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**ODISHA
ELECTRICITY
REGULATORY
COMMISSION**

ବାର୍ଷିକ ବିବରଣୀ ANNUAL REPORT

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Workshop on "Public Participation for Improvement in quality of supply and financial viability of the distribution sector vis-à-vis Franchise Operation in Odisha" on 05.01.2011 at Hotel Crown, Bhubaneswar



Sri Prafulla Chandra Ghadai, Minister Finance addressing the closing ceremony of 16th Foundation Day of OERC and seminar on Technology: Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



Sri J.K. Mohapatra, Principal Secretary, Finance, Govt. of Odisha addressing the closing ceremony of 16th Foundation Day of OERC and seminar on Technology : Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



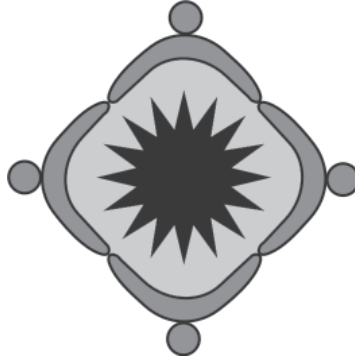
Sri K.C. Badu, Member, OERC addressing the closing ceremony of 16th Foundation Day of OERC and seminar on Technology: Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



Sri B.K. Misra, Member, OERC addressing the closing ceremony of 16th Foundation Day of OERC and seminar on Technology: Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar

ANNUAL REPORT - 2010-11

ବାର୍ଷିକ ବିବରଣୀ - ୨୦୧୦-୧୧



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ODISHA ELECTRICITY REGULATORY COMMISSION

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[**Note** : The word “Odisha” may be read in place of “Orissa” wherever it appears.]



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ORISSA ELECTRICITY REGULATORY COMMISSION

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MISSION STATEMENT

1. The Orissa Electricity Regulatory Commission is committed to fulfill its mandate for creating an efficient and economically viable electricity industry in the State. It balances the interests of all stakeholders while fulfilling its primary responsibility to ensure safe and reliable supply of power at reasonable rates. It is guided by the principles of good governance, namely, transparency, accountability, predictability, equitability and participation in discharge of its functions. It safeguards the interests of the state and gives a fair deal to consumers at the same time.

OVERVIEW

2. The Orissa Electricity Reform Act, 1995 (Orissa Act 2 of 1996), in short OER Act, 1995 was enacted for the purpose of restructuring the electricity industry, for rationalization of Generation, Transmission, Distribution and Supply of Electricity, for opening avenues for participation of private sector entrepreneurs and for establishment of a Regulatory Commission for the State, independent of the state government. The Electricity Act, 2003 has been modelled mostly on the basis of the provisions of the OER Act, 1995.
3. An important component of power sector reform is establishment of an independent autonomous Regulator, the Orissa Electricity Regulatory Commission for achievement of objectives enshrined in the OER Act, 1995. It became functional on 01.8.96 with the joining of its three members.
4. The property, interest in property, rights and liabilities belonging to the erstwhile OSEB (Orissa State Electricity Board) were vested in the State Government as on 1.4.96. All loans, subventions and obligation of the Board towards the State stood extinguished. The State Government classified the assets, liabilities and proceedings acquired by the State as well as the assets, liabilities and proceedings relating to the undertakings owned by the State Government to (a) Generation Undertaking (b) Transmission Undertaking and those not classified within (a) & (b) to residual assets. The State Government was empowered to vest the Undertakings in GRIDCO & OHPC which the State did but only after upvaluation of assets on the same day and restructured the Balance Sheet of GRIDCO and OHPC.
5. The Grid Corporation of Orissa Limited (GRIDCO) was incorporated under Companies Act, 1956 on 20.4.95. All Transmission and Distribution Undertakings were transferred to GRIDCO on 01.4.96 with upvalued cost with a restructured Balance Sheet. It was to engage in the business of procurement, transmission & bulk supply of electric energy apart from planning, co-ordination & load forecast.
6. The Orissa Hydro Power Corporation Limited (OHPC) was incorporated under the Companies Act, 1956 on 21.4.95. All the generating assets of Government as well as OSEB have been transferred to OHPC on 01.4.96. This Corporation takes care of all the operating and ongoing Hydro Power Stations. 49% of the share of the Orissa Power Generation Corporation (OPGC) were disinvested to the US based AES company in January, 1999.
7. As a sequel to the passing of the Act, the distribution of power was privatized in Orissa and the management of the four subsidiary companies in charge of distribution in the Central Northern, Southern and Western zones of Orissa, namely CESCO, NESCO, SOUTHCO and WESCO was entrusted to private companies which took over 51% of the shares.

GRIDCO became a deemed trading licensee from 10.6.05. The Orissa Power Transmission Corporation Ltd. (OPTCL) took over intra-state transmission & functions of the state load despatch centre on the same date.



8. In the year 2003, the Electricity Act, 2003 was enacted by Govt. of India and this came into force w.e.f 10.06.2003. The Electricity Act, 2003 has been modelled mostly on the basis of the various provisions of the erstwhile Orissa Electricity Reform Act, 1995. The Electricity Act, 2003 which came into force on 10th June, 2003, aims to promote competition, protect interest of consumers while supplying electricity to all areas, rationalize electricity tariff, ensure transparent policies regarding subsidies, and provide an enabling regulatory environment. Besides allowing for private investments in all the segments of the electricity supply chain, the Act provides various measures to introduce competition in the electricity industry. Now, the Chairperson and Members of OERC are appointed under section 82(5) of the Electricity Act, 2003 (No 36 of 2003) which is a Central Act.
9. The OERC completed 15th year of its operation on 01.08.2011. The Commission is operating on a rented building at Bidyut Niyamak Bhavan, Unit- VIII, Bhubaneswar - 751012.

FUNCTIONS OF THE STATE COMMISSION

10. Section 86 of the Electricity Act, 2003 deals with the functions of the state Commission. As per section 86(1), the State Commission shall discharge the following functions, namely:-
 - (a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the state.
 - (b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
 - (c) facilitate intra-State transmission and wheeling of electricity;
 - (d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
 - (e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
 - (f) adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
 - (g) levy fee for the purpose of this Act;
 - (h) Specify State Grid Code consistent with the Grid Code specified under clause (h) of sub-section (1) of Section 79 of the Electricity Act, 2003.
 - (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
 - (j) fix the trading margin in the intra-state trading of electricity; if considered, necessary; and
 - (k) Discharge such other functions as may be assigned to it under the Electricity Act, 2003.
11. As per Section 86(2) of the Electricity Act, 2003, the State Commission shall advise the State Government on all or any of the following matters, namely:-
 - i) Promotion of competition, efficiency and economy in activities of the electricity industry;
 - ii) Promotion of investment in electricity industry;
 - iii) Reorganization and restructuring of electricity industry in the State;
 - iv) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.
12. As per Section 86(3), the State Commission shall ensure transparency while exercising its powers and discharging its functions.



13. As per the Section 86(4), in discharge of its functions, the State Commission shall be guided by the National Electricity Policy, 2005, National Electricity Plan and Tariff Policy, 2006 published under sub-section (2) of section 3 of the Electricity Act, 2003.
14. Besides, the other provisions of the Electricity Act, 2003 which have a direct bearing on the functioning of the Commission are extracted below for reference

Section 11 – Directions to generating companies

- 1) The Appropriate Government may specify that a generating company shall, in extraordinary circumstances operate and maintain any generating station in accordance with the directions of that Government.

Explanation - For the purposes of this section, the expression "extraordinary circumstances" means circumstances arising out of threat to security of the State, public order or a natural calamity or such other circumstances arising in the public interest.

- 2) The Appropriate Commission may offset the adverse financial impact of the directions referred to in sub-section (1) on any generating company in such manner as it considers appropriate.

Section 23 - Directions to Licensees

"If the Appropriate Commission is of the opinion that it is necessary or expedient so to do for maintaining the efficient supply, securing the equitable distribution of electricity and promoting competition, it may, by order, provide for regulating supply, distribution, consumption or use thereof"

Section 37 – Directions by Appropriate Government

The Appropriate Government may issue directions to the Regional Load Despatch Centres or State Load Despatch Centres, as the case may be, to take such measures as may be necessary for maintaining smooth and stable transmission and supply of electricity to any region or State.

Section 108 – Directions by State Government

- 1) In the discharge of its functions, the State Commission shall be guided by such directions in matters of policy involving public interest as the State Government may give to it in writing.
- 2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the State Government thereon shall be final.

THE MESSAGE

15. This Annual Report is prepared under Section 105 of the Electricity Act, 2003 which states as follows:
 - a) *The State Commission shall prepare once every year in such form and at such time as may be prescribed, an annual report giving a summary of its activities during the previous year and copies of the report shall be forwarded to the State Government.*
 - b) *A copy of the report received under Sub-Section (1) shall be laid, as soon as may be after it is received, before the State Legislature.*

The Annual Report 2009-10 was laid before the State Legislative Assembly on 27.08.11.

The present Annual Report 2010-11 presents an overview of the Commission's activities for the period from 1st April, 2010 to 31st March, 2011. As stated earlier this commission started functioning from 1st of August, 1996. During these years, the Commission has carried forward its vision of moving forward to an efficient and economic operation for the power system in the state and constantly endeavoring to protect the interest of the consumer and for improvement of quality of supply and services to the consumer at a reasonable and affordable price. This is despite the fact that while other State Governments continue to provide budgetary assistance to the power sector, Govt. of Orissa has stopped such supports altogether w.e.f. 01.04.1996.

16. Some of the important items of activities undertaken by the Commission in the FY during 2010-11 are given below.



16.1 Need for Capacity Addition

Capacity addition has been an area of concern for the Commission for which the govt. has been advised to take appropriate action. The estimated state share according to the MOU signed with IPP's would be 8193 MW out of the proposed installed capacity of 39188 mw. The Commission have directed that all the future IPPs intending to sign MOUs with the Govt. as well as the existing ones including CPSUs like NTPC, NLC etc. should be advised to set up thermal power plants of unit size 660 MW and above utilizing super critical technology with ultra zero emission as well as clean coal technology. Further, taking into account, the view of all concerned agencies and Govt. Departments, the Commission has issued a practice direction during the year under report on 08.10.2010 for development and smooth implementation of small/mini/micro hydel projects in the state so that at least, 12 nos. of projects of about 170 mw can start construction during the ensuing year, but there has been no perceptible progress by the State Govt. to ensure exploitation of Mini/Small Hydro Sources, even though such power is non-pollutant and clean energy.

16.2 System Demand

- Installed capacity in Odisha as on 31.3.2011 is 4756 MW which consists of Odisha's own internal capacity of 3672 MW and Odisha's share from the Central installations of 1084 MW.

	Odisha's own internal capacity	Share from the central installations	Total
Hydro Power	2142 (2085+57 from small hydro)	189	2331
Thermal Power	1530 Ib Thermal – 420 Thalcher Thermal – 460 Sterlite Energy – 600 Arati Steels – 50	895	2425
TOTAL	3672	1084	4756

- The CEA had forecasted the requirement of energy for Odisha for 2010-11 at 24795MU in Load Generation balance report (LGBR). However, the Commissions had approved of 21003.75 MU of purchase by GRIDCO and GRIDCO has purchased 23249.87 MU of power from different sources during FY 2010-11 and Sold 22387.64 MU to DISCOMs, togetherwith used for Trading, Emergency Supply to CGPs, UI and return to Power banking, the balance being 862.23 MU (23249.87MU-22387.64MU) towards Transmission Loss in OPTCL transmission system. The details are given below.

ENERGY PURCHASED BY GRIDCO

	2009-10	2010-11(Prov.)
State sector	- 10113.76 MU	11342.83 MU
Central sector	- 6768.62 MU	6966.02 MU
Total	- 16882.38 MU	18308.85 MU
CGP and co-generation		
within the State	- 2980.90 MU	3021.23 MU
IPPs	-	883.23 MU
UI over drawal from the grid	- 1073.11 MU	795.40 MU
Power banking and trading	- 19.80 MU	241.16 MU
Grand Total	- 20956.19 MU	23249.87 MU
Commissions approval	19179.38 MU	21003.75 MU

**ENERGY SOLD BY GRIDCO**

	2009-10	2010-11(Prov.)
DISCOMs	19535.78 MU	21132.02 MU
Trading	0.90 MU	64.20 MU
Emergency Supply to CGPs	301.75 MU	175.01 MU
UI	127.68 MU	778.47 MU
Return to Power banking	—	237.94 MU
TOTAL	19966.11 MU	22387.64 MU

- In FY 2010-11 ,DISCOMs has purchased 21132.02 MU of power from GRIDCO as against OERC approval of 20154.0MU.
- The avg Demand of the State during FY 2010-11 was 2951 MW . The maximum demand recorded on 23rd March, 2011 was 3347 MW where as Minimum demand on 27th May, 2010 was 2407 MW. It may be noted that the CEA,in its Load Generation balance report (LGBR) had estimated the Peak demand of 3850MW for Orissa for FY 2010-11.

The reported total sale by GRIDCO during 2010-11 was 22387.64 MU out of which 64.20 MU was meant for trading, 778.47 MU meant for UI , 175.01 MU for sales to CPPs and 237.94 MU towards return on power banking, leaving the balance of 21132.02 MU for meeting the demand within the state against 20154 MU approved by the Commission. The highest recorded peak demand was 3347 MW during the year 2010-11 in the month of March, while the average demand met was 2447 MW against the average demand of 2951 MW. (See powr scenario at Appendix-XIV)

16.3 Consumer Tariff

The Commission has been approving the annual revenue requirement and tariff for the various utilities of the state keeping in view the provisions of Electricity Act, 2003, the National Electricity Policy and Tariff Policy. The Commission has introduced and allowed tariff for two new categories such as Allied Agricultural Activities and Allied Agro-Industrial Activities. The Commission has raised the overall tariff for FY 2011-12 by 19.74% over that of FY 2010-11. However, the tariff for the BPL consumers, domestic consumer upto 1st 50 units and agricultural consumers has remained unchanged. While fixing tariff the Commission has tried to rationalize tariff on voltage basis and reducing cross-subsidy. Of late State Govt. have agreed to provide subsidy of Rs.1.50 per/kwh in respect of LT domestic consumers consuming electricity above 50 units per month subject to maximum Rs.75 per month as subsidy through GRIDCO and the estimated subsidy os Rs.108 crore for FY 2011-12. (Please see Appendix XIII).

16.4 Improvement of quality of supply and service - Better Repair & Maintenance

The Commission has set a target and gave the direction to the distribution licensees on the following works:

- ❖ Reduction of aggregate, commercial and technical loss
- ❖ Improvement in collection efficiency
- ❖ Realization of arrears of receivables from consumers
- ❖ Adherence to standard of performance
- ❖ Proper spending on R&M works
- ❖ Intervention of IT at all levels
- ❖ Development of call centers for improvement of consumer service
- ❖ Upgradation/new installation of distribution transformer, stringing of AB cables in theft prone areas, installation of VCB in 11 KV and 33 KV feeders, phase balancing, earthing of installation



- ❖ Provision of boundary walls in substations
- ❖ Pillar box metering
- ❖ Replacing Bare Conductor by AB Cable and fixing of AB Cable new area
- ❖ Franchisee in distribution system

The following achievements have been made by DISCOMs in procurement of distribution transformer and its installation.

Achievement of DISCOMs upto 31.03.2011

DISCOMs	Target of new installation/ upgradation of Transformer	Achievement
CESU	1000	686
NESCO	1000	237
WESCO	1000	195
SOUTHCO	1000	170

Conversion of Single Phase to three phase lines as on 31.03.2011

DISCOMs	Achievement
CESU	98.31 km
NESCO	21 km
WESCO	20 km
SOUTHCO	69.5 km

AB CABLE:

CESU, NESCO, WESCO and SOUTHCO have installed AB cables of 300 Kms, 81.9 km, 11.65 km and 149.24 Kms. respectively by the end of financial year 2010-11.

BETTER REPAIR AND MAINTENANCE

As per the loan agreement, escrow agreement and power purchase agreement all receivables of the distribution companies are to be deposited in the escrow account and the distribution companies cannot divert any fund without permission of GRIDCO. After paying the current BSP to GRIDCO, GRIDCO was allowing drawal only towards payment of salaries and if any amount was left that was being adjusted towards arrear dues payable to GRIDCO from distribution companies. As a result distribution companies were not able to take up essential minimum repair and maintenance work of distribution network. Realizing these difficulties Commission directed prioritization of release of fund from escrow account as approved by the Commission. The fund deposited in the escrow account is being first adjusted towards current BSP dues, thereafter the balance fund is to be released towards salaries and R&M expenses, thereafter any fund left over is being adjusted towards arrear dues of GRIDCO. As a result, while in the past the distribution companies were not able to utilize the approved R& M expenditure this is substantially improved during the last few years. This would be evident from the following table:

Expenses	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12
	Appr.	Actual	Appr.	Actual	Appr.	Actual	Appr.	Actual	Appr.	Actual*	Appr.
WESCO	24.25	12.44	23.82	12.37	25.66	17.90	27.01	18.05	34.77	25.48	36.81
NESCO	24.48	12.88	24.43	13.00	25.87	20.86	27.88	22.80	37.22	18.14	47.46
SOUTHCO	17.35	5.54	18.38	5.50	19.08	7.79	20.73	11.60	26.11	14.00	28.47
CESU	41.31	22.09	43.64	25.11	41.87	34.79	40.46	39.22	51.19	27.07	56.77
Total	107.39	52.95	110.27	55.98	112.48	81.34	116.08	91.63	149.29	86.89	169.51

* Audited accounts for 2010-11 not finalized. Figure as per Escrow Account released by GRIDCO



The DISCOMs should fully utilize the R&M expenditure approved by the Commission and should take effective steps for timely repair and maintenance of the Distribution network. They must collect enough revenue in order to enable GRIDCO to release fund for R&M expenditure as approved by the Commission.

16.5 Performance of OPTCL

Continuous up-gradation and regular repairs and maintenance are required to keep the considerably ageing network in a safe & operational condition. Direction has been given to the OPTCL for proper upkeep and maintenance of transmission lines and Grid-sub-stations followed by regular monitoring at Commission's level. OPTCL has been insisted upon for spending the allotted R&M amounts for maintenance of adequate spares to prevent break down of transmission lines and equipments which in turn leads to interruption of power supply to large areas. O&M expenditure approved for 2010-11 was Rs.60 crore whereas OPTCL has spent Rs.32.13 crore. Out of 97 grid sub-stations 15 sub-stations are overloaded.

The Commission has set up nos. of enquiry committees on whose recommendations, DISCOMs/OPTCL have been undertaking system improvement work apart from their own plan. The following projects were undertaken during FY 2010-11 by OPTCL.

OPTCL Projects Completed During FY 2010-11

SL. No.	Name of the Project	Date of Commissioning
1	220 KV DC line from Burla to Bolangir charged at 220 KV (117.847 km)	20.04.2010
2	a) 1st 100 MVA Auto Transformer at 220/132/33 KV Grid S/S at Bolangir (New)	07.05.2010
	b) 2nd 100 MVA Auto Transformer at 220/132/33 KV grid S/S at Bolangir (New)	18.02.2011
3	Installation of 3rd 40 MVA 132/33 KV Tr ansformer at Chhend Grid S/S	28.05.2010
4	220 KV Kuchei-Balasore Ckt.II charged at 220 KV (79.1 km)	13.06.2010
5	2nd 12.5 MVA Transformer of 2X12.5 MVA, 132/33 KV grid s/s at Basta	14.06.2010
6	Diversion of 132 KV PPT line from Loc. No.30 to 39 (1.8 km) (deposit work)	27.06.2010
7	220 KV Narendrapur-Mendhasal Ckt.-II charged at 220 KV (177 km)	02.07.2010
8	a) 132 KV line from Jajpur Road grid S/S to 132/33 KV grid S/S at Anandapur (30 KM) with one 132 KV feeder bay at Jajpur Road grid S/S.	02.07.2010
	b) 2X12.5 MVA 132/33 KV grid S/S at Anandpur(associated 30 km transmission line nad bay extension at Jajpur road grid ?SS charged on 02.07.2010)	30.09.2010
9	Installation of additional 40 MVA, 132/33 KV transformer at Bidanasi Grid S/S	20.07.2010
10	40 MVA 132/33 KV transformer at Badagada grid S/S	16.09.2010
11	2X12.5 MVA, 132/33 KV transformers at existing Akhusingh switching station alongwith associated bays	05.02.2011
12	3rd Bay with transformer at Soro grid S/S	30.01.2011
13	3rd Bay with transformer at Baripada grid S/S	25.11.2010
14.	3rd Bay with transformer at Sonapur Grid S/S	08.04.2011

UPGRADATION OF TRANSMISSION NETWORK

However, besides the upgradation of distribution network, upgradation of power transformers and associated lines of 220/132/33, 132/33 KV Grid sub-stations where overloading is experienced is to be taken up on priority basis on a war footing. Otherwise even if there is no mismatch between demand and supply of power for the state as a whole, the consumers in those areas would continue to suffer from low voltage and rotational load shedding in order to avoid the break down and collapse of transmission lines. The 132/33 kV grid substations of OPTCL which are experiencing over loading are as follows:-:



Supply received by CESU

- (1) Nuapatna (Dhenkanal district)
- (2) Balugaon
- (3) Salepur
- (4) Jagatsinghpur
- (5) Ranasinghpur

Supply received by SOUTHCO

- (1) Sunabeda
- (2) Tentulikhunti
- (3) Bhanjanagar

Supply received by WESCO

- (1) Kesinga
- (2) Junagada
- (3) Khariar
- (4) Sonapur

Supply received by NESCO

- (1) Soro
- (2) Bhadrak (including Chandbali)
- (3) Joda

OPTCL during 2010-11 and upto May, 2011 has added 412.5 MVA capacity of transformation in different grid sub-stations. It has submitted before the Commission it would complete 44 nos. of additional transformers bays at 40 nos. of grid sub-stations with installation of transformers in 2011-12. Similarly upgradation of capacity has been planned for Balasore, Chandaka, Nayagarh, Sonapur, Barkote, Junagada and Phulnakhara grid sub-station and are scheduled to be completed within 2011-12.

OPTCL furnished the copy of letter vide No.3560 dtd.25.3.2009 and 9464 dtd.11.9.2009 wherein it has been mentioned that govt. has released Rs.23.05 cr. and Rs.5.00 cr. respectively to OPTCL in shape of equity share capital towards execution of new transmission projects in the backward districts of the state. Govt. has released the Share Capital contribution of Rs.100Cr during 2008-09 to 2010-11.

2008-09	:	Rs.23.05Crore
2009-10	:	Rs. 5.00Crore
2010-11	:	Rs.71.94Crore
Total	:	Rs. 100.0 Crore

Besides State Govt have already decided to provide Rs. 300.0 crore during 2011-12 to 2015-16 @ Rs.60.0 Crore per annum as viable Gap funding for up gradation and expansion of transmission capacity in the under developed areas in order to solve the low voltage problem and improve quality of supply.

16.6 Technical Audit for improvement of supply

For carrying out in-depth study on the maintenance of the Transmission & Distribution system and keeping in view the need for quality supply to the consumers, the Commission has engaged a team of professionals comprising of retired senior electrical engineers for auditing maintenance work, quality of supply at various grid sub-stations of transmission licensees as well as 33/11 kV s/s, 11 kV lines through out the state under the distribution licensees. Directions have been given to the licensees to take necessary



SI No	Work to be carried out	Target for CESU	Individual Target for NESCO, WESCO & SOUTHCO
1	Upgradation and installation of new distribution transformers	1000	800 each
2	Complete the energy audit of each distribution transformer by the end of 2011-12.	100 %	100 %
3	Load balancing in 3-phases of DTR	2000	1500 each
4	Conversion of single phase to 3-phase line	150 KM	100 KM each
5	Provision of 33 & 11 KV Crt. Breaker	100 % to complete	100 % to complete
6	Provision of stringing of AB cables	300 KM	250 KM each

27. Highlights of Tariff for 2011-12

- As per Sections 61, 62, 65 & 86 of the Electricity Act, 2003, Para 8.3.2 of the National Tariff Policy, 2006 and Para 5.5.2 of the National Electricity Policy, 2005 the Electricity Regulatory Commission has to determine tariff keeping in view, commercial viability and operational efficiency of the Generation, Transmission, Supply and Distribution utilities as well as the interest of consumers. While determining the Energy Tariff for FY 2011-12, the Commission has balanced the interest of all stake holders and passed its Order on 18.03.2011
- In view of rising cost of fuel, equipments, wages etc. the approved average power cost of GRIDCO has increased from 119.91 paise per unit in 2007-08 to 127.40 paise in 2008-09, 148.27 paise in 2009-10 and 174.58 paise in 2010-11. The average power purchase cost for 2011-12 has been approved at 210.32 paise per unit with a rise of 20.47% over the approved rate for 2010-11.
- In order to improve the quality of supply and to ensure uninterrupted power supply there is need for investment in transmission as well as distribution network. For this to happen OPTCL and the distribution companies are to incur loan and this loan is to be serviced i.e. payment of principal and payment of interest. This financing cost for loan servicing has to be factored into transmission and distribution price.
- The transmission tariff has varied from 22.00 p/u in 2007-08 to 21.00 p/u in 2008-09 and 2009-10, 23.5 p/u in 2010-11 and 25.00 p/u in 2011-12 the increase being 7%.
- The Bulk Supply Price by GRIDCO for DISCOMs has increased from 121.59 p/u paise per unit in 2007-08 to 122.15 p/u in 2008-09, 122.20 p/u in 2009-10, 170.25 P/U in 2010-11 and 231.65 p/u in 2011-12 the increase being 36.06%.
- The Retail Supply Tariff is arrived at by factoring in the power purchase cost of DISCOMs from GRIDCO, distribution cost and normative distribution loss level and projected sales.
- Accordingly, while the average cost of supply has increased from 263.00 paise per unit in 2009-10 to 327.37 paise per unit in 2010-11, the same has been worked out at 408.87 paise per unit for 2011-12 the increase being 25%. Similarly the average tariff for LT, HT and EHT consumers taken together has increased from 265.15 paise per unit to 320.58 paise per unit in 2010-11 to 404.01 paise per unit for 2011-12 the increase being 19.74% against 22.20% in 2010-11 (revenue to revenue).
- In the past there was average tariff rise varying from 29% (1993-94) to 10.23% (2000-01) there has been no rise in the average tariff from 2001-02 to 2009-10. There has been rise in tariff by 22.20% for the year 2010-11 after gap of nine years. The average increase in retail tariff for 2011-12 has been kept 19.74% (Revenue to Revenue basis). This may be seen from the table given below:-



Tariff Rise in the Past

Year	Average Tariff Rise (%)
1993-94	28.58 %
1994-95	15.73 %
1995-96	17.47 %
1996-97	17.00 %
1997-98	10.33 %
1998-99	9.30 %
1999-00	4.50 %
2000-01	10.23 %
2001-02 to 2009-10	0%
2010-11	22.2%
2011-12	19.74%

- In the FY 2011-12 the Energy Tariff for Irrigation, Agriculture and Allied Activities, Agro-based Industries and BPL families up to 30 units remains unchanged. The Tariff for BPL consumers has remained constant from FY 2001-02 to FY 2011-12 at Rs.30.00 per month.
- The rate for LT connections in Irrigation and Agriculture remains unchanged at 110 p/u, 120 p/u for Agriculture related activity and 320 p/u for Agriculture and Agro based industries. Similarly in HT connections, the Tariff for the above categories remains unchanged at 100 p/u, 110 p/u and 310 p/u, respectively.
- While the Energy Tariff rate for domestic consumer was 140 p/u upto 100 units from FY2001-02 to FY2010-11 and the average cost of supply per unit has been estimated at 408.87 p/u for FY2011-12, the new Tariff rate for domestic consumers in FY2011-12 will remain unchanged for the first 50 units, 350 p/u beyond 50 units and up to 200units, 430p/u beyond 200units and up to 400 units and 480 p/u beyond 500 units. In FY 2011-12 the Bulk Domestic Supply Tariff has risen from 410 p/u in 2010-11 to 420 p/u, i.e. in 2011-12 by 10 p/u.
- HT Industries who have their own Captive Power Plants but purchase energy from GRIDCO will have to pay Energy Tariff @ 650 Energy Tariff while EHT units in the same category will have to pay Energy Tariff @ 640 p/u. This rate was 530 p/u for HT and 510 p/u for EHT respectively, in FY 2010-11. Thus, the Tariff hike for HT supply in Industrial category having captive power plants is 120 p/u and for EHT it is 130 p/u respectively.
- The average Energy Tariff for EHT consumers has gone up from 379.93 p/u in FY 2010-11 to 477.43 p/u in FY 2011-12 and in HT category; it has risen from 383.68 p/u in 2010-11 to 482.43 in 2011-12. Similarly, for LT consumers, the average Energy Tariff has risen from 219.21 p/u to 300.34 p/u.
- The average energy tariff for all categories of consumers is approximately 404.01 p/u in FY 2011-12 compared to 320.58 p/u last year.
- Of this Retail Tariff of 404.01 P/u, GRIDCO's Power Purchase Cost is 231.65 paisa, 25 paisa is OPTCL's Transmission Tariff, the SLDC's cost is 0.18 paisa and the remaining 147.18 paisa is the Distribution Cost.
- Out of GRIDCO's Power Purchase Cost of 231.56 paisa, CESU's Bulk Supply Cost is 219 p/u, NESCO's and WESCO's BST is 262 p/u each and SOUTHCO's is 135 p/u, but the four DISTCOMs will pay uniform transmission cost of 25 paisa to OPTCL.



- The Generation Tariff of Orissa Hydro Power Corporation for 2011-12 has been hiked to 65.96 p/u against 62.51 p/u in 2010-11.
- Against approval of 57.67 p/u for 2009-10 and 62.51 p/u for 2010-11 for state hydro power the actual was 73.81 p/u and 70.51 p/u for 2010-11 respectively.
- For Central thermal against approval of 197.31 /u for 2009-10 and 243.54 p/u for 2010-11 the actual was 221.58 p/u and 309.19 p/for 2010-11 respectively while for 2011-12 the rate approved is 331.05 p/u.
- As a whole from all sources of purchase by GRIDCO against approval of 148.27 p/u for 2009-10 and 174.58 p/u for 2010-11 the actual rate paid was 196.95 p/u and 202.93 for 2010-11 respectively while the rate approved for 2011-12 is 210.32 p/u. The table below summarizes how GRIDCO is required to purchase more power at cost higher than the quantum and rate approved by the Commission.

Comparison of power purchase cost of GRIDCO approved by the commission in the ARR vrs. actual

YEAR	COMMISSION'S APPROVAL			ACTUAL		
	Energy MU	Rate P/U	Total cost Rs. in Cr.	Energy MU	Rate P/U	Total cost Rs. in Cr.
1999-00	10,176.13	103.36	1,051.82	11,197.38	104.10	1,165.60
2000-01	11,011.39	105.76	1,164.56	12,400.01	112.88	1,399.72
2001-02	12,345.07	94.60	1,167.82	12,467.03	95.27	1,187.77
2002-03	13,312.22	106.71	1,420.60	12,025.61	133.38	1,603.97
2003-04	14,818.80	115.52	1,711.87	15,896.76	100.33	1,594.89
2004-05	17,395.16	103.67	1,803.29	17,742.93	97.46	1,729.31
2005-06	16,640.02	110.36	1,836.38	16,806.08	120.41	2,023.58
2006-07	15,414.79	113.97	1,756.84	18,866.10	117.22	2,211.55
2007-08	17,539.47	119.91	2,103.11	20,934.39	119.91	2,510.28
2008-09	18,460.26	127.40	2,351.75	20,049.27	149.61	2,999.64
2009-10	19,719.37	148.27	2,923.80	20,956.19	196.94	4,127.03
2010-11	21,003.75	174.58	3,666.85	23,249.87	202.93	4,718.06
2011-12	23,489.18	210.32	4,940.30			

- In 2010-11, OPTCL's transmission cost was approved at 23.50 p/u and in 2011-12 this has been increased to 25 p/u which means a hike of 1.50 p/u.
- Retail Tariff for consumers is determined after taking into consideration the Power Purchase Cost, Establishment Cost, Transmission Cost and Distribution Cost. The Retail Tariff approved by the Commission for FY 2010-11 was 320.58 p/u and for FY 2011-12 it is 404.01 p/u. There has been average hike of 83.43 paise in the Retail Tariff this year of which 61.40 p/u will go to GRIDCO and 1.50 p/u to OPTCL and the remaining 20.53 p/u will be the share of the DISCOMs. Out of this amount, the DISCOMs will bear increased cost of repair and maintenance of lines and Sub stations, interest payment, employees' salary and pension, inspection fees for inspection of distribution network etc.
- The Commission cannot fix the tariff in any manner for different types of consumers. It is mandated under Section 61(g) of the Electricity Act, 2003 para 8.3.2 of Tariff Policy, 2006(GoI), Para 1.1 and 5.5.2 of National Electricity Policy to ensure that tariff progressively reflect the cost of supply of Electricity and reduces cross subsidy in a manner that tariffs are within $\pm 20\%$ of the cost of supply by end of 2010-11. When the average cost of supply for 2011-12 has been determined at 408.87 paise per unit, the tariff for the relatively poor consumers cannot be less than 327.07 paise (i.e. -20% of 408.87) and more than 490.67 paise per unit (+20% of 408.87). However, while the attempt has been made to reduce this cross subsidy by gradually increasing tariff for LT consumers, because of special treatment for Agriculture, allied agricultural activities allied agro industries, BPL families (fixed charged of Rs.30.00 paise per



month upto 30 Units) and domestic consumers in the first slab (upto 50 unit per month 140 paise per unit) the target of reduction of cross-subsidy has not yet been achieved). For LT category of consumers the cross subsidy is by (-) 26.54% while for EHT it is +16.77% and for HT it is +17.90% which is evident from the table given below:-

Cross Subsidy in 2011-12

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
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	379.93	52.56	16.06%
	HT		383.68	56.31	17.20%
	LT		219.21	-108.16	-33.04%
2011-12	EHT	408.87	477.43	68.56	16.77%
	HT		482.43	73.56	17.99%
	LT		300.34	-108.53	-26.54%
	Kutir Jyoti		100.00	-308.87	-75.54%
	Irrigation		110.00	-298.87	-73.09%

- In case of BPL family the cross subsidy paid is 308.87 paise (408.87-100 tariff per unit for 30 units in a month) which is 75.54% less than the average cost of supply.
- In case of Agriculture/irrigation the cross subsidy per unit is 298.87 paise (408.87 – 100 paise per unit) which is 73.09% less than the average cost of supply.
- In case of domestic consumers the consumers consuming upto 50units per month are pay 140 paise per unit from 2001-02 which has remained unchanged for 2010-11 and 2011-12. In their case per unit subsidy is 268.87 paise (408.87-140 paise per unit) which is (-) 66% less than the average cost of supply.
- Domestic consumers consuming 200 units per month are being subsidized by -28% of the average cost of supply as for them the average per unit works out to 297 paise.
- Domestic consumers consuming 400 units per month are being subsidized by (-) 11% as for them the average rate per unit works out to 363 paise.
- Domestic consumers consuming 600 units per month are being subsidized by (-) 1.5% as for them the average rate per unit works out to 400 paise.
- Only those high end domestic consumers consuming 700 units per month would be paying (+) 1.22% higher than the average cost of supply of 408.87 paise as for them the average per unit works out to 413 paise against average cost of supply of 408.87 paise per unit. This is evident from the calculation given in the following table:-



Consumption/ Month	Tariff	Total Payment for Energy Charges (Rs.)	Average Per Unit Energy Charges(P/U)	Cross- Subsidy in %
50 Units	Consumption <= 50units per month 140 paise per unit	140 paise X 50 units = Rs.70	140	(-) 66%
200 Units	Consumption <=50units <=200 units per month 350 paise per unit	140 paise X 50 + 350 paise X 150 = Rs.595/-	297	(-) 28%
400 Units	Consumption >200<=200 units p/m 430 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 = Rs.1455	363	(-)11%
600 Units	Consumption >400 <=600 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 = Rs.2415	400	(-)1.5%
700 Units	Consumption >600 <=700 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 + 480 paise X 100 = Rs.2895	413	(+)1.22%

28. Time of Day (TOD) Tariff

- in accordance with the provision of para 7(a) (i) of OERC (Terms and Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. The Commission would encourage the distribution licensee to move towards separate peak and off-peak tariffs. Accordingly, the Commission have decided that off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 10 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

- Public Lighting Consumers
- Emergency supply to captive power plants

As per the Direction of the Commission all the four DISTCOs are allowing TOD benefit to the three-phase consumers having static meters with printout facilities.

