

OERC KEEPS RETAIL ELECTRICITY TARIFF UNCHANGED FOR 2007-08

The Orissa Electricity Regulatory Commission approved the Retail Supply Tariff orders for the four distribution companies of Orissa for 2007-08. For the seventh consecutive year in FY 2007-08, the existing level of tariff for most categories of consumers including LT consumers remains unchanged. The retail supply tariff rate for domestic consumers in the first 100 units is 140 paise/kwh, in the second 100 units it is 230 paise/kwh and beyond 200 units consumption, rate is 310 paise/kwh. The electricity tariff in Orissa has remained constant from 01.02.2001 to 31.03.2007.

To benefit consumers the Commission has introduced information technology intervention at all levels starting from new connection, disconnection, fuse call, collection, billing and monitoring of consumer complaints. The Commission has decided to put in a place a system of procedure to take feed back directly from the retail consumers including industrial consumers and Government Departments. There will be decentralization of power distribution and Panchayats will now be encouraged to operate distribution franchisees as per spirit of the Electricity Act 2003.

The Commission has approved power purchase of 16,653 Million units for the state and total sale of 12,137.58 MU. Loss is pegged at 27.11%. Net revenue of all four distcoms is Rs 3,585.0 crore while average BST rate is 135.66 P/U. The net revenue approved by OERC for 2007-08 for CESU, NESCO, WESCO & SOUTHCO is 300.79 p/u, 271.53 p/u, 313.40 p/u and Rs 284.53 p/u respectively. The average net revenue approved by OERC in 2006-07 for the above distcoms was 296.82 p/u, 267.97 p/u, 315.48 p/u and 297.91 p/u respectively. Similarly, the average BST rate approved by OERC for CESU, NESCO, WESCO & SOUTHCO last year was 120.45 p/u, 112.94 p/u, 132.65 p/u and 109.63 p/u respectively. For 2007-08 the rate for the above was 121.70 p/u, 125.80 p/u, 175.67 p/u and 76.30 p/u respectively. The overall loss approved in 2007-08 is 29.30%, 26.01%, 25.00% and 30.42% respectively.

The Commission approved ARR OF NESCO, WESCO, SOUTHCO & CESU for FY 2007-08 at Rs 903.39 cr, Rs 1291.86 cr, Rs 363.69 cr, Rs 1026.58 cr respectively. Expected revenue from the Tariff was pegged at Rs 903.48 cr, Rs 1291.92 cr, Rs 359.91 cr and Rs 1029.64 cr respectively. Total revenue requirement approved was to the tune of Rs 3585.52 cr and expected revenue was Rs 3584.95 cr.

The Commission retained Time Of the Day (TOD) tariff for all three phase consumers having static meter except those covered under special agreement & special tariff, and public lighting @ 10 p/u during off-peak hour. It approved discount of 25% on the energy charges in the 1st slab of existing tariff for the Consumers at EHT & HT covered under Special Agreement. The overall charge was limited to

245 p/u. There was continuation of incentive tariff for HT & EHT consumers for higher level of consumption with revised rate.

The net per unit impact p/u will be zero at 50% use rising gradually to 16 p/u at 80% use with a power factor of 0.9 at EHT/HT. Availability Based Tariff (ABT) would be applied to all State generators and load at 132 KV and above voltage. This means they will have overdrawal penalty or incentive to be determined in 15 minutes integration period recorded through a static meter. The meter would have memory facility of 30 days and downloading of data through print outs. Power factor incentive for HT & EHT consumers will be applicable above power factor of 95%.

Consumers other than those covered under rebate of 10 p/u shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding arrears and electricity duty), if payment is made within 3 working days of presentation of the bill. Charges other than and in addition to the charges of tariff leviable towards Meter rent and Reconnection charges remain unchanged. No meter rent will be payable after full cost of meter is recovered. The provision of a flat charge of Rs.500/- for prospective small consumers requiring new connections upto and including 3 KW load will continue without any change.

