

**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN, UNIT – VIII
BHUBANESWAR – 751012**

NOTIFICATION
Dt.31st October, 2007

**THIRD AMENDMENT TO THE CENTRAL ELECTRICITY SUPPLY UTILITY OF
ORISSA (OPERATION AND MANAGEMENT) SCHEME, 2006**

In exercise of power u/s 22 of the Electricity Act, 2003, the Orissa Electricity Regulatory Commission has formulated 'CENTRAL ELECTRICITY SUPPLY UTILITY OF ORISSA (OPERATION AND MANAGEMENT) SCHEME, 2006' for operation and management of the Central Electricity Supply Utility of Orissa (in short CESU). The said Scheme has been in force since 8th September, 2006 and shall remain in force for a period of two years from the date of its commencement as amended from time to time under Clause 9 of the said Scheme the Commission may at any time in the public interest, amend any provisions of this Scheme.

This amended version of the Scheme comes into effect from 01.11.2007 for efficient functioning of CESU.

1. (i) This Scheme may be called the Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006.
- (ii) The Scheme shall come into force with effect from 8th September, 2006 and shall remain in force for a period of two years from the date of its commencement. The Commission may, in public interest, extend the said period, to further period as deems proper.

2. **Definitions:**

In this Scheme, unless the context otherwise requires,-

- i) 'Board' means the Management Board constituted by the Commission under this Scheme for management of the Utility.
- ii) 'Chairman' and 'Member' mean the Chairman and Members of the Management Board nominated by the Commission under this Scheme.

- iii) 'Chief Executive Officer', 'Chief Finance Officer' & 'Chief Operating Officer' 'Chief Commercial Officer' mean the Members of the Management Board designated by the Commission under the Scheme.
 - iv) 'Commission' means the Orissa Electricity Regulatory Commission.
 - v) 'Licence Conditions' mean the conditions stipulated by the Commission in the Licence No. 1/99 issued to CESCO by order dated 31.03.1999, and modified for the Utility by the Commission from time to time in accordance with law.
 - vi) 'Scheme' means Central Electricity Supply Utility of Orissa (Operation and Management) Scheme, 2006.
 - vii) 'Utility' means the Utility of CESCO operated by the Chief Executive Officer & Administrator vide Commission's order dated 18.04.2005 which is renamed as the Central Electricity Supply Utility of Orissa under this Scheme.
3. After the operation of this Scheme, the Utility shall be known as :
- The Central Electricity Supply Utility of Orissa (in short CESU).
- (i). All Assets, Liabilities, Rights, Proceedings, and Manpower as well as the licence for distribution and supply of electricity held by CESCO shall devolve on CESU and shall be vested in it.
 - ii) The management of the affairs, and the power of administration and general superintendence including control of finance and manpower of the CESU shall be placed with the Management Board constituted by the Commission under this Scheme.
 - iii) The CESU shall have the power to acquire, hold and dispose of any property movable or immovable and enter into any contract and may sue or be sued in its name.
 - iv) The CESU shall comply with the provisions of Electricity Act,2003 and other relevant statutory provisions and licence conditions with regard to distribution of electricity in its area of supply.
 - v) The Head Office of the CESU shall be at IDCO Tower, Janpath, Bhubaneswar, Orissa for the time being or as may be decided by CEO at any other place in Bhubaneswar.

- vi) The CESU shall carry on the business of distribution of electricity in accordance with the licence conditions in respect of the area assigned to CESCO under the revoked licence and shall abide by the directions of the Commission issued from time to time.
- vii) The general/overall management of the CESU shall be vested with the Management Board. The day-to-day management of the CESU shall be carried out by the Chief Executive Officer (CEO) under overall supervision and control of the Chairman and Management Board subject to the direction that may be given by the Commission from time to time.
- viii) The CEO shall decide on the delegation of powers and authority to the officers in consultation with full time Member of the Board. For effective management and subject to the provisions of the Scheme the Management Board may make any necessary modifications in the powers delegated to CEO, CFO, COO and CCO.

4. **Management Board:**

- (i) The Commission shall, by order, constitute a Management Board for operation and management of the CESU. The Board shall consist of a Chairman and not more than eleven Members to be nominated by the Commission out of which four shall be full time Members. One of the full time Member shall be designated as Chief Executive Officer and three other full time Members shall be designated as Chief Finance Officer (CFO) Chief Operating Officer (COO) and Chief Commercial Officer (CCO). The Management Board shall be headed by the Chairman to be designated by the Commission. The Commission may appoint Advisors for CESU for a smooth transition in the new dispensation for effective functioning of the CESU.
- (ii) The composition of the Management Board shall be as follows: -
 - a) Chairman (designated by the Commission).
 - b) Two Members from the Govt. of Orissa to be nominated by the Commission in consultation with Govt. of Orissa. In addition, Commission may nominate either the Chairman and Managing

Director, GRIDCO or the Chairman Managing Director, OPTCL to act as an Ex-Officio Member of the Board.

- c) Four Members to be nominated by the Commission from amongst the eminent persons having wide experience in Power Sector of Orissa.
 - d) Chief Executive Officer [in short CEO] designated by the Commission under the Scheme.
 - e) [Chief Finance Officer[in short CFO]designated by the Commission under the Scheme.
 - f) Chief Operating Officer [in short COO] designated by the Commission under the Scheme.
 - g) Chief Commercial Officer [in short CCO] designated by the Commission under the Scheme.
- (iii) The Chairman and Members of the Board other than the full time Members shall hold office for a period of two years from the date of notification of the Commission and the said period may be extended further by the Commission, as it thinks fit. The honorarium for non-executive Members/Chairman and other terms and conditions of their assignments shall be such as to be decided by the Commission by order issued under the Scheme.
- (iv) The CEO,CFO, COO and CCO should not hold any other posts/office during their tenure in the CESU. The terms of office, emoluments and conditions of service of CEO,CFO COO and CCO shall be such as to be decided by the Commission by order issued under this Scheme. The Commission may extend their tenure for a further period, as it thinks fit.
- (v) a) The quorum for the meeting of the Management Board shall be four with at least three full time Members in attendance.
- b) After due approval of the Commission, the Board shall formulate its Rules of Business for Conduct of its Meetings and Proceedings.
- (vi) The Commission may, at any time, reconstitute the Management Board by an order issued for the purpose by replacement or addition of Members.
- (vii) The Commission may dissolve the Management Board of the CESU and may pass appropriate orders.