The Other Activities Undertaken Relating to Tariff Matters during the Year under Review are given hereunder:

29. Pricing of CGP power including Co-generation

The Commission, in Order to tide over the difficult situation of deficit power scenario by fully utilizing the bottled up capacity of CGPs has come up with an incentive CGP pricing including Co-generation in their various orders.

The Commission have directed and stipulated the rates for Captive/Co-generation Plants supplying their surplus Firm Power to GRIDCO w.e.f. 10.11.2010 as under:



Supply Quantum per Month	Supplying 100% surplus Firm Power to GRIDCO	Supplying 60% & above surplus Firm Power to GRIDCO and balance export through Open access.
Supply upto 7.3 MU per month (~ 10 MW Avg. and below)	Rs.2.75 per KWh	Rs.2.75 per KWh
Incremental energy above 7.3 MU/month and upto 36 MU/month (~ above 10 MW and upto Avg. 50 MW)	Rs.3.10 per KWh	Rs.3.00 per KWh
Incremental energy beyond 36 MU/month (above ~ 50 MW)	Rs.3.25 per KWh	Rs.3.20 per KWh
Any injection over the implemented schedule at a frequency of 50.20 Hz and above	Free Power to State Grid	Free Power to State Grid
CGPs supplying inadvertent power/ infirm power within the Operating Frequency Band of 49.50 to 50.18 HZ	To be at the pooled cost of State hydel power which is 62.51 Paise/KWh for FY 2010-11 and 65.96 Paise/KWh for 2011-12.	To be at the pooled cost of State hydel power which is 62.51 Paise/KWh for FY 2010-11 and 65.96 Paise/KWh for 2011-12.

The revised tariff for surplus power from Captive/Co-generation Plants mentioned above is applicable w.e.f. 10.11.2010 and will continue till 31.03.2011. This has been extended to 2011-12.

30. Truing Up : Truing Up Exercise for WESCO, NESCO, SOUTHCO, OPTCL and GRIDCO upto the year 2009-10 and CESU upto the year 2008-09 has been completed and addressed in the ARR of 2011-12 on the basis of audited actual.

31. Policy for development of Renewable energy sources in the State :

Policy for development of renewable energy sources in the State is being formulated by the State Govt. The State Regulatory Commission has only to determine the tariff for various renewable energy technologies. The orders currently in force, of the Commission pertaining to the tariff of various renewable energy sources are given below:

32. OERC Tariff Order for Rooftop PV and Small Solar Generation Programmes (RPSSGP) scheme

The Jawaharlal Nehru National Solar Mission (JNSM) of Govt. of India have notified policy and regulatory framework for the rooftop solar PV and other small solar power plants, connected to LT/11 KV grid, to replace conventional power and diesel-based generators.

The Commission has in view of such policy under JNNSM declared the tariff of Rs.18.52 per kWh for the solar power projects under Rooftop Power and Stand alone Small Grid-connected Power Plant (RPSSGP) scheme in its order dtd.09.07.2010.

Under JNNSM 8 nos. of Developers have been selected by IREDA to set up 1 MW Solar PV Power Plant in Orissa. Out of these 8 developers as of now two firms namely M/s. Raajratan Energy Holdings Pvt. Ltd. (At Sedeipalli, Bolangir) and M/s. S N Mohanty (at Patapur, Barang, Dist-Cuttack) have already commissioned their plants and are supplying power to GRIDCO from July and August, 2011 respectively.

33. OERC order on levelized generic tariff for various Renewable sources of power in Orissa

The Commission in its order dated 14.09.2010 in Case No. 37/2008 have approved following levelized generic tariff for various renewable sources applicable for the projects to be commissioned during the Control period from 2010-11 to 2012-13. The Commission may however review the generic tariff for Solar PV and Solar Thermal annually owing to the changing Capital Cost benchmark.

The tariff determined for the RE projects commissioned during the Control Period, shall continue to be applicable for the RE projects for the entire duration of the Tariff Period.



The Control Period or Review Period shall be of three (3) financial years. First year of the Control Period shall commence from the FY 2010-11 and the Control Period shall cover up to the end of financial year 2012-13.

The levelled generic tariff for various renewable sources of energy having "Single part tariff" is approved as in the following table:

Particular	Levelled Total Tariff (for the control period 2010-11 to 2012-13) (Rs./kWh)	Benefit of Accelerated Depreciation (if availed) (Rs./kWh)	Net Levelled Tariff (upon adjusting for Accelerated Depreciation benefit) (if availed) (Rs./kWh)	Tariff Period (Years)
Wind Energy	5.31	(0.83)	4.48	13
SHP projects of 5 to 25 MW capacity	3.64	(0.55)	3.09	13
SHP projects below 5 MW capacity	3.91	(0.60)	3.31	35
Solar PV	17.80	(3.03)	14.77	25
Solar Thermal	14.73	(2.41)	12.32	25

The levelled generic tariff for various renewable sources of energy having "Single part tariff with two components" is approved as in the following table:

Particular	Levelled fixed component of Tariff (Rs./kWh)	Variable(Fuel) Component of tariff for FY 2010-11	Effective tariff for FY 2010-11	Benefit of Accelerated depreciation (if availed) (Rs./kWh)	Net Tariff (Rs./kWh)
Biomass	1.95	2.14	4.09	(0.21)	3.88
Non-fossil fuel based co-generation	2.26	2.14	4.40	(0.28)	4.12

Note :

1. For Biomass projects the tariff approved above including levelled fixed component and variable (fuel component) for FY 2010-11 has been shown. The approved tariff year-wise for entire tariff period i.e. 13 years is shown in the output table at Appendix-3 of the detailed Order.
2. For Non-fossil fuel based co-generation projects the above approved tariff including levelled fixed component and variable (fuel component) for FY 2010-11 has been shown. The approved tariff year-wise for entire tariff period i.e. 13 years is shown in the output table at Appendix-4 of the detailed Order.

The Commission directed that the nodal agencies responsible for development of RE projects in Orissa (OREDA/EIC, Electricity as the case may be) to expedite issuance of clearance to the pending viable renewable projects and the project proposals submitted during the control period of three years starting from FY 2010-11.

The Commission also directed GRIDCO to sign Power Purchase Agreements with the renewable project developers soon after the projects get clearance from STC. The signing of PPAs has to be expedited keeping in view the OERC directive/Regulation relating to RPO obligations as amended from time to time.

The impact of additional power purchase cost arising out of meeting the RPO obligation shall be factored in to the ARR of GRIDCO each year.



The Commission shall take into consideration any incentive or subsidy offered by the Government of India/State Govt. including accelerated depreciation benefit if to be availed by the developer for the renewable energy power plants and such benefits shall be passed on to the consumers of the State.

34. Development of Grid Connected Small/Mini/Micro Hydel Projects in the State of Orissa:

Orissa has a very good potential for micro/mini/small hydro projects in the state. As per the existing guidelines of the State Govt. the hydel projects upto 25 MW comes under renewable, which are further categorizes as under:

Micro Hydro Electric Schemes – Total Installed Capacity upto 100 KW.

Mini Hydro Electric Schemes – Total Installed Capacity above 100 KW upto 2000 KW (2 MW).

Small Hydro Electric Schemes – Total Installed Capacity above 2 MW upto 25 MW.

At present three small hydro projects of 57 MW are in operation in the State from the year 2009, those are Middle Kolab SHEP (25 MW) and Lower Kolab SHEP (12 MW) of M/s Meenaskhi Power Ltd. and Samal Barrage SHEP (20 MW) of M/s Orissa Power Consortium Ltd. Many project developers have come up with the proposals for setting up of small hydro projects in the state. The DPRs of 14 Projects of 206 MW have already been approved and Techno Economic Clearance (TEC) accorded by STC and are pending at the stage of approval of construction drawings.

As per Section 86 (e) of the Electricity Act, 2003 it is mandatory for the State Regulatory Commission to promote generation of Electricity from Renewable Energy Sources including Small Hydro. Keeping in view the high potential for Small Hydro Energy Sources in the State and no substantial progress witnessed for harnessing the same, the Commission intervened in the matter and conducted a meeting with all concerned agencies and Govt. Depts. on 27.08.2010.

After interactions with all concern, the Commission categorized the pending project proposals of the private developers to set up Small/Mini/Micro Hydel Projects in the State in to following categories.

DPRs of 14 Projects already approved and TEC accorded by STC – Pending at the approval stage of Construction Drawings.

PFRs of 15 Projects already approved by STC. Developers have already submitted DPRs to STC and the same have been circulated to the Members of STC – Pending at STC for approval of DPR and TEC.

Projects for which in-principle approval PFR has been accorded by STC, but the Developers are yet to submit DPRs – Pending with Developers.

PFRs submitted by the Developers to STC – Pending for in-principle approval of STC and signing of MoU with Govt.

Rest of the feasible Projects for which Survey & Investigation are to be carried out and to be prepared either by EIC (Elect.) and/or outsourced Agency – Govt. should address Revised Hydro Policy and prepare a Road Map.

On 08.10.2010 after taking into account the views, of all concerned agencies and Govt. Departments, the Commission further issued a practice direction for smooth progress and development of these Small/Mini/Micro Hydel Projects in the state in order to comply with the Renewable Purchase Obligation (RPO) and meet the growing demand of the State.

However, Commission observed that no substantial progress in this regard has been made. The Commission once again called for a meeting and to discuss with all concerns including some of the prospective SHEP developers on 17.06.2011.

In this meeting, after deliberation on the subject specifically on early implementation of SHE Project from Design & Drawing stage to the actual Construction stage, the following action points emerged:-

The Group of Engineers of W.R. Deptt., EIC (Elect.) & OHPC would continuously meet for finalizing their recommendation to STC on such applications having viable hydrology and non-interference of any of the existing and future Projects to come up. This exercise should be completed by 15th August, 2011.



It is understood that the STC Meeting has not taken place during June, 2011 for disposal of the pending cases (Ref:- Decision of Joint meeting of Secretary, W.R. Deptt. & Energy Deptt., Govt. of Odisha on 25.05.2011) due to non-receipt of the recommendation of the Group of Engineers. It was decided that STC should meet by 31st August, 2011 to dispose all pending cases.

All SHEP Developers present in the Meeting agreed to bear the cost of vetting and approval of Drawing and Design (Ref: decision taken in Chief Minister's meeting on 14.01.2011) as well as Construction Monitoring of SHE Projects till commissioning.

Thereafter, a joint meeting of Dept. of Water Resources and Dept. of Energy of Govt. of Orissa was held on 02.07.2011 under the Chairmanship of the Principal Secretary to Govt., Water Resources to review the SHEP issues. After detailed discussion in this meeting, the following decisions were taken.

A team of engineers from Department of Water Resources, OHPC and EIC (Electricity) which has already started scrutinizing the pending proposals of private developers will expedite the process of checking the interference and the hydrology (water availability) issues involved in the 33 no. proposals for which MoUs have been signed and will complete the task by July 2011. The group will sit on every Friday regularly and finalize a few proposals on weekly basis so as to complete the task before July end.

Rest of the fresh proposals where developers have submitted pre-feasibility reports will be examined and finalized by the group of engineers for their interference and water availability before the end of August, 2011.

GRIDCO will assist in financial assessment of the developers and financial viability of the proposal.

It was decided in the meeting taken up under the Chairmanship of the Hon'ble Chief Minister on 14.01.2011 to entrust the approval work of the drawings and design of SHEPs to WAPCOS, a Government of India Agency. The drawings and design of the SHEPs for which MoUs have been signed will be given to WAPCOS for approval. The drawings and designs of the SHEPs will be adopted by the State Technical Committee (STE) after their approval by the WAPCOS. Necessary Govt. orders to the effect will be obtained by the Dept. of Energy.

EIC (Electricity) will contact WAPCOS for their offer on Terms of Reference (ToR) for taking up the approval work. The STC will examine and accept the ToR and send it for approval of the Govt.

The Cost of checking and approval of the drawings and design by WAPCOS shall be borne by the developer.

35. Renewable & Co-Generation Purchase Obligation

- i) OERC in its order dt 30.09.2010 vide Case No.-59/2010 has issued a Regulation fixing the RPO in the State of Orissa. This Regulation makes it mandatory for the bulk power procurer to purchase power from the Renewable sources of Energy up to the quantum fixed as the percentage of the total consumption for that year.

The year and source wise RPO as per the order would be as follows:

Year-wise target	Minimum quantum of purchase in percentage (in terms of energy consumption in the State in KWH)			
	Renewable		Co-generation	Total
	Solar	Non-solar		
2009-10 (Actual)	-	0.80	3.45	4.25
2010-11	-	1.0	3.50	4.5
2011-12	0.10	1.20	3.70	5.0
2012-13	0.15	1.40	3.95	5.5
2013-14	0.20	1.60	4.20	6.0
2014-15	0.25	1.80	4.45	6.5
2015-16	0.30	2.00	4.70	7.0



The Commission designated OREDA as State designated agency for accreditation and recommending the renewable energy projects for registration and to undertake to function under OERC (Renewable and Co-Gen purchase obligation and its compliance) Regulation 2010 vide in order dated 18-11-2010.

36. Power Scenario in Orissa

Installed capacity in Orissa as on 31.3.2011 is 4756 MW which consists of Orissa's own internal capacity of 3672 MW and Orissa's share from the Central installations of 1062 MW.

(In MW)

	Orissa's own internal capacity	Share from the central installations	Total
Hydro Power	2142 (2085+57 from small hydro)	189	2331
Thermal Power	1530 Ib Thermal – 420 Thalcher Thermal – 460 Sterlite Energy – 600 Arati Steels – 50	895	2425
TOTAL	3672	1084	4756

Actual energy availed by GRIDCO for supply to the distribution companies from different sources during 2009-10 was 20956.19 MU (against 19719.38 MU approved) & during 2010-11 was 23249.87 MU (against 21003.75 MU approved) which consists of as follows:-

(In MW)

	2009-10	2010-11	2011-12
OHPC	4,056.07	4,874.39	5,881.74
OPGC	2,646.04	2,843.40	2,892.49
TTPS	3,255.97	3,374.97	2,957.32
IPPS	-	883.23	3,357.12
CGPs & Co-Generation	2,980.90	3,021.23	1,116.25
Renewable(Small Hydro)	155.68	250.07	300.00
Total State drawal	13,094.66	15,247.29	16,504.92
Drawal from Central sector	6,768.62	6,966.02	6,984.26
UI Over Drawal	1,073.11	795.40	-
Power exchange & Others	19.80	241.16	-
Grand Total	20,956.19	23,249.87	23,489.18

OERC, in pursuant to Section 86 (2) of the Act advised the State Govt. in the year 2006 & 2007 to initiate appropriate action for capacity addition so that Orissa would not face power crisis. Based on the advice of OERC, the Govt. of Orissa, Deptt. Of Energy signed Memoranda of Understandings (MoU) with 32 nos. of Power Developers to develop thermal power projects in Orissa in 4 (four) phases as shown in Table below:

Govt. of Orissa signed MoUs with Private developers for Thermal Power Plants

Phase	Category of Projects	No. of Projects	Ultimate Capacity (MW)	Orissa Share (MW)
I	MoU Route MoU Dates: 09.06.2006 and 26.09.2006	12	18230	5693
II	Merchant Route MoU Date: 07.02.2009	8	10510	1261
III	Merchant Route MoU Dates: 09.04.2010, 06.05.2010 and 03.01.2011	9	10140	1217
IV	Merchant Route	3	308	22
	Total	32	39,188	8,193



37. Implementation of Intra-State ABT :

Due to various problems on land acquisition, forest clearance, allocation of water, the implementation in quite tardy, only few IPPs may come up.

- Electricity Act, 2003 stipulates that Indian Power sector should be guided by National Electricity Policy (NEP) and Tariff Policy. Para 5.7.1 (b) of NEP states that ABT regime introduced by CERC at the national level has had a positive impact and had also enabled a credible settlement mechanism for intra-day power transfer from licensees with surpluses to licensees experiencing deficits. The State Electricity Regulatory Commission (SERCs) were advised to introduce ABT regime at the state level within one year (i.e. by February, 2006). In Para 6.2 of Tariff Policy, it is stipulated that the Availability Based Tariff may be introduced at the state level by April, 2006.
- Based on the aforesaid guidelines of NEP and Tariff Policy for introduction of Intra-State ABT in the State, OERC framed OERC (Intra-State ABT Regulation, 2007) through a consultative process. The aforesaid Regulation was published in the extra ordinary Odisha Gazette on 14.02.2008.
- Tariff in the Power Sector is defined as the rate of charge per Kilowatt hour of Energy supplied to a consumer/ beneficiary. Availability based Tariff is a 3-part tariff consisting of Capacity Charge, Energy Charge & Unscheduled Interchange (UI) charge. The payment of the Capacity Charge is linked to the availability of the Plant on a day-ahead basis. Energy Charge is the variable cost of the power plant for generating energy as per the given schedule in 96 time blocks for the day-ahead. UI is for payment for deviation from the schedule at a rate dependent on system frequency.

The implementation of Intra-State ABT will facilitate

- Bring further grid discipliner in Odisha Power Sector.
- Harness spare capacity bottled up within the state-form Merchant Power Plants (MPPs), Independent Power Plants (IPPs), Captive Generating Plants (CGPs) etc.
- Promote merit order operation within the state.
- Enable GRIDCO, DISCOMs and other market participants to mitigate UI Charges amongst them within the State.
- Usher a credible commercial settlement mechanism at the end of every week/every month and there will; be no year-end-drawal settlement amongst the stakeholders.
- Promote trading within the state and evolve real time trading price.

The Commission has decided to implement Intra-State ABT in Odisha Power Sector in 2 Phases, amongst GRIDCO & 4 DISCOMs under Phase-I programme from 1st November, 2011 / 1st January, 2012.

The Commission has directed SLDC to start Phase-II programme of Intra-State ABT under "Mock-Mode" covering all the stakeholders i.e. GRIDCO, 4-DISCOMs, the State Generators including CGPs, Long term and Short term Open Access Customers etc. from 1st November, 2011/ 1st January, 2012. After successful operation of Phase-II programme under "Mock-Mode" Intra-State ABT in full may be introduced from FY 2012-13 in the State.

38. SLDC to function as Independent System Operator (ISO)

Section 31 and 32 of the Electricity Act, 2003 contemplate SLDC as an Independent Apex Body to ensure integrated operation of the power system in the State. The Act also provided for financial independent of SLDC under Section 32 (3) by way of levy and collection of fees and charges from generating companies and the licensees using the Intra-State transmissions network. OERC has formulated the OERC (Fees and Charges of SLDC and other Related matters) Regulations, 2010 for implementation of levy of annual fee and charges for SLDC functions in Orissa.

The Commission vide Order dtd. 18.03.2011 approved ARR of Rs.8.803 crore comprising System Operation Charges (SOC) of Rs.704.25 Lakh per annum (Rs.58.69 lakh per month) and Market Operation Charges (MOC) of Rs.176.06 lakh per annum (Rs.14.67 lakh per month) to be recovered from the users who use the Intra-State transmission network or the associated facility of SLDC during FY 2011-12. (See Appendix-XV - Chairman, OERC D.O. letter No.DIR(T)-351/08 (Vol.I)/1765 dt.22.09.2011).



39. Open Access in Transmission and Distribution

Electricity Act, 2003 at Section 40 for the first time enunciated concept of Open Access in distribution segment for any consumer other than the distribution company to wheel power outside the area of operation. The transmission company is to provide non-discriminatory open access for its transmission system as per Section 39 (d) of the Electricity Act, 2003.

OERC in line with the provisions contained Electricity Act, 2003 has issued OERC (Terms and Conditions for Open Access) Regulations, 2005 effective from 06.06.2005 for introduction of Open Access to the intra-state transmission and distribution system in Orissa in terms of the Section 42 read with Section 39, 40, 86 and 181 of the Electricity Act, 2003.

OERC has also issued OERC (Determination of Open Access Charges) Regulation, 2006 basing on which transmission charge, wheeling charge, cross-subsidy surcharge and other charges for Open Access are being calculated. Tariff policy notified by Govt. of India is also taken into consideration while calculating these charges.

OERC has so far issued three Open Access Charges Orders in FY 2008-09, 2009-10 and 2010-11 determining transmission charge, wheeling charge and cross-subsidy surcharge for the relevant years. The Open Access Charges Order for FY 2010-11 was issued on 24.06.2010. The Commission is yet to notify Open Access Charges for FY 2011-12 and charges applicable for FY 2010-11 continue for FY 2011-12 also, since the RST for FY 2011-12 is subjudice vide WP(C) No.8409 of 2011 filed by Keonjhar Nabanirman Parisad and Others.

PRESENT STATUS OF OPEN ACCESS

All the STOA applications for inter-State Open Access have been processed by SLDC.

- In the year 2010-11, 132 numbers of applications were received for STOA in Inter State Transmission system. Consent had been accorded for 101 numbers of applications. The remaining 31 numbers have been rejected due to non compliance of Provisions of CERC (Open Access in Inter state Transmission) Regulations.

Some of the STOA applications have been denied by SLDC for non-compliance of SCADA and other provisions of Indian Electricity Grid Code (IEGC) and Orissa Grid Code (OGC).

There are two other long term captive consumers such as M/s ICCL and NALCO which have been availing Open Access since OSEB days.

- There is no Intra State Open Access transaction during FY 2010-11.

40. Order on Multi Year tariff (MYT) principles for Distribution Utilities

Commission dated 28.02.2011 in Case No.133/2009 passed an order 'Setting out the principles of the Multi Year Tariff (MYT) for the Second control period from 01.04.2008 to 31.03.2013'.

Applicability of the MYT principles

These principles are deemed to have been applied to four DISCOMs in Orissa from 1st April 2008 and shall remain in force until a subsequent amendment or revision is necessitated. The DISCOMs shall file their ARR for FY 2012-13, based on the above MYT principles. Since DISCOMs had already filed ARR for FY 2011-12 on or before 30.11.2010, the Commission had considered the principles setout in this MYT order while approving the ARR for FY 2011-12.

41. Grant of Intra State Trading License

Commission in its order dated 18.09.2010 in case No. 2/2007 granted Intra State Trading License to M/s. Global Energy Private Limited for intrastate trading of electricity upto 50 MUs per month or 600 MUs per annum within the State of Orissa with certain conditions and stipulations.



MONITORING THE ACTIVITIES OF THE LICENSEES

42. Performance Review During the FY 2010-11 – The Commission monitors the performance of the utilities under various financial & technical parameters, including distribution loss, AT&C loss, collection efficiency, license conditions and performance standards etc. Interruptions in Distribution System are measured in terms of Reliability Indices. Annual Review for the FY 2009-10 and the first six months of the FY 2010-11 were also taken up during May, 2010 & November, 2010 respectively. The performance of DISCOMs for FY 2010-11 are summarized as follows:-

Performance of licensees (DISCOMs)

	1999-00	2007-08		2008-09		2009-10 (Provisional)		2010-11 (Provisional)		2011-12
	Actual (Aud)	OERC Approval	Actual (Aud)	OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual	OERC Approval
A. DISTRIBUTION LOSS (%)										
CESU	44.89%	29.30%	41.48%	29.30%	40.34%	26.30%	39.43%	25.37%	38.30%	24.00%
NESCO	43.35%	26.00%	31.17%	25.50%	34.57%	23.00%	32.52%	18.46%	32.20%	18.40%
WESCO	44.17%	25.00%	36.13%	25.00%	33.55%	22.50%	34.68%	19.93%	38.07%	19.70%
SOUTHCO	41.84%	30.40%	45.49%	30.40%	47.78%	27.92%	48.02%	27.82%	48.12%	26.50%
ALL ORISSA	43.91%	27.10%	37.48%	27.00%	37.50%	24.45%	37.24%	22.22%	37.96%	21.71%
B. COLLECTION EFFICIENCY (%)										
CESU	69.72%	92.00%	94.05%	95.00%	91.80%	98.00%	97.09%	98.00%	95.63%	99.00%
NESCO	79.37%	94.00%	93.16%	95.00%	92.50%	98.00%	95.24%	98.00%	94.34%	99.00%
WESCO	83.36%	96.00%	92.91%	96.60%	93.86%	98.00%	98.38%	98.00%	93.38%	99.00%
SOUTHCO	78.75%	94.00%	94.05%	94.00%	94.21%	98.00%	95.89%	98.00%	92.45%	99.00%
ALL ORISSA	77.19%	94.10%	93.41%	95.40%	92.98%	98.00%	96.96%	98.00%	94.30%	99.00%
C. AT & C LOSS (%)										
CESU	61.58%	34.96%	44.96%	32.84%	45.23%	27.77%	41.19%	26.86%	41.00%	24.76%
NESCO	55.04%	30.44%	35.88%	29.23%	39.48%	24.54%	35.73%	20.09%	36.04%	19.22%
WESCO	53.46%	28.00%	40.65%	27.55%	37.63%	24.05%	35.74%	21.53%	42.17%	20.50%
SOUTHCO	54.20%	34.58%	48.73%	34.58%	50.80%	29.36%	50.16%	29.27%	52.04%	27.24%
ALL ORISSA	56.71%	31.40%	41.60%	30.36%	41.89%	25.96%	39.15%	23.77%	41.50%	22.49%
LT PERFORMANCE OF DISCOMs (Based on Performance Review Data)										
A. LT LOSS (%)										
CESU	50.48%	34.40%	53.18%	36.00%	52.00%	35.04%	51.97%	29.40%	51.63%	29.20%
NESCO	62.26%	51.10%	59.31%	44.50%	59.40%	33.19%	55.83%	29.40%	54.67%	27.05%
WESCO	60.64%	52.00%	65.33%	46.70%	65.65%	35.86%	62.49%	29.40%	63.93%	27.11%
SOUTHCO	48.85%	33.20%	54.44%	33.40%	57.12%	29.50%	56.22%	29.40%	55.32%	27.75%
ALL ORISSA	55.11%	42.30%	57.94%	40.30%	58.06%	34.04%	56.26%	29.40%	56.14%	27.98%
B. COLLECTION EFFICIENCY IN LT (%)										
CESU	69.72%	92.00%	88.35%	95.00%	84.63%	98.00%	96.51%	98.00%	89.8%	99.0%
NESCO	79.37%	94.00%	72.69%	95.00%	72.61%	98.00%	77.43%	98.00%	75.6%	99.0%
WESCO	83.36%	96.00%	77.91%	96.60%	73.42%	98.00%	76.01%	98.00%	73.7%	99.0%
SOUTHCO	78.75%	94.00%	88.21%	94.00%	89.10%	98.00%	92.77%	98.00%	87.7%	99.0%
ALL ORISSA	77.19%	94.10%	83.09%	95.40%	80.63%	98.00%	87.62%	98.00%	83.2%	99.0%
C. AT & C LOSS FOR LT (%)										
CESU	65.47%	39.65%	58.63%	39.20%	59.38%	36.34%	53.65%	30.81%	56.55%	29.91%
NESCO	70.05%	54.03%	70.42%	47.28%	70.52%	34.53%	65.80%	30.81%	65.74%	27.78%
WESCO	67.19%	53.92%	72.99%	48.51%	74.78%	37.14%	71.49%	30.81%	73.40%	27.84%
SOUTHCO	59.72%	37.21%	59.81%	37.40%	61.79%	30.91%	59.39%	30.81%	60.83%	28.47%
ALL ORISSA	65.35%	45.70%	65.05%	43.05%	66.18%	35.36%	61.68%	30.81%	63.51%	28.70%



43. Metering and Infrastructure

During the period under review the Commission has reviewed the metering status of the licensees and the status of infrastructure of the licensee as on 31st March is as given below.

DISCOM INFRASTRUCTURE AS ON MARCH 2011					
Item	CESU	NESCO	WESCO	SOUTHCO	TOTAL
Length of 33 KV Line (km.)	2827.79	2177	4267.29	2759.38	12031.46
Length of 11 KV Line (km.)	18465.96	20206	23954.2	18185.58	80811.74
Length of LT KV Line (km.)	20474.53	24453	17162.08	11810.54	73900.14
No. of 33 KV feeders (excluding GRIDCO interface)	114	64	90	159	427
No. of 33 KV feeder metering	68	63	89	42	262
No. of 33 KV Group Breakers Installed	110	13	45	36	204
No. of 33 KV Feeder Breakers Installed	182	7	60	77	326
No. of 11 KV feeders	623	428	491	430	1972
No. of 11 KV feeder metering	513	83	491	82	1169
No. of 11 KV Group Breakers Installed	235	24	108	158	525
No. of 11 KV Feeder Breakers Installed	275	18	78	134	505
No. of 33 / 11 kv transformers	397	267	262	233	1159
No. of 33/11 kv transformer metering position	232	NIL	0	0	232
No. of distribution transformers (11/0.4 & 33/0.4 kv)	25848	27879	21461	15905	91093
No. of distribution transformer metering position	9421	569	12558	215	22763
METERING POSITION					
Total number of meters	1294226	635840	623076	712395	3265537
No. of working meters	1135702	483548	560753	645893	2825896
Percentage of working meters (%)	87.75%	76.05%	90.00%	90.67%	344.46%
No. of defective meters	123908	152292	62323	66502	405025
Replacement of defective meters	80648	80648	30179	33490	224965
Number of disconnection made	35400	21154	38573	21651	116778
Revenue realised (Rs. Cr.)	12.03	12.0263	583.9893	2.12	610.1656
New meters installed (3 ph)	2514	1136	1110	1391	6151
New meters installed (1 ph)	150726	76697	44288	93615	365326
No. of EHT meters tested	15	15	16	12	58
No. of HT meters tested	977	343	651	179	2150
Length of conductor stolen (km.)	59.4	29.7	0.8	10.02	99.92
Cost involved (Cr.)	0.07	0.09	0.0012	0.02	0.1812

44. Quality of Supply

During the period under review the licensees were directed to give priority for system improvement work as well as improvement of Quality of Supply. The updated status of System Improvement work carried out by the licensee upto 31.03.2011 is given below.



QUALITY OF SUPPLY					
Item	CESU	NESCO	WESCO	SOUTHCO	TOTAL
Failure of Power Transformers	25	14	13	8	60
No. of transformers burnt	2589	1716	1061	1447	6,813
Cost involved (Cr.)	6.39	3.00	2.12	3.25	14.76
Interptions of 33KV feeder	34165	29832	5293	5346	74,636
Interptions of 11KV feeder	136565	3	38140	155442	330,150
No. of Grievances received	57583	696	5325	1635	65,239
Disposed through CHP including Bijuli Adalat	57583	690	4248	1380	63,901
SYSTEM IMPROVEMENT WORKS DURING REVIEW PERIOD					
Installation of New Transformers	413	168	102	76	759
Upgradation of Transformers	273	69	93	94	529
Installation of Pillar Box	5052	0	21	0	5,073
Length of AB Cable Laid Circuit Km.	258.42	81.90	11.65	149.24	501
Conversion of Single Phase to Three Phase Lines	93.31	21	20	69.5	204

45. Franchisee

During the annual performance review the Commission had reviewed the status of Franchisee operation in the state by all the four DISCOMs. The status of franchisees as on 31st March, 2011 is as given bellow.

CESU

CESU has covered 4,40,441 nos. of consumer under Franchise operation. 20 nos of Macro-Franchisees are working in 9 sub-divisions and 16 sections. 227 women Self Help Groups (SHGs) are working in 227 Gram Panchayats. Apart from that M/s. Enzen Global has been operating with Input based franchisee in Jagatsinghpur w.e.f 01.08.2010 and Marsaghai sub-division since April 2011.

NESCO

In NESCO 84196 nos of consumers are already covered under Franchise operation up to Mar-11. This includes 3 nos of input based Macro Franchise and 09 nos of collection based Micro Franchise. Further letter of intent (LOI) has been issued to another 3nos of Macro Franchise and 3 nos. of Micro Franchise covering 53,340 nos of consumers. They are expected to start commercial operation coming during this year.

WESCO

In WESCO area two input based franchisee covered 31907 nos. of consumers, 20 nos. of macro franchisee covered 100805 nos. consumers and 8 micro franchisee covered 1600 nos. of consumers. Progress is very poor.

SOUTHCO

In SOUTHCO area 23 nos of 11 KV feeders under Rambha & Khalikote Sub Division covering about 41000 nos of consumers has been handed over to Franchisee since Apr-08 as Input Based Assured Revenue Model. Now, the LOI for loss making Subdivisions like Bhanjanagar-2, Polsara & Belaguntha Sub Division have been issued for collection based franchisee and the Franchisee also accepted the LOI. The total no. of consumers shall be covered under collection based franchisee of about 44000 nos. In case of SOUTHCO progress in entrusting to Franchisee is extremely poor.

46. Growth of Consumer Categories and their Consumption

So far as Sales are concerned it has been observed that during the year under review there was an increase of 5.77 % in domestic consumers while their consumption has been increased by 10.35 %. The kutir jyoti consumption of all DISCOMs are not submitted by the licensees. A higher consumption compared



to the increase in numbers are a good sign in case of LT (com), PWD and specified public purpose consumers. Only in case of allied agro consumers the consumption is less compared to the increase in numbers. The licensees should look in to this sector. Moreover it is observed that the average consumption by domestic consumers has increased from 96 units per months during 2009-10 to 100 units during 2010-11.

All Orissa Consumers & Consumptions In LT Sector

Category	As on 31st March-2010		As on 31st March-2011		% increase in consumers	% Increase in consumption
	No. of Consumer as on March,10	Consumption (MU)	No. of Consumer as on March,11	Consumption (MU)		
Domestic	2617264	3,188.89	2915066	3,518.90	11.38%	10.35%
KutirJyoti	0	-	65070	12.15		
L.T. General (Com)	238169	820.76	253638	962.64	6.49%	17.29%
Irrigation	35729	148.64	36261	170.34	1.49%	14.60%
Agro	46	2.00	102	4.73	121.74%	136.84%
Allied Agro	42	1.30	94	1.91	123.81%	46.73%
Street Lighting	1526	56.39	1542	58.06	1.05%	2.97%
PWW	6993	93.90	8051	108.21	15.13%	15.24%
Small Industry	18664	114.07	18675	112.34	0.06%	-1.52%
Medium Industry	4174	204.91	4521	215.74	8.31%	5.28%
Specified Pub. Purp	18755	73.34	20597	81.91	9.82%	11.68%
General Purpose	1	0.18	1	0.14	0.00%	-24.51%
Large Industry	1	0.29	4	0.33	300.00%	10.98%
TOTAL L.T.	2941364	4,704.67	3323622	5,247.38	13.00%	11.54%
HT	2039	3106	2245	2938.92	10.10%	-5.38%
EHT	75	4417.09	84	4912.87	12.00%	11.22%
TOTAL	2943478	12,227.76	3325951	13,099.17	12.99%	7.13%

47. Collection of Arrear Analysis of the Licensee

During the period under review the net arrear of all the DISCOMs taken together has increased from Rs.3494.55 Crore as on 31.03.2010 to Rs. 3772 Crore as on 31.03.2011 i.e the Opening Balance has increased by 7.97%. The major contribution to the net addition of Rs. 278.56 Cr. has come from WESCO followed by CESU, NESCO & SOUTHCO with Rs. 36.22%, 25.84%, 25.47%, & 12.47% respectively. Against the arrear addition of Rs. 278.56 Cr. by all DISCOMs the arrear collection has been found to be Rs. 119.30 Cr. only. In arrear collection efficiency performance of CESU is found to be better followed by SOUTHCO & WESCO. The arrear collected as percentage of the addition of the arrear during FY 2010-11 is of the order of 88.38% for CESU, 69.33% for SOUTHCO, 26.49% by WESCO and 15.00% by NESCO. NESCO is the worst performer with collection of only 15% of the arrear added by the licensee. CESU has fared better than others by adding arrear the least (5.29%) to its Opening Balance followed by 8.29%, 8.15% and 12.18% by NESCO, SOUTHCO and WESCO respectively.