Further improvement to peak and off peak tariff through survey of consumption at peak hours by HT consumers and availability of TOD facilities for low voltage class of consumers has been approved by OERC. The Commission ordered the licensee to be incentivised for installation of static meters even for low voltage loads. Directions have been given to WESCO, NESCO and SOUTHCO to complete spot billing for all consumers and licensees are accepted to adopt the principles of spot collection through Account Payee Cheques.

OERC APPROVES DIFFERENTIAL BST

The OERC also approved a differential bulk supply and transmission tariff for GRIDCO and OPTCL on 23rd March 2007. GRIDCO would purchase 17539.47 MU at a total cost of Rs. 2103.11 crore for 2007-08. The quantum of energy purchased and power purchase cost during 2006-07 were 15414.79 MU and Rs. 1756.84 crore respectively. There has been a rise in the average per unit cost of purchase of power of the order of 6 paisa/unit during 2007-08. Total availability of power from all sources is 18050 MU and the power requirement for the State use has been estimated at 17539.47 MU. The balance power may be utilized for trading.

Out of 17539.47 MU purchased, GRIDCO sells 16653.00 MU to DISTCOs and 10 MU to CGPs. Balance Power of 876.47 MU goes towards Transmission Loss on DISTCO purchase. Transmission loss for wheeling has been calculated at 5% for 2007-08 as against 4% approved for 2006-07.

GRIDCO's revenue requirement for FY 2007-08 is Rs. 2724.07 crore as against Rs. 2278.96 crore approved for 2006-07. Its expected revenue is Rs. 2259.21 crore from DISTCOs. The Commission has accepted repayment of principal to the tune of Rs. 497.49 crore against power bonds. GRIDCO is left with a deficit of Rs. 464.86 crore after meeting all its costs during 2007-08 as against a gap of Rs. 504.52 crore approved for 2006-07.

The BST approved by OERC for CESU, NESCO, WESCO & SOUTHCO is 121.70 paise/unit, 125.80 p/u, 175.67 p/u, and 76.30p/u respectively. The comparative rates approved for the distcoms for 2006-07 were 120.45 p/u, 112.94 p/u, 132.65 p/u and 109.63 p/u respectively. Bulk Supply Price is a single part tariff. The Bulk Supply Price has been revised upward due to rise in cost of power of OHPC and Central Generating Stations. For 2007-08, lowest cost power has been assigned for the low voltage consumers for determination of BSP.

Profit out of export and U.I. will be utilised to bridge the gap in the revenue requirement and to liquidate GRIDCO's past losses. GRIDCO shall receive an amount of Rs.153.33 crore from Distcos towards receivables on account of past dues. There shall not be any levy of separate maximum demand charges upto the permitted Simultaneous Maximum Demand (SMD) for the distribution companies for the FY 07-08.

The transmission charge for use of OPTCL system remains unchanged at 22 p/u.& transmission loss is approved at 5%. The open access charge for use of OPTCL system by long term open access consumers will be Rs 5200/MW/day and 1300/MW/Day for short term customers.

OERC APPROVES ARR & GENERATION TARIFF OF OHPC

The Orissa Electricity Regulatory Commission approved the station wise tariff of Orissa Hydro Power Corporation (OHPC) for 2007-08 on 22nd March 2007 after hearing the various parties concerned. The Annual Revenue Requirement for Rengali, Upper Kolab, Balimela, Hirakud and Upper Indravati was approved at Rs. 18.28 cr, Rs. 17.50cr, Rs. 62.68cr, Rs. 63.68cr and Rs. 130.46cr respectively. Average cost for the above stations was set at 35.17 paise per unit, 21.24 p/u, 53.52 p/u, 54.79 p/u, 67.16p/u and 44.10p/u respectively. The saleable design energy for old stations including RHEP, UKHEP, BHEP & HPS is 3676.86mu and that of UIHEP is 1942.38mu. Interest on loan, return on equity, O&M expenses, depreciation, interest on working capital, ED @ 20 p/u and income tax for the old stations is Rs. 21.78 cr, Rs. 14.34 cr, Rs 87.36 cr, Rs. 33.27 cr, Rs. 41.06 cr, Rs. 0.37 cr and Rs. 0.97 cr respectively. For UIHEP these figures are Rs. 9.32 cr, Rs.41.82 cr, Rs.39.88 cr, Rs.32.07 cr, Rs.2.64 cr, Rs.0.20 cr and Rs. 4.54 cr. respectively.

