

**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
B H U B A N E S W A R .**

Case No. 77/2018

IN THE MATTER OF: Submission of reply to the objections made by the objectors admitted by the Hon'ble Commission on the CESU's ARR application filed for the financial Year 2019-20 admitted as Case No-77/2018.

AND

IN THE MATTER OF: Central Electricity Supply Utility of Odisha, 2nd Floor, IDCO Towers, Bhubaneswar – 751 022 represented by its Chief Executive Officer.

..... .Applicant

THE HUMBLE APPLICANT ABOVE NAMED MOST RESPECTIFULLY SHEWETH:

1. That, an application was filed by CESU for Aggregate Revenue Requirement & Retail Supply Tariff Charges for the Financial Year 2019-20 under Electricity Act-2003 before Hon'ble Commission on 28.11.2018 .
2. That, to the ARR application of CESU for the ensuing year financial 2019-20, 08(Eight) objectors have submitted their objections to the Hon'ble Commission as per list enclosed as Annexure-I.
3. That, the replies to the objections are enclosed herewith as Annexure-II.

Encl: - As above

BY THE APPLICANT THROUGH

Bhubaneswar

Date: 25 .01.2019

Nilambar Jena

(Nilambar Jena)

CHIEF GENERAL MANAGER (COM.)



BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR.

Case No. 77/2018

IN THE MATTER OF: Submission of reply to the objections made by the objectors admitted by the Hon'ble Commission on the CESU's ARR application filed for the financial Year 2019-20 admitted as Case No-77/2018.

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IN THE MATTER OF: Central Electricity Supply Utility of Odisha, 2nd Floor, IDCO Towers, Bhubaneswar - 751 022 represented by its Chief Executive Officer.

..... .Applicant

Affidavit verifying the application for reply to the objections made by the objectors on CESU's ARR filing for the Financial Year 2019-20

I, Sri Nilambar Jena, S/o Late Rama Chandra Jena, aged about 59 years residing at Bhubaneswar do here by solemnly affirm and say as follows:

1. I am the Chief General Manager (Commerce) of Central Electricity Supply Utility of Odisha, the applicant in the above matter and duly authorized to make this affidavit on its behalf.
2. The statements made in Para 1 to 3 and other information herein shown to me are based on information and believe them to be true.

BY THE APPLICANT THROUGH

Nilambar Jena
(Nilambar Jena)

CHIEF GENERAL MANAGER (COM.)

Bhubaneswar

Date: 25.01.2019

Nilamani Belhera
NILAMANI BELHERA
NOTARY BHUBANESWAR
GOVT. OF ODISHA (INDIA)
REGD. NO.-ON-39/2003
MOB NO-9437271478

ANNEXURE- I**LIST OF OBJECTORS HAVING FILED THEIR OBJECTIONS AGAINST OBJECTORS
APPLICATION OF CESU FOR THE FINANCIAL YEAR 2019-20**

Sl. No.	Name of the organizations/persons with address
1	Shri. Akshya Kumar Sahani, Retd. Electrical Inspector, Goo, B/L-108, VSS Nagar, Bhubaneswar.
2	M/s. Utkal Chamber of Commerce & Industry Ltd., N-6, IRC Village, Nayapalli, Bhubaneswar-751015.
3	Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Tankapani Road, Ps-Badagada, Bhubaneswar, Dist-Khurda-751002.
4	M/s. IDCOL Ferrochrome & Alloys Limited, Po-Ferro Chrome Project, Jajpur Road, Dist.Jajpur-755020.
5	M/s Swain & Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751029.
6	Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012.
7	Shri R.P.Mahapatra, Retd. Chief Engineer & Member (Gen.), Plot No-775 (P), Lane-3, Jayadev Vihar, Bhubaneswar-751013.
8	Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, 3rd Line, Dist. Rayagada-765001.

ANNEXURE- II

-Eight (8) objections are received by the closing date for filing objections against the Petitioner's ARR & retail supply proposal for the financial year 2019-20 admitted vide case No-77/2018.

Objections common to the list of objector's filings are replied first with captioned objections followed by Petitioner's reply.

1. Objection: *Failure to separation of wheeling cost and retail cost in the book of accounts.*

Reply: The Petitioner has not maintained the accounts separately on Wheeling and Retail basis, however as per the decision/guidelines of the OERC, ARR on Wheeling and Retail Business has been submitted considering the same principles which demonstrate its commitment towards a more pragmatic approach towards both the Retail & Wheeling business and supply of power to consumer which is more realistic parameters for accurate and competitive tariff determination in the interest of consumers.

