writ petitions. Commission had decided to appear in these cases and entrusted the matter to the Office of the Advocate General, Cuttack to appear on behalf of the Commission. For proper liaisoning with High Court, Office of the Advocate General and Commission's Legal Counsel the Asst. Legal Adviser has been nominated by the Commission to act as a Nodal Officer. Parawise comments in these<sup>3</sup> cases are being prepared and this Division assists and feeds data to the Advocate General Office for preparation of the counter affidavits.

### **International Cooperation**

The Orissa Electricity Regulatory Commission has entered into a Energy Partnership Program (EPP) with the Public Utilities Commission of Colorado and Public Service Commission of the District of Columbia, Washington D.C. in the US. Two Cooperation Agreements to this effect were signed between the Orissa and US Commissions in a formal signing ceremony at the Hotel Oberoi, Bhubaneswar, on February 11, 1998. A memorandum of understanding (MOU) was also signed with the United States Energy Association on the same date. The agreement was signed by the Chairman of the OERC, Mr S C. Mahalik and Chairman Robert J Mix of the Colorado Public Utilities Commission. Dr Grace Hu, Chief Economist of the Public Service Commission of the District of Columbia, signed the agreement on behalf of her Chairman. Sridhar Samudrala, Senior Project Coordinator (USEA) represented the US Energy Association at the ceremony. The US Consul General at Calcutta, Ms Cheryl J Sim and the then Chief Minister of Orissa, Mr J B. Patnaik were present on the occasion. Also present was Mr. Richard Goldman, Director of USAID. This EPP is being implemented by the United States Energy Association (USEA) in cooperation with the US Agency for International Development

(USAID), Office of Energy, Environment and Technology. It aims at mutual transfer of experience and information between the two partners in all areas of regulatory activity. The focus areas of long-term cooperation are consumer interaction, transmission tariffs and decision making processes. The agreement will be executed through participation in seminars, visits and exchanges.

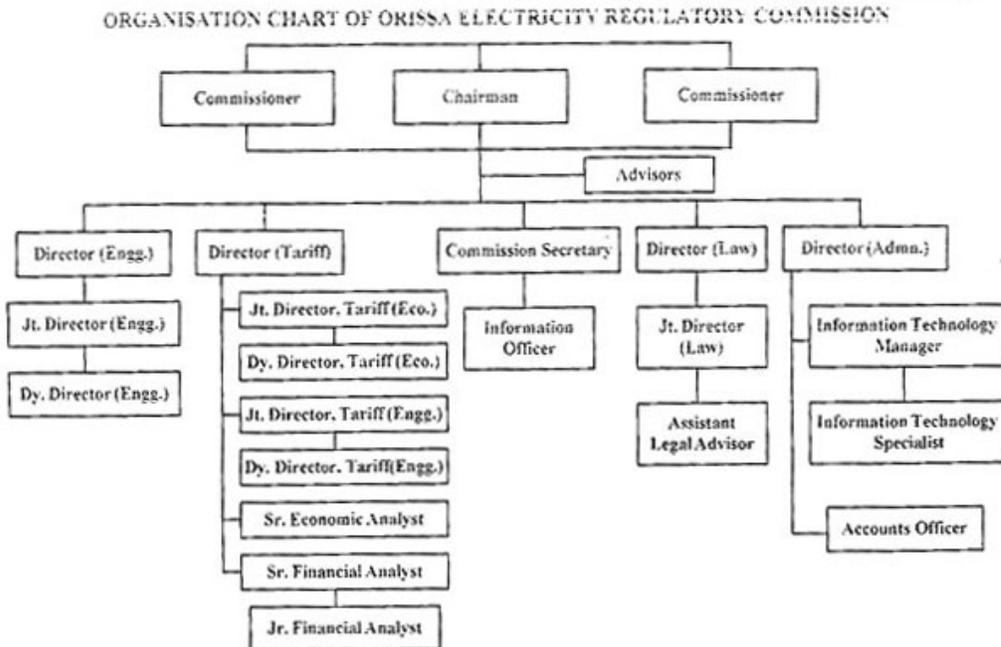
Under the aegis of EPP, all officers grouped in two teams visited the Commissions at Washington DC and Denver, Colorado organised by the United States Energy Association (USEA) during May, 1998 and Oct'1998 respectively. The six member team comprising the Director (Admn), Director (Engg.), Jt. Director (Engg), Jt. Director (IT), Dy. Director (Engg.) and Dy. Director (IT) were on a 10-day visit to the US from 1st to 10th May, 1998.