PERFORMANCE - ARREAR

DISCOM	Arrear as on 31.03.2010	Arrear Added	Arrear Collected	Net added during the Year	Net Arrear as on 31.03.2011	Contribution of DISCOM in arrear addition to total	Addition of arrear as % of OB	Collected amount as % of arrear added
CESU	1375.48	129.83	57.85	71.98	1447.46	25.84%	5.23%	80.38%
NESCO	870.81	122.48	10.64	70.95	941.76	25.47%	8.15%	15.00%
WESCO	828.17	97.95	26.72	100.90	929.06	36.22%	12.18%	26.49%
SOUTHCO	419.09	58.82	24.09	34.74	453.83	12.47%	8.29%	69.33%
TOTAL	3493.55	409.08	119.30	278.56	3772.10	100.00%	7.97%	42.83%

**48. Functioning of the Energy Police Station & Vigilance and Antitheft Measures**

Govt of Orissa have notified for establishment of 34 nos. of Energy Police station all over the state. Out of the total 34 energy police stations nine nos. of police stations are to be established in WESCO area, nine in SOUTHCO, five in NESCO and eleven in CESU area. The details are as follows:

Sl. No.	Name of the Special Police Station	Head Quarters of the Special Police Station	Territorial Jurisdiction
1	Special Police Station(Energy) Khurda	Khurda.	Revenue District, Khurda
2	Special Police Station(Energy) Cuttack	Cuttack City	Revenue District, Cuttack
3	Special Police Station(Energy) Sambalpur	Sambalpur City	Revenue District, Sambalpur
4	Special Police Station(Energy) Balasore	Balasore City	Revenue District, Balasore
5	Special Police Station(Energy) Berhampur	Berhampur City	Police District, Berhampur.
6	Special Police Station (Energy)	Puri	Revenue District, Puri
7	Special Police Station (Energy)	Nayagarh	Revenue District, Nayagarh
8	Special Police Station (Energy)	Panikoili	Revenue District, Jajpur
9	Special Police Station (Energy)	Jagatsinghpur	Revenue District, Jagatsinghpur
10	Special Police Station (Energy)	Kendrapara	Revenue District, Kendrapara
11	Special Police Station (Energy)	Baragarh	Revenue District, Bararh
12	Special Police Station (Energy)	Jharsuguda	Revenue District, Jharsuguda
13	Special Police Station (Energy)	Bolangir	Revenue District, Bolangir
14	Special Police Station (Energy)	Sonepur	Revenue District, Sonepur
15	Special Police Station (Energy)	Deogarh	Revenue District, Deogarh
16	Special Police Station (Energy)	Angul	Revenue District, Angul
17	Special Police Station (Energy)	Dhenkanal	Revenue District, Dhenkanal
18	Special Police Station (Energy)	Bhadrak	Revenue District, Bhadrak
19	Special Police Station (Energy)	Baripada	Revenue District, Mayurbhanja, except Raingapur and Karanjia Revenue Sub-Dvn.
20	Special Police Station (Energy)	Rairangpur	Revenue Sub-Dvn. of Raingapur and Karanjia
21	Special Police Station (Energy)	Chhatrapur	Police District, Ganjam except Bhanjhanagar Revenue Sub-Dvn.
22	Special Police Station (Energy)	Bhanjanagar	Revenue Sub-Dvn., Bhanjanagar
23	Special Police Station (Energy)	Gajapati	Revenue District, Gajapati
24	Special Police Station (Energy)	Boudh	Revenue District, Boudh
25	Special Police Station (Energy)	Kandhamal	Revenue District, Kandamal
26	Special Police Station (Energy)	Koraput	Revenue District, Koraput
27	Special Police Station (Energy)	Rayagada	Revenue District, Rayagada
28	Special Police Station (Energy)	Malkanagiri	Revenue District, Malanagiri
29	Special Police Station (Energy)	Nabarangapur	Revenue District, Nabarangapur
30	Special Police Station (Energy)	Kalahandi	Revenue District, Kalahandi
31	Special Police Station (Energy)	Nuapada	Revenue District, Nuapada.
32	Special Police Station (Energy)	Sundargarh	Revenue District, Sundargarh (except Rourkela Sub. Dvn.)
33	Special Police Station (Energy)	Rourkela	Revenue Sub-Dvn, Rourkela.
34	Special Police Station (Energy)	Keonjhar	Revenue District, Keonjhar



In CESU area till 31.03.2011, 7 nos. of Energy Police Station has been established at Bhubaneswar, Cuttack, Puri, Nayagarh, Dhenkanal, Angul and Kendrapara.

In NESCO area 3 nos. Energy Police Station has been established at Balasore, Baripada and Rairangpur.

In SOUTHCO area 8 nos. of Energy Police Station has been established at Berhampur, Chhatrapur, Phulbani, Bhanjanagar, Boudh, Paralakhemundi and Nawarangpur.

In WESCO area only one number of Energy Police Station has been established at Burla.

DISCOMs in their ARR filing for FY 2010-11 submitted that all the allotted Energy Police stations would start functioning from 01.04.2010 in their area of operation. This has not been done and another about half of the sanctioned Energy police stations are yet to be established in the entire state. Commissions have been emphasizing on the reduction of AT& C losses and without effective participation of the Energy Police station such a task would not be achieved as desired. Commission expects that all the 34 Energy Police Stations as approved by the Government of Orissa would be functional by the end of the ensuing year FY 2011-12. DISCOMs therefore are required to be in close contact with Government of Orissa in order to operationalise these Energy Police stations.

Govt. in the meantime has also decided that a senior level IPS officer in the office of D.G. Police will look up the functioning of the energy police stations. The state govt. have also decided to post a Nodal officer in the rank of an Additional S.P. in the range Head Quarters to oversee the day to day functioning of the energy police stations. The Commission expects the State Govt. to see that the arrangement proposed to oversee the energy police stations are become effective as already advised earlier. The State govt. should adopt the West Bengal Model where a very senior police officer at the level of IG works with the West Bengal State Electricity Distribution Company Limited and is responsible for theft prevention, detection, prosecution and liaison with the police. The Commission, therefore, have advised Govt. of Orissa having one senior Officer working with the Energy Department and responsible for theft prevention and detection in all the four DISCOMs. He could supervise and monitor the working of all the Energy Police Stations and ensure their effective functioning. As an officer of the State's Police Administration, he could liaise easily with the police and act as a bridge between the Electricity Utility and the police. Any way the initiative has to be taken by the distribution companies to workout an effective way to prevent theft of electricity with active support of State Govt.

The performance of the licensees in anti-theft measures and Energy audit as on 31.03.2011 given bellow.

Antitheft Measures					
Item	CESU	NESCO	WESCO	SOUTHCO	TOTAL
No. of Hooks Detected	35347	8361	5003	926	49,637
No. of Hooks repeated out of hooks Detected	32437	796	0	59	33,292
No of new connections given	70555	70555	45376	694	187,180
No of Connection Regularised	5744	5744	3975	694	16,157
Amount Billed (Cr.)	2.33	2.33	86.01	1.59	92
Amount Collected (Cr.)	0.39	0.39	22.81	1.11	25
NO. of FIR Lodged	512	125	97	170	904
No. of illegal consumers prosecuted/Initiated in Court	384	12	66	0	462
No of consumers covered under Franchisee	440441	84196	141781	44498	710,916
Energy Audit Carried Out-33 KV	8	8	65		81
Energy Audit Carried Out-11 KV	12	12	0		24
Energy Audit Carried out- No of DTRs covered	2913	66	0		2,979



OERC IN ORISSA POWER SECTOR- THE ROLE OF THE COMMISSION

49. Odisha was the first State in the Country which initiated power sector Reform in the State with the enactment of Orissa Electricity Reform Act, 1995 (OER Act, 1995) which came into force w.e.f. 01.04.1996. Orissa Electricity Regulatory Commission (OERC) was established under Section 3 (1) of the OER Act much before the Electricity Reform Act, 1998 and Electricity Act, 2003. OERC became functional w.e.f. 01.08.1996 with joining of the three Members.

50. **The Preamble of the OER Act, 1995 states as under:**

“An Act to provide for the restructuring of the Electricity Industry, for the rationalization of the Generation, transmission, Distribution and supply of electricity, for avenues for participation of Private Sector Entrepreneurs in the Electricity Industry and generally for taking measures conducive to the development and Management of the electricity industry in the State in an efficient, economic and competitive manner including the constitution of an Electricity Regulatory Commission for the State and for matters connected therewith or incidental thereto.”

Subsequently, the Electricity Act, 2003 (36 of 2003) was modelled on the basis of the provision of the OER Act, 1995. The objectives of the Electricity Act, 2003 which came into force w.e.f 10.06.2003 have been stated as under:

“An Act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto.”

51. **The intention of the power sector reform and the constitution of the Orissa Electricity Regulatory Commission (OERC) has by and large been fulfilled despite various constraints and difficulties as would be evident from the overall analysis given below:**

52. Firstly because instead of funding from State Govt. investment in generation, transmission, distribution and maintenance of the infrastructure are being made by private entrepreneurs and Govt. undertakings.

As regards the distribution, tariff was being notified by the erstwhile OSEB with due approval of the State govt. But the loss by OSEB was being met by the State Govt. by way of paying subsidy which was around Rs.250 crore per annum on the average before 01.4.1996. Now after reform, govt. has kept away from directly investing in generation, transmission and distribution.

The transmission and distribution loss was increasing year after year, and the State Govt. was bearing it by way of paying subsidy. The then Govt. subsidy of around Rs.250 crore per annum on the average would now have been more than Rs.1000 crore per annum, if price rise alone is taken into account. Yet with no subsidy from the Government, T & D losses are being progressively brought down though at a very slow pace.

The T&D loss which was 51.02% in 1998-99 has decreased to 39.93% in 2009-10. The AT&C loss which was 60.90% in 1998-99 has decreased to 39.15% in 2009-10 and 41.50% in 2010-11. And in 2009-10 the loss arising out of the gap of about 13% between normative target of AT&C loss approved by the Commission (25.96%) and the actual at 39.15% was not passed to the consumers and was borne by the distribution companies. Similarly in 2010-11 approved AT&C loss was 23.80% and the actual (provisional) was 41.50% leaving a gap of 17.70% which is being borne by the distribution companies.

53. After power sector reform through disinvestment and privatisation, the operational efficiency expressed as Plant Load Factor (PLF) of OPGC has increased from 55.14% in 1996-97 to 88.7% in 2008-09, 80.48% in 2009-10 and 86.56% in 2010-11. The PLF of TTPS has increased from 30% before 1995 to 94.22% in 2010-11. The reform, it seems, is working and yielding positive results.

54. The erstwhile Orissa State Electricity Board has been restructured and corporatized. Generation, transmission and distribution functions of OSEB have been separated to bring in efficiency and accountability. The distribution sector has been completely privatized with the equity participation of private operators. Shareholding pattern of the distribution companies after divestment stands as follows:



Private Companies	-	51%
GRIDCO	-	39%
Employee Trust	-	10%

Private companies purchased 51% of share capital of the distribution companies at premium as follows:

Company	Value of 51% share capital (Cr.)	Sold at premium (Cr.)
CESCO	37.08	42.00
SOUTHCO	19.20	28.30
WESCO+NESCO	58.42	88.20

55. The State Electricity Regulatory Commission was constituted under Orissa Electricity Reform Act, 1995 w.e.f 1.08.1996 and thereafter being constituted from time to time under section 82 of the Electricity Act, 2003. Since its inception the Commission has been trying to bring in efficiency, economy and competition in the power sector of Orissa. The Commission has been adhering to the performance based regulation which results in efficient functioning of the distribution companies. Accordingly the Commission has issued LTTS Order (MYT Order) to provide certainty to the trajectory of Tariff. Business Plan Order of the Commission is also a sequel to the LTTS Order. By following these two orders the Commission fixes the tariff of the DISCOMs on normative basis. The norms basing on which tariff is fixed are known to the DISCOMs and other stakeholders like consumers beforehand. Controllable cost like distribution loss, A&G cost and Repair and Maintenance cost are allowed on normative basis as enumerated in the LTTS and Business Plan order. The Commission always fixes the tariff on normative basis and not on the actual distribution loss incurred by the DISCOMs. Therefore, revenue lost due to loss of sale arising out of power theft and other reasons of distribution loss beyond the target fixed by the Commission is not recognized for tariff determination.

Year	Distribution Loss		AT&C Loss	
	Approved by the Commission in the ARR (%)	Actual (%)	Approved by the Commission in the ARR (%)	Actual (%)
2003-04	31.9	40.8	38.7	49.3
2004-05	37.0	39.2	44.5	44.7
2005-06	34.2	39.6	40.5	44.7
2006-07	32.8	38.6	37.9	43.3
2007-08	27.1	37.5	31.4	41.6
2008-09	27.0	37.5	30.36	41.89
2009-10	24.45	37.24	25.96	39.15
2010-11	22.22	37.96 (Provisional) (35.60 projected by DISCOMs)	23.77	41.49 (Provisional) (37.80 projected by DISCOMs)
2011-12	21.71	32.95 Projected by DISCOMs	22.49	34.06 Projected by DISCOMs



56. From the above table it may be seen that Commission in the year 2004-05 has taken note of actual AT&C loss of DISCOM in its tariff fixation and adopted a loss reduction trajectory year to year on a normative basis for tariff determination purpose. Presently, in the year 2011-12 there is a gap between actual distribution loss and the normative distribution loss adopted by the Commission for fixation of tariff for about 16.25% (37.96% -21.71% approved for 2011-12 in the ARR). The gap between actual AT&C loss and AT&C loss approved by the Commission for 2011-12 is about 19.00% (41.49% - 22.49% approved for 2011-12 in the ARR). On the whole the gap in the distribution loss or AT&C loss is hovering around 16%.
57. By reckoning the normative distribution loss at 21.71% and AT&C loss at 22.49% the retail tariff for 2011-12 has been approved by the Commission. The retail tariff so fixed for 2011-12 represents 19.74% increase over the tariff for 2010-11. If the distribution loss projected by the distribution companies at 32.95% would have been adopted by the Commission the retail tariff increase would have been 33.20% over the tariff of 2010-11. Similarly, if the provisional distribution loss shown by the distribution companies for 2010-11 is taken into account at 37.96% and reduction of 3% is assumed i.e. if the distribution loss is adopted at 34.97% for 2011-12, the tariff increase for 2011-12 would have been 36.13% over the tariff of 2010-11.
58. In adopting the normative distribution loss 21.71% for 2011-12 the cost of supply has been worked out at 408.87 paise per unit whereas if the distribution loss of 32.95% projected by the distribution companies would have been accepted by the Commission for 2011-12 the cost of supply would have been 477.47 paise per unit. Similarly taking 37.96% as provisional distribution loss for 2010-11 and reducing 3% for 2011-12 the cost of supply would have been 492.24 paise for 2011-12 against 408.87 paise approved by the Commission for 2011-12. The detailed calculation may be seen from the table given below:

	2010-11 (Approved)	2011-12 (Approved)	2011-12 (calculated considering Dist. Loss projected by Licensees)	2011-12 (calculated considering actual Dist. Loss for 2010- 11 minus 3%)
Power Purchased from GRIDCO by DISCOMs (MU)	20,154.00	22,477.00	22,477.00	22,477.00
Power Sold by DISCOMs to Consumer (MU)	15,676.55	17,597.37	15,069.12	14,616.84
EHT (MU)	4,514.03	5,389.97	5,389.97	5,389.97
HT (MU)	3,415.14	3,164.28	3,164.28	3,164.28
LT (MU)	7,747.39	9,043.12	6,514.86	6,062.59
Distribution Loss %	22.22%	21.71%	32.96%	34.97%
Collection Efficiency %	98.00%	99.00%	98.34%	99.00%
AT & C Loss %	23.77%	22.49%	34.07%	35.62%
Avg BSP P/KWH	170.25	231.65	231.65	231.65
Power Purchase Cost of GRIDCO (Rs. Crore)	3,431.19	5,206.88	5,206.88	5,206.88
Transmission Cost of OPTCL (P/KWH)	23.50	25.00	25.00	25.00
Transmission Cost of OPTCL (Rs. Crore)	473.62	561.94	561.94	561.94
SLDC Cost (Rs. Crore)	3.58	4.04	4.04	4.04
Net Distribution Cost excl. Misc receipt (Rs. Crore)	1100.96	1283.67	1283.67	1283.67
ARR OF DISCOMs (Rs. Crore)	5,009.35	7,056.53	7,056.53	7,056.53
Revenue Realised by DISCOMs through tariff (Rs. Crore)	5,025.53	7,109.57	7,056.53	7,056.53
Avg. Tariff P/Kwh	320.58	404.01	468.28	482.77
Revenue with existing Tariff (Rs. Crore)		5,937.60	5,297.74	5,183.83
Revenue/ Tariff Rise %	22.20%	19.74%	33.20%	36.13%
Cost of Supply P/U		408.87	477.47	492.24



59. In other words if we consider the ground realities by adopting the loss projected by the distribution companies, the tariff for 2011-12 would have been further increased by 15% to 18% and the cost of supply would have been further increased by 69 paise to 84 paise. Or worse, if we fix the tariff, making its justification low due to ground realities or considering the capacity of the consumer to pay, we will be loaded with a huge 'Regulatory Asset' burdening the future consumers. Hence, in order to financially penalize the distribution companies for their failure to reduce the loss and to safeguard the interest of the consumers the Commission all along have been adopting a normative level of distribution loss instead of accepting the distribution loss proposed by the distribution companies. The loss incurred by DISCOMs for non-achieving the target of distribution loss and AT&C loss is borne by the DISCOMs and not passed on to the consumers.
60. The Commission has promulgated OERC (Terms and Condition for Determination Tariff) Regulation, 2004. According to this Regulation if DISCOMs make more profit than approved return on account of improved performance the Commission shall treat the profit beyond the approved return in a specified manner to be shared between DISCOMs and the consumers. The Commission has laid down over all standard of performance of licensees by way of a separate Regulation. Depending on the performance of the licensees the Commission may allow either incentive or disincentive as per the aforesaid Tariff Regulation.
61. The Commission has tried to bring in competition in the power sector of Orissa by introducing open access to transmission and distribution networks by the consumer. This has enabled the consumer to source power from any licensee or generator. Accordingly the Commission has promulgated OERC (Terms and Conditions of Open Access) Regulation, 2005. Open Access has been allowed to all the consumers having requirement of power at 1 MW and above.
62. The Commission has taken proactive steps to bring investment into the sector. Soven Kanungo Committee had recommended an investment of Rs.3240 crore as interim financing by the State Govt. for upgradation and renovation of the distribution network as long ago as in 2001. With rise in price this amount would have been Rs.5000 crore by now. The Commission in their letter No.994 dated 6.5.2009 while advising the State Govt. for effective and proactive participation for ensuring sustainable development of power sector in the State had suggested that there is need for investment of Rs.800 crore during 2009-10 out of which Rs.100 crore will be invested for upgradation of Grid substations by OPTCL in order to improve voltage profile in various remote and under-served areas and the balance Rs.700 crore to be invested for replacement of LT conductors by AB cables in theft prone areas, installation of pillar box metering system, upgradation and replacement of transformers to cater to additional load, replacement of old circuit breakers with Vacuum Circuit Breakers (VCBs) etc.

CAPEX LOAN FROM GOVERNMENT OF ORISSA

The Commission in its order dated 20.03.2010 on Business Plan for DISCOMs pertaining to FY 2008-09 to FY 2012-13 dated 20/03/2010 advised investment of at least Rs.5000 crore to undertake CAPEX programme. Out of which State Govt. was to provide Rs.2450 crore being 49% share holder and the DISCOMs to provide Rs.2550 crore representing other 51% share. But, Govt. Of Orissa in the meantime have notified Capital Expenditure (CAPEX) Programme for Distribution Companies of Orissa in their letter no. 9230/ En. dated 21.10.2010 for providing financial support to the tune of Rs.2400 Cr. in distribution sector which includes the grant of Finance Commission, state budgetary support and counterpart funding by the DISCOM. The basic objective of this programme is system improvement, establishment of reliable system, reduction of AT&C losses to a sustainable level and improvement of quality of supply to the consumer of the state. The scheme envisages investment of Rs. 2400 Cr. to be spent under the scheme over the period of four financial; years i.e. FY 2010-11 to FY 2013-14, out of which Govt. of Orissa provide Rs. 1,200 Cr. And DISCOMs will invest Rs. 1,200 Cr. from their own source/ or through market borrowing as per the following table:



(Rs. in Crore)

Financial Year	2010-11	2011-12	2012-13	2013-14	Total
State Govt. (out of which)	300.00	400.00	250.00	250.00	1200.00
a. FC Grant	0.00	200.00	150.00	150.00	500.00
b. SS to FC Grant	0.00	66.67	50.00	50.00	166.67
c. Loan to GRIDCO for counterpart to FC Grant	0.00	66.67	50.00	50.00	166.67
d. State's own contribution	300.00	66.66	0.00	0.00	366.66
DISCOMs (out of which)	0.00	200.00	400.00	600.00	1200.00
a. Counterpart DISCOMs share for FC Grant	0.00	66.67	50.00	50.00	166.67
b. DISCOMs contribution	0.00	133.33	350.00	550.00	1033.33
Total CAPEX	300.00	600.00	650.00	850.00	2400.00

Out of the state Government support of Rs.1200 crore

- Grant of Rs. 500 Cr. From 13th FC is to be initially passed on as loan with 0% interest.
- Rs. 166.67 Cr. Of matching State share against 13th FC grants as loan with 0% interest.
- Rs. 166.67 Cr. Of Loan to GRIDCO for 1/3rd counterpart funding to FC Grant with 4% interest.
- Rs. 366.66 Cr. As budgetary support in shape of soft loan with 4% interest.

Loan of Rs. 666.67 Cr. Bearing 0% interest (SL 3.1 "a" & "b") may be considered for conversion in grant after full utilization of the loan for the specified purpose and achievement of loss reduction target of 3% p.a.

GoO shall release funds to GRIDCO and GRIDCO in turn shall pass on the same to Distribution Companies on on-lending basis i.e. with the same terms and conditions based on which the funds are released to GRIDCO by the State Government.

The loan will be released in two equal instalments every year. The second instalment of State Government support in each year except the first year i.e. 2010-11 will be released only if the AT & C loss reduction target in the previous year is achieved and DISCOMs have arranged counterparts fund fore the CAPEX.

The repayment of loan shall be secured through payment security mechanism of escrow on receivables of DISCOMs from sale of power.

The loan will have a moratorium period of 05 (Five) years for repayment of principal as well as interest. The loan would be repaid by DISCOMs through GRIDCO in 15 (Fifteen) years starting from the 6th year i.e. from subsequent year following the expiry of the moratorium period.

The legal documents for State Government support will be made through two sets of agreement viz. one loan agreement between State Government & GRIDCO and another subsidiary loan agreement between GRIDCO & each DISCOM.

63. Steps taken by OERC to protect the interest of the consumers

- The average tariff for nine years from the year 2001-02 to 2009-10 was not revised.

Before power sector reform was undertaken with effect from 01.4.1996 there was frequent revision of tariff ranging from 29% to 17%. But from 2001-02 to 2009-10 the average tariff has remained constant. The average tariff was revised by 22.2% in 2010-11 after a gap of nine years and the recent revision for 2011-12 is about 19.74% over the tariff of 2010-11. There has been substantial hike in price of different commodities including cost of equipment, cost of coal, furnace oil, wages and salaries, pension etc., but still then the Commission had not revised the tariff for nine years only to give benefit to the consumers. The table below indicates the year wise tariff before the power sector reform and thereafter.



Average Tariff Rise in the Past

Year	Average Tariff Rise (%)
1993-94	28.58 %
1994-95	15.73 %
1995-96	17.47 %
1996-97	17.00 %
1997-98	10.33 %
1998-99	9.30 %
1999-00	4.50 %
2000-01	10.23 %
2001-02 to 2009-10	0%
2010-11	22.2%
2011-12	19.74%

- Purchasing Power at a higher price by GRIDCO but selling at a lower price to the distribution companies to keep the Retail Tariff at reasonable level in order to safeguard the interest of the consumers

Even though GRIDCO is purchasing power from different sources at a higher cost this is not being fully factored into the retail tariff for recovery from the consumers and the BST price which forms a major component of retail tariff has been kept in some years at a level lower than the purchase price. The gap left in the ARR of GRIDCO was supposed to be filled up through profit earned from sale of surplus power but with the rise in demand of the existing consumers as well as increase in number of consumers the surplus power is not available. Still then the Commission has left gap in the account of GRIDCO to keep the BST price in order to keep the retail tariff at an affordable level. This would be evident from the table given below:-

ARR GAP OF GRIDCO

Financial Year	Gap in ARR (Approved)	Actual Gap	Net Gap	Rate approved & power purchase by GRIDCO(P/U)	BST Rate approved for sale to DISCOMS (P/U)
2006-07	(-) 504.52	547.55	43.03	113.97	120.85
2007-08	(-) 464.86	1052.34	587.48	119.91	121.59
2008-09	(-)410.05	528.62	118.27	127.40	122.15
2009-10	(-)882.85	(-)1540.69	(-)15440.69	148.27	122.20
2010-11	(-)806.16	(-)1298.25	(-)1296.75	174.58	170.25
2011-12		(-)746.05		210.32	231.65

- Adoption of normative level of distribution loss instead of accepting distribution loss projected by the distribution companies in order to safeguard the interest of the consumers

Commission in Case No. 41, 42 & 43/2007 and Case No. 22/2008 order dated 20.03.2010 approved the Business Plan of DISCOMs for the second control period from FY 2008-09 to FY 2012-13. Commission in the said order reviewed the performance of the DISCOMs during the first control period (FY 2003-04 to FY 2007-08) and basing on the performance of the DISCOMs in the first control period set out the targets for the second control period (FY 2008-09 to FY 2012-13). In the mean time audited accounts of the DISCOMs for FY 2008-09 and FY 2009-10 are available with the Commission. The performance of the All Orissa scenario of DISCOMs in relation to the target set out is therefore compared and summarised in the table below:



2nd Business Plan order (FY 2008-09 to 2012-13)	2008-09			2009-10			2010-11			2011-12		2012-13
	Appr in BP	ARR	Actual	Appr in BP	ARR	Actual	Appr in BP	ARR	Actual (Prov)	Appr in BP	ARR	Appr in BP
DISTRIBUTION LOSS (%)	27.0	27.0	37.5	24.5	24.4	37.2	22.2	22.2	38.0	21.7	21.7	21.2
COLLECTION EFFICIENCY (%)	95.4	95.4	93.0	98.0	98.0	97.0	98.0	98.0	94.3	99.0	99.0	99.0
AT & C LOSS (%)	30.4	30.4	41.9	26.0	26.0	39.2	23.8	23.8	41.5	22.5	22.5	22.0

It can be revealed from the table above that Commission has stuck to the targets approved in the Business Plan order while approving ARR and has not considered their actual performance of the DISCOMs. On analysis of the year 2009-10, it can be seen that the approved target for Distribution Loss in the Business Plan was 24.5 % and the actual Loss achieved by the DISCOMs during the preceding year was 37.5 %, which is much higher than the approved target of 27% in both Business Plan and ARR for FY 2008-09. Commission while approving the ARR for FY 2009-10 has considered lower loss level of 24.4 % and not the actual loss of 37.5% achieved during the preceding year. Thus while approving the ARR Commission does not allow to pass the higher distribution loss incurred by the DISCOMs to the consumers but the lower normative loss as approved in the Business Plan order. The difference between the actual loss level and the normative loss is to the account of DISCOMs and the consumers are not burdened for such inefficiency.

- Even though generation from state hydro stations have declined while fixing generation tariff Commission has adopted the normative level of generation as per the approved original design of the hydro stations but not on the revised design energy proposed by the OHPC based on the study conducted by an Expert Committee.

It is a fact that in 2004-05 about 56.71% of state demand was met from low cost hydro power. With increase in demand and declining generation from hydro stations because of erratic rain fall and silting of the water reservoirs it has reduced to 21.62% in 2009-10 and during 2010-11 upto September, 2010 it was 16.66%. However, while fixing the tariff for 2010-11 and also for 2011-12 Commission has adopted normative level of generation of hydro power as per the original approved design energy of the hydro stations but not on the revised designed energy proposed by OHPC based on study conducted by an Expert Committee or based on the actual low generation. As a result for the year 2011-12 about 27.50% of state demand of 22477 MU has been assumed state hydro power at 6181.74 MU based on the normative generation based on the approved original designed energy. This may be seen from the table given below:-

Declination of Hydro generation in over all Power Pool

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12 (Approved)
State Demand (in MU)	12499.45	13483.75	15119.93	17212.51	18771.82	19480.85	21112.39	22477
State Hydro Generation for Sale (incl. small Hydro) (in MU)	7087.82	5234.48	7357.58	7885.81	5826.12	4211.86	5124.46	6181.74 (based on normative assessment)
% of state hydro to total state demand	56.71	38.82	48.66	45.81	31.04	21.62	24.3%	27.50
Hydro Generation contribution has reduced from 57% to 24.3% which is a cheaper source of power								

The average generation tariff for hydro stations for 2010-11 with the existing approved designed energy was fixed at 64.40 p/u (excluding Machhkund) but with the revised design energy the tariff would have been 74.54 p/u being 9.34 p/u higher. Similarly for 2011-12 the average energy charges have been fixed at 68.01 paise per unit and with revised design energy the energy charges would have been 78.72 paise per unit being 9.86 paise per unit higher. This would be evident from the table given below:-



	2007-08	2008-09	2009-10	2010-11	2011-12
1. ARR approved (Rs.cr.)					
Old Stations	162.14	169.12	192.87	215.06	232.20
UIHEP	130.46	130.68	142.47	146.82	149.97
Sub-Total	292.60	299.80	335.34	361.88	382.18
Machkund	4.78	6.64	3.65	5.76	5.79
Total	297.38	306.44	33.99	367.64	387.96
2. Design Energy (existing) MU					
Old Stations	3676.86	3676.86	3676.86	3676.86	3676.86
UIHEP	1942.38	1942.38	1942.38	1942.38	1942.38
Sub-Total	5619.24	5619.24	5619.24	5619.24	5619.24
Machkund	262.50	262.50	262.50	262.50	262.50
Total	5881.74	5881.74	5881.74	5881.74	5881.74
3. Average Tariff (p/u)					
Old Stations	44.10	46.00	52.46	58.49	63.15
UIHEP	67.16	67.28	73.35	75.59	77.21
Sub-Total	52.07	53.35	59.68	64.40	68.01
Machkund	18.21	25.30	13.90	21.95	22.05
Total	50.56	52.10	57.63	62.51	65.96
4. Design Energy (revised) MU (Proposed)					
Old Stations	3167.81	3167.81	3167.81	3167.81	3167.81
UIHEP	1686.78	1686.78	1686.78	1686.78	1686.78
Sub-Total	4854.59	4854.59	4854.59	4854.59	4854.59
Machkund	262.50	262.50	262.50	262.50	262.50
Total	5117.09	5117.09	5117.09	5117.09	5117.09
5. Average Tariff (p/u) on proposed Revised Designed Energy					
Old Stations	51.18	53.39	60.88	67.89	73.30
UIHEP	77.34	77.47	84.46	87.04	88.91
Sub-Total	60.27	61.76	69.08	74.54	78.72

- Steps taken by Commission for reduction of loss**

At the first instance Commission has not accepted loss level projected by the distribution companies and accordingly not determining the Annual Revenue Requirement. However, since there is a gap of about 15% in the distribution loss approved by the Commission and the loss level achieved by the distribution companies, the loss has not been loaded on tariff. The distribution companies are alleging that they are facing difficulties in taking timely operation and maintenance cost and to meet other essential requirements including salary, pension etc. If they would achieve the loss level approved by the Commission then it would not affect the tariff but would help them to overcome the difficulties being faced by them. The details of loss proposed by DISCOMs and approved by OERC in given below:



	FY 2009-10		FY 2010-11			FY 2011-12		
	Appro. by OERC	Actual	Prop. by DISCOMs	Appro. by OERC	Actual shown by DISCOMs For 2010-11	Prop. by DISCOMs for 2011-12	Approved for 2011-12 by OERC in the Business Plan order dt.20.3.10	Appro. in ARR
Dist. Loss (%)	24.45	37.24	35.60	22.22	37.96	32.95	21.70	21.71
Collection Efficiency (%)	98.00	97.00	96.60	98.00	94.30	98.34	99.00	99.00
AT&C Loss (%)	25.96	39.15	37.80	23.80	41.50	34.06	22.48	22.49

The loss is due to basically on two accounts. One is the loss ascribed due to the system loss because of old dilapidated distribution network and long drawn LT lines. The second part is not billing on the actual consumption which is in other words can be ascribed to theft of electricity by some unscrupulous consumers in connivance with some employees of distribution companies. In order to solve this problem Commission has advised the state government from time to time the urgent need for investment for upgradation and renovation of the distribution network and also to take steps to post a senior level police officer in the rank of Additional D.G. / I.G. under the Department of Energy to ensure effective functioning of the energy police stations as well as monitoring of energy related crimes in the State.

A Capex programme of Rs.2400 crore has been launched out where Rs.1200 crore provided by State Govt. and rest Rs.1200 crore is to be arranged by the DISCOMs as counterpart funding which would facilitate in reducing distribution loss.

- Timely payment of electricity charges by Government Departments, Urban Local Bodies, Rural Local Bodies, Public Sector Undertakings, Co-operative Departments, Autonomous Organizations etc.

It was brought to the notice of the Commission that most of the Government departments, Urban Local Bodies, Rural Local Bodies, Public Sector Undertakings, Co-operative Departments, Autonomous Organizations etc. under the control of the State Government are not paying electricity dues in time. Commission from time to time had brought this serious issues to the notice of the State Government as indicated below:-

- (i) Letter No.Secy/066/2007/751 dated 09.4.2008
- (ii) Letter No. Secy.../066/2000/4002 dt. 27.5.2010
- (iii) Chairman's D.O. letter No.OERC/Engg/2006/8.7.2010 addressed to the Chief Secretary, Odisha.

In response to the advice of the Commission the Finance Department in their letter No.22240 (225) and 22245(4) dt.25.4.2008 had issued instructions to all concerned department of government to take steps for timely payment of electricity dues. This was also followed up by the Finance Department in their letter No.36938(4) dt.26.8.2010 addressed to the Secretary, Public Enterprise Department, Co-operative Department, Housing & Urban Development Department, Panchayat Raj Department and letter No.36933(225)/F dt.26.8.2010 addressed to the Principal Secretary/ Secretary of all Govt. Departments and Heads of Department in which instructions was issued for reconciliation of payment of outstanding dues of distribution companies within 30.9.2010. Energy Department have also followed up the instruction of the Finance Department from time to time as a result there has been substantial improvement in payment of electricity dues by various Government departments, Urban Local Bodies, Rural Local Bodies, Public Sector Undertakings, Co-operative Departments, Autonomous Organizations etc

Despite several instructions issued from time to time the arrear outstanding as on 31.03.2010 at Rs 403.29 crore has increased to Rs 434.89 crore as on 31.03.2011 which may be seen from the table placed below:

**OUTSTANDING GOVT ARREARS-Total (Rs Lakh)**

SL No.	GOVT. DEPARTMENTS	AS ON 31.03.2010	AS ON 31.03.2011	ARREAR ADDED
1	Housing & Urban Development			
(i)	PHD(Urban)	11258.71	11751.02	492.31
(ii)	Others	87.67	106.54	18.88
	Total	11346.38	11857.57	511.19
2	Rural Development			
(i)	Rural Water Supply (RWSS)	1336.37	1466.97	130.60
(ii)	Others	118.49	117.61	-0.88
	Total	1454.86	1584.58	129.72
3	Irrigation(WR)			
(i)	Lift Irrigation	3588.49	3811.29	222.80
(ii)	Panipanchayat	78.27	155.84	77.57
(iii)	Others	364.00	386.00	22.00
	Total	4030.76	4353.13	322.37
4	Home Deptt			
(i)	Judiciary	23.90	32.97	9.07
(ii)	Police	150.20	184.84	34.64
(iii)	Jail	0.44	0.21	-0.23
(iv)	Others	297.70	349.87	52.17
	Total	472.24	567.89	95.65
5	Law Deptt			
(i)	Judicial courts	209.92	226.96	17.04
(ii)	Endowments	84.74	15.89	-68.85
(iii)	Others	0.44	0.21	-0.23
	Total	295.10	243.06	-52.04
6	Panchayat Raj Deptt			
(i)	Zila Parishada	0.00	0.00	0.00
(ii)	Panchayat Samiti	1483.09	1622.24	139.15
(iii)	Grampanchayat	72.91	74.35	1.44
(iv)	Other Establishments	0.00	0.00	0.00
	Total	1556.00	1696.59	140.59
7	School & Mass Education	1280.10	1356.81	76.71
8	Higher Education	514.85	590.54	75.69
9	Industries			
(i)	Technical Education	24.74	26.14	1.40
(ii)	Other Establishments	85.50	87.85	2.35
	Total	110.24	113.99	3.75
10	Revenue	518.92	584.81	65.89
11	Works	523.49	599.81	76.32
12	Fisheries & Animal Resources			0.00
(i)	Fisheries	21.46	20.80	-0.67
(ii)	Veterinary	224.28	244.70	20.42
(iii)	Others	0.00	0.00	0.00
	Total	245.74	265.49	19.75
13	Forestry	214.88	221.87	6.99
14	Health & Family	545.38	612.75	67.37
15	Other Departments	998.23	1096.25	98.02
	Total State Government	24107.17	25745.14	1637.97
16	Urban Local Bodies			
(i)	Municipal Corporations	577.12	609.85	32.73
(ii)	Municipality	6980.43	7692.66	712.23
(iii)	NAC	2375.97	2554.97	179.00
	Total	9933.51	10857.47	923.96



17	Co-Operatives			
(i)	Spinning Mills	567.16	570.18	3.02
(ii)	Other Establishments	178.59	187.83	9.25
	Total	745.75	758.02	12.27
18	PSU			0.00
(i)	OSFC	3.76	3.93	0.17
(ii)	Orissa Forest Corporation	9.85	9.96	0.11
(iii)	Gridco	347.36	362.30	14.94
(iv)	OLIC	1462.62	1515.83	53.21
(iv)	Others	3719.00	4235.96	516.96
	Total PSU	5542.59	6127.97	585.38
	Total Others	16221.85	17743.46	1521.61
	Total Outstanding Arrear	40329.02	43488.60	3159.58

Note: The above information has been compiled from the performance review of the distribution companies

- Initiatives for operation and maintenance of distribution network

As regards to the improvement to the existing infrastructure, the Commission had directed for installation/ up-gradation along with replacement of burnt transformers, load balancing, earthing, installation checking, provision of breakers, boundary walls with gates in all distribution S/Ss, DT metering and energy audit etc. The Commission while emphasizing the need for improvement in the existing infrastructure directs the licensees to bring about the development of the distribution infrastructure in the next financial year. Each DISCOM is required to take up repair and renovation specially in respect of following items of work as tabled bellow in order to improve the quality of supply giving priority to rural areas.