2.Objection: *The purpose of appointment of auditors including statutory and internal auditors under various provisions of Company's Act.*

Reply: Regarding audited accounts of 2017-18, the Petitioner have appointed Internal Auditor for FY 2017-18 on 11th May 2018 for all the divisions and the same have been completed before 30th August 2018. M/s SRB & Associates, Chartered Accountants has been appointed as Statutory Auditor for the financial year 2017-18, vide letter No-CESU/CA/21802 dated 15th September 2018 with the approval of Management Board.

The Statutory Auditor have completed the audit of all the divisions and submitted their report which is in process of compliance. The financial information in ARR has been filed on the information of Accounts of divisions duly signed by Internal Auditor i.e CA/CMA firms for the FY 2017-18.

However, the data relating to Balance Sheet, Profit/Loss Account, Cash Flow statement & Auditors report for FY 2017-18 will be submitted to Hon'ble Commission after duly approved by Management Board.

3. Objection: *Non-submission of truing up activities to arrive at a correct ARR projection.*

Reply: For statutory auditing purpose the auditing firms are being engaged following due procedure. In the process for a financial year auditing activity it starts in the mid of the next financial year and the audit report received after the stipulated time for filing of truing up of CESU. For this reason CESU could not be able to submit the audited figures of previous financial year which has an impact on ARR. However the Audit & Account has been audited upto FY 2016-17. If Hon'ble Commission allows to file truing up exercise of Annual Revenue requirement for the past year, the same shall be submitted before due date of the next Financial Year.

4. Objection: *Petition's proposal on employees cost estimation for the FY.2019-20 is high.*

Reply: The Honorable Commission has approved an expenditure of 367.14 Crores in ARR filed for FY 2018-19. However the projection of employee cost for the FY 2018-19 comes to Rs. 665.67 Cr (Actual for 1st six month and projection for last six month). The Projection of employee cost for the FY 2018-19 has been made on the basis of implementation of 7th pay commission which arrived at Rs.665.67Cr. Further an amount of Rs. 116.26 Cr. towards 100% pension as per the 7th pay has been considered in the year 2018-19. So the total amount comes to Rs.665.67 Cr. (i.e. 549.41 Cr. + 116.26 Cr.). In the year 2019-20 the salary comes to Rs. 677.50 Cr. (i.e. 595.26 Cr. towards annual salary + 50% of arrear salary of Rs. 72.23 Cr. towards 7th pay Arrear salary of both executive and non-executive employees.

The Expenditure towards employee cost prior to engagement of franchisee has not decrease substantially in comparison to expenditure towards employee cost after engagement of franchisee due to the following reasons:

1. The employee cost has not been substantially reduced during the engagement of franchisee as the impact due to retirement of employee (Superannuation) is not at par with the employee cost for increase in Basis Pay(Annual Increment),DA. Rather the impact of the employee cost is more in the ensuing year. It is also place here to mentioned that due to engagement of Franchisee the employees of franchisee operated division has engaged in maintaining lines and substation for the existing network and the vast networks added due to implementation of different Govt. funded projects.

5.Objection: *Petition's proposal on A & G cost estimation for the FY.2019-20 is unjustified.*

Reply: The Objection raised by the different objectors regarding high on A & G cost estimation for the FY.2019-20 is not correct due to the following reasons:

1. Revenue sharing of Distribution Franchisees (IRS Model) paid by CESU is an additional substantial expenditure to reduce the AT&C loss in CESU. Such expenditure under the A & G cost is estimated for the FY.2019-20 is Rs.120.70 Crores. As per the provisional accounts for the FY 2017-18, an amount of Rs. 89.49 Crores has already been incurred under the head Franchisee operation expenses. During the year 2018-19 actual expenditure under Franchisee operation up to Nov'2018 is Rs. 56.65 Crore.

Further as per regulation 7.25 of OERC (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2014 states that the Hon'ble Commission shall take into consideration various lawful resources taken for distribution licensee e.g distribution franchisee, outsourcing and engaging contractual employees to undertake customer care, billing, collection and maintenance activities while finalizing the employee cost.

The Summary of Distribution Franchisees (IRS Model) expenses are as follows:

Financial Year	Proposed	Actual(Audited)	Approved by Hon'ble Commission	Amount Paid
2016-17	32.22Cr	85.84Cr	0.00	61.36Cr
2017-18	51.90Cr	89.49Cr	0.00	69.78Cr
2018-19	118.36Cr		0.00	56.65Cr

Hence CESU, Prays to Hon'ble Commission to approve the Distribution franchisee expenditure as expenditure.