The second team of officers from OERC concluded their visit to Washington DC and Denver as part of the (EPP) organised by the United States Energy Association (USEA) on 25th October, 1998. The six-member team comprising the Commission Secretary, Joint Director (Tariff/Economics), Joint Director (Law), Assistant Legal Advisor,

Accounts Officer and Public Affairs Officer were on a week long visit to the US from 17th to 23rd October.

These teams visited the Public Utility Commission of Washington DC and Public Service Commission of Colorado during the visit. They held discussions with Commission members, participated in group discussions and individual sessions with counterparts, toured the facilities and watched the PUCs in action. They also had an opportunity to see the operation of licensees (electricity companies) and their interaction with the utilities. Similar exchange visits were undertaken by Chairman Mr R. J. Hix and his team from Colorado Public Utilities Commission in March, 1999.

Annex-A



**Annex-B**Strength of Establishment of the  
Orissa Electricity Regulatory Commission

Sl .No.	Designation	Scale of Pay (Revised)	No.	of Posts Sanctioned	No. of Posts Filled	Remarks
(a)	Directors	16400-450-20450/-	4		3	Including one by deputation
(b)	Commission Secretary	-do-	1		1*	"Presently by deputation
(c)	Advisors to Commissioners	14300-400-18300/-	3		2@	@ Both by deputation
(d)	Joint Directors and Equivalent	-do- /	7		7@@	@@ Including one by deputation
(e)	Information Officer	12000.375.16500/-	1		1	
(f)	Deputy Directors and Equivalent	10650-325-15850/-	6		6+	+ Including one deputation
(g).	Accounts Officer	10000-325-15200/-	1		1	
(h)	Private Secretary	6500-200-9900	3	6	2++	++Two Junior Supporting Staff posted in lieu
(i)	Junior Supporting Staff	4000-100-6000/-			6	
(j)	Receptionist/Caretaker	-do-	1		1	
(k.)	MT Drivers	3050-75-3950-80-	4		4	/
(l)	Peons	2500-55-2660-60-3	4		4	