SI No	Work to be carried out	Target for CESU	Individual Target for NESCO, WESCO & SOUTHCO
1	Upgradation and installation of new distribution transformers	1000	800 each
2	Complete the energy audit of each distribution transformer by the end of 2011-12.	100 %	100 %
3	Load balancing in 3-phases of DTR	2000	1500 each
4	Conversion of single phase to 3-phase line	150 KM	100 KM each
5	Provision of 33 & 11 KV Crt. Breaker	100 % to complete	100 % to complete
6	Provision of stringing of AB cables	300 KM	250 KM each

64. The fund required for such minimum special repair/renovation of distribution network is to be met out of the R&M expenditure approved for the year 2011-12 as well as from the collection of arrear outstanding as on 01.04.2011. Based on the flow of revenue, GRIDCO will relax the Escrow account in order to enable the Distribution Company to take up the minimum special repair/ renovation work as indicated above. The Commission has approved Rs.169.51 crore under R&M for 2011-12 against Rs.149.29 crore approved for 2010-11 as indicated below:

(Rs. in crore)

	CESU	NESCO	WESCO	SOUTHCO
R&M Expenditure approved for FY 2011-12	56.77	47.46	36.81	28.47



Regarding the orders of the Commission for system improvement the achievement of DISCOMs is given in the table below:

SI No.	Items	2008-09	2009-10	2010-11 (upto 3/2011)	2011-12 (Target)
1.	No. of transformers upgraded				
	CESU	429	373	273	
	NESCO	247	258	69	
	WESCO	491	152	93	
	SOUTHCO	284	130	94	
	TOTAL	1451	913	529	
2.	No. of new transformers installed				
	CESU	325	540	413	
	NESCO	161	269	168	
	WESCO	126	146	102	
	SOUTHCO	46	55	76	
	TOTAL	658	1010	759	
3	Total no. of transformers upgraded/new installed etc. (1+2)	2008-09	2009-10	2010-11 (upto 3/2011)	2011-12 (Target)
	CESU	754	913	686	1000
	NESCO	408	527	237	800
	WESCO	617	298	195	800
	SOUTHCO	330	185	170	800
	TOTAL	2109	1923	1288	
4	AB Conductors(Kms.)				
	CESU	122	34.05	258.42	300
	NESCO	-	-	81.9	250
	WESCO	-	-	11.65	250
	SOUTHCO	-	31.6	149.24	250
5(i)	Circuit Breakers installed (11 KV)				
	CESU	47	23	15	100% to be completed
	NESCO	27	15	18	
	WESCO	42	11	08	
	SOUTHCO	10	06	26	
	TOTAL	126	55	67	
5(ii)	Circuit Breakers installed (33 KV)				
	CESU	25	19	07	100% to be completed
	NESCO	13	09	07	
	WESCO	18	02	06	
	SOUTHCO	5	03	08	
	TOTAL	61	33	28	
	Grand Total	187	88	95	

65. The interest of low end consumers like domestic, BPL, agriculture and LT consumers as a whole has been protected in the tariff for 2011-12

Section 61(g) read with para 8.3.2 of Tariff Policy, 2006 stipulates "Tariff progressively reflects the cost of supply of electricity, so that latest by the end of 2010-11 the tariffs are within + 20% of the average cost of supply.



The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

- On the other hand para 5.5.2 of National Electricity Policy, 2005 states that "a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50% of the average (overall) cost of supply. This provision will be further re-examined after five years".
- If any class of consumers are to be subsidized the State Govt. have to pay the subsidy in advance as per Section 65 of the Electricity Act, 2003 which is extracted below:-
- **"65. Provision of subsidy by State Government** -If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the state Government shall, notwithstanding any direction which may be given under Section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government."

Even though the State Government have not agreed to provide subsidy to agriculture or BPL families domestic consumers, tariffs in those cases have been fixed much below -20% of the average cost of supply of 408.87 paise unit determined for the year 2011-12.

- When the average cost of supply for 2011-12 has been determined at 408.87 paise per unit, the tariff for the relatively poor consumers cannot be less than 327.07 paise (i.e. -20% of 408.87) and more than 490.67 paise per unit (+20% of 408.87). However, while the attempt has been made to reduce this cross subsidy by gradually increasing tariff for LT consumers, because of special treatment for Agriculture, allied agricultural activities allied agro industries, BPL families (fixed charged of Rs.30.00 paise per month upto 30 Units) and domestic consumers in the first slab (upto 50 unit per month 140 paise per unit) the target of reduction of cross-subsidy has not yet been achieved). For LT category of consumers the cross subsidy is by (-) 26.54% while for EHT it is +16.77% and for HT it is +17.90% which is evident from the table given below:-

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
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%
	Kutir Jyoti		100.00	-163.00	-61.97%
	Irrigation		110.00	-153.00	-58.17%
2010-11	EHT	327.37	379.93	52.56	16.06%
	HT		383.68	56.31	17.20%
	LT		219.21	-108.16	-33.04%
	Kutir Jyoti		100.00	-227.37	-69.45%
	Irrigation		110.00	-217.37	-66.39%
2011-12	EHT	408.87	477.43	68.56	16.77%
	HT		482.43	73.56	17.99%
	LT		300.34	-108.53	-26.54%
	Kutir Jyoti		100.00	-308.87	-75.54%
	Irrigation		110.00	-298.87	-73.09%



- In case of BPL family the cross subsidy paid is 308.87 paise (408.87-100 tariff per unit for 30 units in a month) which is 75.54% less than the average cost of supply.
- In case of Agriculture/irrigation the cross subsidy per unit is 298.87 paise (408.87 - 100 paise per unit) which is 73.09% less than the average cost of supply.
- In case of domestic consumers the consumers consuming upto 50units per month are pay 140 paise per unit from 2001-02 which has remained unchanged for 2010-11 and 2011-12. In their case per unit subsidy is 268.87 paise (408.87-140 paise per unit) which is (-) 66% less than the average cost of supply.
- Domestic consumers consuming 200 units per month are being subsidized by -28% of the average cost of supply as for them the average per unit works out to 297 paise.
- Domestic consumers consuming 400 units per month are being subsidized by (-)11% as for them the average rate per unit works out to 363 paise.
- Domestic consumers consuming 600 units per month are being subsidized by (-) 1.5% as for them the average rate per unit works out to 400 paise.
- Only those high end domestic consumers consuming 700 units per month would be paying (+)1.22% higher than the average cost of supply of 408.87 paise as for them the average per unit works out to 413 paise against average cost of supply of 408.87 paise per unit. This is evident from the calculation given in the following table:-

Consumption /Month	Tariff	Total Payment for Energy Charges (Rs.)	Average Per Unit Energy Charges(P/U)	Cross-Subsidy in %
50 Units	Consumption ≤ 50units per month 140 paise per unit	140 paise X 50 units = Rs.70	140	(-) 66%
200 Units	Consumption ≤50units ≤200 units per month 350 paise per unit	140 paise X 50 + 350 paise X 150 = Rs.595/-	297	(-) 28%
400 Units	Consumption >200≤200 units p/m 430 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 = Rs.1455	363	(-)11%
600 Units	Consumption >400 ≤600 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 = Rs.2415	400	(-)1.5%
700 Units	Consumption >600 ≤700 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 + 480 paise X 100 = Rs.2895	413	(+)1.22%

**ENGINEERING DIVISION**

66. This Division provides vital technical input for grant, revocation, amendment or exemption from license. It monitors the performance of the utilities [i.e. Bulk Supply (Trading) Licensee, Transmission Licensee and Distribution Licensees) under various technical parameters, including license conditions and performance standards. Interruptions in Distribution System are measured in term of Interruption Reliability Indices (known as SAIFI, SAIDI and MAIFI), for which the Distribution Licensees submit their monthly, quarterly and annual performance report including the interruption ones in a report every quarter and a consolidated annual report in every financial year. This Division also looks into general complaints of technical nature affecting large areas / industrial / group of consumers.
67. Based on the various complaints received from the consumers, media reports and field visits, the Commission had wanted to know the status of maintenance of power house, Grid substations, distribution substations, transformers, distribution/transmission lines and the actual state of interruption in various areas of the State. Timely maintenance of equipment can prolong the longevity of the equipments, reduce downtime and provide quality supply. With the aforesaid objective & in accordance with Para 272 of the OPTCL's Transmission Tariff order for the FY 2010-11 & Para 566 of the annual Distribution Tariff order for the FY 2010-11, the Commission had directed to comply the direction of the Commission as well as to complete the long term and short term recommendations of the enquiry teams for increase in overall performance of the transmission & distribution system. The Commission feels that the present unsatisfactory conditions of the power supply has arisen because of poor maintenance and lack of monitoring of performance of various elements of the power system. The Commission may review the implementations of the recommendations of the enquiry committees by engaging team of professionals.
68. The Commission will continue to take up periodical reviews of Repair and Maintenance works of the licensee and may engage independent team of experts to monitor and report the progress of R&M works being undertaken. Technical audit to recheck and verify the status of work being executed by the licensee shall be a regular feature in the year 2011-12. Also the Commission is monitoring the compliances and rectifications made by the licensees. The present unsatisfactory conditions of the power supply have arisen because of lack of fresh investment and/or renovation/modernization of existing network, poor maintenance and lack of monitoring of performance of various elements of system. In the mean time, the Commission has asked to submit the latest status of the compliances to the recommendations/directions of the enquiry teams. Most of the short term recommendations have been attended to still a number of long term recommendations are yet to be complied. OPTCL shall complete the pending works for increase in overall performance of the transmission system latest by 31.03.2012. Chairman-cum-Managing Director, OPTCL has also been directed to review the implementation on monthly basis. Some of the long term recommendations such as provision of PLCC/SCADA in all 220 kV Grid S/s, replacement of very old ABCBs, MOCBs,BOCBs available in grid S/Ss, provision of 3rd Bay in the Grid S/Ss and augmentation of transformation capacity, review/analysis of each interruption should be made and planning strategy should be developed for proper operation and maintenance of the transmission system. The monitoring of the implementation of the recommendations/directions shall also continue in the FY 2011-12.
69. The Commission has directed the distribution licensees to choose one 33/11 kV S/S in each division at a time and make it fully equipped with all necessary equipments so that it meets load without overloading with improved voltage condition to set an example for other to follow. Thereafter, the Licensee should concentrate on another S/S and so on to improve all the S/Ss available in its area of operation. In order to extend quality & reliable power to the consumers of the state, distribution licensees are to comply the following recommendations of the enquiry teams:
- Provision of lightning arrestors/replacement of damaged one in all S/Ss.
 - Regular measurement of earthing at every locations and proper record keeping.
 - Regular checking of connectors and joints.
 - Replacement of worn out arcing AB switches.
 - Operation of all breakers and their mechanism must be checked at least once in a month.
 - Proper fencing and compound walls should be provided in all S/Ss for safety & security.
 - Long, overloaded 11 kV feeders should be provided with intermittent S/Ss.
 - Load balancing, pruning of tree branches, replacement of damaged insulators & lightning arrestors.



The Commission expects that with continuous monitoring, the system will revive and continue to give good service to the consumers if certain vital elements of the system are taken care of the Commission may also engage the services of independent expert teams and /or Commission's officials in future to verify the correctness of the compliance reported/to be reported by the licensees.

70. The Engg. Division took up the following other activities during the FY 2010-11

(a) Publication of Amendment of Orissa Grid Code (OGC) Regulations

- i) The Commission has framed the Orissa Grid Code (OGC) Regulation, 2006 (effective 14.06.06) and has amended the same from time to time based upon the proposals from the stakeholder, recommendations of the Grid Coordination Committee and orders of OERC issued in different cases for its amendment. Some significant change has been made in Grid connectivity issue, where the connectivity at 33 kV may normally be allowed for any generator including CGP up to 25 MW for dedicated line (tie line) and up to 15 MW in case of non-dedicated (non-tie) line. Further, in case of any of the beneficiaries/ISGS/SGS who are allowed open access is indulging in unfair gaming or collusion, the matter shall be reported by the SLDC to the Member-Secretary Grid Coordination Committee for investigation and take necessary action. (Notification No.OERC/Engg.17/2005(Vol.V) dated 18.08.2009 published in Orissa Extra-ordinary Gazettee No.1499 on 07.10.2009).
- ii) The 7th Grid Coordination Committee Meeting was held at Amrapalli Resort, Phulnakhara under the aegis of OPTCL. Officers from the OERC participated in the said meeting as OERC observer. Issues raised by different members have been deliberated and Member secretary to submit the necessary amendment to the OGC, if required to the Commission after detailed discussion in the next GCC meeting.
- iii) The 8th Grid Coordination Committee Meeting held at Puri on 29th December, 2010 under the convenership of CESU. Officers from the OERC participated in the said meeting as OERC observer.

(b) Ammendment to OERC Distribution (Conditions of Supply) Code,2004.

On the request of Distribution Companies in Orissa to amend the earlier provisions in the Regulation 10 & 13 10(b) of OERC Distribution (Conditions of Supply) Code, 2004 regarding transfer of service connection facility being allowed to the cases under the State Financial Corporation Act, even if they had pending arrears against the previous occupier, it was felt that old arrears in a premises is causing hindrance to the Distribution Licensees to effect new connection. The Commission has amended the Regulation 10 & 13 10(b), which would facilitate new connection to the individual legal heirs if the proportionate arrear of the erstwhile consumer is paid, it will prevent the defaulting consumers to get new connection in the name of the some other or the successor if the previous arrear is not paid. (Notification No.OERC/Engg.92/2003 (Vo.VI) (Part) dated 18.08.2010 published in Orissa Extra Ordinary Gazettee No.1689 dated 12.10.2010)

(c) Ammendment to OERC Distribution (Licensee's Standard of Performance) Regulations,2004.

In the backdrop of proposed Model Standard of Performance of Regulations for distribution licensees by Forum of Regulators (FOR) and to make compatibility with the recommendations of FOR, the Commission has amended the existing OERC Distribution (Licensee's Standard of Performance) Regulations,2004, which has been notified in the Extraordinary Orissa Gazette dated 4th February,2010 for information of all concern.

(d) Publication of System Performance of OPTCL for the year 2010-11

The annual system performance of OPTCL for the year 2009-10 was submitted by OPTCL on 19.06.2010 and the revised data on 03.08.2010. The consolidated statement of system performance was examined and approved along with the observations by OERC on 19.08.2010 for publication.

The summery findings of Transmission and Bulk Supply Performance are as below:

- i) The annual peak demand of OPTCL was 3150 MW during 2009-10 as compared to 3021 MW during 2008-09.



- ii) GRIDCO had drawn 13103.133 MU from the State sector and 7502.256 MU from the Central sector and 18.894 MU as banking power during 2009-10 whereas it had drawn 13110.631 MU & 6700 MU respectively from the State and Central sector during 2008-09.
- iii) During this period, OPTCL made addition of 254 Ckt. km. of 132 KV lines. As on 01.04.2010, OPTCL is having total 446.1 ckt. km of 400 KV lines, 5165.4 ckt. km of 220 KV lines and 5144.3 ckt km of 132 KV lines. There was capacity addition of 1 nos. of 400/220/33 KV S/S, 4 nos of 132/33 KV S/S and 2 nos. of 132 KV LILO switching stations of industries during the said period.
- iv) During 2009-10, 55 hours of load restriction was clamped due to non-availability of generation/ failure of generating stations and No restriction was clamped due to non-availability of transmission capacity. Also, there was no rescheduling of generation on account of non-availability of transmission capacity.

(e) Notification of various Regulations under the Electricity Act, 2003

- i. OERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010:
In accordance with the provisions under Section 861(e) read with Section 61(h), 86 of the Electricity Act, 2003, the Commission, for promotion of co-generation and generation of electricity from renewable sources of energy has framed OERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010. The said Regulations has been framed to provide suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of Electricity from such sources, a percentage of total consumption of electricity in the area of a distribution licensee. (Notification No.02/2010-Engg.-OERC dated 30.09.2010 published in the Orissa Extra Ordinary Gazettee No.2076 dated 14.12.2010).
- ii. The Commission has also designated Orissa Renewable Energy Development Agency (OREDA) as State Agency for registration and to undertake functions under OERC. (Vide Orissa Extra Ordinary Gazettee No.302 dated 03.02.2011).
- iii. The Commission has notified OERC (Demand Side Management) Regulations, 2011. [Notification No.OERC/Engg.61/98/1530(A) dated 20.08.2011].

(f) Monitoring the Quality of Power Supply and Standards of Performance

The Commission has constituted a "Monitoring Committee" with three members of SAC, two officials from OERC, Govt. Representative and the senior officials from the Transmission and Distribution utilities for assessment of the present status of the distribution system. The Committee has adopted one section each of the DISCOMs (Balikuda, Kanisi, Kamarda and Badagaon of CESU, SOUTHCO, NESCO & WESCO respectively) for turning them into model sections. With the above objectives, the committee members visited the sections and forwarded their recommendations for early implementation.

(g) Other important tasks carried out by the Engineering Division during 2010-11 include:

- a. Annual System Performance of OPTCL.
- b. Long Term Demand Forecast for the State of Orissa.
- c. Monitoring the recommendations of the Technical Enquiry Committees constituted to know the Status of Maintenance of Power House, Grid Substations, Distribution Substations and various Transmission & Distribution Elements.
- d. Amendment/Up-dating of Orissa Grid Code, after analyzing the proposal either by Grid Co-ordination Committee or by the orders of the Commission after following the due procedure.
- e. Periodic amendment of OERC (Conditions of Supply) Code, 2004/ Standard of Performance Regulation.
- f. Monitoring the implementation of the recommendations made by the Working Group constituted for "Technical Loss Reduction".
- g. Analysis of Electrical Accidents and issue of specific guidelines on receipt of Consumer Complaints in order to improve power supply situation in various Licensee's area.



- h. Review of electrical accidents and issues regarding inspection of electrical installations for safety in electric supply in the backdrop of notification of Regulations by the Central Electricity Authority (CEA) in this regard and consequent issues of advice to the government of Orissa.
- i. CEA, CERC, FOR, Assembly Questions, Parliament Questions, Press Releases.
- j. General Consumer Complaints.
- k. Monitoring of License Fees.
- l. Technical visit to licensee area, S/S and Electrical Installation.
- m. Energy Conservation and DSM.
- n. Renewable Energy Certificate Mechanism
- o. Investment approval of the licensees.
- p. Approval, review & implementation of Distribution (Planning & Operation) Code.

71. Major Activities of IT section (FY 2010-11)

1. Power Supply Information System (POSIS)

This system, namely, POSIS (Power Supply Information System) has been built over the data contained in the daily Status of Power Supply Report prepared by SLDC. The excel sheet, containing the power supply data, peak load data and the reservoir level data, is uploaded to OERC's website, www.orierc.org where it is filtered, analyzed and processed automatically and stored in the database (Oracle 10g).

Several front-end screens (in .net) with an intuitive design have been provided on the website with a view to catering to the following requirements of the stakeholders in the power sector of Odisha.

a) Query on Power Supply Data (Constituent wise)

It provides power supply data for each of the constituents like hydro power stations, thermal power stations, major cgps etc. for a selected day.

b) Query on Power Supply Data (for a period)

It provides power supply data for a selected hydro power station or thermal power station or a major cgp for a selected period.

c) Query on Peak Load Data

This screen displays peak load data (evening or morning) for a given period.

d) Query on Reservoir Level Data

This system, in addition to the above, also shows maximum, minimum and average levels for each reservoir in a given period.

2. Online MIS for Monitoring

An online MIS (Management Information System) is being designed to capture the scheduled and actual deployment of resources (equipments, manpower, capital etc.) by discoms in the selected locations for improvement of Quality of Power Supply and Standard of Performance. The system would also analyze the periodic improvement in performance against the baseline data for a few earmarked sub-stations.

3. Advising Commission, OPTCL on IT Projects

The draft orders for the Case nos. 124/2009 and 20/2010 on the investment proposals by OPTCL for implementation of SCADA Interface points at all 220 KV Substations of OPTCL, were prepared by the IT section after going through the documents and explanations provided by the OPTCL and the discoms. As a member of the Working Group for implementation of ERP in OPTCL, Gridco and SLDC, Jt. Director (IT), OERC has provided many suggestions which will help in timely implementation of the project.



4. Procurement of IT Equipments and Services

In this financial year, a sum of Rs.2.50 lac has been spent towards procurement of IT equipments and services which included among other things NEC LCD Projector, HP laser printer, Sony digital camera, Quick Heal Anti-Virus software (30 Users) etc. In the coming 3 months, three Lenovo Thinkcentre computers, one more NEC LCD Projector and a few other equipments would be procured at an estimated cost of Rs.1.75 lac.

5. Maintenance of Database, Hardware and Software

a) Maintenance of Database entailed the following activities

- Cesu Billing System data transfer from DBF to text
- Converting Data to Oracle format
- Exporting data from Local Server
- Importing & configuring Data in Web Server
- Regular backup of
 - CBIS (Cesu Billing Information System)
 - RIMS (Regulatory Information Management System)
 - Savior System (Attendance Recording System)
 - CTS (Case Tracking System)
 - SLIMS (State Load Information Management System)

b) Hardware Maintenance involved the following activities

- Solving Computer Booting/Shutdown/Hang problems
- Resolving Network problems
- Fixing of Printer and Monitor related problems
- Maintenance of Oracle Server, Internet Server, Switch, HUB, Modem, Mail Server etc.

c) Software Maintenance entailed the following activities

- Installation of software including Operating System and Application software
- Up gradation of software including anti-virus

72. Under the Orissa Electricity Reform Act, 1995, the Orissa Electricity Regulatory Commission is mandated to safeguard the interests of the state consumers and ensures that all consumers are provided with reliable, safe and uninterrupted power supply at reasonable rates. The Electricity Act 2003 also provides wide ranging provisions to protect the interest of consumers. It gives electricity consumers a statutory right of minimum standards of supply and service. The Commission's approach to consumer protection has been proactive from the inception & in order to fulfill its legal obligation, the OERC has undertaken a number of steps to empower electricity consumers.

• Standards of Performance & Grievance Redressal

- Introduction of guaranteed overall and individual Standards of Performance
 - ✦ Performance Standards published annually
 - ✦ Vigorous monitoring of licensees performance
 - ✦ Proceedings conducted by Commission to penalise the Distribution licensees' for non-compliance of GRF/Ombudsman orders
 - ✦ Inspection by independent enquiry teams regarding the maintenance of transmission and distribution system



- Alternate Dispute Resolution forum in OERC in 1998
- Creation of 12 Grievance Redressal for a and 2 Ombudsman to dispose of consumer complaints
 - ✦ Inspection of GRF and Ombudsman are done by Commission officers from 21st July, 2010 to 23rd October, 2010.
 - ✦ State level workshop to sensitize representative of PR institutions & ULBs on “Public Participation for Improvement in Quality of Supply and Financial Viability of the Distribution Sector vis-à-vis Franchise Operation in Odisha” on 05.01.2011.
 - ✦ Interactive meeting for Presidents/Members of GRF/Ombudsman on 22.06.2010.
- SAC representing cross-section of consumers in state constituted and regular interaction held for constructive advice – three Meetings held on 30.06.2010, 10.11.2010 and 14.02.2011
- State Co-ordination Forum formed by Govt. of Orissa - Chairperson & Members of OERC are Chairperson and Members of Forum – Meeting held in OERC on 28.6.2011.
- District Committees formed vide Orissa Extra Ordinary Gazettee notification No.1335 dated 05.10.2004.
- **Pro active Consumer education**
 - ✦ Direct consumer interface programs – 22.07.2010 (Cuttack), 24.07.2010 (Burla), 30.07.2010 (Jajpur), 04.08.2010 (Rourkela), 07.08.2010 (Khurda), 10.08.2010 (Dhenkanal), 11.08.2010 (Balasore & Bhubaneswar), 13.08.2010 (Paradeep), 09.09.2010 (Ombudsman-I&II), 16.09.2010 (Berhampur), 23.10.2010 (Jeypore)
- **Print & audio-visual campaign –**
 - ✦ Print - Public Interest message on Energy Conservation & Power Theft released in The Samaj, Sambad, Dharitri, Pragativadi, Samaya, Khabar, Sambad Kalika, The Times of India, The New Indian Express, The Telegraph, The Statesman, Business Standard, The Economic Times & The Pioneer from July to December, 2010.
 - ✦ T.V. – Live coverage of Ratha Yatra on 13.07.2010 was sponsored by OERC with free AV message on GRF/Ombudsman.
- **Publication of pamphlets, brochures & books**
 - ✦ Pamphlet on Energy Conservation printed in May, 2010.
 - ✦ Brochure on OERC on 1.08.2010.
 - ✦ Book on State Power Sector “Orissa Power Sector at a Glance, 2010” published on 05.01.2011.
 - ✦ Compendium of Tariff Orders of 2011-12 in English and Oriya in June, 2011

CONSUMER ADVOCACY & PARTICIPATION

73. The Commission has given special emphasis in consultation with various stakeholders, particularly the consumers. The Commission had engaged M/s WISE, Pune as consumer counsel for analysis of tariff applications of licensees for FY 2011-12. The said consumer counsel submitted its reports & presented its views during the tariff hearing of the Commission.
74. In order to ensure transparency and participations of stakeholders, all orders of the Commission regarding major issues are passed after conducting open public hearings. This is evident from the increasing numbers of objectors participating in Retail Tariff hearing of the Commission as given in the table below:



Sl. No.	Retail Supply Tariff Order since 2005-06	No. of objectors, who have filed suggestions/ views on ARR & Tariff application of Distribution Licensees
1.	FY 2004-05	72
2.	FY 2005-06	72
3.	FY 2006-07	69
4.	FY 2007-08	59
5.	FY 2008-09	70
6.	FY 2009-10	59
7.	FY 2010-11	225

CONSUMER INTEREST

75. As per the clause 15.11 (B) of Conditions of Distribution Code (OERC Regulations, 2004), there is an existing Complaint Handling Procedure for disposal of consumer complaints at their level. Aggrieved consumers can approach the Jr. Manager/SDO/Executive Engineer and there is time bound schedule for disposal of their complaints at different levels up to the CEO. Each Division is required to have a Consumer Cell to deal with consumer complaints.
76. With the Electricity Act, 2003 came into force w.e.f. 10th June 2003; a statutory provision was made for disposal of consumer complaints by a two tier mechanism consisting of Grievance Redressal Fora and Ombudsmen. If the licensee fails to address complaints the consumer can now approach the GRF and the Ombudsman for relief. The OERC framed a regulation called the OERC Grievance Redressal Forum and Ombudsman Regulation, 2004 which was notified in July 2004.

GRF AND OMBUDSMAN

77. Ten GRF and four Ombudsmen were set up in the four distribution zones of the state and they became functional in October, 2004. Two additional GRFs were set up in Paradeep and Khurda respectively in June 2006. In 2008 after the term of the Ombudsman was completed, two Ombudsmen were redesignated for Orissa, ie, Ombudmen-1 for Cesu area and Ombudsmen-II for Nesco, Wesco & Southco area. At present there are 12 GRFs and two Ombudsmen working in the State. Their location and address are given below:

TWELVE GRIEVANCE REDRESSAL FORA (GRFS) & TWO OMBUDSMEN

- The President, GRF, Dhenkanal, CESU, Near Fisheries Office, Kunjakant, Dhenkanal-759001.
- The President, GRF, Cuttack, 3R-1, CESCO Colony, Badambadi, PO: Arundeo Nagar, Dist-Cuttack.
- The President, GRF, Bhubaneswar, CESU, Plot No. 363, Sahidnagar, Bhubaneswar-7.
- The President, GRF, Khurda, CESU, Quarter No.3R/1, T.L.C. Colony, Khurda -752055.
- The President, GRF, Paradeep, CESU, AT-Pitambarpur, PO- Bhutmundai, Via-Kujang, Dist-Jagatsinghpur.
- The President, GRF, Jajpur, NESCO, T.T.S. Colony, Dhabalagiri, At- Sobra, Jajpur.
- The President, GRF, Balasore, NESCO, Near Kali Mandir, Balasore-756001.
- The President, GRF, Rourkela, WESCO, Office of the S.E, Rourkela Electrical Circle, Q-2, Rourkela Civil Township, Rourkela.
- The President, GRF, Burla, WESCO, Qtr No. D-2, Near Power House Club in Burla Town, P.O.Burla, Dist-Sambalpur-768017.
- The President, GRF, Bolangir, WESCO, O/o S.E. (Elect), Bolangir Electrical Circle, At/Po-Bolangir.
- The President, GRF, Berhampur, Near De Paul School, Engineering School Road, Berhampur-760010.
- The President, GRF, Jeypore, SOUTHCO, Power House Colony, Jeypore, Dist-Koraput.



TWO OMBUDSMEN

1. Ombudsmen-I (CESU Zone), Qrs. No. 3R S/2, GRIDCO Colony, P.O. - Bhoinagar, Bhubaneswar- 751022.
 - ii. Ombudsmen-II (NESCO, WESCO & SOUTHCO Zone), Qrs. No. 3R S/2, GRIDCO Colony, P.O. - Bhoinagar, Bhubaneswar- 751022.
78. As per reports of GRFs & Ombudsmen to the OERC, from April 2010 to March 2011, 3626 number of consumer complaints was received and 3633 disposed of by the GRFs. 178 cases came up for appeal before the two Ombudsmen and 163 were disposed of at the end of March, 2011. The position has been indicated below:

RECEIPT & DISPOSAL OF CONSUMER COMPLAINTS BY OMBUDSMEN FROM APRIL 2010 TO MARCH 2011

	Opening Balance	No. of cases received	No. of cases disposed	No. of cases pending
GRF	365	3688	3633	420
Ombudsman-I	3	49	41	11
Ombudsman-II	9	129	122	16

RECEIPT & DISPOSAL OF CONSUMER COMPLAINTS BY GRF FROM 1st APRIL 2010 TO 31st MARCH 2011

Name of Licensee	Name of GRF	Opening balance of cases	No. of cases registered	No. of cases disposed	No. of cases pending for disposal
NESCO	Balasore	11	529	516	24
	Jajpur	7	634	639	2
SOUTHCO	Berhampur	14	289	212	91
	Jeypore	6	55	49	12
WESCO	Burla	8	56	55	9
	Rourkela	158	325	447	36
	Bolangir	74	720	697	97
CESU	Bhubaneswar	2	230	228	4
	Khurda	11	123	106	28
	Cuttack	9	360	311	58
	Dhenkanal	44	143	157	30
	Paradeep	21	224	216	29

79. The Consumer can also approach the Commission directly under Section 142 of the Electricity Act, 2003 if any provisions of the Act or any regulation is violated by the licensee. During 2010-11 the Commission had admitted 31 cases u/s 142 and disposed of 17 cases. The Commission has set up its own Grievance Redressal Cell to monitor disposal of consumer complaints by the licensee. As on March 2011, 193 consumer complaints were registered with the cell. They were forwarded to the concerned GRFs/Distcoms for necessary action.
80. The Commission organized an interactive meeting with President & Members of 12 GRF & two Ombudsmen on 'Effective Functioning of GRFs & Ombudsman & Manner of Disposal of cases in Camp



Courts' at the OERC Conference Hall on **22nd June, 2010**. The Chairperson OERC presided over the meeting and a number of problems & issues on the topic were discussed on the occasion. Teams of officers of OERC also visited GRF & Ombudsman offices and inspected their records & functioning as per statutory requirement. They also held consumer interface programmes in all the GRF & Ombudsman Headquarters.

PUBLICITY

81. An awareness campaign covering national & local news dailies & All India Radio which was launched in April, 09 and continued upto March, 2011. Various messages covering topics such as new connection, disconnection, metering, billing, grievance redressal, energy conservation & power theft were broadcast in leading news papers. The short films on SOP & GRF/Ombudsmen were broadcast in the State Consumer Fair, Rathayatra & CII Industrial Fair and Rathayatra respectively. Phone in programme on energy conservation & consequences of power theft were also broadcast on All India Radio.

WORKSHOP/SEMINAR

82. A state level workshop on 'Tariff Setting Vis-à-vis Sustainable Development of Power Sector in Orissa' which was held on 05.01.2011 was inaugurated by the Hon'ble Finance Minister, Orissa, Shri Prafulla Chandra Ghadei at Hotel Crown, Bhubaneswar and Hon'ble Minister, Energy, Orissa Sri Atanu Sabyasachi Nayak. Nearly 500 persons comprising of representatives of PR Institution & ULBs, SAC Members, Consumer Representatives, SHGs & other state holders attended the workshop which was highly successful.

PUBLICATION

83. On the occasion of the workshop, a book on Orissa power sector titled "Orissa Power Sector – at a Glance' 2010" was published and released by the Chief Guest.

PRESS CLIPPING SERVICE

84. In order to keep the Commission abreast of up-to-date developments in the power sector within and outside the State, a daily press clipping service is maintained in the Commission. Articles and news items relating to the regional, national and international developments in the power sector published in the media were scanned and put up to the Commission for perusal and suitable action. The Commission took suo motu action on a number of such complaints.

RIGHT TO INFORMATION

85. The PAO and the Secretary, OERC respectively have been nominated as the PIO and Appellate Officer under the RTI Act. In 2010-11 eighteen applications were made under the RTI to the Commission and were disposed of. While challenging the legality of the order dt.14.03.2011 passed in second appeal No.224/2008 and 359/2008 the State Information Commission had directed NESCO to submit the information required by the consumer/complainant and to set up an appropriate system as per Section 5(1) under the RIT Act, 2005. The above order or the State Information Commission and its subsequent order dt.06.06.2011 in the above second appeals were challenged by RIL managed DISCOMs before the Hon'ble Supreme Court of India in SLP (Civil) Nos.758, 776 & 777 of 2010. These SLPs were dismissed on 31.01.2011 by the Apex Court as withdrawn by the RIL managed DISCOMs with liberty to them to raise all the questions as and when the occasion arises (Appendix-IX).