2. The A&G costs have been estimated by taking into consideration a normal increase @7% towards escalation (As per regulation 7.27 of OERC (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2014) over the past year actual expenditure incurred as per audited accounts 2016-17.

Further as per regulation 7.27 of OERC (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2014 states that "the A&G Expenses for each subsequent year will be determined by escalating the A&G expenses for the previous year, at the escalation factor of 7% to arrived at permissible A&G expenses for each year of the Control Period"

Hence CESU, Prays to Hon'ble Commission to approve the A&G costs on the basis of 7% escalation on the actual audited accounts 2016-17

3. As per the accounts manual approved by CESU management board, there is no separate account head for customer care/call center. Therefore all the expenditure relating to Customer Care Centre is booked in the account head of Franchisee & Village Committee expenses. The expenses of Customer Care Centre for the FY 2017-18 are Rs. 72,55,044/- (F-14 form) and the actual expenditure for the FY 2018- 19 up to Dec'18 is Rs 54,41,283/-.

4. The expenditure incurred on the Annual maintenance contract for 33/11KV substation has been booked under the head of accounts of watch & ward expenses under Administrative & General Expenses. The Expenses of watch and ward for the FY 2017-18 are 12.58Cr (F-14) and the actual expenditure For FY 2018-19 upto Sept'18 is 8.24Cr. CESU has projected the watch & ward expenses considering the revision of minimum wage by Govt. of Odisha & addition of new 33/11KV substation under different Govt. funded projects.

6.Objection: *Petition's depreciation cost estimation for the FY.2019-20 is high.*

Reply: Due to increase in the volume of assets under various Schemes like Capex, Deposits Work, System improvement, DESI, Elephant Corridor etc. There is an increase of gross fixed assets to the tune of Rs. 242.47 Crs. during the FY 2019-20. So that depreciation comes to Rs.139.26 Crs. in the FY 2019-20.

7.Objection: *Petition's repair and maintenance (R&M) expenses estimation for the FY.2019-20 is high.*

Reply: The demand for R & M was based on gross assets as on 31.03.2019. There is an increase of gross fixed assets to the tune of Rs. 242.47 Crs. during the year 2019-20, for which the Petitioner required additional R & M to the tune of 13.09 cr. In the FY 2019-20 there will be an increase of expenditure to the tune of Rs. 863.66 cr. under various schemes i.e. BIJU G.J.Y, BIJU S.V.Y & RGGVY-II, DDUGJY, IPDS, ODSSP, ODAF, SCRIPS & OPTCL DTR. So Petition expects Rs.10 cr. towards special R & M for the FY 2018-19. Due to the funds flow problem CESU could not spend the required amount for maintenance of fixed assets as per the norms of OERC i.e. 5.4% of Gross Fixed Asset (opening). However considering expected improvement in performance of CESU during the FY 2019-20, it is expected more cash flow in CESU hand, So that CESU will venture more expenditure in maintaining its assets as per OERC norms. So we have given hike in R & M. CESU has been taken steps to maintain its Distribution Sub-Station lines through engaging the Franchise to reduce AT&C loss. Repair & maintenance of transformers, replacement of conductors & lines etc. CESU have its own E&MR Division, who is looking after the Lines & Primary Substation etc..

8.Objection: *Petition's Bad debt provision expenses estimation for the FY.2019-20 is very high.*

Reply: While finalizing the Accounts of CESU, the Bad & Doubtful Debts has been considered at @ 1% of the Total revenue billing of last 36 months. The same data has been derived from the database of the consumer. Honorable Commission had also allowed the same in the last ARR.

9.Objection: *Many objectors have filled for withdrawal of reliability surcharge or re-look to the surcharge rate citing reasons of unreliable supply to the consumers and indirect tariff hike.*

Reply: The supply network consists of EHT, HT and LT consumers. More than 95% of the consumers are availing supply in LT and rest 5% are only availing supply in HT and EHT.

Reliable surcharge is levied to customers who draw load in HT or EHT satisfying the reliability condition. The Petitioner always intends to maintain reliable supply by adequate maintenance of the network and timely capacity addition.

When HT and EHT supply network is maintained efficiently, then only more reliable power will be available in the LT. So, a consumer availing supply in such condition enjoys quality and reliable power. This surcharge is levied only when the required reliability index is achieved by the Petitioner.

In power deficit situations LT consumers, being large in number are subjected to situational black outs whereas HT/EHT supplied consumers are excluded from black outs getting reliable supply.