## Annex -•C

**Commissioners and Staff of the Orissa Electricity Regulatory  
Commission (as on 31.03.1999)**

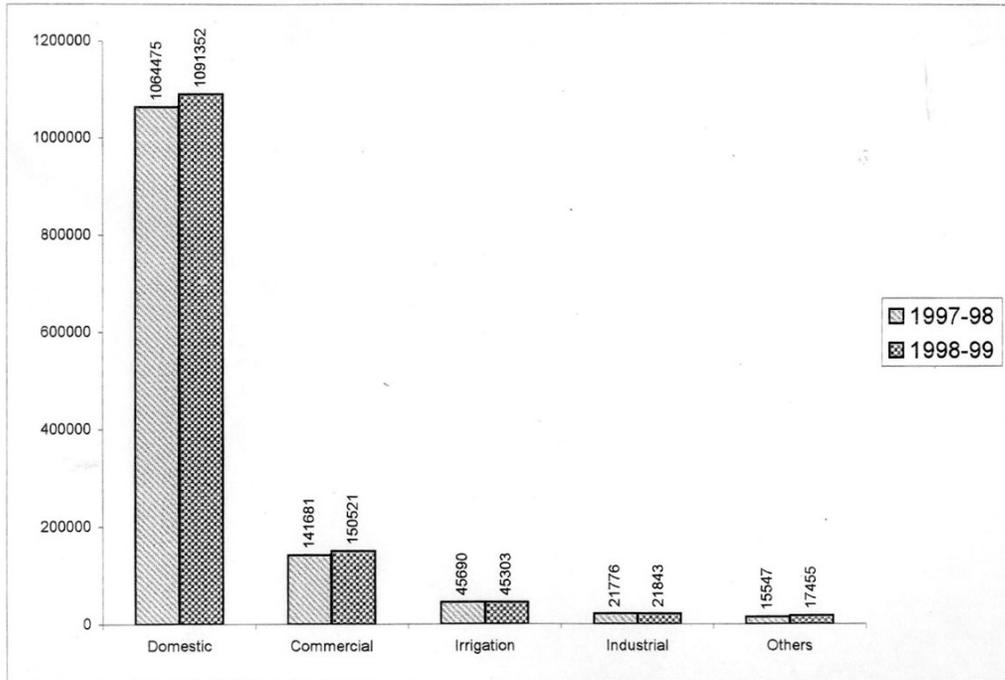
1. S.C.Mahalik	Chairman
2. D.K Roy	Member
3. A.R.Mohanty	Member
4. Col.(Retd) S.K Misra	Director(Admn.)
5. B.KSahoo	Drector(Engg.)
6. S.K.Jena	Director(Tariff)
7. Vacant	Director(Law)
8. M.R. Mohanty	Commission Secretary
9. D.K.Sathpathy	Joint Director(Engg.)
10. S.N.Ghosh	Joint Director (Tariff)
11. D.Panda	Joint Director(Tariff/Eco.)
12. N.C.Mohapatra	Joint Director(Law)
13. J.C.Mohanty	Information Techonology Manager
14. M.S.Panigrahi	Sr.Economic Analyst
15. K.Biswal	Sr.Financial Analyst
16. K.P. Rath	Adviser to Commissioner
17. A.K.Dash	Adviser to Commissioner
18. Vacant	Adviser to Commissioner
19. Purabi Das	Information Officer
20. K.L. Panda	Deputy Director(Engg.)
21. Antaryami Sahoo	Deputy Director(Tariff)
22. Anupama Das	Dy.Director(Tariff/Eco.)
23. D.K.Mohanty	Asst.Legal Adviser
24. S.C.Biswal	I.T,Specialist
25. S.M.Patnaik	Jr.Financial Analyst
26. Ajoy Sahu	Accounts Officer
27. Vacant	Private Secretary
28. L.B, Pattnaik	Jr.Supporting Staff
29. M. Moharana	Jr.Supporting Staff
30. L.N. Padhi	Jr.Supporting Staff
31. P.K.Sahoo	Jr.Supporting Staff
32. S.K.Bhoi	Jr.Supporting Staff
33. K.C.Tudu	Jr.Supportihg Staff
34. S.Mishra	Jr.Supporting Staff
35. S.K.Sahoo	Jr.Supporting Staff
36. M.R.Nanda	Receptionist/Caretaker
37. R.C.Majhi	Driver
38. A.K.Digal	Driver
39. J.Khuntia	Driver
40. J.N.Barik	Driver
41. P.Behera	Attendant/Messenger/Peon
42. <b>U.C.Rout</b>	Attendant/Messenger/Peon
43. S.Behera	Afendant/Messenger/Peon
44. R.C.Hansdah	Attendant/Messenger/Peon

**Chairman Member Member**  
**Annex-D**

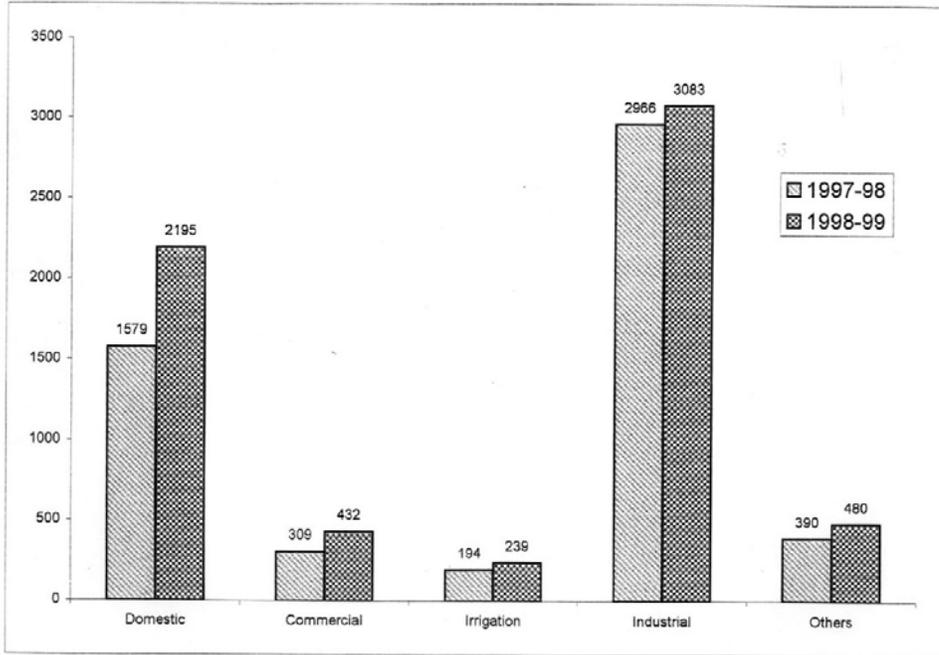
Details of Orissa Electricity Regulatory Commission Budget Estimates  
& Actual Expenditure for 1997-98 & 1998-99