The applicability of the RTI Act, 2005 to the DISCOMs was also challenged before the Hon'ble High Court of Orissa in WP(C) No.20134 of 2011 by NESCO a private DISCOM managed by RIL. The Hon'ble High Court vide its judgment dtd.22.08.2011 have held that, the distribution companies fall within the definition of "Public Authority" as defined in Section 2(h) of the RTI Act, 2005. The DISCOMs when



discharging the public duties and their employees are public servants under the definition of section 2(c) of the Prevention of Corruption Act, the private DISCOMs cannot take a stand that it is not falling within the definition of "Public Authority" as defined u/s 2(h) of the RTI Act, 2005. Accordingly the Hon'ble High Court rejected the Writ Petition filed by NESCO, RIL Managed DISCOMs and as per prayer of the counsel for NESCO for grant of two months time for appointment of PIOs, APIOs and First Appellate Authority as per RTI Act, 2005, the Hon'ble High Court has granted six weeks time to NESCO (RIL Managed DISCOMs) for the said purpose. Now, as per the above order of the Hon'ble High Court of Orissa all the DISCOMs fall under the RTI Act, 2005 as Public Authority.

DISPUTE ADJUDICATION

ACTIVITIES OF THE LAW DIVISION DURING FY 2010-11

86. The Law Division deals with all legal matters pertaining to the functions of the Commission. Securitization of applications/replies/objections filed before the Commission, rendering necessary legal advice on various matters, representing the Commission in various Courts, Forums and Tribunals, liaising with legal counsel, drafting and vetting of Regulations, practice directions, notifications; maintaining relevant legal information, participating in Commission's proceedings are the prime functions of this Division.

87. Case matters before the High Court/Supreme Court/ATE

During the year 2010-11 the Commission has received notices in 11 cases from the Hon'ble High Court of Orissa. The Commission also received notices in 15 appeals from the Appellate Tribunal for Electricity (ATE), New Delhi and received notices in two Civil Appeals from the Hon'ble Supreme Court.

The Commission had engaged Sri Samareswar Mohanty, Advocate in Orissa High Court, Sri Rutwik Panda, Advocate on Record and Sri P. Ramesh Bhatt in Supreme Court of India/ Appellate Tribunal for Electricity, New Delhi as its Legal Counsels.

The tariff determination is the exclusive power of the State Regulatory Commission, which it exercises u/s 62 of the Electricity Act, 2003. The dispute with respect to the tariff determination power had been raised before the Hon'ble Apex Court in its judgment reported in (2002) 8 Supreme Court Cases, page 715 and AIR 2002 SC 3588 have held that the tariff determination power alone vests with the State Regulatory Commission. Further, sometimes, being aggrieved by the order of the State Regulatory Commission, the aggrieved party approaches the Hon'ble High Court with a prayer to set aside the order of the State Commission in exercise under the writ jurisdiction under Article 226 & 227 of the Constitution of India. The Hon'ble High Court of Orissa while deciding such issue in W.P.(C) No.15105 of 2007 filed by M/s. Visa Steel Vrs. State of Orissa and others on 31.03.2009 have held that as would be evident from Section 111 of the Electricity Act, 2003, the person aggrieved by the tariff order can prefer an appeal before the Appellate Tribunal for Electricity, New Delhi. The Hon'ble High Court of Orissa in the said Writ Petition have further held that, perusal of Section 111 of the Electricity Act, 2003 reveals that, the Appellate Authority can deal in to both facts and law. The jurisdiction of this Court while exercising the power under article 226 & 227 of the Constitution is rather circumscribed in as much as it can neither sit in appeal against the order passed by the State Electricity Regulatory Commission nor it can decide disputed question of fact efficaciously. To add further, the Hon'ble Supreme Court in the reported case (2010) 4 SCC, 603, have held that the tariff fixation like price fixation is legislative in nature and the same is appellable u/s 111 of the Electricity Act, 2003. Some of the important judgments are enclosed herewith in **Annexure-L**.

88. Regulations Framed under Electricity Act, 2003 by OERC

Consequent upon implementation of the Electricity Act, 2003, the Orissa Electricity Regulatory Commission has framed a number of Regulations which are shown in the Table below:



SI No.	Name of the Regulations	Orissa Notification Date	Published in Orissa Gazette No. and Date
1	OERC (Grievances Redressal Forum and Ombudsman) Regulations, 2004	5 th April, 2004	17 th May, 2004
2	OERC (Conditions of Supply) Code, 2004.	21 st May, 2004	28 th May, 2004
3	OERC (Licensees Standards of Performance) Regulations, 2004.	21 st May, 2004	28 th May, 2004
4	OERC (Procedure for filing appeal before the Appellate Authority) Regulations, 2004.	21 st May, 2004	28 th May, 2004
5	OERC (State Advisory Committee) Regulations, 2004.	21 st May, 2004	28 th May, 2004
6	OERC (Conduct of Business) Regulations, 2004	21 st May, 2004	28 th May, 2004
7	OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004	9 th June, 2004	10 th June, 2004
8	Orissa Grid code (OGC) Regulations, 2006	1 st May, 2006	14 th June, 2006
9	OERC (Terms and Conditions for Open Access) Regulations, 2005.	6 th June, 2005	21 st June, 2005
10	OERC (Determination of Open Access Charges) Regulations, 2006	6 th June, 2006	18 th July, 2006
11	OERC(Terms and Conditions for Determination of Tariff) Regulations,2007	22.06.2007	17 th June,2007
12	OERC (Intra-State ABT) Regulations, 2007	17 th Dec., 2007	14 th Feb, 2008
13	OERC Distribution (Conditions of Supply) Code, 2004.	18.08.2010	12 th Oct.,2010
14	OERC (Fees and Charges of State Load Dispatch Centre and other related matters) Regulations,2010	18.09.2010	18 th Nov.,2010
15	OERC (Renewable and Co-generation Purchase obligation and its compliance)Regulations,2010	30.09.2010	14 th Dec.,2010
16	OERC (Licensees Standards of Performance) Regulations, 2010.	16.12.2010	4 th Feb.,2011

The above Regulations are available in the commission's web site –www. orierc. org.

The Commission has framed the draft Regulations on Demand Side Management Regulations,2011 (in Suo motu proceedings in Case No.40 of 2011) has invited public views on the draft Regulations and after conducting a consultative hearing will finalise for publication in official gazette.

4. Amendment/Frame of Regulations

During the period 2010-11 the Commission has framed new Reulations and also has made amendment with respect to some existing Regulations.

- Amendment to OERC Distribution (Conditions of Supply) Code, 2004 vide Notification dated 18.08.2010 published in Orissa Gazette dtd. 12.10.2010
- Amendment to OERC (Fees and Charges of State Load Dispatch Centre and other related matters) Regulations, vide Notification dtd. 18.09.2010 published in Orissa Gazette dtd. 18.11.2010
- Framing of OERC (Renewable and Co-generation Purchase obligation and its Compliance) Regulations, 2010 vide Notification dated 30.09.2010 published in Orissa Gazette dtd. 14.12.2010



- (d) Amendment to OERC (Licensee's Standard of Performance) Regulations, 2004 vide Notification dated 16.12.2010 published in Orissa Gazette dtd. 04.02.2011.

89. Proceedings before the Commission

The Law Division examined and scrutinized petitions/replies/objections filed before the Commission.

The Division advised and rendered legal opinion on matters referred to it by the Engineering, Tariff, Secretarial and Administrative Divisions.

There are 173 no. of Cases were registered and 144 no. of Cases were disposed of and also interim orders passed in 49 cases by the OERC during the period from 01.04.2010 to 31.03.2011.

Financial Year wise pending cases in OERC

Sl. No.	Year	Cases pending due to subjudice before the Hon'ble High Court/ ATE	Cases pending for filing of compliance by petitioner/ respondent	Hearing concluded order reserved	Total
1	2005-06	1	0	0	1
2	2006-07	0	1	0	1
3	2007-08	4	8	0	12
4	2008-09	2	9	0	11
5	2009-10	4	26	0	30
6	2010-11	12	16	7	35
7	2011-12 (upto 31.03.11)	0	12	1	13
	Total	23	72	8	103

From 2005-06 upto 31.03.2011 there are 103 no. of cases are pending.

NB. As on 30.09.2011, this has been reduced from 8 to 3.

90. Important Orders passed during 1st April, 2010 to 31st March, 2011

Sl. No.	Case No. (No/Year)	Petitioner	Date of Final Order	Subject
1	02/2007	GLOBAL ENERGY LTD., 70 Nehru Place, New Delhi	18/SEP/10	Application for grant of Intra State trading licensee
2	51/2007	CMD, OPTCL, Janapath, Bhubaneswar	19/JUL/10	For approval of Business Plan for the FY 2008-09 to FY 2012-13
3	68/2007	DIRECTOR (TARIFF),	14/JAN/11	For non-compliance of Commission's direction at para 6.4.5 passed in Case No.57/2006 dtd.23.03.2007 - regarding receivable audit
4	69/2007	DIRECTOR (TARIFF),	14/JAN/11	For non-compliance of Commission's direction at para 6.4.5 passed in Case No.58/2006 dtd.23.03.2007 - regarding receivable audit
5	70/2007	DIRECTOR (TARIFF),	14/JAN/11	For non-compliance of Commission's direction at para 6.4.5 passed in Case No.59/2006 dtd.23.03.2007 - regarding receivable audit
6	71/2007	DIRECTOR (TARIFF),	14/JAN/11	For non-compliance of Commission's direction at para 6.4.5 passed in Case No.60/2006 dtd.23.03.2007 - regarding receivable audit



7	37/2008	DIRECTOR (TARIFF),	14/SEP/10	Suo-motu proceeding initiated by the Commission for finalisation of Policy on Harnessing of Power from Renewable Energy Sources including Cogeneration
8	02/2009	CONFEDERATION OF C.P.P,ORISSA, IMFA Building, Bomikhal	20/SEP/10	Permission for lease line data communication facility to the captive generating plants
9	46/2009	SRI KUNJA BANA PADHI, SE, SOUTHCO, Berhampur	02/AUG/10	Review order in Case No.34 of 2008 dated 01.11.2008
10	47/2009	SRI SUKANT KUMAR JETHI, JE, SOUTHCO, Berhampur	02/AUG/10	Review order in Case No.34 of 2008 dated 01.11.2008
11	48/2009	SRI JAMINI KNTA CHOUDHURY, SDO, SOUTHCO, Dist-Ganjam	02/AUG/10	Review of order in Case No.34 of 2008 dated 01.11.2008
12	49/2009	SRI PRASANNA KUMAR SINGH, JE, SOUTHCO, Dist-Ganjam	02/AUG/10	Review of order in Case No.34 of 2008 dated 01.11.2008
13	50/2009	SRI SURENDRA MAHARANA, EE, SOUTHCO, Rayagada	02/AUG/10	Review of order in Case No.34 of 2008 dated 01.11.2008
14	51/2009	SRI SUBRAT KUMAR JENA, JE, SOUTHCO, Dist-Ganjam	02/AUG/10	Review of order in Case No.29 of 2008 dated 01.11.2008
15	52/2009	SRI JOGESH CHANDRA PANDA, SE, SOUTHCO, Rayagada	02/AUG/10	Review of order in Case No.29 of 2008 dated 01.11.2008
16	53/2009	SRI RAMANATH BISOYEE, EE, SOUTHCO, Phulbani	02/AUG/10	Review of order in Case No.29 of 2008 dated 01.11.2008
17	54/2009	SRI CHANDRA SEKHAR SWAIN, EE, SOUTHCO, Dist-Ganjam	02/AUG/10	Review of order in Case No.28 of 2008 dated 01.11.2008
18	55/2009	SRI KAMA SETHI, SDO (Vig.), SOUTHCO, Berhampur	02/AUG/10	Review of order in Case No.28 of 2008 dated 01.11.2008
19	56/2009	SRI KUNJA BANA PADHI, SE, SOUTHCO, Berhampur	02/AUG/10	Review of order in Case No.28 of 2008 dated 01.11.2008
20	84/2009	AURO ISPAT (I) PVT. LTD., Govind Vihar, Bomikhal, BBSR	26/NOV/10	U/s 57 of the Electricity Act, 2003
21	101/2009	GRIDCO,	14/JAN/11	Power Sale Agreement between GRIDCO & PTC India Ltd. for Sale of Power to GRIDCO
22	107/2009	GRIDCO,	23/JUN/10	For approval and implementation of Fuel Surcharge Adjustment from EHT & HT industries during FY 2009-10
23	124/2009	OPTCL,	16/JUL/10	Investment Proposal of Rs.36 Crore for integration of 30 existing grid s/s under ULDC expansion scheme
24	133/2009	DIRECTOR (TARIFF),	28/FEB/11	Multi-Year Tariff Principles for the control period from FY 2008-09 to 2012-13
25	139/2009	OCL IRON & STEEL LTD., Vill-Lamloi, Rajgangpur-770017	26/AUG/10	For adjudication of a dispute u/s 86(1)(f) of the Electricity Act, 2003 relating to supply of surplus power from CGP
26	03/2010	WESCO, Burla, Sambalpur	01/JAN/11	Application filed by NESCO, WESCO & SOUTHCO for escrow relaxation



27	16/2010	GRIDCO,	17/APR/10	Application for Review of Commission's order dtd. 14.01.2010 passed in Case No.1/2010 (Power Regulation in the State)
28	17/2010	CEO SOUTHCO, Courtmeta,Berhampur	11/AUG/10	Seeking amendment of Proviso to Clause (b) of Sub-Rule 10 of Rule 13 of OERC Dist. (Conditions of Supply) Code, 2004
29	18/2010	CEO WESCO, AT/PO-Burla,Sambalpur	11/AUG/10	Seeking amendment of Proviso to Clause (b) of Sub-Rule 10 of Rule 13 of OERC Dist.(Conditions of Supply) Code, 2004
30	19/2010	CEO NESCO, Januganj,Balasore	11/AUG/10	Seeking amendment of Proviso to Clause (b) of Sub-Rule 10 of Rule 13 of OERC Dist.(Conditions of Supply) Code, 2004
31	20/2010	OPTCL,	02/NOV/10	Investment Proposal of OPTCL for Rs.67.48 crore to be taken up from the FY 2010-11 for provision of SCADA Interface Points at all its 220 KV S/s
32	21/2010	CESU,	20/MAY/10	Investment Proposal - For integrated system improvement and loss reduction schemes on availing loan assistance from REC/PFC
33	22/2010	OPTCL,	03/SEP/10	Investment Proposal - for construction of 132/33 KV and 220/132 KV s/s along with transmission lines on availing loan assistance
34	23/2010	OPTCL,	20/MAY/10	Investment Proposal - for Rs.18.594 crore to be taken up during 2010-11 for installation of capacitor banks (275 MVAR) in 23 nos. existing grid s/s
35	24/2010	C.E.O CESCO, IDCO Tower,Janapath,Bhubaneswar	24/JUN/10	For wheeling charges surcharges and additional surcharges for FY-10-11 under E.Act 2003
36	25/2010	WESCO, Burla, Sambalpur	24/JUN/10	For approval of open access charges for FY-10-11
37	26/2010	CEO NESCO, Januganj,Balasore	24/JUN/10	For Approval of open access charges for FY-10-11
38	27/2010	CEO SOUTHCO, Courtmeta,Berhampur	24/JUN/10	For approval of open access charges for FY-10-11
39	32/2010	GRIDCO,	21/JUN/10	U/S 8(4) of OERC (conduct of business) Regulations 2004 for seeking clarification on the order dated 09.09.2009 in Case no 62.96,97& 98 of 2009
40	33/2010	DUET INDIA INFRASTRUCTURE PVT LTD, Regd Office -815,ITT, Nehru palace New Delhi	23/JUN/10	U/S 62 & 86(1)(e) with the Electricity Act 2003 read with Regn 10,51 & 73 of OERC (Conduct of business Regn 2004
41	34/2010	CEO WESCO, AT/PO-Burla,Sambalpur	02/NOV/10	Permission for purchase of power by WESCO from Small CGPs connected with distribution network 33 KV & below and fixation of Tariff



42	35/2010	MEENAKSHI POWER LIMITED, Meenkshi House, Banachara Hill, Hyderabad.	08/JUN/10	Non submission of proposal by GRIDCO for determination of Tariff for Middle Kolab and lower Kolab Small HEP
43	36/2010	PROJECT DEVELOPMENT CONSULTANTS, F/6, BJB Nagar, Bhubaneswar	23/JUN/10	Application for compliance of the commission's order dtd 20.8.2005 passed in Case No: 14/2005 by GRIDCO for achieving minimum generation of 120MU from SOLAR PV interactive power by 2012
44	37/2010	CESU,	31/MAY/10	To waive out the DPS component amount Rs 526.41 Cr. on the existing BST dues as on 31-03-05
45	58/2010	SAHARA INDIA POWER CORP. LTD, Chandrasekharapur, Bhubaneswar	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plants
46	59/2010	DIRECTOR(ENGG.), OERC,Unit-8,Bhubaneswar-12	30/SEP/10	Suo-Motu proceeding for finalization of OERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010 in accordance with Ss.61, 66 & 86(1)(e) of the Electricity Act,2003
47	60/2010	M/S MOSER BEAR ACTIVE POWER LTD, 213-B, Okhla Industrial Estate, Phase-II New Delhi	09/JUL/10	Determination of Tariff for Grid interactive Solar Power Plant (2MW
48	61/2010	RSB ENERGY PVT LTD, N-2-40 , IRC Village Nayapalli, BBSR-15	09/JUL/10	Determination of Tariff for Grid interactive Solar power plants
49	62/2010	ALEX SOLAR PVT LTD, Swastik Bhawan 1st Floor, 30 S.N Roy Road , Kolkata	09/JUL/10	Determination of Tariff for Grid interactive Solar PV power plant (3MW)
50	63/2010	ALEX SOLAR PVT LTD, Swastik Bhawan 1st Floor, 30 S.N Roy Road , Kolkata	09/JUL/10	Determination for tariff for Grid interactive Solar PV power Plants (5MW)
51	64/2010	ABACUS HOLDING PVT LTD, Suite-2B, 2nd Floor, 7A- Gurusaday, Road Kolkata-19	09/JUL/10	Determination of tariff for Grid interactive Solar PV power plants (2MW)
52	65/2010	ORISSA HYDRO POWER CORPN., Janapath, Bhubaneswar	02/NOV/10	Approval of NAPAF of Hydro Power Stations under OHPC for the control period from 1.4.09 to 31.3.2014
53	68/2010	MB ACTIVE POWER LTD., 213B, Okhla Industrail Estate, Phase-III, New Delhi	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
54	69/2010	PAN TIME FINANCE PVT. LTD., B-403, Shree Krishna CH Society, Mumbai	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
55	70/2010	SHRI MAHAVIR FERRO ALLOYS PVT. LTD., Plot No.283, Vill. Jiabahal, IDC, Kalunga	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa



56	71/2010	SHREE MAHAVIR HI-TECH CHEMICALS, Kacheri Road, Rourkela	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
57	72/2010	RAAJRATAN ENERGY HOLDINGS PVT. LTD., 227, Road No.2, Banjara Hills, Hyderabad	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
58	73/2010	DV TRADERS PVT. LTD., 2 Mallick Street, Kilkata	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
59	74/2010	LEGEND STEELS PVT. LTD., Plot No.593/1, Rourkela	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
60	75/2010	LAKSHYA SUPPLIERS PVT. LTD., Crooked Lane, Kolkata	09/JUL/10	Determination of tariff for Grid Interactive Solar PV Power Plant in Orissa
61	76/2010	RSB ENERGY PVT LTD, N-2-40 , IRC Village Nayapalli, BBSR-15	09/JUL/10	Determination of Tariff for Grid Interactive Solar PV Power Plants
62	77/2010	M/S SHANTI ENERGY PROJECTS OVT LTD, 1St Floor Metro plaza , Buxi Bazar Cutack	09/JUL/10	Determination of tariff for Grid Interactive Solar PV power plants
63	78/2010	OPTCL,	05/AUG/10	Investment proposal for construction of 132/33 KV & 220/132 S/S on loan asst from REC/PFC
64	79/2010	M/S E10SIX SOLAR INDIA PVT LTD, 503 Kesav, Bandra Kurla Complex, Bandra Mumbai	09/JUL/10	Determination of Tariff for Grid Interactive Solar PV Power plants
65	80/2010	M/S GREAT EASTERN POWER PVT LTD, C/O Gupta Power Infrastructure Ltd CTC-Puri Road BBSR	09/JUL/10	Determination of Tariff for Grid Interactive Solar PV Power Plants
66	81/2010	DIRECTOR (TARIFF),	18/SEP/10	Suo-moto proceeding for finalisation of OERC (Fees & Charges for SLDC)
67	82/2010	ANANYA ENERGY PRIVATE LIMITED, F-9, Civil Township, Rourkela	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
68	83/2010	MOLISATI VINIMAY PVT. LTD., 25, Cuttack Road, Bhubaneswar	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
69	84/2010	S.N. MOHANTY, Weigh-Bridge Road, Barbil, Dist-Keonjhar	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
70	85/2010	OCL IRON & STEEL LTD., VIII-Lamloi, Rajgangpur-770017	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
71	86/2010	SEASHORE SECURITIES LTD., 298-A, Saheed Nagar, Bhubaneswar-7	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa



72	87/2010	MGM MINERALS LIMITED, 5A, Forest Park, Bhubaneswar	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
73	88/2010	INDEN TECHNOLOGIES PVT. LTD., IIT, Nehru Plae, New Delhi	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
74	89/2010	PRAGATI ELECTROCOM PVT. LTD., Plot No.184/3, Phase-I, IMT Manesar, Gurgaon	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
75	90/2010	VAISHALI AGENCIES PVT. LTD., D-1, 2nd Floor, Nikumbh Complex, Ahmedabad	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
76	91/2010	HIMCO FINLEASE PVT LTD, 408, South Ex Plaza-II, New Delhi	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
77	92/2010	UDHARV BUILDER PVT LTD, B- 18, South Ex Plaza-I, New Delhi	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
78	93/2010	VASA PHARMACHEM PVT. LTD., 2nd Floor, Nikumbh Complex, Ahmedabad	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
79	94/2010	ANANTH TECHNOLOGIES LTD., Hyderabad	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
80	95/2010	JAY IRON & STEELS LTD., Gangpur House, Udit Nagar, Rourkela	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
81	96/2010	LINGARAJ INFRASTRUCTURE PVT. LTD., G-1, BJB Nagar, Bhubaneswar	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
82	97/2010	MAX-TECH OIL & GAS SERVICES, F-315, MB Road, Lado Sarai, New Delhi	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
83	98/2010	KARTHIK ENTERPRISES, 701, Bhagwan Tower, Cuttack Road, Bhubaneswar	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
84	99/2010	SHIV-VANI OIL & GAS EXP SER LTD, NBCC Plaza, Sector-V, Pushp Vihar, New Delhi	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
85	100/2010	CITYGOLD MAGNT SERVICE LTD, 317, 3rd Floor, Nariman Point, Mumbai	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
86	101/2010	KTR ENTERPRISES PVT. LTD, 18-D3, V. Road, T.Nagar, Chennai.	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa



87	102/2010	CITYGOLD FARMING PVT. LTD., 317, 3rd Floor, Nariman Point, Mumbai	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
88	103/2010	PATTNAIK MINERALS PVT. LTD., Boneikala, Keonjhar	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
89	104/2010	CITYGOLD EDN. RESEARCH LTD., 317, 3rd Floor, Nariman Point, Mumbai	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
90	105/2010	MAA BHAGABATI SOLAR FARMS LTD., 704,Santi Towers Versova, Mumbai	09/JUL/10	For determination of tariff of Grid Interactive Solar PV Power Plant in Orissa
91	106/2010	OCL INDIA LIMITED, Rajagangapur,Orissa	20/SEP/10	For seeking direction to OPTCL and permission to use leased line for communication and data transmission
92	109/2010	CEO NESCO, Januganj,Balasore	10/NOV/10	Approval of investment to the tune of Rs.679.99 crore system improvement, IT & metering
93	110/2010	CEO WESCO, AT/PO-Burla,Sambalpur	10/NOV/10	Approval of investment to the tune of Rs.664.74 crore system improvement, IT & metering
94	111/2010	CEO SOUTHCO, Courtmeta,Berhampur	10/NOV/10	Approval of investment to the tune of Rs.660.72 crore system improvement, IT & metering
95	112/2010	PRASAD BIO-ENERGY (P) LTD., Door No.16-3-111, Gujurathipeta, Srikakulam	18/SEP/10	For determination of tariff for sale of power from 10 MW biomass power plant to GRIDCO
96	113/2010	AVN POWER PROJECTS (P) LTD., 1st Floor, Varam Residency, Srikakulam	18/SEP/10	For determination of tariff for sale of power from 10 MW biomass power plant to GRIDCO
97	114/2010	RASHMEE POWER PVT. LTD., HIG-31, BDA Colony, Jayadev Vihar, BBSR	18/SEP/10	For determination of tariff for sale of power from 10 MW biomass power plant to GRIDCO
98	115/2010	SHALIVAHNA GREEN ENERGY LTD., 7th Floor, Minerva Complex, Secunderabad	18/SEP/10	For determination of tariff for sale of power from 10 MW biomass power plant to GRIDCO
99	116/2010	ANDHAVARUPU POWER PROJECTS PVT.LTD., Varam Residency, Srikakulam	18/SEP/10	For determination of tariff for sale of power from 10 MW biomass power plant to GRIDCO
100	117/2010	C.M.D GRIDCO, Janpath,Bhubaneswar	23-NOV-10	Reg. Tariff of surplus power from CGPs for FY 2010-11
101	118/2010	MAHAVIR FERRO ALLOYS PVT. LTD., Jiabahal IDC, Kalunga, Sundargarh	23-NOV-10	For review of order dtd.28.01.2009 passed in Case No.6 of 2009 - for sale of surplus power from CGP
102	119/2010	C.M.D GRIDCO, Janpath,Bhubaneswar	14/DEC/10	For review of dtd.12.04.2010 in Case No.3/2010 on Escrow relaxation to REL managed DISCOMs
103	121/2010	OPTCL,	30/SEP/10	Approval of the Commission to the Long Term Demand Forecast for the period 2009-10 to 2018-19



104	122/2010	SATYA BIO (INDIA) PVT. LTD., Vysya Street, Kotabommali, Srikakulam	18/SEP/10	For determination of tariff for procurement by GRIDCO from 10 MW Biomass power plant
105	123/2010	RELIANCE MANAGEMENT DISCOMS, N-1/22, Nayapalli, Bhubaneswar	20/DEC/10	For review of the order dated 20.03.2010 passed in Case Nos. 41, 42 and 43 of 2010
106	125/2010	CESU,	14/DEC/10	For review of order dtd.20.03.2010 passed in Case Nos.41, 42 & 43 of 2007 and 22 of 2008 pertaining to approval of Business Plan for the FY 2008-09 to 2012-13
107	128/2010	GRIDCO,	14/DEC/10	For review of the order dt.20.03.2010 approval of business plans in Case Nos.41,42,43 of 2007 and 22 of 2008
108	130/2010	OPTCL,	18/12/10	For investment proposal of Rs30.30 Cr to be taken up during FY-2010-11 for replacement of ACSR conductor by ACCR conductor in 132 KV Chandaka-Mancheswar & Chandaka-Ransinghp
109	134/2010	CESU,	06/OCT/10	Investment proposal for infrastructure development & loss controll activities to be taken up during the period FY-2010-11 to FY-2013-14
110	136/2010	PROJECT DEVELOPMENT CONSULTANTS, F/6, BJB Nagar, Bhubaneswar	14/DEC/10	For provision of SCADA system for end users of less than 25MW
111	138/2010	OPTCL,	14/JAN/11	For determination of Tariff for sale of power to GRIDCO from Samal Barrage Hydro power based on PPA between OPTCL & PTC India u/s 62
112	142/2010	JAYASHREE CHEMICALS LTD, Jayashree-761025,Dist-Ganjam	19/NOV/10	For PLCC/SCADA system in Ganjam 132KV S/s u/s 1.8 of OGC
113	143/2010	ORISSA HYDRO POWER CORPN., Janapath, Bhubaneswar	18/MAR/11	ARR & Determination of Generation Tariff for FY 2011-12
114	144/2010	GRIDCO,	18/MAR/11	ARR & Determination of Tariff for Bulk Supply Price for FY 2011-12
115	145/2010	OPTCL,	18/MAR/11	ARR & Detemination of Transmission Tariff for FY 2011-12
116	146/2010	CESU,	18/MAR/11	ARR & Determination of Retail Supply Tariff for FY 2011-12
117	147/2010	CEO NESCO, Januganj,Balasore	18/MAR/11	ARR & Determination of Retail Supply Tariff for FY 2011-12
118	148/2010	WESCO, Burla, Sambalpur	18/MAR/11	ARR & Determination of Retail Supply Tariff for FY 2011-12
119	149/2010	CEO SOUTHCO, Courtpeta,Berhampur	18/MAR/11	ARR & Determination of Retail Supply Tariff for FY 2011-12
120	150/2010	SR GM SLDC, Mancheswar, Bhubaneswar	18/MAR/11	ARR & Levy of annual fees and operating charges for FY 2011-12
121	156/2010	CEO SOUTHCO, Courtpeta,Berhampur	01/JAN/11	For Fuel Price Adjustment (FPA) charges claimed by GRIDCO for the period of April, 2010 to August, 2010
122	157/2010	CEO WESCO, AT/PO-Burla,Sambalpur	01/JAN/11	For Fuel Price Adjustment (FPA) Charges claimed by GRIDCO for the period of April, 2010



123	158/2010	CEO NESCO, Januganj, Balasore	01/JAN/11	For Fuel Price Adjustment (FPA) Charges claimed by GRIDCO for the period of April, 2010 to Sept. 2010
124	161/2010	SR GM SLDC, Mancheswar, Bhubaneswar	20/JAN/11	Non payment of SLDC charges by M/S Meenakshi Power LTD
125	162/2010	RELIANCE MANAGEMENT DISCOMS, N-1/22, Nayapalli, Bhubaneswar	07/MAR/11	For seeking direction of the commission under S.32 of EA, 2003 for order protocol on power regulation)
126	163/2010	SOUTHCO, Courtmeta, Berhampur	25/JAN/11	For rationalization of Retail Supply Tariff for FY-10-11
127	166/2010	MEENAKSHI POWER LTD., Hyderabad	14/JAN/11	For determination of Final/Provisional Tariff for Middle Kolab and lower Kolab Small Hydro power stations (25MW+12MW)
128	01/2011	STERLITE ENERGY LTD, 92, Marker Chamber-III, Nariman Point, Mumbai-400021	13/JAN/11	U/s 1.8 of the OGC regulation, 2006 for exemption from the provision of speech and data communication to SLDC before synchronisation of 2nd unit of the IPP

91. Consumer Counsel

The Commission had engaged World Institute for Sustainable Energy (WISE), Pune as consumer counsel for analysis tariff applications of licensees for FY 2011-12. The said consumer counsel submitted its reports & presented its views during the tariff hearing of the Commission. The Commission has also engaged 9 NGOs/persons as consumer counsel to collect necessary feedback on consumer services from WESCO, NESCO, SOUTHCO & CESU areas and participate in the tariff hearing. Out of which five consumer counsels had submitted their reports and participated in the tariff hearing of the Commission.

92. Drafting and legal vetting

The Division drafted, and also made legal vetting of public notices, show cause notices, circulars etc. and assisted the Engineering Division in amendment of OERC (Conditions of Supply) Code, 2004 and also Orissa Grid Code, 2006.

93. Legal Information

The Division subscribed law journals/reports/Collected CDs to update information on latest judicial precedents/legislative developments. It gathered relevant information on Acts, Rules, Regulations and Orders on legal and regulatory matters relating to electricity. Relevant Orders of High Courts, Supreme Court, Central Electricity Regulatory Commission (CERC), Appellate Tribunal for Electricity (ATE), Rules and Notifications of Govt. of Orissa/ Govt. of India.

94. Special Courts

Under section 153 of the Electricity Act, 2003 Govt. of Orissa vide its Home Department Notification dated.01.09.2006, has established 5 Special Courts for trial of offences committed u/Ss. 135 to 140&150 of the said Act as below:

Sl. No	Name of the Court	Area of Jurisdiction (Revenue District)
1	Additional District and Sessions Judge, Balasore	Balasore
2	First Additional District and Sessions Judge, Berhampur, Ganjam	Ganjam
3	Additional District Judge-Cum-Additional Special Judge(Vigilance), Bhubaneswar	Khurda
4	First Additional District and Sessions Judge, Cuttack.	Cuttack
5	Additional District and Sessions Judge, Sambalpur	Sambalpur

These 5 Special Courts are yet to be fully functional.



95. According to Rule 11 of the Electricity Rules, 2005, formulated by the Central Govt. the jurisdictions of the courts other than the Special Courts shall not be barred under sub-section(1) of section 154 till such time the Special Court is constituted under sub-section(1) of section 153 of the Act. Creation of additional number of courts is essential to meet the growing number of litigations so that energy related crimes are disposed of expeditiously.

96. Abatement

Under Section 150 of the Electricity Act, 2003 whoever abate an offence under the said Act shall be punished with the punishment provided for the offence.

If any officer or employees of the licensee or electrical contractor abates the offence he shall be punished with imprisonment for the terms which may be extended three years, or with fine, or with both.

97. BAR OF CIVIL COURT

According to Section 145 of the Electricity Act, 2003, no Civil Court have jurisdiction to entertain any suit or proceeding of grant injunction in respect of any matter empowered to an Assessing officer, Appellate Authority, Adjudicating officer.

ADMINISTRATION

98. The Secretarial Division looks after the administration of the Commission. It is the pivot of the Commission's activities and the post of Secretary is statutory. Under the provisions of section 91(1), the Secretary is required to assist the Commission to carry out its functions. The OERC (Conduct of Business) Regulations, 2004 also defines the role of Secretary as the spokesman & representative of the Commission in all matters pertaining to its proceedings/hearings.

99. The Secretary is the repository of the Commission's orders and records and carries out all correspondences of the Commission. He issues true copies/certified copies of orders, documents, and notification for and on behalf of the Commission. He is the custodian of the seal of the Commission. The Secretary acts as the ex-officio Secretary of the State Advisory Committee. The Secretary is the first Appellate Authority under the RTI Act, 2005. Consequent upon the abolition of the post of Director (Administration), the Administration wing has been placed under Secretary.

100. The Administration Section provides vital support to the Commission in various matters such as recruitment, appointment of executives and non-executives, house keeping, procurement of materials, equipment maintenance, organizing functions/seminars/ workshop, printing of Tariff Order & other publications such as Power Sector at a Glance, Annual Report, etc. Administrative Matters relating to CESU, FOR, FOIR, CEA, CBIP, Ministry of Power, SAFIR, CIGRE, etc. are dealt by the Administration Branch. Other matter such as Assembly, Parliament, caretaking, security, training, performance appraisal, materials management, Audit and Accounts are also dealt by the Administration Branch. It is headed by the Secretary and consists of a Deputy Director (Personnel and Administration), an Accounts Officer, an Accountant-cum-Cashier and one Steno-cum-Computer Assistant.

ORGANISATION CHART

101. The organization chart of Orissa Electricity Regulatory Commission (OERC) for the FY 2010-11 is shown at **Annexure-B**.

102. OFFICERS & STAFF

i) The Commission has 17 nos. of officers and 24 nos. of staff of various categories as on 31.03.2011 (Annexure-A).

ii) Up gradation of post

Post of Accountant-cum-Cashier has been upgraded w.e.f.01.01.2011 from the scale of Rs.5200-20200 + GP 2400 to Rs.9300-34800 + GP 4200.



- iii) Assets acquisition
 - i. Two nos. Plan (1+1) telephone set has been procured.
 - ii. Four nos. tyres & tubes have been procured.
 - iii. One no. ladder has been procured.
 - iv. Three nos. Samsung 18.5" TFT Monitor has been procured.
 - v. One no. HP Laser Jet Printer has been procured.
 - vi. One no. Sony Cyber shot Camera has been procured.
 - vii. Two nos. LCD Projector has been procured.
 - viii. Two nos. ACs has been procured.
 - ix. One Feather Lite Chair has been procured.
 - x. Four nos. Lenovo Thick Centre has been procured.