Reliability surcharge collection in the FY 2015-16, FY 2016-17 & FY 2017-18 (Upto Sept'18) is very low as compared to the collection made during FY 2014-15 on this account. This is mainly due to 50% reduction of reliability surcharge rate and reduced EHT sales.

Reliability surcharge is presently levied on HT/EHT consumers availing reliable and quality power supply through feeders from the EHT Grid Substations or Primary Substations of the Utility. But, the reliability surcharge levied in the RST Order of FY 2015-16 & 2016-17 i.e. 10 paise per unit is quite low and the revenue earned is not sufficient to maintain a vast HT & EHT network.

The Utility is spending substantial amount in maintaining such infrastructure to extend for such reliable and quality supply to the consumer. **Hence, the proposal of the Objectors for withdrawal of reliability surcharge should not be considered by the Hon'ble commission.**

10.Objection: *Objectors have appealed to increase the higher power factor incentive percentage.*

Reply: Achieving the normative power factor by installing in-house capacitor banks to compensate reactive energy drawl is a healthy sign for benefit of all stakeholders. Higher power factor incentive outgo is much higher than realization from low power factor penalty burdening the licensee with unreasonable expenses. So, the proposal to increase the percentage of higher power factor incentive may not be allowed but should be either reduced or the incentive may be stopped as only high value consumers are getting such benefit. So the proposal for increase the higher power factor incentive percentage along with admissibility of power factor incentive for the brand with 92% to 97% may not be allowed.

11.Objection: *Petition's proposed hike in Retail Tariff to meet the revenue gap for the Financial Year 2019-20 may not be allowed.*

Reply: The licensee has estimated the gap considering AT&C loss level of 26.73% for the ensuing year. For the last 2 to 3 years particularly in the ensuing year reasonable improvement in AT&C loss could not be achieved due to large scale connection of BPL consumers & consumers coming under Soubhagya schme (Low end Consumer) to the network & reduced EHT sales due to availing CGP share power through open access or from own CGP/ CPP. Retail Tariff during last 10 years was almost static and does not commensurate with increased cost of supply. This has resulted in non-availability of adequate funds for system improvement, metering technology and different collection mediums for improvement of AT & C. All stakeholders must propose solution to reasonably increase the tariff for bridging the revenue gap.

12.Objection: *AT&C Loss Reduction - Even after directions from Hon'ble Commission from time & again, no appreciable improvement has been observed. The Honest consumers and Power sector as a whole suffer a lot due to high AT&C loss at different levels.*

Reply: The AT&C loss of CESU has reduced from 62.4% in FY 1999-00 to 34.04% in FY 2017-18, resulting AT&C reduction of 28.36%. Similarly, AT&C loss has reduced by 9.56% between FY 2009-10 to FY 2017-18 i.e. from 43.60% to 34.04%.

CESU is adopting the following measures on revenue improvement to achieve the AT&C loss target set by Hon'ble Commission:

- (i) Improving Billing Efficiency
- (ii) Reducing Technical loss
- (iii) Improving Collection Efficiency

(i) Improving Billing Efficiency

The main reason of CESU's poor performance is its low billing efficiency of 67.43%. In other words, 33% of input is not billed, only due to its inefficient metering and billing system. If technical loss is taken as 20%, then 13% loss is due to commercial loss i.e non billing & theft.

This loss can be recovered with lesser investment only through a robust monitoring mechanism. CESU has adopted the following measures to improve its billing efficiency:

- A. Input Based Franchise Operations & engagement of Women Self Help Groups (WSHG).
- B. 100% metering and billing.
- C. Replacement of LT conductor with AB Cable
- D. MRT Squad operations
- E. Energy Audit and accounting
- F. Use of IT as an Analytical Tool

(ii) Technical Loss Reduction Strategy of CESU

The following activities are being undertaken at present by CESU in its CAPEX Programme, specifically for reduction of the Technical Loss:

- a) Re-conductoring of O.H Line Conductor (33 KV & 11 KV)
- b) New O.H Line AAAC -33 KV (in KM)
- c) Load Balancing and proper earthing
- d) Tree Pruning

(iii) Improving Collection Efficiency

The following activities are being undertaken to improve collection efficiency:

- a) Grievance Redressal, even involving GRFs
- b) Payment through web / Internet / ECS etc

- c) Payment through Digital Mode-One97 Communication (Paytm)/Airtel Payment Bank/CSC e-Governance Service India Ltd./ Post Office.
- d) Engagement of Disconnection Squads on self sustaining basis.
- e) Arrear analysis and arrear recovery follow up
- f) Regular monitoring to improve collection coverage

Further, while fixing the RST, OERC only considers the Distribution Loss Reduction target as fixed by the Commission, but not the actual distribution loss of the Petitioner. The distribution loss as projected by CESU for FY 19-20 was 25.99%, but OERC fixed the distribution loss target of 23%, based on which the RST tariff was finalized. Hence, there is no direct relationship between the actual loss of Petitioner and the tariff fixed by the Commission. But high distribution loss of CESU vis-à-vis OERC target affects its cash flow.