The rate of primary and secondary energy per unit for RHEP and UKHEP was determined at 35.17p/u and 35.14 p/u and at 21.24 p/u and 20.14 p/u respectively. For BHEP, HPS and UIHEP both

primary and secondary energy was set at 41.10 paise per unit. The capacity charge for BHEP, HPS and UIHEP was set at 14.55 crore, 15.91 crore and Rs 50.62 crore respectively. In addition to this the Commission approved Rs. 4.78 crore @ 18.21 paisa/unit as the procurement cost of power from the Machhakund project. The Commission also approved Rs. 1195.42 crores as the final capital cost of UIHEP for the purpose of determination of tariff.

The station wise ARR and average tariff of individual OHPC Stations for FY 2007-08 is Rs. 69.90 cr and 60.15 p/u (HPS), Rs. 68.39 cr and 58.39 p/u (BHEP), Rs. 21.62 cr and 41.60 p/u (RHEP), Rs. 21.39 cr and 25.97 p/u (UKHEP) and Rs. 130.61 cr and 67.24 p/u (UIHEP) respectively. The fixed assets of OHPC were based on the historical cost as on 01.04.96 plus additions made after this date as per OERC orders. The ROE on the equity portion was taken @ 14% as per CERC Regulations. Depreciation was computed @ 2.57% on the project cost for FY 2007-08. The interest on working capital was taken @ 11% per annum at par with the short-term prime lending rate of State Bank of India.

Electricity Duty (ED) @ 20 paise / KWh on Auxiliary Consumption, limited to 0.5% of the Design for the year 2007-08 was taken in tariff. However, the Commission was requested to allow OHPC to claim reimbursement of actual ED on Auxiliary Consumption, payable to the government at the end of the year 2007-08. Income tax paid by OHPC in respect of each Power Station till FY 2005-06 was included in the computation of ARR for the FY 2007-08.

After due scrutiny, the Commission approved the ARR and Tariff for OHPC stations on the following considerations: The Commission advised the Government to keep in abeyance the effect of up-valuation of assets upto 2010-11, as the sector has not yet turned around. For old stations Return on Equity was calculated @ 14% on OHPC's own investment of Rs.48.40 Cr in case of HPS.

OHPC had submitted that the project cost for extension of Balimela 7 & 8 is Rs.180.00 crore. Applying CERC norms of debt/equity ratio of 70:30 the equity component for this project comes to Rs.54 crore. Thus RoE comes to Rs.6.78 Cr in case of HPS and Rs. 7.56 Cr in case of Balimela. The proposal of OHPC to allow return on 25% of the original book value of asset was not approved by the Commission. In case of UIHEP RoE was calculated @ 14% on Government equity of Rs.298.70 crore which comes to Rs. 41.82 crore.

While computing O&M expenses, the Commission has given annual escalation @ 4% on the base value of 2005-06. The Commission approved an expenditure of Rs.87.36 crore for 2007-08 towards O&M expenses of old stations. The O&M expenses approved for the year 2007-08 is Rs. 39.88 crore for UIHEP. For the year 2007-08, depreciation is claimed in the tariff applying 2.57% in case of RHEP & UKHEP whereas for BHEP & HPS the actual loan repayment requirement is considered for the purpose of depreciation. Thus depreciation allowed in Tariff of 2007-08 is Rs. 33.27 crore for old

stations and Rs. 32.07 cores for UIHEP. Electricity duty (ED) @ 20 paisa/KWH on auxiliary consumption is taken in Tariff. Income tax paid by OHPC in respect of each Power Station till FY 2005-06 has been allowed in the computation of ARR for the FY 2007-08.