(viii) No proceeding, act, resolution or decision of the Management Board shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in constitution of the Management Board.

5. **The powers and functions of Chairman, Chief Executive Officer (CEO), Chief Finance Officer (CFO) Chief Operating Officer (COO) and Chief Commercial Officer (CCO).**

(i) **Chairman:**

- a) He shall preside over all Board Meetings.
- b) He shall guide, advise and have overall superintendence and control over the CEO,CFO, COO and CCO for smooth and efficient functioning of the CESU.
- c) He shall decide all the matters referred to him by the Board, CEO.
- d) He shall discharge all other duties assigned by the Commission under the Scheme.

ii) **Chief Executive Officer(CEO)**

Subject to overall supervision, control and delegation of power by the Management Board and directions of the Commission -

- a) He shall act as Chief Executive and Chief Spokesman of the CESU.
- b) He shall manage the day-to-day affairs and management of the CESU and shall represent the CESU before the Commission, Govt. and other Authorities.
- c) He shall carry out and implement the orders and directions issued - by the Commission to the CESU.
- d) He shall carry out and implement the resolutions/decisions taken by the Management Board.
- e) In consultation with the Management Board, he shall design and implement the organizational structure and management of the CESU.
- (g) In the name and on behalf of the CESU, he shall enter into contract with all external agencies and take loans from funding/financial institutions in the name of CESU.

- (h) On behalf of the CESU, he shall discharge all its statutory/regulatory requirements and obligations.
- (i) He shall be in overall charge of engineering, finance, commerce, corporate/regulatory affairs and general management.
- i) Any other function as may be assigned by the Commission or the Management Board from time to time under the Scheme.
- j) The CEO shall report to the Chairman.

iii) **Chief Finance Officer(CFO)**

Subject to overall supervision, control and delegation of power by the Management Board and directions of the Commission-

- (a) He shall head the finance, accounts, internal audit. such as
He will be in overall charge of finance and accounts functions and responsible for achieving the corporate financial objectives/other regulatory requirements.
He should develop strategies for mobilizing and managing resources, interact with the financial institutions and capital markets and negotiate long and short term loans.
He will set policies for finance and accounts and ensure implementation. He will also advise on Corporate risk management policies and all matters affecting the financial performance of the Utility.
- (b). Any other function as may be assigned by the Commission or the Management Board from time to time under the Scheme.
- (c). The CFO shall report to the CEO.

iv). **Chief Operating Officer(COO)**

Subject to overall supervision, control and delegation of power by the Management Board and directions of the Commission-

- (a) He shall be responsible for operation and maintenance works of the distribution system.
- (b) He shall have overall responsibility for maintenance of quality supply of electricity in CESU area.

- (c) He shall be responsible for system planning and shall implement all the project works of the Utility.
- (d) Any other function as may be assigned by the Commission or the Management Board from time to time under the Scheme.
- (e) The COO shall report to the CEO.

(v). **Chief Commercial Officer(CCO)**

Subject to overall supervision, control and delegation of power by the Management Board and directions of the Commission-

- (a) He shall be responsible for administration of power purchase, technical interconnection agreements, financial, technical and legal consequences of power purchase agreements(PPAs), tariff revisions and will oversee the internal/external compliance to PPAs.
- (b). He shall be responsible for metering, billing, collection, energy audit and loss reduction of the Utility and other regulatory requirements.
- (c) He shall also be in charge of IT, energy, audit and accounting, DSM, franchise operation and other advanced technological inputs.
- (d) Any other function as may be assigned by the Commission or the Management Board from time to time under the Scheme.
- (e). The CCO shall report to the CEO.

6. **Accounts and Audit.**

Subject to the provisions of the Electricity Act,2003, Rules and Regulations framed there under, the accounts of the CESU shall be maintained and audited in accordance with the licence conditions/directions issued by the Commission. The Management Board shall appoint Auditors for the CESU and shall approve the Auditor's Report. The Chairman under his seal and signature shall furnish the Auditor's Report to the Commission forthwith.

7. **Annual Report.**

The Chief Executive Officer shall prepare once in every financial year, the Annual Report of the CESU giving the summary of its activities and audited account, achievement and constraints during the previous financial year. The said Annual Report after approval of the Management Board shall be forwarded to the Commission.

8. **Removal of difficulties.**

If any difficulty arises in giving effect to the provisions of this Scheme, the Commission may, by order in writing, make such provision not inconsistent with the provisions of the Electricity Act, 2003, as may appear to be necessary for removing the difficulties.

9. **Power to amend.**

Subject to the provisions of the Electricity Act, 2003, the Commission may at any time, in the public interest, amend any provisions of this Scheme.

10. **Issue of orders.**

- (i) Subject to the provisions of the Electricity Act, 2003, the Commission may, from time to time, issue orders and circulars for implementation of the provisions of this Scheme.
- (ii) Nothing in this Scheme shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for meeting the ends of justice or to prevent abuse of any provision of this Scheme.

By Order of the Commission.

SECRETARY