13.Objection: AT&C Loss Performance in Franchised Divisions.

The division-wise AT&C loss reduction and performance of Distribution Franchisees against CAPEX,O&M works and Metering activities has been described in details in our ARR application (refer Page No. 31 to 36). Further it is to mention here that the engagement of Distribution Franchisees (DFs) for a period of five years is one of the measures for reducing AT&C loss to a greater level, so that the BST cost is recovered from Franchised Divisions. This will be kept in mind while reviewing the performance of DFs for further action in this regard.

The Distribution Franchisee Agreement period of four Divisions under M/s RUPL and M/s SUPL have been expired on 30.06.2018. But the Distribution Franchisee is continuing its operation in those areas as per the Interim Status Quo order of Hon'ble High Court of Odisha dtd.28.06.2018. With regard to other ten Divisions under Distribution Franchisee, the new terms and conditions for the franchisee operations has been formulated and is under active considerations for its implementation..

14.Objection: TOD rebate is not allowed to all the 3-phase consumers and intension of installation of static meter is not fulfilled.

Reply: The meters installed at the 3-Phase consumer premises having the facility to record peak & off-peak consumption as well as the facility to download data from meter Non Volatile memory (NVM), TOD rebate is allowed by the Petitioner.

Besides, Automatic Meter Reading (AMR) is also being taken up under RAPDRP scheme wherein the data stored in meter NVM will be automatically downloaded and uploaded to the server at the end of each month. So that this facility could be extended to all the 3Ph consumers. Presently, the entire process is carried out manually, which makes it cumbersome to extend the facility to all 3h consumers to avail TOD rebate. Further the view of Hon'ble Commission regarding TOD rebate may be continue.

15.Objection: *Petition's LT sales projection for the ensuing year 2019-20 is very high for the purpose of getting advantage in tariff setting.*

Reply: LT sales projection by the Petition has been made based on the past trend. Detailed category wise sales projection under LT is available at T1 format in ARR document. But in case of KJT category, the sales projection seems to be very high.

- Considering around 3lacs of consumers within 30units per month (108342nos of Kjt consumers as on Sept-18, balance 1,23,849 no of Kjt consumers not included in billing folder and 60000nos of consumers coming under Soubhagya Scheme (averagely 20% of the no of connection given), a sales projection of 105.40MU is projected for the Current financial 2018-19.
- Accordingly, considering the above consumers and additionally 1,50,000 consumers of Soubhagya Scheme, total 4.55lacs consumers with 30 units per month, 163.37MU has been projected for FY.2019-20.
- So, CESU has projected 451846 no of consumers as on April'2019 in T1 format i.e additional 3.36lacs of consumer could have been included in billing fold. The Hon'ble Commission may consider the sales projection of CESU for that category
- As compared to actual billing under this category the projection will be high, that is non-billing sales under this category. If, the Petitioner will not propose the higher sales under LT category then the Petitioner will not get power purchase approvals for the non-billing loss under LT category.

In other ward, Petitioner will purchase high cost power with payment of year end charges / UI charges in BSP which will be ultimately pass on to the consumer.

Hence, with the interest of LT consumers, the Petitioner is projecting higher LT sales to pass on within the approved power purchase and reduce the BSP expenditure of the Petition. Further, the Hon'ble Commission is allowing power purchase at normative loss level instead of actual. Hence, the Hon'ble Commission may consider the proposal of the petitioner.

16.Objection: *ARR & Revenue GAP*

Reply: As per our ARR submitted for the FY 2019-20, the proposed billing efficiency is 74.01% and Collection efficiency is 99%. Though the total arrear stands at Rs.1663.11Cr. the actual collectable arrear is far behind and which is under the scrutiny of the receivable audit.