Participation in Training/ Seminar/ Workshop/ Conference

103. Participation in Training/ Seminar/ Workshop/ Conference etc. are integral part of knowledge based organization like OERC. Officers and Staff have attended various training programmes, seminars, workshops & conferences in the year 2010-11 to enhance their professional skills and update their knowledge (Annexure-C).

STATE ADVISORY COMMITTEE MEETING

104. The State Advisory Committee meetings are usually held in every quarter of a year. During the year there were three meetings held at Conference Hall of OERC on 30.06.2010, 10.11.2010 and 14.02.2011 and the minutes of the meeting are at Annexure-D, E, F.

Annual Statement of Accounts

105. After the framing of Orissa Fund Rules, 2006 on 01.04.2006 Accounts of OERC are being maintained on commercial basis and accordingly accounts audit was completed upto the FY 2007-08 by A.G. Orissa during the month of June, 2011. We have also received the Audit Certificate for the year 2007-08 from Comptroller & Auditor General of India, New Delhi. A.G. Orissa has also completed the transaction audit upto the year 2010-11 during the month of August-September, 2011. The income and expenditure statement, receipt and payment statement and the balance sheet for the FY 2010-11 is placed at Annexure-G, H, I. The audit report of the Comptroller & Auditor General of India for the year 2007-08 is placed at Annexure-J.

Concluding observations and Road ahead:

- 106.** The Commission all along has been taking proactive steps to protect the interest of the low-end consumers like Domestic, BPL, Agriculture and LT consumers as a whole. But this would be difficult to continue at a lower tariff for such category of consumers because of mainly the following reasons:-
- (i). Inevitable tariff hike on account of increase of Power Purchase Cost.
 - (ii). Mandatory requirement under Sec.61(g) to keep the average tariff ($\pm 20\%$) of the average cost of supply vis-à-vis lack of commitment of the State Govt. to provide subsidy under Sec.65 of the Electricity Act in order to enable the Commission to give lower tariff for relatively poor consumers.
 - (iii). Lack of commitment by the State Govt. to provide subsidy as required under Rural Electrification programme i.e. under RGGVY.
 - (iv). Want of surplus power for trading making it difficult for GRIDCO for purchasing power at a higher price but selling at a lower price to the DISCOMs to keep the Retail Tariff at reasonable level in order to safeguard the interest of the consumers.
 - (v). Funding under R-APDRP may necessitate for adopting the actual level of loss for the purpose of determining the tariff instead of normative distribution loss now adopted by the Commission in order to safeguard the interest of the consumers.



107. Inevitable tariff hike on account of increase of Power Purchase Cost

- (i) The retail tariff for the consumer consist of bulk supply price of GRIDCO to the distribution companies, transmission charges payable to OPTCL by the distribution companies, SLDC charges and the distribution cost incurred by the distribution companies for maintaining their distribution network. The average tariff for the distribution companies consists of 57.33 % towards power purchase cost, 6% towards transmission & SLDC charges and 36.42% towards distribution cost. If there is increase in the cost of generation and consequently the power purchase cost of GRIDCO, the retail tariff is bound to increase. Similarly, when OPTCL invests in up gradation of the GRID substation, power transformers or construction of new grid substations and transmission lines etc., it is to service the loan obtained from different financial institutions and this has to be recovered in shape of transmission charges from the distribution companies which ultimately is passed on to the consumers.
- (ii) The table given below explains as to how the average cost of supply and average retail tariff is increasing mostly because of increase in the cost of power.

**TABLE-1
Comparative position of approved Bulk Supply, Transmission and
Retail Tariff approved by the Commission**

		2008-09	2009-10	2010-11	2011-12	% increase
1	Avg. Cost of OHPC Power P/U	53.35	59.36	64.40	68.01	6%
2	Avg. Cost of OHPC Including Machhakund Power P/U	52.01	57.63	62.51	65.96	6%
3	Avg. Power Purchase cost of GRIDCO P/U	127.40	148.27	174.58	210.32	20.47%
4	Avg. BSP P/U	122.15	122.20	170.25	231.65	36.06^
5	Difference between BSP & Power purchase (p/u) (3) – (4) / (4) – (3) as the case may be	-5.25	-26.07	-4.33	21.33	
6	Break-Up of BSP P/U vide SI No.4					
	CESU	101.50	101.50	157.00	219.00	40%
	NESCO	125.00	130.00	195.00	262.00	35%
	WESCO	157.25	154.00	194.00	262.00	35%
	SOUTHCO	70.00	70.00	90.00	135.00	50%
	TOTAL	122.15	122.20	170.25	213.65	36.06%
7	Avg. Transmission Charge P/U	21.00	20.50	23.50	25.00	7%
	Average cost of supply	272	263	327.37	408.87	25.00%
8	Avg. RST P/U (Revenue)	281.40	265.15	320.58	404.01	26.02%*
9	Avg. BSP (P/U)	122.15	122.20	170.25	231.65	36.06%
10	Transmission Cost incl. SLDC (P/U)	21.00	21.00	23.68	25.18	7.0%
11	Difference to DISCOMs (8 – 9 – 10) (P/U)	138.25	121.95	126.65	147.18	17%
12	Break-up of the Retail Tariff voltage wise					
	EHT	295.05	295.05	379.93	477.43	26%
	HT	308.68	308.68	383.68	482.43	26%
	LT	212.00	179.99	219.21	300.34	37%
	Overall	281.40	265.15	320.58	404.01	19.74%**

* Revenue based 19.74% for 2011-12 against 22.22% in 2010-11

** Revenue to Revenue 19.74% (Tariff to Tariff 26.02% in 2011-12 against 21% in 2010-11).

- (iii) The table above indicates the rate approved by the Commission but actually the power purchase cost has increased from year to year compared to the rate approved by the Commission for 2007-08. While Commission had approved the average rate of purchase of hydro power by GRIDCO from OHPC power stations at Rs.57.67 paise for 2009-10 (including Machhkund) the actual rate was Rs.73.43 paise per unit.



Against Commission's approval of 6184.44 MU of energy for 2009-10 from state hydro stations, because of erratic rain fall the actual amount of energy available from state hydro was only 4056.07 MU. Commission's approval was based on the normative original design energy of the hydro stations.

Similarly for 2010-11, the Commission approved 5881.74 MU from state hydro stations at an average rate of 62.51 paise per unit (including Machhkund but excluding Machhkund 64.40 per unit), but upto to end of March, 2011, GRIDCO has purchased 4874.39 MU from state hydro stations at an average rate of 70.51 paise per unit.

For the year 2011-12 Commission has normatively estimated 5881.74 MU energy from state hydro stations based on the original design energy at an average rate of 65.96 paise per unit (including Machhkund, excluding Machhkund 68.01 paise per unit). Going by the experience of 2009-10 and 2010-11, if the generation of state hydro goes down from the level of 5881.74 MU estimated by the Commission based on the original design energy the rate of purchase of state hydro power would increase from the rate of 65.96 p/u approved by the Commission for 2011-12.

- (iv) In case of purchase of energy by GRIDCO from the state thermal stations (OPGC, TTPS, IPPs, CGPs, Co-generating Plants etc.) Commission had approved 6445.37 MU at an average rate of 181.23 paise p/u for 2009-10 but actually GRIDCO purchased 8882.91 MU from state thermal stations at an average rate of 206.82 paise per unit. For 2010-11, Commission had approved purchase of 8037.08 MU from state thermal stations at an average rate of 199.78 paise per unit but actually GRIDCO has purchased 10,122.83 MU upto end of March, 2011 from state thermal (OPGC, TTPS(NTPC) IPPs, Co-generating stations etc.) stations at an average rate of 208.65 paise per unit against 199.78 paise per unit approved for 2010-11. For the year 2011-12 Commission has approved for purchase of 10323.18 MU energy from state thermal stations at an average rate of 221.25 paise per unit. In view of the consistent increase in the cost of coal and furnace oil and in view of the past experience the rate of purchase of power from state thermal may increase from 221.25 paise per unit approved for the 2011-12.
- (v) In case of purchase of power by GRIDCO from the Central Thermal Stations, it is seen that for the year 2009-10, Commission had approved 5905.22 MU energy at an average rate of 197.31 paise per unit but GRIDCO had actually purchased 5819.62 MU at an average rate of 221.58 paise per unit during the said period (2009-10). For the year 2010-11, Commission had approved 5860.77 MU from Central Thermal Stations at an average rate of 243.54 paise per unit. But by end of March, 2011 GRIDCO purchased 6026.26 MU at an average rate of 309.19 paise against 243.54 paise approved for 2010-11. For the year 2011-12, Commission have approved the purchase of 6056.42 MU by GRIDCO from the Central Thermal stations at an average rate of 331.05 paise per unit and this approved rate may increase because of persistent rising cost of coal and furnace oil and in view of the experience of 2009-10 and 2010-11 as indicated above.
- (vi) As a whole it may be seen that while Commission had approved for purchase of 19719.37 MU of energy by GRIDCO from different sources for state consumption at an average rate of 148.27 paise per unit for 2009-10, but the actual purchase was 20956.1 MU at an average rate of 196.95 paise per unit for 2010-11.
- (vii) For 2010-11 Commission had approved for purchase of 21003.75 MU by GRIDCO from different sources from state consumption at an average rate of 174.58 paise per unit, but by the end of March, 2011 GRIDCO purchased 23249.87 MU at an average rate of 202.93 paise unit against 174.58 paise unit approved for 2010-11. Commission has approved purchase of energy of 23489.18 MU by GRIDCO from different sources for consumption within the State at an average rate of 210.32 paise per unit for 2011-12. The position can be summarized in the table given below:-



TABLE-2
Comparative position of Power Purchase rate approved vis-à-vis the Actual Energy in MU, Rate in Paise per unit

Sources of Generation	State Hydro		State Thermal		Central Thermal		Total GRIDCO	
	Comm. App.	Actual	Comm. App.	Actual	Comm. App.	Actual	Comm. App.	Actual
FY2009-10								
Energy	6184.44	4056.07	6445.37	8882.91	5905.22	5819.62	19719.37	20956.10
Total Rate	57.67	73.81	181.23	206.82	197.31	221.58	148.27	196.65
Total Cost	356.64	299.39	1168.09	1837.16	1165.18	1289.21	2923.80	4127.34
FY2010-11								
Energy	5881.74	4874.39	8037.08	10122.83	5860.77	6026.26	21003.75	23249.87
Total Rate	62.51	70.51	199.78	208.67	243.54	309.19	174.58	202.93
Total Cost	367.65	343.70	1605.66	2112.15	1427.31	1863.23	3666.85	4718.06
FY2011-12								
Energy	5881.74		10323.18		6056.42		23489.18	
Total Rate	65.96		221.25		331.05		210.32	
Total Cost	387.96		2284.03		2004.97		4940.30	

(Rate for 2010-11 indicated here is unaudited)

Though, the Commission has approved the average rate of 210.32 paise per unit of power purchase by GRIDCO, but going by the past experience and in view of the rising cost of coal and furnace oil not only the consumption of energy would increase, but the rate of purchase price may also increase substantially which is corroborated from the facts and figures of 2009-10 and 2010-11 explained in the preceding paragraphs. This is again substantiated by recent increase of price F grade and G grade coal used in thermal power by 19% and 23% respectively (average 21%) announced by Mahanadi Coal Field Limited, a subsidiary of Coal India. Added to this MCL has also started billing of excise duty of five percent from 1st March, 2011. Thus with hike in price of coal together with levy of excise duty the coal price is going to increase by 29% which has not been fully factored in the recent tariff hike approved by the Commission from 01.4.2011. Consequently, the GRIDCO's power purchase cost from NTPC thermal power stations is going to increase from Rs.3.50 to Rs.4.00 per unit. For the end consumers the hike could possibly be in the range of 70-75 paise per unit keeping in view the distribution loss. In case of OPGC the on account of enhanced excise duty the additional burden would be Rs.7.50 crore per annum which would hike up the power purchase cost of GRIDCO (Business Standard dt.30.3.2011).

- (viii) Further, in addition to the increase of thermal power cost because of increase in coal price and excise duty, the rising coal imports is going to push power costs by upto 70 paise a unit (Extract of Indian Express dated 21.2.2011)

"The monthly electricity budget of the common man may soon be in for a jolt, with the power ministry pointing out that jacked up prices of imported coal, coupled with deteriorating financial health of power utilities have led to a rise in electricity generation costs by 30-35 per Kwh. Stating that acute shortage of coal was having a telling effect on power utilities, the ministry, in a note to the GoM on coal, said that poor supply from CIL has led to utilities increasingly importing thermal coal. Imports have shot up to 23.2 MT in 2009-10 as against 16 MT in 2008/09, the ministry said. Already, in 2010/11 (April-December period), due to short supply of coal, power companies have sustained a generation loss of 5.3 billion units"

108. Mandatory requirement under Sec.61(g) to keep the average tariff (+ 20%) of the average cost of supply vis-à-vis lack of commitment of the State Govt. to provide subsidy under Sec.65 of the Electricity Act in order to enable the Commission to give lower tariff for relatively poor consumers.

- Section 61(g) read with para 8.3.2 of Tariff Policy, 2006 stipulates "Tariff progressively reflects the cost of supply of electricity, so that latest by the end of 2010-11 the tariffs are within + 20% of the average cost of supply.



The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

- On the other hand para 5.5.2 of National Electricity Policy, 2005 states that “a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50% of the average (overall) cost of supply. This provision will be further re-examined after five years”.
- If any class of consumers are to be subsidized the State Govt. have to pay the subsidy in advance as per Section 65 of the Electricity Act, 2003 which is extracted below:-
- “65. Provision of subsidy by State Government –If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the state Government shall, notwithstanding any direction which may be given under Section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government.”
- Even though the State Government have not agreed to provide subsidy to agriculture or BPL families domestic consumers, tariffs in those cases have been fixed much below -20% of the average cost of supply of 408.87 paise unit determined for the year 2011-12.
- When the average cost of supply for 2011-12 has been determined at 408.87 paise per unit, the tariff for the relatively poor consumers cannot be less than 327.07 paise (i.e. -20% of 408.87) and more than 490.67 paise per unit (+20% of 408.87). However, while the attempt has been made to reduce this cross subsidy by gradually increasing tariff for LT consumers, because of special treatment for Agriculture, allied agricultural activities allied agro industries, BPL families (fixed charged of Rs.30.00 paise per month upto 30 Units) and domestic consumers in the first slab (upto 50 unit per month 140 paise per unit) the target of reduction of cross-subsidy has not yet been achieved). For LT category of consumers the cross subsidy is by (-) 26.54% while for EHT it is +16.77% and for HT it is +17.90% which is evident from the table given below:-

TABLE-3
Cross Subsidy in 2011-12

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
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%
	Kutir Jyoti		100.00	-163.00	-61.97%
	Irrigation		110.00	-153.00	-58.17%
2010-11	EHT	327.37	379.93	52.56	16.06%
	HT		383.68	56.31	17.20%
	LT		219.21	-108.16	-33.04%
	Kutir Jyoti		100.00	-227.37	-69.45%
	Irrigation		110.00	-217.37	-66.39%
2011-12	EHT	408.87	477.43	68.56	16.77%
	HT		482.43	73.56	17.99%
	LT		300.34	-108.53	-26.54%
	Kutir Jyoti		100.00	-308.87	-75.54%
	Irrigation		110.00	-298.87	-73.09%



- In case of BPL family the cross subsidy paid is 308.87 paise (408.87-100 tariff per unit for 30 units in a month) which is 75.54% less than the average cost of supply.
- In case of Agriculture/irrigation the cross subsidy per unit is 298.87 paise (408.87 - 100 paise per unit) which is 73.09% less than the average cost of supply.
- In case of domestic consumers the consumers consuming upto 50units per month are pay 140 paise per unit from 2001-02 which has remained unchanged for 2010-11 and 2011-12. In their case per unit subsidy is 268.87 paise (408.87-140 paise per unit) which is (-) 66% less than the average cost of supply.
- Domestic consumers consuming 200 units per month are being subsidized by -28% of the average cost of supply as for them the average per unit works out to 297 paise.
- Domestic consumers consuming 400 units per month are being subsidized by (-)11% as for them the average rate per unit works out to 363 paise.
- Domestic consumers consuming 600 units per month are being subsidized by (-) 1.5% as for them the average rate per unit works out to 400 paise.
- Only those high end domestic consumers consuming 700 units per month would be paying (+)1.22% higher than the average cost of supply of 408.87 paise as for them the average per unit works out to 413 paise against average cost of supply of 408.87 paise per unit. This is evident from the calculation given in the following table:-

TABLE-4

Consumption/ Month	Tariff	Total Payment for Energy Charges (Rs.)	Average Per Unit Energy Charges (P/U)	Cross- Subsidy in %
50 Units	Consumption ≤ 50units per month 140 paise per unit	140 paise X 50 units = Rs.70	140	(-) 66%
200 Units	Consumption ≤50units ≤200 units per month 350 paise per unit	140 paise X 50 + 350 paise X 150 = Rs.595/-	297	(-) 28%
400 Units	Consumption >200≤200 units p/m 430 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 = Rs.1455	363	(-)11%
600 Units	Consumption >400 ≤600 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 = Rs.2415	400	(-)1.5%
700 Units	Consumption >600 ≤700 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 + 480 paise X 100 = Rs.2895	413	(+)1.22%

When the cost of purchase of power is increasing and the Commission is mandated to keep the average retail tariff for different categories of consumer (voltage wise i.e LT, HT & EHT) within + 20% of the average cost of supply the existing level of tariff for low end consumers will have to increase unless State Govt. come forward to provide direct subsidy in order to keep the tariff for such categories of consumers at a relatively lower level.

109. Lack of commitment by the State Govt. to provide subsidy as required under Rural Electrification programme i.e. RGGVY.



109.1 At present BPL consumers are paying at flat rate of Rs.30 per month for consumption of 30 units. Due to RGGVY & BGJY the number of BPL consumers will rise from 89250 to 6.50 lakhs at the end of 2010-11 and this may further increase upto 40 lakhs by end of 2011-12. As the State govt. is committed to ensure 100% rural electrification and provide electricity connection to all BPL families the distribution companies have submitted that since they are realizing only Rs.1 per unit and the cost of supply would be more than Rs.4 during 2011-12 and in subsequent years they would incur substantial loss on account of consumption by the BPL families. In this connection they have also drawn attention to the provision of clause (H) and (I) of the agreement entered into between NTPC, REC, DISCOMs and the State Govt. which is extracted below:-

“H. Government of Orissa and NESCO commit that they shall ensure:

- (a) Determination of bulk supply tariff for franchisees in a manner that ensures their commercial viability.*
 - (b) Provision of requisite revenue subsidy by the State Government to the State Utilities as required under the Electricity Act, 2003.*
- I. (ii) The provision of requisite revenue subsidy to the State Utilities, as required under the Electricity Act, 2003 - Revenue sustainability arrangement shall be ensured in the project area and based on the consumer mix and the prevailing consumer tariff and likely load, the Bulk Supply Tariff (BST) for the franchisee would be determined after ensuring commercial viability of the franchisee. This Bulk Supply Tariff would be fully factored into the submissions of the State Utilities to the State Electricity Regulatory Commissions (SERCs) for their revenue requirements and tariff determination” The State government under the Electricity Act, 2003 is required to provide the requisite revenue subsidies to the state utilities if it would like tariff for any category of consumers to be lower than the tariff determined by the SERC”*
- (iii) Adequate arrangement for supply of electricity without any discrimination in the hours of supply between rural and urban households.*

109.2 In this connection, it is to be noted that while fixing tariff for BPL category consumers or other vulnerable sections of the society, Commission has to be guided by the provision of para 5.5.2 of the National Electricity Policy which states that a minimum level of support may be required to make electricity affordable for consumers of very poor category. Consumers Below Poverty Line (BPL) who consume below a specified level say, 30 units per month may receive special support in terms of tariff which are cross subsidized. Tariff for such designated group of consumers will be at least 50% of the average (overall) cost of the supply.

109.3 Thus, as per the provision of para 5.5.2 of the National Electricity Policy Commission is required to fix a tariff for BPL consumers which should not be less than 50% of average cost of supply and the balance has to be borne by the state government as a revenue subsidy as per the Section 65 of the Electricity Act, 2003.

109.4 However, before providing any subsidy actual consumption by the BPL families and the loss arising due to low level of tariff for such BPL families have to be verified and ascertained by a third party. The loss incurred by the distribution companies because of other reasons or due to theft by other consumers cannot be loaded on the state government in the name of loss arising out of subsidizing rate of tariff for the BPL consumers. But with increase in number of BPL consumers the loss level is definitely going to increase which cannot be absorbed by higher tariff, better performance and better collection in respect of other consumers. Because as per Section 61(g) of the Electricity Act, 2003 read with para 8.23 of the Tariff Policy Commission has been mandated to keep the cross subsidy within + 20% of the average cost of supply by end of 2010-11. It means that if the average cost of supply is Rs.4 per unit the highest tariff rate for high end consumers like industry, etc. should not be more than 4.80 per unit whereas for low end consumers it should not be less than Rs.3.20 per unit. In case of BPL families the minimum tariff has to be Rs.2/- per unit as per provision of para 5.5.2 of National Electricity Policy and the balance Rs.2/- is required to be paid by State Govt. as subsidy under Section 65 of the Electricity Act, 2003. With increase in BPL consumers and average cost of supply the loss is going to increase and State Govt. is required to comply with the provisions of the Section 65 of the Electricity Act, 2003 to provide subsidy on this account.



110. Want of surplus power for trading is making it difficult for GRIDCO for purchasing power at a higher price but selling at a lower price to the DISCOMs to keep the Retail Tariff at reasonable level in order to safeguard the interest of the consumers.

Even though GRIDCO is purchasing power from different sources at a higher cost this is not being fully factored into the retail tariff for recovery from the consumers and the BST price which forms a major component of retail tariff has been kept in some years at a level lower than the purchase price. The gap left in the ARR of GRIDCO was supposed to be filled up through profit earned from sale of surplus power but with the rise in demand of the existing consumers as well as increase in number of consumers the surplus power is not available. Still then the Commission has left gap in the account of GRIDCO to keep the BST price at a low level in order to keep the retail tariff at an affordable level. This would be evident from the table given below:-

**TABLE-5
ARR GAP OF GRIDCO**

(Rs. in crore)

Financial Year	Gap in ARR (Approved)	Actual Gap	Net Gap	Approved rate of Power Purchase by GRIDCO (P/U)	BST Rate approved for sale to DISCOMs (P/U)
2006-07	(-) 504.52	547.55	43.03	113.97	120.85
2007-08	(-) 464.86	1052.34	587.48	119.91	121.59
2008-09	(-)410.05	528.62	118.27	127.40	122.15
2009-10	(-)882.85	(-)1673.70	(-)1673.70	148.27	122.20
2010-11	(-)806.16	(-)1296.25	(-)1296.25	174.58	170.25
2011-12	(-)746.05			210.32	231.65

111. Funding under R-APDRP may necessitate adopting the actual level of loss for the purpose of determining the tariff instead of normative distribution loss now adopted by the Commission in order to safeguard the interest of the consumers.

111.1 The overall distribution loss during the year 1999-2000 was 43.91% and the distribution companies have reduced the distribution loss to a level of 37.24% by the end of 2009-10 and 37.96% by end of 2010-11. Commission has not fixing the tariff based on the distribution loss actually achieved and the projection made for the subsequent years but tariff is being fixed on the normative target fixed by the Commission from year to year. For example against 37.24% of distribution loss achieved in 2009-10 the distribution companies projected the distribution loss of 35.60% for the year 2010-11 but the Commission had approved the ARR and tariff on the normative distribution loss of 22.2%. Similarly, for the year 2011-12 though the distribution companies are showing a loss of 37.96% during the year 2010-11 provisionally and had projected distribution loss of 32.95% for the year 2011-12 Commission while determining the ARR and tariff for 2011-12 adopted distribution loss of 21.71%. Thus, it is not correct to say that the high loss incurred by the distribution companies is being loaded to the consumers. If the ARRs and the retail tariff would have been fixed on the actual distribution loss projected and proposed by the distribution companies, the tariff hike would have been much higher which the Commission has not permitted.

111.2 As per Section 61(d) of the Electricity Act, 2003 while the Commission is mandated to ensure recovery of the cost of supply to the consumers and safeguard their interest, there is also need to ensure that the power utilities perform efficiently. Their inefficiencies cannot be loaded to the consumers in the shape of higher tariff. On the other hand while fixing tariff across the different type of consumers some sort of consideration has to be given to the poor and low end consumers but that again is to be regulated as per the Section 61(g) of the Electricity Act, 2003 read with para 8.3.2 of the Tariff Policy and para 5.5.2 of the National Electricity Policy. While protecting the interest of the low end consumers it has also to be ensured that Indian industry function in a globally competitive market. Accordingly, attempts are to be made to ultimately to see that the low end consumers are subsidized within -20% while high end consumer like



industry etc, should not subsidize more than 20% of the overall cost of supply. Further, para 5.5.2 of the Electricity Policy states that consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross subsidized and tariff for such designated group of consumers will be at least 50% of the "Average (overall) cost of supply".

111.3 The efficiency in performance of the distribution companies it is seen that they have not been able to make perceptible impact on reduction of Distribution loss and Aggregate Technical and Commercial Loss as well. In their tariff filing they have been pleading that the actual Distribution loss and AT&C loss should be taken into account while fixing the retail tariff. But the Commission finds that while in some years there is marginal reduction in other years there is marginal increase in distribution loss as well as AT&C loss also. This will be seen from the tables below:

TABLE-6

Years	Distribution loss target fixed by OERC (%)	Actual distribution loss (%)	Reduction of distribution loss (-) or increase of distribution loss (+) (%)
2003-04	31.86	40.75	(-) 0.00
2004-05	37.12	39.21	(-) 1.54
2005-06	34.18	39.60	(+) 0.39
2006-07	32.81	38.57	(-) 1.03
2007-08	27.11	37.48	(-) 1.09
2008-09	27.00	37.50	(+) 0.02
2009-10	24.4	37.24	(-) 0.36
2010-11	22.22	37.96 (35.60% projected by DISCOMs)	(+) 0.72
2011-12	21.71	32.95 Projected by DISCOMs	

TABLE-7

Years	AT&C loss target fixed by OERC (%)	AT&C loss level achieved (%)	Rate of reduction (-) or increase (+) of AT&C loss (%)
2003-04	37.8	49.3	(-) 1.8
2004-05	44.5	44.7	(-) 4.6
2005-06	40.5	44.7	(-)0.0
2006-07	37.9	43.3	(-)1.4
2007-08	31.4	41.9	(-) 1.4
2008-09	30.4	41.7	(-) 0.2
2009-10	26.0	39.15	(-) 2.55
2010-11	23.77	41.50 (37.80% projected by DISCOMs)	(+) 2.35
2011-12	22.49%	34.06% projected by DISCOMs	

111.4 PDRP Vis-à-vis Loss reduction target

With regard to the plea of accepting the loss level projected by the distribution companies it has been brought to the notice of the Commission the contents of the D.O. letter No.16/28/2008-APDRP dt.23.03.2011 of Joint Secretary, Ministry of Power addressed to Secretary, Energy, Govt. of Orissa where in it has been said that for getting the benefits of R-APDRP, utilities have to improve AT&C loss reduction over the base (starting) level not only in the project area, but also at utility level. The correct and realistic determination of base (starting) AT&C loss level is very essential to gauge the improvement in loss reduction in subsequent years after implementation of R-APDRP. The Secretary, Govt. of Orissa has been asked to take up the issue with OERC to determine the yearly loss levels of distribution utilities in Orissa accurately based on ground realities and not on notional basis.



- 111.5 Commission has noted the contents of the aforesaid letter dated 23.3.2011 of Ministry of Power and the background thereof. The intension is where R-APDRP programme is to be implemented the base line data are to be determined on actual basis and in fact a component of R-APDRP is earmarked to determine base line data at the first instance. When funding under R-APDRP would be available the distribution companies would accordingly utilize the fund for firming the base line data.
- 111.6 It is not possible on the part of the Commission to accept whatever the Distribution and AT&C loss being projected by the distribution companies. What is disturbing is that instead of declining trend in some years the distribution loss and AT&C loss have shown to have been increased which is evident from the Table Nos.6 & 7. The Commission has to adopt a normative reduction of Distribution and AT&C loss for tariff determination purpose; as it is not desirable that the general consumers of the State is loaded due to sheer inefficiency of the licensees. For removal of doubt, the Commission would like to make it clear that the determination of actual base line data for RAPDRP funding and adopting the normative loss data for tariff determination purpose as per Multi-Year Tariff Principle (MYT-Tariff) ordered in Business Plan is two different subjects need not be mixed into. The actual loss level as a base line data for RAPDRP funding and loss reduction trajectory for RAPDRP guidelines could be followed in sanctioning phase-I and Phase-II funding of RAPDRP. In fact, for purpose of performance monitoring of the DISCOMs, the Commission is looking into the actual level of losses, Division-wise, Sub-division-wise and Section-wise. The Commission while monitoring is also looking into the actual losses of DISCOMs voltage-wise i.e. LT level loss, HT-level loss and EHT level loss as well as LT plus HT combined level losses. The Commission is constantly persuading with the DISCOMs to do the proper energy accounting to find out the 11 KV feeder-wise loss and fix accountability of the DISCOMs officials as feeder manager to arrest both technical and commercial loss. For R-APDRP funding, base line data, if needed, the Commission's review figure in the performance monitoring could be utilized by Central/State Govt. and the licensees. This has also been made clear in the multiyear tariff principle announced by the Commission in their order dated 18.06.2003 in Case No. 8/2003 as well as in the Business Plan order dated 20.3.2010 in Case No. 41, 42, 43/2007 and 22/2008.
- 111.7 While answering the RAPDRP issue, as above, the Commission would like to make it clear that for the tariff determination purpose it had approved the overall distribution loss for 2010-11 at 22.22% while in the Business Plan Order target for overall distribution loss for the year 2011-12 has been pegged at 21.71%. But the distribution companies have shown the distribution loss for 2010-11 at 37.96% whereas they had achieved a distribution loss of 37.24% in 2009-10. They have also projected distribution loss at 32.95% for the year 2011-12. Therefore, the Commission has approved the distribution loss at 21.71% for 2011-12 as stipulated in the Business Plan for the said year.
- 110.8 Similarly, the overall collection efficiency has been achieved at 96.96% in 2009-10 against the target of 98% fixed by the Commission for the said year. The distribution companies have shown to have achieved 94.30% during 2010-11 against target fixed at 98% for 2010-11 and projected by them at 98.34% for 2011-12. Since the Commission has approved collection efficiency of 99% for 2011-12 in the Business Plan Order, the collection efficiency, therefore, now has been approved at 99% for the same year. While working out the Annual Revenue Requirement for the said year 2011-12 the approved collection efficiency of 99% has been adopted.
- 111.9 Coming to the AT&C loss it is seen that against overall AT&C loss of 39.15% achieved during 2009-10, the achievement during 2010-11 is 41.50% against the target of 23.77% fixed by the Commission for the said year. Against the target of 22.49% approved in the Business Plan for 2011-12, the distribution companies have proposed overall AT&C loss of 34.06% for 2011-12 in their ARR filing. Commission has approved the AT&C loss of 22.49% for 2011-12 against 23.77% approved for 2010-11.
- 111.10 If the tariff would have been fixed on the distribution loss projected by the distribution companies the tariff rise would have been quite high for the 2010-11 and 2011-12. But the Commission has fixed the tariff for the year 2010-11 assuming 22.22% of distribution loss and 21.71% for 2011-12 as per the Business Plan Order approved but not on the distribution loss of 35.60% projected by the distribution companies for 2010-11 and 32.95% projected for 2011-12. The retail tariff so fixed for 2011-12 represents 19.74% increase over the tariff for 2010-11. If the distribution loss projected by the distribution companies at 32.95% would have been adopted by the Commission the retail tariff increase for 2011-12 would have been 33.20% over the tariff of 2010-11.



Similarly, if the provisional distribution loss shown by the distribution companies for 2010-11 is taken into account at 37.96% and reduction of 3% is assumed i.e. if the distribution loss is adopted at 34.96% for 2011-12, the tariff increase for 2011-12 would have been 36.13% over the tariff of 2010-11 against 19.74% increase worked out in the tariff determined by the Commission for 2011-12.

111.11 In adopting the normative distribution loss 21.71% for 2011-12 the cost of supply has been worked out at 408.87 paise per unit whereas if the distribution loss of 32.95% projected by the distribution companies would have been accepted by the Commission for 2011-12 the cost of supply would have been 477.47 paise per unit. Similarly taking 37.96% as provisional distribution loss for 2010-11 and reducing 3% for 2011-12 the cost of supply would have been 492.24 paise for 2011-12 against 408.87 paise approved by the Commission for 2011-12. This is evident from the Table given below:-

TABLE - 8
IMPACT OF ACTUAL LOSS ON TARIFF

	2010-11 (Approved)	2011-12 (Approved)	2011-12 (calculated considering Dist. Loss projected by Licensees)	2011-12 (calculated considering Actual Dist. Loss for 2010-11 - 3%projected by Licensees)
Power purchase from GRIDCO by DISTCOM	20,154.00	22,477.00	22,477.00	22,477.00
Power sold by DISCOM to Consumer(MU)	15,676.00	17,597.00	15,069.12	14,616.84
EHT(MU)	4,514.03	5,389.97	5,389.97	5,389.97
HT (MU)	3,415.14	3,164.28	3,164.28	3,164.28
LT(MU)	7,747.39	9,043.12	6,514.86	6,062.59
Distribution Loss (%)	22.22%	21.71%	32.96%	34.97%
Collection Efficiency (%)	98.00%	99.00%	98.34%	99.00%
AT & C Loss (%)`	23.77%	22.49%	34.07%	35.62%
Avg BSP P/KWH	170.25	231.65	231.65	231.65
Power Purchase Cost of GRIDCO (Rs. In Crore)	3,431.19	5,206.88	5,206.88	5,206.88
Transmission Cost of OPTCL (P/KWH)	23.50	25.00	25.00	25.00
Transmission Cost of OPTCL (Rs. In Crore)	473.62	561.94	561.94	561.94
SLDC Cost (Rs. In Crore)	3.58	4.04	4.04	4.04
Net Distribution Cost excl. Misc receipt (Rs. In Crore)	1100.96	1238.67	1283.67	1283.67
ARR OF DISCOMs(Rs. In Crore)	5,009.35	7,056.53	7,056.53	7,056.53
Revenue Realised by DISCOMs through tariff (Rs. In Crore)	5,025.53	7,109.57	7,056.53	7,056.53
Avg. Tariff P/Kwh	320.58	404.01	468.28	482.77
Revenue with existing Tariff (Rs. In Crore)		5,937.60	5,297.74	5,183.83
Revenue/Tariff Rise (%)	22.20%	19.74%	33.20%	36.13%
Cost of Supply P/U		408.87	477.47	492.24

111.12 It would be thus seen from the comparative position as to how additional tariff increase would have been by 13.46% (33.20%-19.74%) or by 16.39% (36.13%-19.74%) if Commission had considered the proposal of DISCOM in its filing of ARR for 2011-12 or the actual loss level of the preceding year less 3% respectively. Similarly, the cost of supply would have been increased by 68.60 paise (477.47-408.87 approved for 2011-12) or 83.37 paise (492.24-408.87 approved for 2011-12).



In other words if we consider the ground realities by adopting the loss projected by the distribution companies, the tariff for 2011-12 would have been further increased by 144% to 16% and the cost of supply would have been further increased by 69 paise to 84 paise. Or worse, if we fix the tariff, making its justification low due to ground realities or considering the capacity of the consumer to pay, we will be loaded with a huge 'Regulatory Asset' burdening the future consumers.

111.13 Further, the table given above will go to prove how the Commission has consistently tried to protect the interest of the consumers by not accepting the distribution loss projected by the distribution companies even though the Ministry of Power and Appellate Tribunal for Electricity have been advising the Commission to take realistic view of the distribution loss projected by the distribution companies while determining the ARR and tariff for the distribution companies. The Commission consistently fixing the normative distribution loss from year to year on a declining path in order to protect the interest of the consumers. Conceding to the instruction of the Ministry of Power and ATE would mean additional increase of tariff by about 16% (over the existing tariff hike of 19.74%) at the existing level of cost of supply for 2011-12.