(Rupees in thousand)					
Sl No.	Heads of Expenditure	1997-19 Budget	98 Actual	I 1998-199 Budget	9 Actual
1	2	3	4	5	6
1	Salaries				
	a) Pay	1875	1510	4204	5223
	b)Dearness Allowance	2250	884	750	528
	c)House Rent Allowance	300	262	700	588
	d)RCM	100	21	100	34
	e)Other Allowance	50	46	250	216
		4575	2723	6004	6589
2	Travel Expenses	500	188	400	385
3	Leave Travel Concession	100		50	36
4	Office Expenses				
	a)Electricity	1000	679	800	705
	b)Water Charges			80	
	c)Telephone Charges	500	403	400	370
	d) Motor Vehicle	450	295	300	300
	e)Other Contingencies	1500	1500	1500	1494
		3450	2877	3080	2869
5	Rent,Rates & Taxes	300		970	
6	Payment to Consultant	1000	59	600	600
7	Training	300	299	300	270
8	Tools & Plants	25			
9	Pension	50			
	<b>Grand Total</b>	<b>10300</b>	<b>6677</b>	<b>11404</b>	<b>10749</b>

### NUMBER OF CONSUMERS IN ORISSA

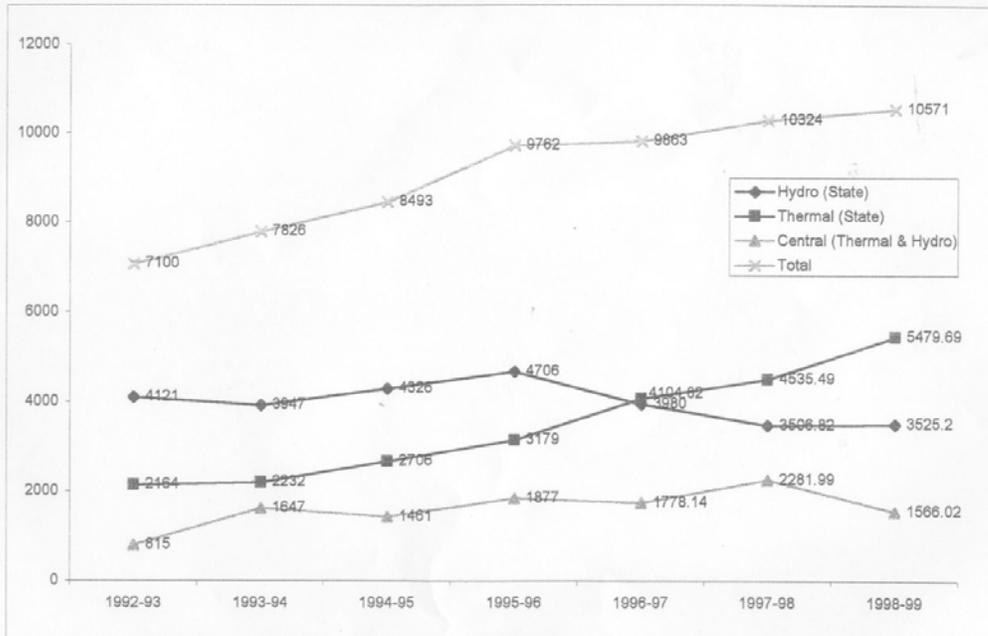


CONSUMPTION OF ELECTRICITY IN ORISSA (in MU)