However, the process for collection from collectable arrear have been taken up by the Petitioner which in turn shall improve financial status of the Petitioner to provide better service to the consumer and only the audited receivable arrear could be considered in truing up exercise of past years. The revenue GAP of Rs.324.69Cr.(Gap in Wheeling Businesses) & Rs 308.15Cr(Retail Business) is projected in the present petition for the FY.2019-20 which has been arrived considering the existing RST and BSP. The Hon'ble Commission may consider our proposal.

17.Objection: *Rebate to consumer.*

Reply: Even if for the disputed consumer DPS is being claimed in their monthly bill, however on revision of the bill of such consumers DPS is also waived. Since the volume of revision and billed amount are significant the overall realization of DPS from the consumer are marginal, So the amount recovered through DPS cannot be compare with less realization of revenue by way of extending rebate.

18.Objection : *Interest on working Capital*

Reply: Agreed with the view of the objector. Since the Odisha Electricity Regulatory Commission (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014 prevails over the MYT principle. CESU request Hon'ble commission to consider the Interest on working Capital while approve the ARR for the FY 2019-20.

19. Objection: *Levy of transformer loss to the consumer*

Reply: The submission of CESU is correct and there is no intentional wrong interpretation of the Regulation. Regulation 54(3) of the OERC Distribution (Conditions of Supply) Code, 2004 provides for converting LT metering units to HT metering units by application of formula under Regulation 54(3)(a) and 54(3)(b) and doesn't envisage for replacement of LT metering set to HT metering set within four months. The OERC Regulation framed under Section 50 of Electricity Act, 2003 doesn't provide any provision for replacement of LT metering set to HT metering set nor any time limit have been specified for replacement.

Regulation 56(1) is not an omnibus provision and must be read in compliance of Regulation 54(2), 54(3), 93(9) of OERC Distribution (Conditions of Supply) Code, 2004 and not in isolation of these Regulations. When there is no Regulation for replacement of LT metering set to HT metering set within a period of four months under Section 50 of Electricity Act, 2003 incorporation of the same in the tariff order is not sustainable. So CESU's proposal is justified.

20. Objection: *Status Report of National Green Tribunal & Elephant Corridor and Movement area.*

Reply: The order of National Green Tribunal in awarding penalty of Rs.5.00crores is being challenged in the appropriate court. CESU has spent Rs.23.60crores (1st, 2nd and 3rd phase) in elephant corridor area. Now, in Phase-4 action has been taken for cabling and rectification of sagging with an investment of Rs.14.30crores covering 91Ckt Kms. electrical network in elephant movement area. Further, works in elephant movement area DPR is under process for 315Kms. AB cabling for LT and HT network. Further, 1400 sagging points has been identified for its rectification. That was also included in the DPR which has been prioritised by the Forest Department, Govt. of Odisha.

21. Objection: *Energy Audit*

Reply: All the 171nos. Of 33KV Feeders have been metered. However, in case of 11KV feeder meters, 744 out of 850 have been metered. The energy audit report is being generated by CESU on quarterly basis and is being submitted to the Hon'ble Commission for their appraisal.

Action is being taken to complete 100% metering in case of 11KV Feeders. With regard to PAT, all Divisions have been instructed to achieve the distribution loss target fixed by Bureau of Energy Efficiency (BEE) and the Third Party Auditor engagement is under process.

22.Objection: *ABT Complainant Solar Meter.*

Reply: As per Clause 15 of OERC net metering order No. 1131, Dated 19.08.2016, the DISCOM has to furnish a copy of solar energy generated by the eligible consumer to GRIDCO every year. And, as per Clause 11 of the said order, 90% of the energy generated from Solar will be Offset against total consumption of the consumer at the end of each FY & any excess generation would be consider as free energy. Hence installation of ABT complainant solar meter is necessary.

23.Objection: *Related to PAT-Detailed Energy Audit*

Reply: It is to inform you that there is no such energy audit work on CAPEX Scheme. Further, energy audit through Third party has been conducted in the project town under R-APDRP programme and currently action is being taken for engagement of Third Party Auditor under PAT Scheme throughout CESU area.

Objections specific to the list of objector's filings are replied individually below with captioned objections followed by Petitioner's reply.

Name of the objector: **Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13.**

Objection-16(3): Mode of payment of Security

Reply: The Petitioner is in the view that the proposal of the Objectors on *security deposit and additional security deposit in form of Bank Guarantee which is not acceptable as the regulation does not provide such provision. The existing provision* should continue due to the following reasons:

1. Delay in giving power supply to the prospective consumers due to delay in receiving confirmation from the bank regarding Bank Guarantee.
2. Require renewal of BG in regular interval from the bank with the intervention of the consumer.