112. The Areas of Concern and Road Map for the Power Sector

112.1 The distribution sector is the most vital but weakest link in the entire value chain of the power sector. If the distribution sector doesn't become financially viable, the transmission and generation would be seriously affected. It is, therefore, necessary that all out efforts should be made to strengthen and to ensure the financial viability of the distribution sector. For this to happen, the power utilities should be allowed to operate on commercial principle. In other words the costs of generation, transmission and distribution have to be recovered from the beneficiaries.

112.2 Good governance is one of the important pillars of the reforms of power sector. The Discoms are required to enforce strict discipline among the staff, train them regarding the need for good behaviour and prompt services to the consumers.

112.3 Coming to the Odisha's specific problems the present high level of AT&C loss of 39.15% (2009-10) and 41.50% (2010-11) is quite unsustainable. 50% of this loss can be ascribed to theft of electricity at different levels with/without the connivance of the employees of the distribution companies. There is urgent need to tackle this menace of theft of electricity at different levels. Balance 50% of loss arising out of the old and dilapidated distribution network can be prevented by system upgradation for which the Govt. have already launched a Capex programme of Rs.2400 crore starting from FY 2010-11 to 2013-14. Out of Rs.2400 crore the State Govt. will provide Rs.1200 crore (Rs.666.67 crore with 0% interest, Rs.533.33 Cr with 4% interest) and the balance Rs.1200 crore would be provided by the distribution companies as a counter part funding. If they achieve reduction of 3% AT&C loss per annum on the average Rs.833.34 crore (13th Finance Commission grand Rs.500 Cr + State Govt. Share Rs.166.67 Cr. + GRIDCO's Share Rs.166.67 Cr as a counter part funding) can be converted to grant.

112.4 Expected benefits of the Power Sector Reforms in the State would materialize only if the utilities bring in efficiency in operations, optimize costs, reduce commercial and technical losses, improve quality of service delivery in order to ensure greater customers' satisfaction and take strong measures, whenever and wherever required, to make the consumers pay for the electricity used. Regrettably, at present out of every 100 units of electricity sold to the consumers in the State, only 62 units are billed (dist. Loss 37.96%) and sale price of only 58.50 or say 59 units is being realized(2010-11). Obviously, this business model is unsustainable and unviable. The distribution segment would be financially and operationally viable only when the energy actually consumed is metered, billed and the electricity charges are collected in full. While the billing and collection efficiency of the distribution companies has to improve substantially; they also have to effectively tackle the malady of theft of electricity.

112.5 Against AT&C loss of 41.50% for 2010-11 and 34.06% projected by DISCOMs for 2011-12, the Commission has fixed the tariff for 2011-12 adopting a normative AT&C loss of 22.49% as approved in the business plan order dated 20.3.2010. Thus, though loss incurred by the DISCOMs have not been loaded to the consumers, in actual practice there is loss of revenue by the DISCOMs when compared to the revenue collection figures reckoned by the Commission. If we can reduce the AT&C losses to a reasonable level and prevent theft fully, it would not only mean huge revenue gains for the DISCOMs but also fairly large increases by way of Electricity Duty for the State Govt.



It is therefore, all the more necessary for the State Government to provide the required police personnel for effective functioning of the Energy Police Stations and to ensure their effective functioning by way of regular monitoring and supervision in their functioning at the level of a Sr. IPS Officer, preferably posted to Energy Department to oversee the energy related crimes in the State.

- 112.6 Regular monitoring of the energy related crimes at the level of State Govt. would also have deterrent effect on the unscrupulous employees of the DISCOMs who more often than not connivance with the consumers. The huge loss in the distribution sector cast a unsustainable burden on the honest and paying consumers, overloading of lines and transformers, break down of supply, load shedding, increases in tariffs, indifferent service standards and huge problems in billing and collection. While the DISCOMs must systematically set about the curbing of losses by system upgradation and proper billing and collection, they need to be aided by the State and the machinery of the police in prevention and detection of theft, with penal action against the thieves. The DISCOMs need to be backed to the hilt by the State administration in curbing such losses.
- 112.7 A multi pronged approach that incorporates all areas of utilities performance improvement is the need of the hour. It surely has the potential to turn around the distribution segment of the sector besides resulting in other benefits. Such initiatives should be accorded high priority at the utilities level with dedicated teams both at management level and operation level so that there are no hindrances in implementation and there is complete commitment from top management to effect changes. Once this happens, the impact of reform shall be felt to a much great extent and benefits will trickle down to all stakeholders.



A N N E X U R E S



ANNEXURES

Annexure	Subject
Annexure-A	: List of Officers & Staff of the Commission
Annexure-B	: Organisation Chart of OERC
Annexure-C	: List of Seminar/Workshop/Training Programmes attended by Officers/ Officials during the FY 2010-11
Annexure-D, E, F	: Summary of discussions of the State Advisory Committee (SAC) Meeting (2010-11)
Annexure-G	: Income and Expenditure Accounts as on 31 st March, 2011
Annexure-H	: Receipt of Payment Account as on 31 st March, 2011
Annexure-I	: Balance Sheet as on 31 st March, 2011
Annexure-J	: Separate Audit Report for the year ending 31.03.2008

**Annexure – A****LIST OF OFFICERS AND STAFF OF THE COMMISSION**

The Commission being the oldest in the country has a committed strength of officers and staff providing a healthy mix of Permanent, Deputation and contractual staff. The persons in position as on 31.03.2011 are detailed in the table below:-

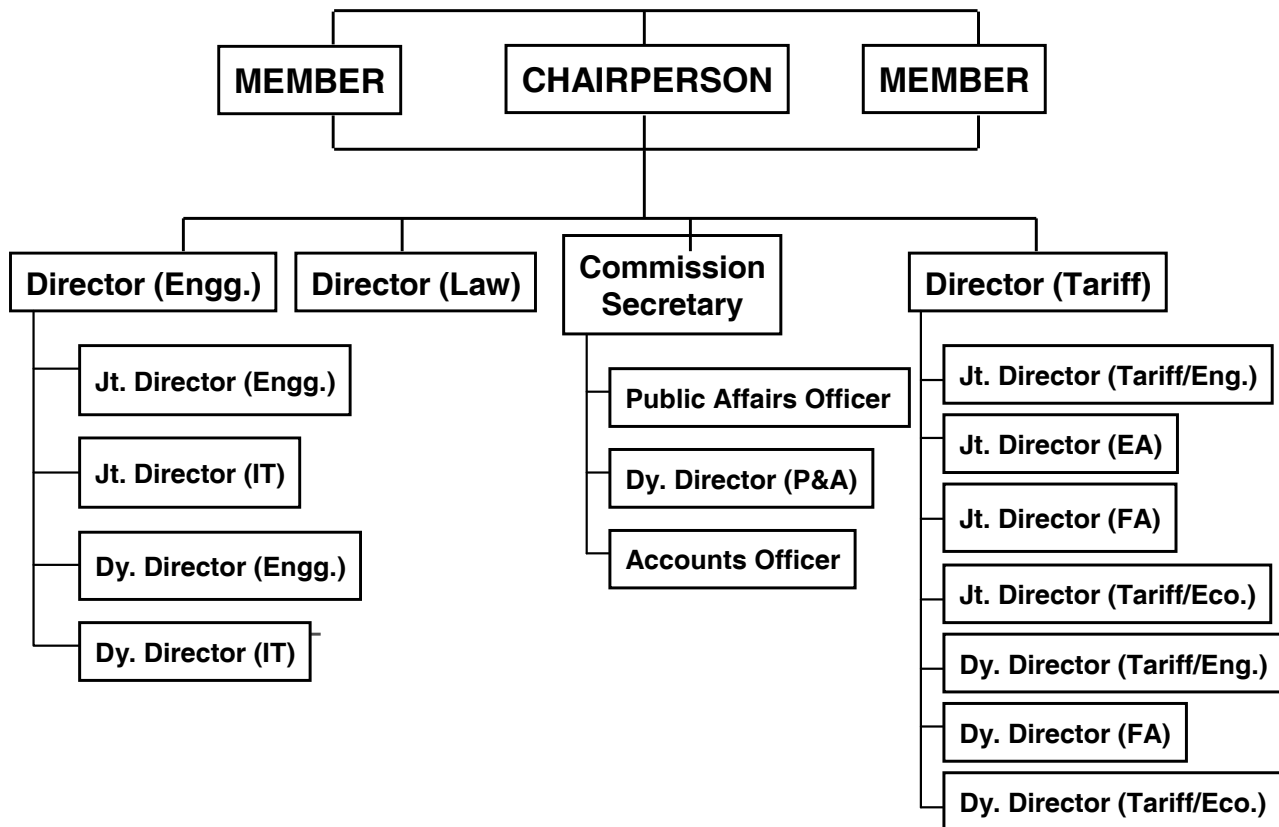
SI No.	Designation	Persons in position
1	Commission's Secretary	Sri P.K. Swain
2	Director (Engg.)	Sri B.K. Sahoo
3	Director (Tariff)	Dr. M.S. Panigrahi
4	Director (Law) I/c	P.K. Swain
5	Jt. Director (Engg.)	Sri K.L. Panda
6	Sr. Economic Analyst	Sri P. Pattnaik
7	Sr. Financial Analyst	Sri S.M. Pattnaik
8	Jt. Director (IT)	Shri J.C. Mohanty
9	Jt. Director (T/Econ)	Dr. (Mrs.) A. Dash
10	Joint Director (Tariff-Engg)	Sri A.K. Panda
11	Public Affairs Officer	Ms. Purabi Das
12	Jr. Financial Analyst	Sri Ajoy Sahu
13	Dy. Director (IT)	Sri S.C. Biswal
14	Dy. Director (Engg)	Sri S.P. Mishra
15	Dy. Director (P&A)	Sri K.S. Biswal
16	Dy. Director (T/Engg)	Sri A.K. Jagadev
17	Dy. Director (T/Econ)	Sri A.K. Samantara
18	Accounts Officer	Sri Sanjay Das
19	Steno-cum-Computer Asst.	Sri M. Moharana
20	Steno-cum-Computer Asst.	Sri L.N. Padhi
21	Steno-cum-Computer Asst.	Sri S.K. Sahoo
22	Steno-cum-Computer Asst.	Sri P.K. Sahoo
23	Steno-cum-Computer Asst.	Sri K.C. Tudu
24	Steno-cum-Computer Asst.	Sri S.K. Das

SI No.	Designation	Persons in position
25	Steno-cum-Computer Asst.	Smt. L.B. Patnaik
26	Steno-cum-Computer Asst.	Smt. S. Mishra
27	Receptionist/Caretaker	Smt. Mamatarani Nanda
28	Accountant cum Cashier	Sri Jaypal Das
29	Driver	Sri R.C. Majhi
30	Driver	Sri Jalandhar Khuntia
31	Driver	Sri Jadunath Barik
32	Driver	Sri Ashok Ku. Digal
33	Peon	Sri Pitamber Behera
34	Peon	Sri Umesh Ch. Rout
35	Peon	Sri Sudarsan Behera
36	Peon	Sri P.K. Behera
37	Peon	Sri Bijoy Ku. Majhi
38	Peon	Sri R.C. Sahoo
39	Peon	Sri Abhimanyu Jena
40	Peon	Sri S.K. Mohapatra
41	Peon	Sri Rabindra Ku. Mekup
42	Peon	Sri Pradip Ku. Pradhan

Besides the above, 3 nos. Drivers & 2 nos. Sweepers are on contractual engagement and 1 no. Driver & 1 no. Sweeper are engaged through out sourcing agency.



ORGANISATION CHART OF OERC



**Annexure - C****List of Seminars/Workshops/Training Programmes attended by Commissioners/Officers/Officials during the FY 2010-11**

Sl. No.	Name and Designation	Particulars of Programme	Duration	Venue	Programme Conducted/ Sponsored by
1	Shri K.S. Biswal, Dy. Dir (P&A)	Short term training course on "SHP-Development"	20th to 24th April, 10	IIT Roorkee	AHEC, IIT Roorkee
2	Shri A.K. Jagadev, Dy. Dir (T-Engg)	- do -	-do-	-do-	-do-
3	Shri P.K. Swain, Secretary	Infrastructure Regulation & Reform.	26 th to 30 th April, 10	IIM, Bangalore	SAFIR
4	Shri P. Pattnaik, Jt. Director (T/E)	Legal aspects of Power Sector Regulation	28 th June to 1 st July' 10	NLSIU, Bangalore	FOR
5	Shri Ajoy Sahu, Dy. Dir (FA)	Legal aspects of Power Sector Regulation	-do-	-do-	-do-
6	Shri K.L. Panda, Jt. Dir (Engg)	Demand Side Management to meet Future Power needs & Achieve Sustainability	2 nd July' 10	BEE, Hyderabad	BEE
7	Shri Sanjay Das, Accounts Officer	International Financial Reporting Standards	5 th to 7 th Aug' 10	CERC	FOR
8	Shri J.C. Mohanty, Jt. Director (IT)	Various facts of Regulators issues in Power Sector	23 rd to 28 th Aug, 10	IIT, Kanpur	FOR
9	Shri A.K. Samantara, Dy. Dir (T-Eco)	-do-	-do-	-do-	-do-
10	Shri P.K. Swain, Secretary	Regulations in Electricity Sector	24 th to 27 th Aug' 10	IIT, Roorkee	Ministry of Power
11	Shri S.P. Mishra, Dy. Dir (Engg)	-do-	-do-	-do-	-do-
12	Shri A.K. Panda, Jt. Dir (T-Engg)	Power Business Tariff & Regulation	30 th to 31 Aug' 10	PSTI, Bangalore	PSTI, Bangalore
13	Shri A.K. Panda, Jt. Dir (T-Engg)	DSM & Energy Efficiency	16 th to 18 th Nov' 10	NPTI, Faridabad	FOR
14	Shri Ajoy Sahu, Dy. Dir (FA)	-do-	-do-	-do-	-do-
15	Shri B.K. Sahoo, Director (Engg)	Model Supply Code for Electricity Distribution Companies	23 rd Nov' 10	CERC	FOR
16	Shri K.S. Biswal, Dy. Dir (P&A)	Protection of Consumer Interest for Officers of CGRF, Ombudsman & Consumer Organization	24 th Nov to 25 Nov' 10	NPTI, Faridabad	FOR
17	Shri Sanjay Das, Accounts Officer	-do-	-do-	-do-	-do-
18	Shri P.K. Swain, Secretary	Emerging Technologies in Electrical Power Engineering	21 st to 23 rd Jan' 11	S.I.T., BBSR	Silicon Institute of Technology
19	Shri S.P. Mishra, Dy. Dir (Engg)	-do-	-do-	-do-	-do-



Summary record of minutes of 1st meeting of 3rd SAC of OERC held on 30.06.2010 at 11.00 AM in the conference hall, OPTCL Management Centre, Bhubaneswar

PRESENT

1. Shri B.K. Das, Chairperson, OERC - (in the Chair)
2. Shri K.C. Badu, Member, OERC
3. Shri B K Mishra, Member, OERC
4. Shri. B Mohapatra, Additional Secretary, Department of Energy, Govt. of Odisha
5. Shri. P Rout, Deputy Director, Food Supplies & Consumer Welfare Department, Govt. of Odisha
6. Shri. B Das, Representative of Confederation of Citizen Association, 12, Forest Park, Bhubaneswar
7. Ch. K K. Mishra, President, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001
8. Shri G Pujari, Representative of Sundargarh Dist. Employers Association, AL-1, Basanti Nagar, Rourkela-12
9. Shri G. N. Agrawal, General Secretary, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Po-Khetrarajpur, Sambalpur – 768003
10. Shri. R C Mohapatra, President, Kalahandi Citizen Forum, C/o-Atma Vikas Kendra, Bhawani Shankar Temple Road, Bhawanipatna-766001
11. Shri P Dora, Consumer Activist, 3rd Lane, Vidya Nagar (Co-Operative Colony), PO/Dist-Rayagada-765001
12. Smt. Abanti Behera, W/o Shri Randhir Jena, At-Kakat, PO-Kendrapara, Dist-Kendrapara
13. Smt. Minati Behera, W/o Shri Sudarsan Behera, At-Nayachouk, PO-Madhupatna, Cuttack-753010
14. Shri M Baug, Ex-Minister, At : Mallikaspur, Po : Motiganj, Balasore Town, Dist : Balasore
15. Shri S.C. Mohanty, General Secretary, Nikhila Odisha Bidyut Sramik Mahasangha, Diha Sahi, Shankarpur, Cuttack-12
16. Shri D K Panda, Ex-M.P., 3R-156, Road-2, Behind Central School, Unit-9, Bhubaneswar-751022
17. Shri. S K Nanda, Confederation of Indian Industry, Eastern Region, Odisha, 8, Forest Park, Bhubaneswar-9
18. Shri. N Mishra, President, Odisha Small Scale Industry Association, Ajay Binay Bhawan, Industrial Estate, Cuttack-10
19. Er. B.K. Mohapatra, Industrialist, Rajabagicha, Cuttack-9
20. Shri. M V Rao, Utkal Chamber of Commerce & Industry, N/6, IRC Village, Nayapalli, Bhubaneswar
21. Prof. G C Kar, Former Professor & Head, Deptt. Of Economics, Sidheswar Sahi, Cuttack – 753008
22. Prof. A K Tripathy, Head, Deptt. of Electrical Engineering, Silicon Institute of Technology, Silicon Hills, Patia, Bhubaneswar-751024
23. Ms. Manorama Mohapatra, Gopabandhu Bhawan, Cuttack-1
24. Shri R.K. Behera, Chairman, RSB Group of Companies, N-2/40, IRC Village, Bhubaneswar
25. Shri S K Dasgupta, CEO, CESU
26. Shri U K Panda, Director (Finance), GRIDCO.



27. Shri S K Singh, Sr GM (Commerce), NESCO
28. Shri B K Patnaik, VP, WESCO
29. S K Choudhary, GM (Commerce), SOUTHCO

OERC SECRETARIAT

1. Shri P K Swain, Secretary
2. Dr. M.S. Panigrahi, Director (Tariff)
3. Ms Purabi Das, PAO & Others

INTRODUCTION

1. The first meeting of the reconstituted SAC of the Odisha Electricity Regulatory Commission was held on 30.06.2010 at 11 AM in the Conference Hall of the OPTCL Management Centre, Bhubaneswar. The Secretary, Shri P K Swain welcomed all members to the meeting and requested the Chairperson to preside over the proceedings.
2. The Chairperson, Shri B K Das asked all present to introduce themselves. He outlined the agenda items and asked for input of SAC Members on the Standards of Performance of the utilities.
3. Shri Das said that two very important subjects have been placed for discussion before the SAC today. The first is on Reduction of Aggregate Technical & Commercial Loss and the other is Franchisee System in Distribution System.
4. He then asked Director Tariff, Dr. M.S. Panigrahi to make a presentation on Reduction of AT&C loss. After a detailed presentation, the subject was opened for discussion. Members gave their feedback on various points.
5. The Chairperson said that the suggestions and comments of the Members have been noted and he requested Shri Badu to summarise the outcome of the meeting. While thanking the Members for their valuable suggestions, Shri Badu summarised the action points for compliance which have been outlined below.
6. **Action Points for compliance and follow up action**

(i) **Action plan on implementation of various measures for reduction of AT&C loss:**

The Members of the SAC felt that excellent documents have been prepared by OERC on reduction of AT&C loss and franchisee operation in the distribution system. But there is need for detailed action plan for implementation in order to achieve the target of reduction of AT&C loss. Similar action plan is needed to extend and broad base the franchisee operation in area of the four DISCOMs as per the target fixed by the Commission in the performance review conducted in May, 2010 in respect of the FY 2009-10. Accordingly, the Members suggested that the following two Monitoring Committees should be constituted at the level of OERC to ensure preparation of action plan by DISCOMs and monitoring the implementation and its progress of implementation of various programmes/strategies for reduction of AT&C loss and to ensure improvement in quality of supply and Standard of Performance.

- a) Monitoring Committee for Implementation of Programmes/Strategies for reduction of AT&C loss
- b) Monitoring Committee for implementation of various measures for improvement in Quality of Supply and Standards of Performance.

(ii) **Constitution of Monitoring Committee at the level of DISCOMs**

Very often, many suggestions are given at different levels for implementation of programmes/strategies on reduction of loss and improvement in quality of supply and Standards of Performance. What is lacking is its follow up action and actual implementation and monitoring thereof at the level of DISCOMs. Accordingly, the DISCOMs should form Monitoring Committee at their level and this Monitoring Committee, inter alia, should consist of the following:

- (1) Vice-President/CEO of the DISCOMs as Chairman



- (2) One SAC member of the DISCOM
- (3) Superintending Engineers of DISCOM as Members
- (4) Representatives of three Women Self-help Groups/Consumer Groups from the area of operation of the DISCOMs.
- (5) Superintending Engineer of the Urban Water Supply of jurisdiction of Discom.
- (6) Superintending Engineer of the Rural Water Supply of the jurisdiction of the Discom.
- (7) Representative of Urban Local Bodies, one from each district under the DISCOM.
- (8) President, Zila Parishad of the District of the Corporate Head Office.
- (9) Any other Person/Organisation as may be felt necessary by the Discom like (Medical College , D.I.G or his representative, Secretary to RDC etc.)

(iii) **Monitoring at the District level**

Govt. of Odisha in Energy Deptt. in their notification No.9859-R&R-II-18/2003 dt.28th September, 2004 has constituted the District Committee for each district in Odisha (copy enclosed). The DISCOM is required to ensure constitution of the District Committee as per the guidelines of the said notification. This District level Committee should monitor implementation of various programmes/strategies for reduction of loss, improvement in quality of supply and standards of performance as well as for covering more areas under franchisee operation.

(iv) **Special drive for detection of bypassing of meters and theft of electricity by various other methods:**

The Members felt that strict follow up action is not being taken by the DISCOMs to verify actual consumption of the high-end consumers like Hotels, Engineering Professional Colleges, Nursing Homes, Shopping Malls and other commercial establishments. Moreover, most of the Govt. quarters are using Heaters and there is bypassing of meters in some of the Govt. quarters. DISCOMs should regularly verify and conduct raids in the premises of the high-end consumers and also Govt. quarters for detecting unauthorized and illegal abstraction of electricity. There should be a regular drive on day to day basis covering various geographical areas. There should be continuous display of slides regarding the consequences of theft of electricity.

(v) **Collection of Arrear and Current Dues – Special Disconnection Drive:**

Most of the Members felt that the DISCOMs are not taking coercive action against the high-end consumers, who are in huge arrears. These include Govt. establishments, Urban Local Bodies, certain cases Police establishments and Judicial establishments. The DISCOMs should take action against the big defaulters as per the Regulation and no discrimination should be shown for disconnection of power supply in case of defaulters, whether it is Govt. establishments including Police or Judicial establishments.

(vi) **Quality of Supply and Standards of Performance:**

Many members shared their experience regarding callousness and indifferent attitude shown by the field level functionaries in attending burning of power connections, meters or such other electrical incidents faced by the consumers. It was categorically stated that the telephones of the JEs, SDOs or even Executive Engineers do not respond to the calls and, very often, these telephones are being kept in "Switch-off" mode. Similarly, for new connection, the consumers are not readily supplied with booklets. The DISCOMs should ensure that the complaints of the consumers are readily attended to and special drive should be made for giving new connections. The application form for new connection should be readily available. Exemplary punishment should be given to those employees who have failed to respond to the call of the consumers or to comply with the request of the consumers for giving application form for new connections etc.

**(vii) Investment for Reduction of Technical Loss:**

Unless investment is made, the technical loss would not be reduced and accordingly, there would not be increase in billing and collection of revenue to meet O&M expenditure and to make investment for system improvement. The Members felt that the Commission have clearly outlined the action point in the Business Plan for the year 2008-09 to 2010-13. According to the said Business Plan, Govt. have to provide Rs.2450 crores for capital investment during 2010-11 to 2012-13 for system improvement and distribution network of the four DISCOMs. The three Reliance managed DISCOMs on their part must bring in at least Rs.1556 crore (WESCO – Rs.975 crore, NESCO – Rs.1075 crore & SOUTHCO – Rs.1075 crore) and CESU for Rs.974 crore, all aggregating to Rs.2550 crore as directed by the Commission. To begin with, since the State Govt. have already made a budget provision of Rs.205 crore in the budget of 2010-11, the DISCOMs must arrange at least the same amount as their counterpart funding during the current year 2010-11.

(viii) Operationalisation and effective functioning of Energy Police Stations and Special Courts.

For effective reduction of theft of electricity, Govt. should take steps to operationalize the Police Stations already established in addition to opening of the remaining Police Stations for which State Govt. have notified on 23.10.2008. The Commission has already advised the State Govt. from time to time for monitoring the day to day functioning of the Energy Police Stations by a very senior police officer not below the rank of I.G. of Police, specially designated and specially assigned with the job. Besides this, the Special Courts should also be functionalized otherwise action by Energy Police Station will have no effect on the culprits if speedy trial is not made by the designated special courts.

(ix) Broad basing the franchisee operation and achieving the target fixed by OERC.

For ensuring effective functioning by the franchisees, the DISCOMs should extend all co-operation and assistance. As per the agreement entered into, the meters and other materials should be promptly supplied to the franchisee, so that not only there is improvement in quality of supply but there is also reduction in AT&C loss. The following target fixed by OERC for the DISCOMs to extend franchisee operation should be achieved. For this, an officer should be specially earmarked by the DISCOMs to create awareness regarding benefits for the consumers as well as for the DISCOMs. The target for the DISCOMs has been fixed as under:

Utilities	No. of Divs.	Target nos. of micro level franchisee through SHG, NGOs etc. for 2010-11	Target nos. of micro level franchisee at macro level in urban/semi urban areas for 2010-11	Total target nos. for 2010-11
CESU	20	100	6	106
NESCO	16	80	6	86
WESCO	15	75	6	81
SOUTHCO	26	130	6	136
TOTAL	77	385	24	409

(x) Effective coordinated action by all stakeholders

The Licensees, the consumers, the State Government and the Regulatory Commission are the important stakeholders in the power sector. In order to achieve the objective of reduction of loss and improvement in quality of supply and standards of performance, all stakeholders should work in tandem instead of putting blame on each others. Govt. being responsible for enforcing law and order and curbing of crime have a major role to play to ensure proper coordination and effective functioning of the distribution network which is the weakest but most important link in the entire value chain of power sector.



Summary record of minutes of 2nd meeting of 3rd SAC of OERC held on 10.11.2010 at OPTCL Management Centre, Nayapalli, Bhubaneswar

PRESENT

- 1) Shri B.K. Das, Chairperson, OERC - (in the Chair)
- 2) Shri K.C. Badu, Commissioner, OERC
- 3) Shri B K Mishra, Commissioner, OERC
- 4) Shri. B Mohapatra, Additional Secretary, Department of Energy, Govt. of Odisha
- 5) Ch. K K. Mishra, President, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001
- 6) Shri G Pujari, Representative of Sundargarh Dist. Employers Association, AL-1, Basanti Nagar, Rourkela-12
- 7) Shri G. N. Agrawal, General Secretary, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Po-Khetrarajpur, Sambalpur – 768003
- 8) Shri. R C Mohapatra, President, Kalahandi Citizen Forum, C/o-Atma Vikas Kendra, Bhawani Shankar Temple Road, Bhawanipatna-766001
- 9) Shri P Dora, Consumer Activist, 3rd Lane, Vidya Nagar (Co-Operative Colony), PO/Dist-Rayagada-765001
- 10) Smt. Abanti Behera, W/o Shri Randhir Jena, At-Kakat, PO-Kendrapara, Dist-Kendrapara
- 11) Smt. Minati Behera, W/o Shri Sudarsan Behera, At-Nayachouk, PO-Madhupatna, Cuttack-753010
- 12) Shri M Baug, Ex-Minister, At : Mallikaspur, Po : Motiganj, Balasore Town, Dist : Balasore
- 13) Shri S.C. Mohanty, General Secretary, Nikhila Odisha Bidyut Sramik Mahasangha, Diha Sahi, Shankarpur, Cuttack-12
- 14) Shri D K Panda, Ex-M.P., 3R-156, Road-2, Behind Central School, Unit-9, Bhubaneswar-751022
- 15) Shri. S K Nanda, Confederation of Indian Industry, Eastern Region, Odisha, 8, Forest Park, Bhubaneswar-9
- 16) Shri. N Mishra, President, Odisha Small Scale Industry Association, Ajay Binay Bhawan, Industrial Estate, Cuttack-10
- 17) Er. B.K. Mohapatra, Industrialist, Rajabagicha, Cuttack-9
- 18) Shri. M V Rao, Utkal Chamber of Commerce & Industry, N/6, IRC Village, Nayapalli, Bhubaneswar
- 19) Prof. Gyana Chandra Kar, Former Professor & Head, Deptt. Of Economics, Sidheswar Sahi, Cuttack – 753008
- 20) Prof. A K Tripathy, Head, Deptt. of Electrical Engineering, Silicon Institute of Technology, Silicon Hills, Patia, Bhubaneswar-751024
- 21) Ms. Manorama Mohapatra, Gopabandhu Bhawan, Cuttack-1

Special Invitees Present

- 22) Shri B.C. Jena, Chairman-cum-CEO, CESU
- 23) Shri H. Sharma, MD, GRIDCO/ OPTCL.



- 24) Shri R.K. Behera, VP, NESCO
- 25) Shri B.K. Pattnaik, VP, WESCO
- 26) Shri T.K. Mishra, VP, SOUTHCO
- 27) Sri K.C. Mohapatra, Project Development Consultants
- 28) Sri P.K. Mohan, Chief Executive, OREDA

OERC SECRETARIAT :

1. Shri P K Swain, Secretary
2. Sri B.K. Sahoo, Director (Engg.)
2. Dr. M.S. Panigrahi, Director (Tariff)
4. Ms Purabi Das, PAO

INTRODUCTION

1. The Second meeting of the 3rd SAC of the Orissa Electricity Regulatory Commission was held at 4.00 PM in the Conference Hall of the GRIDCO Management Centre, Bhubaneswar on 10.11.2010. The Secretary, Shri P K Swain welcomed all members to the meeting and requested the Chairperson to preside over the proceedings.
2. The Chairperson, Shri B K Das said that since the agenda was long it would save time if the discussion was initiated straight away without preliminaries. He, therefore, asked the Secretary to present the Action-Taken Report of the last SAC dated 30.06.10. The Secretary made a Power Point Presentation on the ATR.

HARNESSING OF RENEWABLE ENERGY

3. The Chairperson asked Dr. M S Panigrahi, Director (Tariff) to make a presentation on the topic. Dr. Panigrahi made a detailed presentation on Harnessing of Renewable source of Energy and Renewable Purchase Obligation Requirements. He also outlined the steps taken by OERC to meet RPO obligations under the Electricity Act, National Electricity Policy and National Tariff Policy.
4. The SAC members made various observations and suggestions on the topic.
5. In reply to the observations Chief Executive, Orissa Renewable Energy Development Agency (OREDA) informed the house that OREDA is the Nodal Agency for facilitating harnessing of Renewable Energy Sources in the State and outlined its major programs. He responded to various questions raised by members of the SAC.

CAPITAL INVESTMENT (CAPEX) BY GOVT. OF ORISSA AND LICENSEES FOR SYSTEM IMPROVEMENT OF DISTRIBUTION NETWORK

6. The Director Tariff made a presentation on Capital Investment (CAPEX) by Govt. of Orissa and Licensees for System Improvement of Distribution Network. SAC members gave their opinions and suggestions on the above.
7. The Chairperson requested Shri B C Jena, CEO CESU to clarify as to how DPR had been finalized. Shri Jena made a brief presentation on the implementation of CAPEX as planned by CESU. VP Wesco was next to present the detailed CAPEX programme from 2010-11 to 2013-14. Similarly the position of NESCO was elaborated by VP NESCO. VP Southco outlined plans of the DISTCOM for CAPEX implementation.
8. The Chairperson asked the MD GRIDCO to explain about monitoring and supervision mechanism for the CAPEX programme.



9. Shri Hemant Sharma, MD GRIDCO/OPTCL outlined in detail the role and functions of GRIDCO in the CAPEX implementation and procedure adopted to ensure consumer protection.
10. The Chairperson asked the Directors of OERC heading the OERC appointed Committees on loss reduction and standards of Performance suggested by the SAC to make brief presentations. Dr M S Panigrahi first outlined the Report by the Monitoring Committee for Implementation of Loss Reduction Programme by DISTCOMS.
11. This was followed by report of Monitoring Committee for Improvement of Quality of Power Supply and Standards of Performance by Shri B K Sahoo, Director Engineering, OERC.
12. Summing of the observations and directions for compliance: The Chairman asked Member Shri K.C. Badu for sum up the deliberations on the action points decided by the SAC. Shri Badu while expressing thanks to all the members of SAC and the participants for their valuable suggestions and recommendations, listed out the points for follow up action and compliance as indicated below:
 - (i) OERC has fixed the minimum purchase target of renewable energy at 4.5% for the year 2010-11 which would increase by 0.5% per annum to reach 7.00% in 2015-16. With increase in demand of consumption of energy in the State, this would mean higher amount of energy from renewable sources to be procured by GRIDCO for the distribution companies. In case of failure to purchase the prescribed percentage of renewable energy GRIDCO has to purchase renewable certificate at higher cost. This would mean additional burden ultimately to the consumers because in addition to expenditure to be incurred on purchase of renewable certificate at higher cost that much of energy not met from renewal sources have to be met from other sources at a higher cost also to meet the requirement of the State. Additional expenditure from this would impact the tariff.
 - (ii) It is therefore, necessary for OREDA, the State Govt. designated agency to take proactive action to ensure that there is planned and systematic development of renewable sources of energy starting from solar, wind, biomass and mini and small hydro. There should be proper coordination between Science & Technology Department and Energy Department. OREDA being responsible to take initiative is to sort out the hurdles, if any by ensuring proper coordination between these two departments. Results achieved and hurdles if any are to be reported to Science & Technology Department, Energy Department as well as to OERC seeking their support and guidance to solve these problems standing on the way of expeditious exploitation of renewable sources of energy.
 - (iii) The potential from small hydro projects has been estimated at 206 MW. Strict compliance is to be ensured to the guidance issued by OERC in their practice direction to expedite exploitation generation of renewable sources of energy from small hydro projects. Energy Department and Water Resources Department should jointly monitor the progress regarding exploitation of power from small and mini hydro projects on a monthly basis keeping in view the requirement of water for agriculture purchase at the tail end of the canal/dam etc.
 - (iv) State Govt. have decided to provide budgetary support of Rs.1200 crore to the four distribution companies and the four distribution companies have to arrange on their own for equal amount of Rs.1200 crore. While CESU has taken proactive action to raise loan from REC and other financial institutions (Rs.204 crore against Rs.468 crore), the REL distribution companies do not appear to be enthusiastic in arranging counter funding. The WESCO, NESCO and SOUTHCO should take expeditious action to arrange counterpart funding (WESCO – 234 crore, NESCO – 252 crore, SOUTHCO – 246 crore). The Members expressed their serious concern regarding attitude of the REL distribution companies to invest in the system upgradation of the distribution network.
 - (v) Since State govt. is investing in the system improvement of the distribution network for Rs.1200 crore and GRIDCO, a state govt. company holds 49% share of the distribution companies State Govt. should ensure that purchase of materials and execution is done in a transparent manner as indicated in their notification No.R&R-I-06/2010-9273/ EN dated 21.10.2010.



- (vi) The actual implementation work may be overseen by a 3rd party as may be decided by the Monitoring Committee headed by Commissioner-cum-Secretary, Department of Energy and wherever necessary verification can be made through State Govt. Vigilance Agency.
- (vii) OERC may also call for quarterly/ monthly report on progress and implementation of Capex programme and review the execution of the work as and when needed.
- (viii) In the meantime a good amount of money is reported to have been spent on Operation and Maintenance Work. It is necessary to have a test audit and verification of the actual amount spent on Operation and Maintenance by the four distribution companies.
- (ix) The information regarding the estimated cost of the project, the date of commencement of the work, progress made from time to time and expected date of completion may be put in the website of GRIDCO as well as the distribution companies for general information of the public in order to enable them to give their feedback to OERC, Monitoring Committee and the GRIDCO and the management of the distribution licensees for appropriate follow up corrective action.
- (x) The project area in which investment is proposed to be made should be ring fenced and the base line data should be sanitized in order to properly assess the improvement made in respect of quality of supply and reduction of losses during implementation of the project and at the end of the project.
- (xi) The pilot project identified by the sub-committee on standard of performance and reduction of losses should be implemented on priority basis as per the time limit decided by the said committee in consultation with the distribution companies. The distribution companies have to redeploy their materials, man powers and other required resources for timely completion of these pilot project identified by the sub-committee on standard of performance and reduction of AT&C losses along with the timely execution of the projects. There should be strong administrative measures taken regarding anti theft measures. The Chief Vigilance Officer posted to the distribution companies should monitor the functioning of the Energy Police Stations, the MRT Squad as well as their own wing on day to day basis with overall supervision and guidance of the CEO/VP of the distribution companies.
- (xii) In addition to the anti theft measures to be taken by distribution companies on their own as indicated above, the Energy Department should take steps without any further delay to ensure that an Senior IPS Officer is earmarked and designated as IG (Energy Crime/Power) who should monitor on day to day basis the effective functioning of the Energy Police Stations as well as to take steps on all energy related offences including enforcement and vigilance activities across the four distribution companies latest by 31.12.2010.
- (xiii) In order to involve the local people in billing, collection and improve in quality of supply the Women Self Help Group, the Village Committee, the Retired Employees Association, the Citizen Groups, Volunteer Organizations etc. should be given franchise operation at the village/semi urban areas in addition to franchise to the professional Companies/Bodies. The target fixed by OERC for the year 2010-11 regarding engagement of franchise operation at the micro level as well as macro level should be achieved by the distribution companies. Meetings with the interested franchise groups should be held in village level/Gram Panchayat level enabling local people as well as sub-divisional officers, JE, Lineman etc. to actively participate. In each section level at least one Women Self-help Group should be identified and trained to take up franchise operation.
- (xiv) The distribution companies have to ensure that district level monitoring committee is constituted, if not already done and this Committee should regularly hold meetings at the district level to review the implementation of the various programmes relating to electricity, including capex programme, electrical accidents, and quality of supply as well as grievance and anti theft measures.



- (xv) The Presidents of the GRF should fix the date of hearing after due consultations with the co-opted members as far as practicable. The distribution companies are to ensure that the officers at the field level appear the GRF with all relevant documents as per the date and time fixed by the GRF so that the consumer grievance cases are disposed off as per the time limit prescribed. Non-appearance by the concerned officer of the distribution companies in the GRF as per the date and time fixed should be reported to the CEO/VP of the distribution companies under intimation to OERC.
 - (xvi) Prompt and timely action should be taken by the distribution companies to implement the orders of the GRF and Ombudsman and in case of delay the concerned officer should be proceeded against in addition to taking action by OERC under Section 142 of the Electricity Act, 2003 if a petition to that effect is filed before the Commission.
 - (xvii) The general feeling among Members of the SAC is that there is lack of quick response from the CEO/VP particularly in case of REL distribution companies even when a particular problem or grievance is brought to their notice by the Member of the SAC, not to speak of the general consumers. The CEO/VP should take prompt and exemplary action in removing the grievances or solving the problems brought to their notices not only by the Members of the SAC but by the general public.
13. At the end, the Chairperson thanked all members for participating in the deliberations and giving their feed back. He said that some valuable suggestions had been made which would be acted upon.



Annexure - F

Summary record of minutes of 3rd meeting of 3rd SAC of OERC held on 14.02.2011 at OPTCL Mangement Training Centre, Nayapalli, Bhubaneswar

PRESENT

1. Shri K.C. Badu, Commissioner, OERC - (in the Chair)
2. Shri B K Mishra, Commissioner, OERC
3. Shri. P.K. Jena. Commissioner-cum-Secretary, Department of Energy, Govt. of Odisha
4. Shri B Das, Representative of Confederation of Citizen Association, Bhubaneswar
5. Ch. K K. Mishra, President, Odisha Electrical Consumers' Association, Sibasakti Medicine Complex, B.K. Road, Cuttack-753001
6. Shri G Pujari, Representative of Sundargarh Dist. Employers Association, AL-1, Basanti Nagar, Rourkela-12
7. Shri G. N. Agrawal, General Secretary, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Po-Khetrarajpur, Sambalpur – 768003
8. Shri P Dora, Consumer Activist, 3rd Lane, Vidya Nagar (Co-Operative Colony), PO/Dist-Rayagada-765001
9. Smt. Abanti Behera, W/o Shri Randhir Jena, At-Kakat, PO-Kendrapara, Dist-Kendrapara
10. Smt. Minati Behera, W/o Shri Sudarsan Behera, At-Nayachouk, PO-Madhupatna, Cuttack-753010
11. Shri M Baug, Ex-Minister, At : Mallikaspur, Po : Motiganj, Balasore Town, Dist : Balasore
12. Shri S.C. Mohanty, General Secretary, Nikhila Odisha Bidyut Sramik Mahasangha, Diha Sahi, Shankarpur, Cuttack-12
13. Shri D K Panda, Ex-M.P., 3R-156, Road-2, Behind Central School, Unit-9, Bhubaneswar-751022
14. Shri. S K Nanda, Confederation of Indian Industry, Eastern Region, Odisha, 8, Forest Park, Bhubaneswar-9
15. Shri. N Mishra, President, Odisha Small Scale Industry Association, Ajay Binay Bhawan, Industrial Estate, Cuttack-10
16. Er. B.K. Mohapatra, Industrialist, Rajabagicha, Cuttack-9
17. Shri. M V Rao, Utkal Chamber of Commerce & Industry, N/6, IRC Village, Nayapalli, Bhubaneswar
18. Prof. G C Kar, Former Professor & Head, Deptt. Of Economics, Sidheswar Sahi, Cuttack – 753008
19. Prof. A K Tripathy, Head, Deptt. of Electrical Engineering, Silicon Institute of Technology, Silicon Hills, Patia, Bhubaneswar-751024
20. Ms. Manorama Mohapatra, Gopabandhu Bhawan, Cuttack-1
21. Shri S.K. Patel, Chief Electrical Engineer, East Coast Railways, Bhubaneswar.

Special Invitees Present

1. Shri B.C. Jena, Chairman-cum-CEO, CESU
2. Shri H. Sharma, MD, GRIDCO/ OPTCL.
3. Shri S.K. Singh, CEO, NESCO
4. Shri G. Gopal Reddy, CEO, WESCO
5. Shri S.K. Choudhury, Sr. GM, SOUTHCO
6. Shri S.K. Pattnaik, Director (Finance), OHPC



OERC SECRETARIAT

1. Shri P K Swain, Secretary
 2. Sri B.K. Sahoo, Director (Engg.)
 3. Dr. M.S. Panigrahi, Director (Tariff)
1. The meeting began with Secretary, OERC extending a warm welcome to all the members of the SAC. Shri K C Badu Chaired the meeting and stressed the importance of the issues related to the tariff determination for the ensuing year 2011-12. He then outlined the structure of discussion. He pointed out that the action taken note on various decisions taken in the last meeting of SAC held on 10.11.2010 has already been circulated among the members and this may be taken as read. After the power point presentation by WISE, the Consumer Counsel appointed by OERC on various aspects of Annual Revenue Requirement (ARR) and Tariff filing by the power utilities, the members would give their suggestions, comments and opinion on various aspects of tariff for the year 2011-12 along with the action taken note already circulated. He sought the permission of the members to give priority to elderly and lady members and those who have not appeared in the tariff hearing as objectors to put forth their suggestions first. This was agreed to by all the members.
 2. Thereafter, a power point presentation was made by WISE on various aspects of ARR and Tariff proposals of OHPC, GRIDCO, OPTCL, SLDC and four distribution companies and the suggestions made during course of tariff hearing held from 02.02.2011 to 11.02.2011.
 3. Hon'ble Member Shri B.K. Mishra stated that the Commission would take note of the suggestions of SAC Members while determining the tariff for FY 2011-12.
 4. Hon'ble Member Shri Badu while thanking Secretary, Energy, MD, GRIDCO/OPTCL, Chairman-cum-CEO, CESU, CEO, NESCO, CEO, WESCO, Sr. GM, SOUTHCO and all the members of the SAC for their long deliberation and detailed discussion from various angles for about five long hours. He reiterated that while fixing the tariff the Commission is to act within the provisions of the Electricity Act, 2003, Tariff Policy, 2006, National Electricity Policy, 2005 and shall take into account the recommendations/ observations of 13th Finance Commission and valuable inputs provided by the esteemed members of the SAC.

Summary of the important issues having a bearing on tariff

1. Based on various suggestions, opinions and comments made by various Members of the SAC and the clarifications given wherever needed during the course of discussion, the important issues having a bearing on tariff were summarized. The major points discussed were:-
2. Tariff Filing and proposed increase of Retail Tariff for the year 2011-12
3. Reduction of Loss vis-à-vis Tariff Hike
4. Alleged Loss of Revenue by the DISCOMs due to Rural Electrification programme under RGGVY & BGJY
5. Quality of Supply vis-à-vis Rise in Tariff
6. Reduction in the ratio of hydro generation to total demand vis-à-vis Tariff Implication
7. Strategy for Loss Reduction
8. Unusual hike in BSP proposed by GRIDCO vis-à-vis Fuel Price Adjustment
9. Recovery of the financing cost through enhanced transmission charges
10. Capacity Addition visa-a-vis Tariff Rise
11. Levy of Surcharge on Thermal Power Stations
12. Special drive for engagement of skill manpower and regular training regarding safety aspect etc.
13. Capex Programme and Counter Part Funding by the DISCOMs



14. Suggestions of various members of the SAC relating to tariff for 2011-12
- ◇ Subsidy should be given by the State Govt. to BPL category of consumers.
 - ◇ The energy consumption between 0–200 unit slab should be charged at a tariff equal to 140 paise per unit.
 - ◇ Tariff should be reduced in higher slabs in comparison to lower slabs and the Commission should follow a regressive tariff structure. Energy consumption in domestic category in 100-200 unit slab should be less than that of 0 – 100 unit slab.
 - ◇ There should be no tariff rise and the gap in the revenue requirement should be met by way of reduction in distribution losses.
 - ◇ The category-wise cost of service should be calculated and tariff should be within $\pm 20\%$ of the cost of service.
 - ◇ The tariff for HT and EHT categories should be such that the cross-subsidy is the minimum.
 - ◇ The cross subsidy cannot be increased from the level achieved in a year, even though it is $\pm 20\%$ of the cost of supply.
 - ◇ That 0-100 slab tariff should go up in view of the fact that about 6 lakh consumers are paying less than the BPL consumers.
 - ◇ Proposed enhanced demand charges / MMFC should not be allowed.
 - ◇ The DISCOMs should make all-out efforts to bring RGGVY and BGJY consumers to the billing fold and thereby improve their collection.
 - ◇ The likely cross-subsidy due to increase in BPL consumers should be borne by the Government.
 - ◇ Tariff hike should be limited to a maximum of not more than 10%.
 - ◇ Tariff hike, if any, may be considered after imposing the highest level of efficiency on all the operators including generation, transmission, distribution etc.
 - ◇ The small scale industries utilizing power up to 20 KW may be given a concessional tariff.
 - ◇ The enhancement of tariff, if any, should be strictly linked to the quality of supply achieved by the licensee.
 - ◇ OHPC has claimed revenue even after worsening its design energy and without any improvement in performance.
 - ◇ OPTCL can manage very well by the reduction of loss and enhanced efficiency without any hike in its tariff.
 - ◇ There is no need to charge any additional fees by SLDC to enhance tariff and burden the consumers.
 - ◇ In any case, the past losses, arrear payment, bad debt should not be allowed for GRIDCO.
 - ◇ A toll free number be provided by each DISCOMs to receive information on theft of energy and the informers name may be kept confidential.
 - ◇ The informers should be given a cash award.
 - ◇ The cross-subsidy should be reduced substantially. The Commission cannot increase cross subsidy in subsequent year even if such cross subsidy is well below + 20% because the mandate is to gradually reduce.
 - ◇ The 1st slab of the RST for domestic consumers should be 0-500 units.
 - ◇ The tariff from 0-50 units may be fixed at 150 P/U, 50-200 units at 250 P/U and 200-500 units at 300 P/U.



- ◇ Meter rent should not be charged to the consumers if meter is provided in the pole.
- ◇ There should not be any tariff hike due to inefficiency of DISCOMs.
- ◇ There should be a third party verification to assess the actual distribution loss with 100% metering
- ◇ A new slab of 0-50 units in domestic category may be introduced because of the fact that most consumers between 0-100 category are manipulating their actual consumption only to remain in the 0-100 slab although their actual consumption is beyond 100 units per month.
- ◇ Cess on consumers to adopt Bacchat Lamp Yojana (BLY)
- ◇ A provision of incentive to the regularly paying consumers which may be funded by a special fund to be created by DISCOMs.
- ◇ Govt. SC/ST school hostels should be charged at lower rates as a mark of social responsibility.
- ◇ Allocate low cost power to low-end consumers and high cost power to high-end consumers.
- ◇ Kutir Jyoti may be enhanced from Rs.30/- per month to Rs.100/- per month.
- ◇ Demand for medium industries with CD of 70 KVA and above be charged at par with large industries
- ◇ Present graded slab for industries be reviewed as follows:
 - ◇ 1st slab – upto 60% of LF instead of 50% LF
 - ◇ 2nd slab – 60 to 70% LF instead of 50 to 60% LF
 - ◇ 3rd slab – more than 70% LF instead of 60% LF
- ◇ Levy of penalty for those non-DPS consumers @Rs.20.00 per month on default of payment, apart from loss of rebate.
- ◇ Levy of demand charges for SI & MI availing power supply in LT with CD of 10 KW and above.
- ◇ Computation of load factor may be allowed on actual PF or 90% whichever is higher.

**Annexure- G**

Orissa Electricity Regulatory Commission
Income and Expenditure Account as on 31st March 2011
(On Accrual Basis)

Expenditure	Figures for the current year (Rs.)	Income	Figures for the current year(Rs.)
1	2	3	4
1 Payment to and provisions towards salaries	2,88,64,704.00	1 Grants-in-aid from the Government of Orissa.	-
2 Office Expenses & Establishment Expenses	1,03,13,648.00	2 Grant from Other Sources.	
3 Depreciation of Assets.	1,49,079.62	3 Receipts of the Commission	6,85,20,686.95
4 Other Expenditure.	20,99,174.00	4 Interest on	4,744.00
5 Excess of Income over Expenditure	2,70,98,825.33	a) Cash at Bank	
		b) Investment	
		5 Excess of Expenditure over Income	
	6,85,25,430.95		6,85,25,430.95

Yet to be audited by C & AG of India

Note :

1. Provision towards Income Tax liability for the years 2006-07 & 2007-08 has not been made. Therefore, provision of Income Tax for an amount of Rs.102.38 lakh will be made in the Accounts of FY 2009-10 as pointed out by Accountant General, Orissa, Bhubaneswar while conducting audit for the year 2008-09. But OERC has applied for exemption of Income Tax which has not yet been received. Hence the liability on this account for Rs.102.38 lakh has not been included.
2. Though the OERC Fund Rules 2006 has come into force w.e.f. 01.04.2006 expenditures from the period prior to 01.04.2006 in respect of the employees retired/ transferred are being met from the Fund of the Commission. Accordingly, while all receipts / penalties pertaining to period prior to 01.04.2006 are retained, all liabilities arising out of Pay/Pension Revision etc. as well as unpaid dues prior to 01.04.2006 are being discharged by the Commission from the OERC Fund.
3. OERC has huge liability of Rs.186.00 lakh towards Pension and Gratuity payment to OERC Employees Pension Fund Trust upto 31.03.2009.
4. As fair rent of OERC office building has not yet been finalized, OERC has huge liability of Rs.181.00 lakh payable to OPTCL towards arrear House Rent upto 31.03.2011.



Annexure - H

Receipt and Payment Account for the year ended March 2011

(on cash Basis)

Receipts	Figures for the current year (Rs.)	Payments	Figures for the current year (Rs.)
1	2	3	8
1 To balance b/d.		1 By Payment to and provisions for employees	2,69,26,321.00
(i) Cash at Bank	91,48,160.50	2 By Office and Establishment Expenses	99,34,172.00
(ii) Cash in Hand	10,000.00	3 By Purchase of Assets	13,37,303.00
		4 By Advances	
2 To Grants-in-aid from the Government of Orissa		a) Advances to employees	11,76,700.00
		b) Contingent Advances	
3 To Grant from Other Sources		5 Deposits Payments (Particulars of deposits to be indicated)	
		6 Investment	3,10,08,037.00
		7 Other Expenditure	20,99,174.00
		8 By Balance c/d.	
4 To Receipts of the Commission	6,47,37,368.00	(i) Cash at Bank	51,87,307.45
5 Receipts from Investment	37,83,318.95	(ii) Cash in Hand	9,833.00
	7,76,78,847.45		7,76,78,847.45

Yet to be audited by C&AG of India

Annexure - I

(On Accrual Basis)

Orissa Electricity Regulatory Commission, Unit-VIII, Bhubaneswar-12

Balance Sheet as at 31st March of the year 2011

Liabilities	Figures for the current year (Rs.)	Assets	Figures for the current year (Rs.)
1	2	3	8
1. General Fund Add: (Less) Excess of income over Expenditure (or expenditure over Income) during the year transferred from Income and Expenditure account.	60,520,235.17	1. Fixed Assets 4599805.04 Less : Depreciation 149079.62	4,450,725.42
2. Loans		2. Investment	31,008,037.00
3. Current liabilities and provisions.	40,204,651.70	3. Current Assets and Advances.	65,266,124.45
		4. Grants-in-aid receivable from Government of Orissa.	
		5. Grants from other sources	
	100,724,886.87		100,724,886.87

Yet to be audited by C & AG of India

**Annexure - J****Separate Audit Report on the Accounts of Orissa Electricity Regulatory Commission
for the year ended 31st March, 2008**

We have audited the attached Balance Sheet of Orissa Regulatory Commission for the year ended 31st March, 2008 and the Income Expenditure account for the year ended on that date under Section 104 of Electricity Act, 2003. The audit of accounts of the Commission has been undertaken by the Comptroller and Auditor General of India under section 19(3) of the Comptroller and Auditor General's Duties Power and Conditions of Service (DPC) Act, 1971 read with the Section 104 (2), of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with best accounting practices, accounting standards, disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Priority and Regularity) and efficiency-cum-performance aspects, etc., if any are reported through Insopection Reports/CAG's Audit Reports separately.

We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. The Balance Sheet and Income and Expenditure Account dealt with by this report have been drawn up in the format approved by the Government of Orissa under Section 104 (1) read with Section 180 (2) of the Electricity Act, 2003.
- iii. In our opinion books of accounts and other relevant records have been maintained by the Commission as required under Section 104 (1) of the Electricity Act, 2003 read with the Rule 4 of the Orissa Electricity Regulatory Commission (annual statement of accounts) Rules, 2006 in so far as it appears our examination of such books.

iv. We further report that:

A. Income and Expenditure Account**Income****Receipt of the Commission (Schedule-XI)****Fines and Penalties- Rs 52.55 Lakh**

1. The above represents fines and penalties pertaining to the year upto 2004-05 realised by the Commission during 2007-08. As this revenue relates to the period prior to 1 April, 2006 i.e. the date of creation of separate fund for the Commission, the amount should have been deposited into Government Account. Accounting of fines and penalties as income of the Commission has resulted in overstatement of Fines and penalties, excess of income over expenditure and understatement of current liabilities by Rs 52.55 lakh each.

Expenditure**Office & Establishment Expenses (Schedule-VI)****Rent, Rates & Taxes- Rs 11.00 lakh**

2. Non-provision of residual amount of house rent for Rs 5.41 lakh for the period from 01.04.2006 to 31.03.2008 demanded by OPTCL has resulted in understatement of Rent, Rates & Taxes, Current Liabilities with corresponding overstatement of excess of income over expenditure by Rs 5.41 lakh each.



Legal Expenses- Rs 10.19 lakh

3. Non-provision towards legal expenses of Rs 0.59 lakh for the period January, 2008, has resulted in understatement of Legal Expenses, current liabilities with corresponding overstatement of excess of income over expenditure by Rs 0.59 lakh each.

Establishment Expenditure: Rs 64.66 lakh

Audit fee: Nil

4. Non –provision of audit fees of Rs 0.65 lakh for the year 2007-08 has resulted in understatement of Establishment Expenditure, current liabilities and overstatement of Excess of Income over expenditure for the year by Rs 0.65 lakh.

Subject to our observations in the preceding paragraphs we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of accounts.

- v. In our opinion and to the best of our information and according to the explanations give to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, give a true and fair view in conformity with accounting principles generally accepted in India:
- a. In so far as it relates to the Balance Sheet of the state of affairs of the Commission as at 31st March, 2008; and
- b. In so far as it relates to Income & Expenditure Account of the excess of income over expenditure for the year ended on that date.

**For and on behalf of
The Comptroller and Auditor General of India**

Place: Bhubaneswar

Date: 21.07.2011

**(S R DHALL)
ACCOUNTANT GENERAL**



APPENDIX



Appendices

- Appendix-I : D.O. letter No.Engg.-11/2007 (IV)/553 dt.31.03.2011 of Chairman, OERC addressed to Chief Secretary & Chief Development Commissioner on statutory advice regarding inspection of electrical installations for safety in electric supply.
- Appendix-II : D.O. letter No.CHP/2011/921 dt.27.05.2011 of Chairman, OERC addressed to Chief Secretary & Chief Development Commissioner on ineffective functioning of Energy Police Stations.
- Appendix-III : D.O. letter No.DIR(T)-332/08/975 dt.02.06.2011 of Chairman, OERC addressed to Chief Secretary, Govt. of Orissa on Filling up the vacant posts in OPTCL
- Appendix-IV : Letter No.3774 dt.22.04.2010 of Secretary, OERC addressed to Commissioner-cum-Secretary, Deptt. of Energy Govt. of Odisha on implementation of Business Plan for the year 2008-09 to 2012-13 - Proactive steps by State Govt. and initiative by the Distribution Companies
- Appendix-V : Letter No.Secy-066/2000/994 dt.04.06.2011 of Secretary, OERC addressed to Principal Secretary to Govt. Water Resources Deptt. on payment of outstanding Energy dues by OLIC for the period from April, 1999 to December, 2002 and up to date payment by Pani Panchayats.
- Appendix-VI : Letter No.Secy/CC/1221 dt.11.07.2011 of Secretary, OERC addressed to Commissioner-cum-Secretary, Health & Family Welfare Deptt. on outstanding energy dues of consumers under Health & Family Welfare Department
- Appendix-VII : Deptt. of Energy letter No.3030 dated 21.04.2011 to Discoms on Physical Inspection of electricity utilities.
- Appendix-VIII : Govt. of Odisha, DoE order No.3995 dated 26.05.2011 asking the Discoms to extend their necessary cooperation to the Vigilance Authorities of the State.
- Appendix-IX : D.O. letter No.16/28/2008-APDRP dt.23.02.2011 of Joint Secretary, Ministry of Power, Govt. of India addressed to Secretary, Deptt. of Energy, Govt. of Orissa on RAPDRP.
- Appendix-X : Letter No.DIR(T)-330/08/925 dtd.28.05.2011 of Secretary, OERC addressed to Commissioner-cum-Secretary, Deptt. of Energy on disparity in loss level vis-à-vis financial assistance under RAPDRP.
- Appendix-XI : Important Judgments
- Appendix-XII : Extracts of the Commission's order dated 12.05.2011 (Para 51 to 66) in Case No.35 of 2005 (Revocation of licensee of Reliance Energy Ltd.)
- Appendix-XIII : Suo motu proceeding of Case No.44 of 2011 dated 18.06.2011
- Appendix-XIV : Extracts of Power Scenario in Orissa upto 2016-17 (Para 8 to 15) in Case No.64 of 2011 vide order dated 23.09.2011
- Appendix-XV : Chairman's D.O. letter No.DIR(T)-351/08 (Vol.I)/1765 dated 22.09.2011 addressed to Chief Secretary, Orissa on Separation of SLDC functions from OPTCL



Appendix - I

B. K. DAS
CHAIRPERSON

D.O. No.Engg-11/2007(IV)/553
Dt. : 31.3.2011

Dear

Sub : Statutory Advice regarding inspection of electrical installations for safety in electric supply.

With the coming into force of the Electricity Act, 2003 [and consequent repeal of the earlier Acts, i.e., the Indian Electricity Act, 1910 (I.E. Act, 1910) & the Electricity (Supply) Act, 1948 (E.S. Act, 1948)] since 10.06.2003, the Central Electricity Authority (CEA) is required to specify Regulations on Measures relating to Safety and Electric Supply. However, until such Regulations were made by the CEA, the provisions of the Indian Electricity Rules, 1956 made under Section 37 of the I.E. Act, 1910 as it stood before such repeal was to continue to be in force. In the above context, it may be seen that the CEA has already notified in the Gazette of India, the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 on 24th September, 2010 along with a batch of other Regulations around the same time like those on Technical Standards for Electrical Plants & Lines, Grid Standards, etc. (copy enclosed). In the meanwhile, the Commission has been receiving a number of letters, either directly addressed or with a copy endorsed to us, from the DoE, GoO & the Electrical Inspectorate on the issues of lack of action /compliances by the DISCOMs in regard to matters concerning safety such as increasing electrical accidents, non – observance of safety norms, non-payment of advance fees for inspection of their installations, non co-operation in disconnecting consumers for default in payment of fees for inspection of their installations etc. Accordingly, at the request of the Government, the Commission convened a meeting on 01.3.2011 at OERC Conference Hall to discuss the aforesaid related issues, the record note of which is enclosed for your reference.

2. As seen from the said record notes, although the Commission has made some observations and given consequential directions to improve the safety situations in the State Utilities, the Commission has noticed with concern, uncertainties in the mind of relevant authorities, which need to be dispelled lest they may impede effective and expeditious implementation of the statutory provisions in this regard. Therefore, I am hastening to request you to suitably advise the relevant authorities in the following matters.
 - Despite the notification of the CEA Regulation on Measures relating to Safety and Electric Supply around six months back, the Electrical Inspectorate does not yet appear to be conversant with the existence of the said Notification. All further action must, therefore, be taken in accordance with these Regulations including the notification of consequential matters for the operation of the Regulations in the State wherever required.
 - The periodical inspection and testing of electrical installations is a primary and fundamental statutory duty cast upon the Electrical Inspectorate and cannot be qualified or subjected to any condition precedent.
 - The Electrical Inspector is also required to inspect all consumers' installation connected to the DISCOM's system, including the new installation proposed to be connected to DISCOM's system. In this context GoO can also direct the DISCOM's safety officer to take up inspection as a practical measure and thereby relieve the Electrical Inspector from that part of the workload.
 - In view of the impending increased workload for inspection of new installation envisaged under the CAPEX program of DISCOMs in addition to the aforesaid periodic inspections of their existing installations, the Electrical Inspectorate needs to be strengthened for effective & priority utilization of their resources.



- The Electrical Inspectorate should ensure proper implementation of the safety provision by all stakeholders including the Utilities and may take appropriate legal action against defaulting entities/ persons.

The Commission would indeed be grateful for your assistance in the matter and would be happy to be of any assistance to the Inspectorate and the Govt. as might be required.

Yours sincerely,

Encl. : As above.

Sd/-
(B.K. Das)

To

Shri B.K. Patnaik, IAS
Chief Secretary & Chief Development Commissioner,
Govt. of Orissa, Bhubaneswar.

**Appendix-II****B. K. DAS**
CHAIRPERSON**D.O. No.CHP/2011/921**
Dt. : 27.05.2011

Dear Shri

Sub: Ineffective functioning of Energy Police Stations.

The State Government have sanctioned the establishment of 34 Energy Police Stations to curb theft of electricity and by now 15 Nos. of Energy Police Stations have started functioning. But due to the absence of adequate police personnel at these police stations they are badly handicapped in their effectiveness. This is evident from the fact that though the Commission had directed that energy police stations should be utilized for detection of theft by high end consumers like commercial establishments, professional educational institutions, industries, nursing homes, hotels, shopping malls, fabrication units, rice mills, industrial establishments, fish processing units, etc, the action so far taken by the Energy Police Stations have been directed towards small consumers and only in a few cases some action has been taken in respect of high end consumers. In this connection the news item “ବିଦ୍ୟୁତ୍ ଚୋରି-ଚଢ଼ ସଂସ୍ଥାକୁ ଛାଡ଼ି କାହିଁକି ଘରୋଇ ଗ୍ରାହକଙ୍କ ପକ୍ଷରେ ପଡ଼ିଛି” published in the daily newspaper “The Sambad” dated 14.4.2011 is enclosed along with an extract of para 621 and 622 of the Retail Tariff Order for 2011-12 which deals with poor functioning of Energy Police Stations.

2. As I have already brought to your notice in my DO letter No.CHP/2010/4933 dated 17.9.2010, the State Government should seriously consider the West Bengal model where a very senior police officer at the level of an IG works with the West Bengal State Electricity Distribution Company Ltd. (WBSEDCL) and is responsible for theft prevention, detection prosecution and liaison with the police. West Bengal though has only one DISCOM for the entire State while we have four (4) DISCOMs. We would, therefore, consider having one senior officer working with the Dept. of Energy and being responsible for theft prevention and detection in all the four (4) DISCOMs. He could supervise and monitor the working of all the Energy Police Stations and ensure their effective functioning. As an officer of the State’s police administration, he could liaise easily with the police and act as a bridge between the Electricity Utilities and the Police.
3. Tariff has been fixed for 2011-12 taking normative target of 21.71%. Against a distribution loss of 43.91% in 1999-2000 the DISCOMs have been able to marginally reduce the distribution loss to 37.24% by 2009-10. It is far below the target fixed by OERC while determining the Annual Revenue Requirement and fixing the tariff of the respective years. It may be relevant to consider here that against distribution loss of 37.24% achieved in 2009-10, the proposed ceiling for 2011-12 by the distribution companies is 32.95%. The Commission have approved the Annual Revenue Requirement and Tariff based on the normative distribution target of 21.71% for 2011-12 as stipulated in the Business Plan Order for the said year. Similarly, against AT&C loss of 39.15% for 2009-10 and 34.06% proposed by the DISCOMs for 2011-12, the tariff for 2011-12 has been approved on the normative AT&C loss of 22.49%. Thus, though loss incurred by the DISCOMs have not been loaded to the consumers, in actual practice there is loss of revenue by the DISCOMs when compared to the revenue collection figures reckoned by the Commission. If we can reduce the AT&C losses to a reasonable level and prevent theft fully, it would not only mean huge revenue gains for the DISCOMs but also fairly large increases by way of Electricity Duty for the State Govt. It is therefore, all the more necessary for the State Government to provide the required police personnel for effective functioning of the Energy Police Stations and to ensure their effective functioning by way of regular monitoring and supervision in their functioning at the level of a Sr. IPS Officer, preferably posted to Energy Department to oversee the energy related crimes in the State.



4. Regular monitoring of the energy related crimes at the level of State Govt. would also have deterrent effect on the unscrupulous employees of the DISCOMs who more often than not connivance with the consumers. The huge loss in the distribution sector cast a unsustainable burden on the honest and paying consumers, overloading of lines and transformers, break down of supply, load shedding, increases in tariffs, indifferent service standards and huge problems in billing and collection. While the DISCOMs must systematically set about the curbing of losses by system upgradation and proper billing and collection, they need to be aided by the State and the machinery of the police in prevention and detection of theft, with penal action against the thieves. The DISCOMs need to be backed to the hilt by the State administration in curbing such losses.
5. I would request you to please look into the matter personally to ensure that Energy Police Stations are fully equipped with required police personnel and function effectively with day to day overall guidance and supervision by a Senior Police Officer preferably posted to Energy Department.

With regards and best wishes,

Yours sincerely,

Encl: As above

Sd/-
(B. K. DAS)

To,

Shri B.K. Patnaik, IAS
Chief Secretary &
Chief Development Commissioner Orissa, Bhubaneswar.

Copy forwarded to the Commissioner-cum-Secretary, Department of Energy, Govt. of Orissa, Bhubaneswar for information and necessary action.

Encl: As above

Sd/-
(P. K. Swain)
SECRETARY



Appendix-III

B. K. DAS
CHAIRPERSON

D.O. No.DIR(T)-332/08/975
Dt. : 02.6.2011

Dear

Sub: Filling up the vacant posts in OPTCL.

A recent performance review of OPTCL has shown that OPTCL is severely handicapped with a manpower problem in its non-Executive categories leading to inadequate manning of its Grid sub-station and transmission lines. The Orissa Power Transmission Corporation Ltd. (OPTCL) has recently taken several steps to augment and expand its EHT network. Under Section 39 of the Electricity Act, 2003, OPTCL is required to ensure the development of an efficient, coordinated and economical system of intra-state transmission lines for smooth flow of electricity to load centres. Obviously this requires systematic strengthening, expansion and addition of grid sub-stations and associated transmission lines in different parts of the State, in view of the galloping load growth and other service requirement. The Commission, therefore, have approved an investment of about Rs.1700.00 crore for construction of a number of Grid sub-stations and transmission lines to facilitate smooth evacuation of power from generating points to the distribution network. The list of investment approved during 2007-08 to 2010-11 is enclosed for reference vide Annexure-A. Construction work has already been taken up in some of the remote areas like Dabugaon, Nuagaon, Kalahandi, Boudh, Kuchinda, Bonai, Barbil, etc.

2. The efficient functioning and operation and maintenance of the transmission network, therefore, entail adequate skilled manpower. When OPTCL's performance was being reviewed for FY 2010-11 on 25.5.11, what transpired is that OPTCL is not able to maintain the transmission network effectively due to severe shortages in skilled manpower. Though, OPTCL to a considerable extent has overcome the problem in its executive categories due to the recruitment of 306 Executives during February – May, 2011, the shortage of manpower in its non-executive categories, particularly in the technical categories like ITI Electrical/Telecom qualified persons has led to serious problem in the day to day operation and maintenance of existing transmission system and the ongoing project work.
3. Against the sanctioned strength of 3990 posts of different categories of Non-executive posts, the men-in-position are 2679 and the vacancies add upto 1311. The details may be seen in Annexure-B. Besides the vacancy of 1311 posts, 293 non-executive hands will retire in the next 3 years. This would impact the operation and maintenance of Grid S/Ss and aggravate the current situation in a cumulative manner. The position may be seen in Annexure-C regarding the vacancies going to be created in the coming three years.
4. At present, there are 97 EHT (O&M) Grid S/Ss and 11232 Ckt. Km associated lines across the State. Supply of power round the clock without interruption necessarily demands trained and skilled manpower in the existing Grid sub-stations. In the next three years the power network infrastructure in the state will be strengthened with another 41 new Grid sub-stations at different voltage levels and 1000 Ckt. Km of associated lines. Implementation of these projects and their commissioning as per schedule would require trained manpower. To handle and maintain the sophisticated equipments in the Grid sub-stations the manpower required should be in position from the beginning of the project's implementation through testing & pre-commissioning till the time of commissioning of the projects and onward maintenance of the transmission system in a smooth and efficient manner. The current shortage of skilled manpower is leading to overloading of work on the existing workforce which is further leading to fatigue and stress. The probability of increased fatal and non-fatal accidents can not be ruled out in such a critical situation.
5. The Commission finds that since, 2002, OPTCL have been requesting the Dept. of Energy to allow OPTCL to recruit ITI qualified persons in Semi Skilled Technical category posts. Recently, a proposal has also been sent to Govt. for filling up of the technical Non-executive posts as indicate at Annexure-D which is the bare minimum required, to be filled up in phased manner. It is, therefore, an imperative to recruit at least 357 ITI trained (Electrical/Telecom) against the existing vacancies of 542 in a phased manner i.e. 195 in 2011-12 and 162 in 2012-13.



6. In view of the critical importance of maintaining efficient transmission and in order to ensure quality power through the Distribution network of the DISCOMs, it is essential that qualified technical manpower should be available to OPTCL without any further delay. OPTCL needs to be given the necessary autonomy in filling up the vacant posts in a phased manner. OPTCL receives no support from the Govt. and therefore, there should be no hesitation in letting go these restraints on OPTCL by allowing the filling up non-executive vacant posts as indicated in Annexure-B.
7. May I request you to please look into the matter and see that OPTCL goes ahead in putting in place the currently needed technical manpower in a phased manner as indicated in Annexure-D to meet the essential requirement of maintaining the electricity supply in the State?

Yours sincerely,

Sd/-

(B.K. Das)

Encl. : As above.

To,

Shri B.K. