

**OERC Approves ARR and Tariff Application of different Power Utilities of the State for FY
2013-14**
**No tariff change in Irrigation, Pumping, Agriculture and a nominal 2.4 % rise in average
Retail Supply Tariff**

As per the Electricity Act, 2003, Section 61, 62, 65, 68, National Tariff Policy, 2006 (para8.3.2), National Electricity Policy, 2005 (Para 5.5.2), the Annual Electricity Tariff for the state has been determined by Odisha Electricity Regulatory Commission for generation, transmission supply and distribution utilities of the state taking into account their commercial viability & operational efficiency. The OERC balances the interest of all stake holders, while determining the tariff. The OERC, taking into account the proposal filed by the utilities, advice of the State Advisory Committee, opinion of the State govt. and conducting a Public Hearing has passed the Annual Revenue Requirement and Tariff Order for the FY 2013-14 on 20.03.2013 which will be effective from 1st April, 2013.

2. Highlights of Tariff:-

- The average rise in Retail Supply Tariff for 2013-14 is 2.4% over 2012-13. The Annual average inflation rate as indicated by rise in WPI is of the Order of 7.6% in 2012-13 (April-January) and the rise in the Consumer Price Index (CPI) on an average has been 10% during the same period. Price of Diesel which is one of the inputs in thermal generation and also a cause of inflation has undergone a change of 16% from Rs.40.06/ Liter in March, 2012 to Rs.51/liter in Feb., 2013. Considering this the rise in electricity tariff approved now by the Commission is very nominal. The Commission is of the considered view that the consumers of Odisha can bear this slight rise in electricity tariff.
- The average cost of supply for DISCOMs has increased from 460.51 paise/unit from 2012-13 to 466.68 p/u in 2013-14.
- The average power purchase price of GRIDCO has reduced from 236.17 Paise per unit to 229.01 paise per unit.
- The Commission has not accepted the proposed ARR of DISCOM of Rs.10909.20 Crore and approved an amount 8266.99 Crore.
- The Commission has approved the distribution loss 21.29% against the proposed distribution loss of DISCOMs at 34.13%. Similarly the Commission has approved AT&C loss 22.08% in stead of 35.09% proposed by the DISCOMs.
- Cross subsidy has remained within $\pm 20\%$ for all the categories (LT/HT/EHT).
- There is no change in OPTCL Transmission Charge which remains 25 paise per unit.
- Average tariff for hydro power stations run by Orissa Hydro Power Corporation has been increased from 68.83 paise per unit in 2012-13 to 68.98 paise per unit for 2013-14.
- Avg. BSP of the state has gone downward from 270.74 paise/unit to 265.27 P/U.
- Out of average bulk supply price of 265.27 paise per unit of GRIDCO, CESU is required to pay 259.00 piase per unit, NESCO 290.00 paise per unit, WESCO 294.00 paise per unit and SOUTHCO 180.00 paise per unit. All the distribution companies have to pay 25 paise/unit as transmission cost.
- Kutir Jyoti tariff has been revised to Rs.65 per month for consumption of 30 units per month from Rs.60 per month in 2011-12.

OTHER TARIFF RELATED ISSUES

- No rise in tariff for irrigation, pumping and agriculture and allied agricultural activities, from the present level of 110 paise and 120 paise respectively for the consumers availing such power supply in LT. Marginal rise from 380 paise to 400 paise for allied agro industrial activities.
- Similarly no rise for irrigation, pumping & agriculture and allied agricultural activities, from the present level of 100 paise and 110 paise respectively for the consumers availing such power supply in HT. Marginal rise from 370 paise to 390 paise in case allied agro industrial activities.
- Marginal increase of tariff from 400 paise to 410 paise for the consumers Bulk Domestic availing power supply at HT voltage.
- A Reliability surcharge has been introduced for such HT and EHT consumers availing power through dedicated feeder from grid/primary sub-station. Reliability surcharge @ 20 paise per unit shall be charged if reliability index is 99% and above and voltage profile at consumer end remains within the stipulated limit.
- Reconnection charges have been introduced for the defaulting consumers who don't pay electricity bill within due date and also not required to pay DPS. This charge is leviable to those consumers who don't pay electricity bills in time and have not been disconnected.
- In domestic category Average tariff for consumption of 50 units, 100 units, 200 units, 300 units, 400 units, 500 units and 600 units is Rs.2.30 kwh, Rs.3.15 kwh, Rs.3.58 kwh, Rs.4.05 kwh, Rs.4.29 kwh and Rs.4.51 kwh and Rs.4.66 respectively. A consumer is required to pay an average tariff of Rs.4.68 for the consumption of 600 units.

Consumption in Units	2012-13	2013-14	Increase over 2012-13
	Total Billed Amount (Rs)	Total Billed Amount (Rs)	
50	110.0	115.0	4.55%
100	305.0	315.0	3.28%
200	695.0	715.0	2.88%
300	1,185.0	1,215.0	2.53%
400	1,675.0	1,715.0	2.39%
500	2,205.0	2,255.0	2.27%
600	2,735.0	2,795.0	2.19%
700	3,265.0	3,335.0	2.14%

- Industries having captive generating plants, availing power in EHT shall have to pay 695 paise instead of 690 paise fixed during 2012-13.
- Average tariff rise from Rs.551.04 paise to Rs.559.18 in case of EHT consumers, Rs.552.09 paise to Rs.559.69 paise in case of HT consumers and Rs.368.52 paise to 374.66 paise in case of LT consumers.

3. Cross Subsidy:-

- Section 61(g) Electricity Act, 2003 read with para 8.3.2 of Tariff Policy, 2006 stipulates that the tariff should be within $\pm 20\%$ of the average cost of supply. Hence, average tariff of any consumer should not be more than 560.01 paise and less than 373.34 paise. With this mandate, the Commission has fixed 374.66 paise in case of

LT (-19.72% of average cost of supply of 466.68 paise), 559.69 paise for HT(+19.93% of average cost of supply) and 559.18 paise for EHT (+19.82% of average cost of supply).

Table-3

Cross-subsidy 2013-14					
Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below or cost of supply
1	2	3	4	5= (4) – (3)	6= (5 / 3)
2009-10	EHT	263.00	295.05	32.05	12.19%
	HT		308.68	45.68	17.37%
	LT		179.99	-83.01	-31.56%
2010-11	EHT	327.37	416.61	89.24	27.26%
	HT		423.59	96.22	29.39%
	LT		219.21	-108.16	-33.04%
2011-12	EHT	408.87	506.98	98.11	24.00%
	HT		524.92	116.05	28.38%
	LT		300.34	-108.53	-26.54%
2012-13	EHT	460.51	551.04	90.53	19.66%
	HT		552.09	91.58	19.89%
	LT		368.52	-91.99	-19.98%
2013-14	EHT	466.68	559.18	92.50	19.82%
	HT		559.69	93.01	19.93%
	LT		374.66	-92.02	-19.72%

4. Tariff for Kutir Jyoti consumers:

- As enshrined in clause 5.5.2 of National Electricity Policy 2005, tariff of very poor category of consumers will be at least 50% of average (overall) cost of supply hence it should not be below 233.34 paise as approved average cost of supply is 466.68 paise. OERC has decided 217 paise per unit for Kutir Jyoti consumers although NEP stipulates for 233.34 paise per unit.
- Average Retail tariff of Rs.457.71 paise includes, 265.27 paise towards average bulk supply price of GRIDCO, 25 paise towards transmission charges, 0.16 paise towards SLDC charges and the rest Rs.167.28 paise towards the distribution cost.

5. Distribution loss not accepted by the Commission- normative performance parameters adopting fixing tariff:-

- The commission allows normative AT&C loss of 22.08% instead of DISCOMs proposal of 35.09%. While rejecting the proposal of DISCOM's proposed AT&C loss, the Commission has approved 22.08% AT&C loss taking into account all efficiency parameters and carrying out the prudent check on the data/information furnished by DISCOMs. The tariff could have been increased manifold, if the loss proposed by DISCOMs have been accepted.

Table-4

OVERALL PERFORMANCE OF DISCOMs

	2011-12 (Audited)	2012-13 (Approved)	2012-13- Up to Sept- (Provisional)	2012-13 (Estimated by the Licensee)	2013-14 (Proposed by the Licensees)	2013-14 (Approved)
DISTRIBUTION LOSS (%)						
CESU	38.20	23.00	36.72	37.50	32.00	23.00
NESCO	34.28	18.35	34.85	33.45	32.53	18.35
WESCO	38.89	19.60	37.30	38.00	35.01	19.60
SOUTHCO	46.42	25.50	44.19	43.47	40.03	25.50
ALL ODISHA	38.56	21.30	37.44	37.43	34.13	21.29
COLLECTION EFFICIENCY (%)						
CESU	97.14	99.00	89.20	99.00	99.00	99.00
NESCO	100.56	99.00	90.63	99.66	99.17	99.00
WESCO	97.13	99.00	92.79	97.00	98.00	99.00
SOUTHCO	97.79	99.00	88.70	97.00	97.00	99.00
ALL ODISHA	98.08	99.00	90.59	98.36	98.54	99.00
AT & C LOSS (%)						
CESU	39.97	23.77	43.56	38.13	32.68	23.77
NESCO	33.91	19.17	40.96	33.67	33.08	19.17
WESCO	40.65	20.40	41.83	39.86	36.31	20.40
SOUTHCO	47.60	26.25	50.49	45.17	41.83	26.25
ALL ODISHA	39.74	22.09	43.33	38.46	35.09	22.08

Table-5

Break up of the Average Tariff for 2012-13 and 2013-14 (Paise per unit)

Sl. No.		2012-13	2013-14	Increase	
				In paise	In %age
1	Average cost of supply	460.51	466.68	6.17	1.34%
	Overall average tariff (paise per unit)	451.84	457.71	5.87	1.30%
2	Break up				
a.	Power Purchased from Generators by GRIDCO	236.17	229.01	-7.16	-3.03%
b.	Debt servicing and other expenditure of GRIDCO	34.57	36.26	1.69	4.89%
c.	Total Bulk supply price of GRIDCO (a+b) payable by DISCOMs	270.74	265.27	-5.47	-2.02%
d.	Transmission charges	25	25	0	0.00%
e.	SLDC charges	0.18	0.16	-0.02	-11.11%
F.	Distribution cost borne by the DISCOMs	155.92	167.28	11.36	7.29%