3. The Hon'ble commission in para-326 of RST Order For the FY 2010-11 has rightly observed that" XXX Modification to the existing provision may be considered only after the distribution companies achieve financial turn around and are able to generate enough cash for timely taking up repair and renovation of the existing old distribution network."

Further, CESU is providing interest on security deposit to the consumers as per the interest rate approved by the Hon'ble Commission through the RST order. But it requested to reduce the interest security deposit instead of hike as prayed by the objectors because the Petitioner is not getting that amount of interest while parking the amount in bank.

Measures to be taken to recouped the deficit of the Consumer Security Deposit has already been submitted to OERC on Query-8 on dt 11.01.2019(Copy enclosed)

Name of the objector: Sri Ananda Kumar Mohapatra, Plot No-639/1021, Laxmi Vihar, Basuaghai, Badagada, Tankapani Road PS-Badagada, Bhubaneswar Odisha-768004.

Objection-2 & 3: Discrepancies of digital data.

Reply: For the convenience of the objector the contents of ARR application in full shape has been given in the CESU website for easy access. CESU has submitted ARR application along with soft copy to Hon'ble OERC and the same soft copy has been uploaded in the CESU web site. Further it is to bring the kind notice of the Hon'ble Commission that CESU has uploaded the following file in the web site.

A) Vol-I

1. 4Nos of .jpg file i.e the Affidavits
2. 3 Nos of .doc file i.e i) Cover Page ii) Abbreviation, Contents etc. iii) Write up
3. 3Nos of .xls file i.e i) Annexure ii) F- Form iii) T Forms

B) Vol-II

1. 2 Nos of .doc file i.e i) Cover Page ii) Index
2. 1 No of .xls file i.e i) P formats

Therefore, Hon'ble Commission may give suitable direction for upload of the mirror image i.e .jpg file of the ARR application with allowable time for the future year.

Objection-25: *Failure to carry out the directives of the Commission as laid down in RST Order for FY 2017-18.*

Reply: CESU has submitted compliance of directives of the Hon'ble Commission as laid down in the RST for FY 2018-19 within the timeframe. CESU is always following OERC Distribution (Conditions of supply) Code, 2004 but not violating such Regulations as pointed out by the objector. CESU is improving its performance standard and the statement of the objector is false and fabricated. CESU never follows any practices which are based on its sweet-will regarding supply of power to its esteemed consumers.

Name of the objector: **Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012**

Objection-4 : The Petitioner have not utilized the approved funds for maintenance work for which lines & substations are measurably damaged.

Reply: The Petitioner is spending funds for repair and maintenance wherever required on priority basis. Further, the Petitioner is not able to spent fund to the said purpose as approved in RST Order due to Escrow arrangement. So, the allegation is false.

Objection-6: Receivable audit

Reply: The Petitioner had surveyed consumer wise having arrear>Rs.5000 which had audited around amounting to Rs.762crores as receivables and out of that Rs. 173.018/- crores had collected. The detailed consumer as well as division wise collection/ non-collection status has been uploaded in the Petitioner's website.

Objection-10 : The Petitioner has to produce the detail information from where the fine amount of Rs.6Cr. will be collected and deposited in the Green Tribunal of India.

Reply: The order of National Green Tribunal in awarding penalty of Rs.5.00crores is being challenged in the appropriate court.

Name of the objector: Sri A.K.Sahani, Electrical Inspector (Retd.), M/s Sahani Energy Consultancy, B/L-108, VSS Nagar, Bhubaneswar.

Objection-7: Levy of supervision charges towards consumers own transformer.

Reply: As per APPENDIX-I Procedure For Determination of Remunerative Norms Point-4 of OERC Distribution (Conditions of Supply) Code 2004, the licensee is entitled to collect the requisite supervision charge for checking and ensuring that the capital works have been done as per the standards and in addition, the inspection fees for inspection pertaining to safety and security as notified by the Govt. of Odisha from time to time. The Licensee should ensure inspection of works by the Electrical Inspector.

Objection-8(A) : *The objector asks for compensation as stipulated in OERC (Licensees standards of performance) Regulations,2004 (hereafter standard 2004) which has not been extended by CESU to any of the consumers so far.*

Reply: CESU has taken all steps to comply with the requirements as has been provided in the OERC (Licensee's Standard of Performance) Regulation 2004, so, as to the redress the grievance of the consumer. Therefore there is no occasion at all to make payment of compensation.