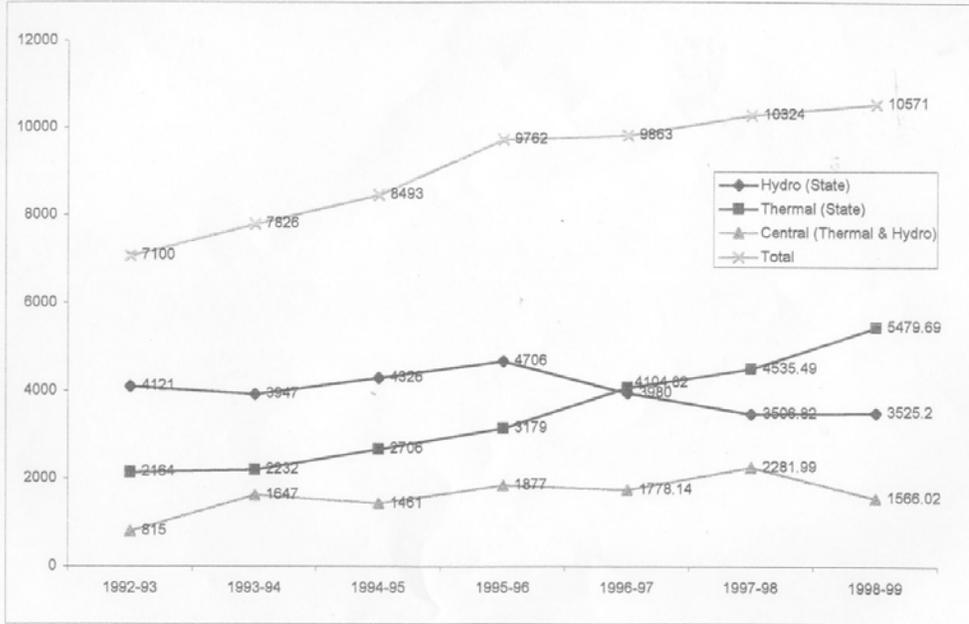
28

PURCHASE OF POWER (in MU)



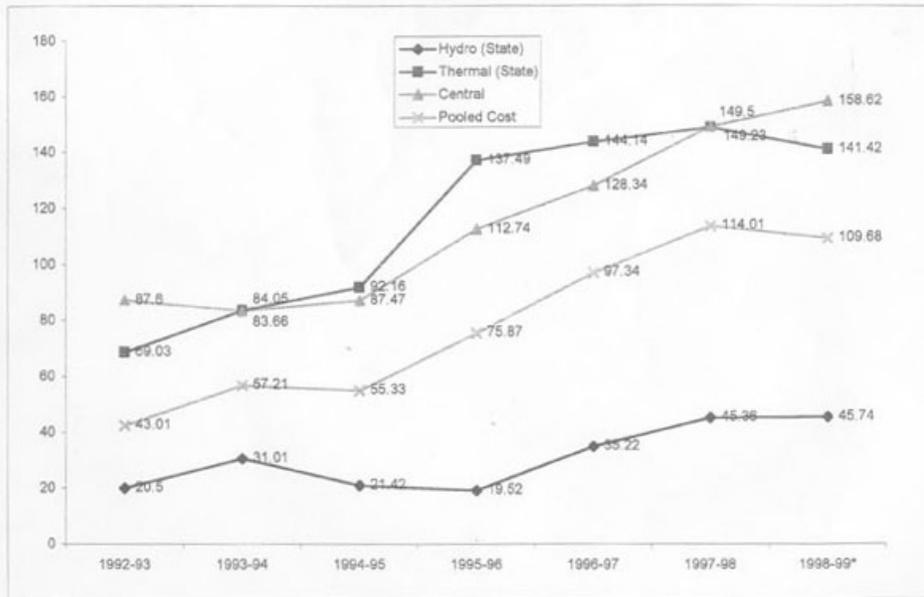
29

PURCHASE OF POWER (in MU)



2)