Objection-8(B) : *The objector agreed the adjudication of the cases under Section-126 and 135 of the Electricity Act 2003, by GRF and Ombudsman. At the same time he desires that the GRF and Ombudsman such case so that the innocent consumers cannot be harassed taking the plea of provisions of section 126 of the act-2003.*

Reply: The introduction of the mechanism of GRF & Ombudsman is an unique feature of the Electricity Act, 2003. The OERC has made the OERC (GRF & Ombudsman), Regulation 2004, specifying the constitution, power of the GRF & Ombudsman etc. Section 126 deals with unauthorized abstraction of energy. After final assessment is made, if the consumer is aggrieved, he can approach the Appellate Authority under Section 127 of the Electricity Act, 2003 who can also examine & adjudicate the entire process of assessment whether legal & justified. Therefore, there is no necessity for the GRF & Ombudsman, to adjudicate the same.

If that power would be given to GRF & Ombudsman the institution of Appellate Authority under Section 127 of the Electricity Act, 2003, would become redundant and the intention of the legislature would be frustrated.

Name of the objector: Sri Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012.

Objection-14: *Reintroduction of the 3-slab based graded tariff for HT & EHT consumers as prevailed in RST Order upto 2012-13.*

Reply: Graded slab tariff is intended for optimum utilization of system capacity. Lowering the ceiling will lead to stranding of capacity. The Objector should optimize their utilization to get the benefit of graded slab rates which is also presently available while the consumption >60% LF. Hence the petitioner ruled out the prayer of the objector.

Objection-18: *Reintroduction of 'Take or Pay' tariff for achieving higher Load Factor.*

Reply: During the enforcement of the 'Take or Pay' tariff on achieving higher Load Factor, none of the consumers have come forward to avail the tariff. The main reason is long duration annual shut-down of plants by the industrial consumers even extending for months & availing CGP/ CPP power.

Due to this reason the consumers do not perceive to achieve the target Load Factor to get the benefit of "Take or pay" tariff. The licensee has no objection for reintroduction of the "Take or Pay tariff" as this will make optimum utilization of system capacity and guaranteed revenue gain.

Objection-19: *Cross Subsidy Charges.*

Reply: Objection does not relate to this petition.

Objection-25: *Energy Conservation and DSM activities.*

Reply:

- (1) Under the DSM Regulation at present CESU has facilitated to distribution of LED bulbs as per requirement of customers under "Ujjala Scheme" on concessional rate. Further, even CESU has distributed 4nos of LED bulbs to all beneficiaries covered under NFSA (National Food Security Act) & SFSS (Satellite Food Service Station). Distribution of 54.79lakhs nos. of LED bulbs to 11.53lakhs of consumer, 12573nos. of Energy Efficient Fan and 50063 nos. of LED Tube light as on 31/12/2018 under "UJALA scheme" under CESU area.

- (2) Forecasting of future load/ consumption based on the 'End Use Method' where data for peak (MW) and energy (MU) demand projections is forecasted through extrapolation based on preceding five years actual data on energy requirement for each grid interconnection point by Availability Based Tariff (ABT) Cell.
- (3) Instructions given to all Field officers to purchase of BEE star labeled appliances such as Room Air Conditioners, Tubular fluorescent lamps, Frost free Refrigerators & Distribution Transformers etc. All the CESU field officers requested to consider star labeling as one of the pre-qualification criterion during the process of procurement of appliance
- (4) Public awareness Campaign named "Power Sector Media Campaign" is carried out on educating consumers on stopping wastage of electricity and energy conservation etc by Energy Management and Conservation Cell. Presently, OERC has initiated Media Campaign across Odisha through DMU, Gridco.
- (5) Tripartite "Project Implementation Agreement" signed between CESU, GEDCOL and M/s Azure Power Mercury Pvt. Ltd for implementation of Grid Connected Rooftop Solar project on Net metering basis with a minimum installed capacity of 4 MWp on govt. buildings in the cities of Cuttack and Bhubaneswar through PPP route on a BOO basis. Till date 3.036 MW of solar Roof top PV project has already been installed under this scheme.
- (6) Net Metering permission for Solar PV power project is being issued by EMC Cell CESU.
- (7) Replacement of conventional streetlight system with LED streetlight in Urban Local Bodies through EIC.

Objection-26: *Consideration of power factor penalty for HT consumer <110KVA*

Reply: This proposal may be accepted. Earlier CESU has proposed to levy of power factor penalty for HT consumer <110KVA but Hon'ble commission has not accepted.

Nilambar Jena
CHIEF GENERAL MANAGER (COM)
CESU, BHUBANESWAR