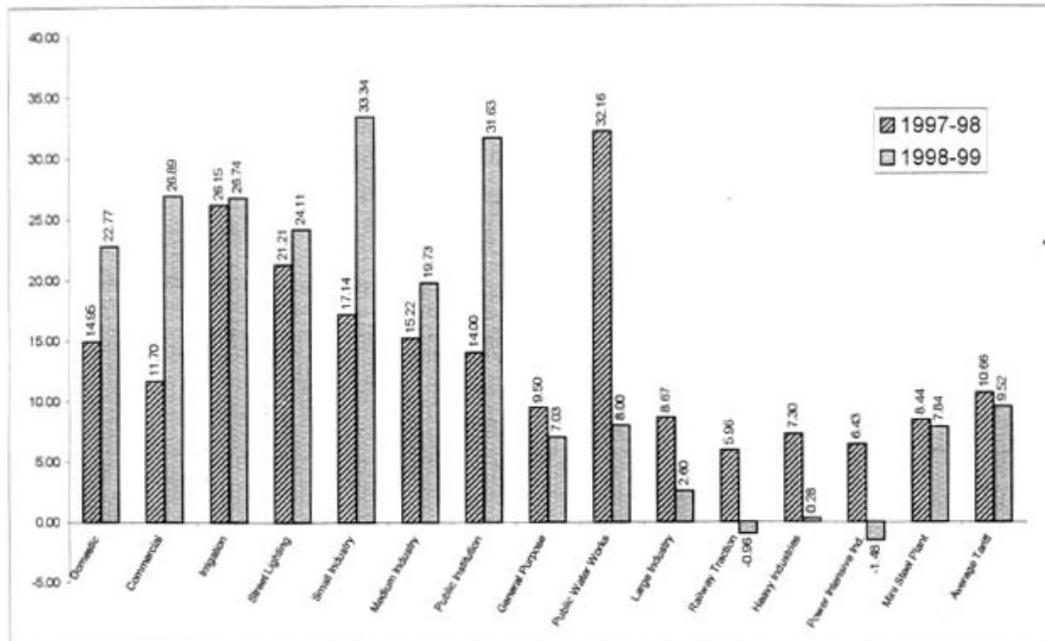
COST OF POWER (Paise/Kwh)



\* Approved by the Commission

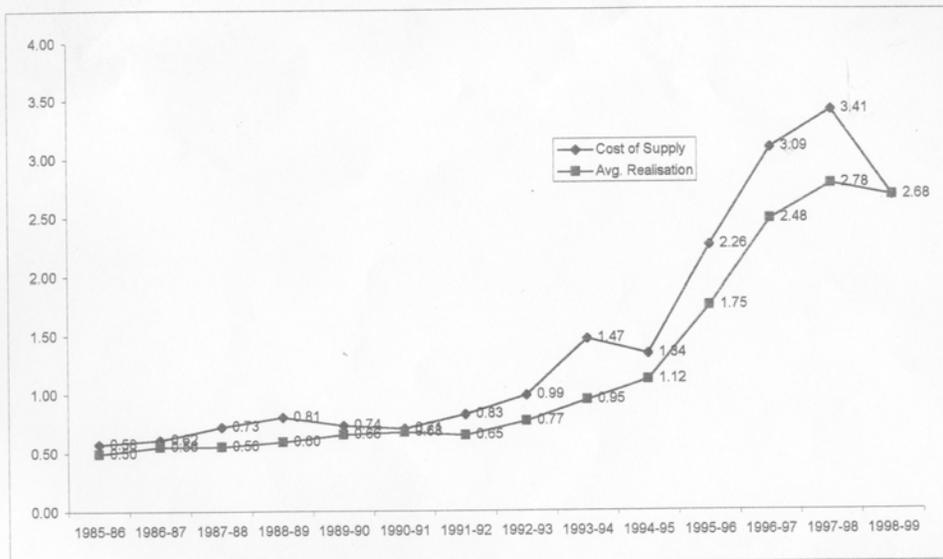
30

## PERCENTAGE CHANGE IN TARIFF (CATEGORY-WISE)



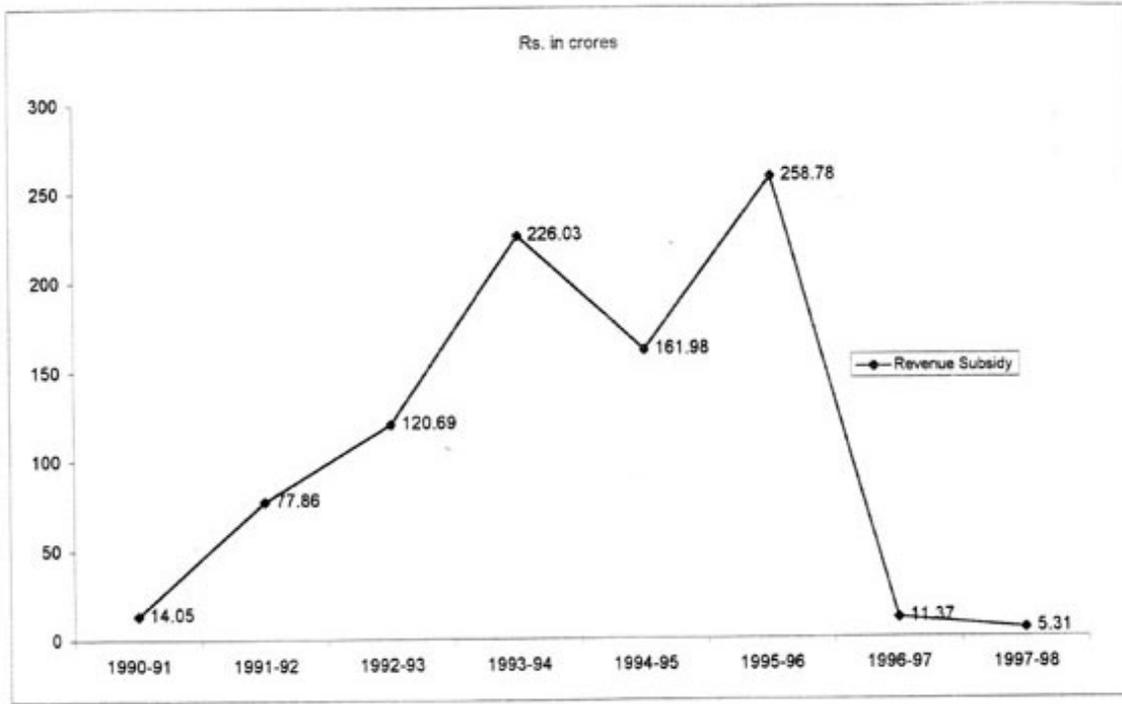
31

## COST OF SUPPLY VIS-A-VIS AVERAGE TARIFF IN ORISSA (Rs./Kwh)



Source: 1989-96 - OSEB Annual Accounts  
 1996-97 - GRIDCO Annual Account  
 1997-98 - GRIDCO Provisional Account  
 1998-99 - Tariff Order of OERC

REVENUE SUBSIDY FROM GOVERNMENT



CATGORY-WISE ALL INDIA RANK OF TARIFF APPROVED BY OERC'

CATEGORY	UNIT/MONTH	Rank 1997-98	Rank 1998-99
DOMESTIC	100	11/24	16/27
DOMESTIC	200	11/24	16/27
COMMRCIAL	100	13/25	10/28

<b>COMMRCIAL</b>	<b>200</b>	<b>13/25</b>	<b>10/28</b>
<b>IRRIGATION</b>	<b>200</b>	<b>10/31</b>	<b>11/31</b>
<b>MEDIUM INDUSTRIES</b>	<b>30% LF</b>	<b>14/25</b>	<b>13/25</b>
<b>LARGE INDUSTRIES</b>	<b>70% LF(HT)</b>	<b>17/33</b>	<b>20/33</b>
<b>I.LARGE INDUSTRIES</b>	<b>70% LF(EHT)</b>	<b>13/33</b>	<b>22/33</b>
<b>POWER INT. INDUSTRIES</b>	<b>80% LF(EHT)</b>	<b>11/26</b>	<b>18/29</b>
<b>HEAVY INDUSTRIES</b>	<b>70% LF</b>	<b>10/25</b>	<b>17/27</b>
<b>MINISTEEL</b>	<b>40% LF</b>	<b>3/4</b>	<b>2/4</b>
<b>R.LY. TRACTION</b>	<b>40% LP</b>	<b>5/14</b>	<b>11/14</b>
<b>GENERAL PURPOSE</b>	<b>40% LF</b>	<b>8/21</b>	<b>12/25</b>
<b>PUBLIC INSTITUTIONS</b>	<b>40% LF</b>	<b>8/11</b>	<b>9/14</b>
<b>PUBLIC LIGHTING</b>	<b>1000U/M</b>	<b>3/22</b>	<b>4/18</b>
<b>PUBLIC WATER WORKS</b>	<b>50% LF(LT)</b>	<b>5/23</b>	<b>8/25</b>
<b>PUBLIC WATER WORKS</b>	<b>50% LF(HT)</b>	<b>4/23</b>	<b>5/25</b>
<b>SMALL SCALE INDUSTRIES</b>	<b>20% LF</b>	<b>10/22</b>	<b>11/24</b>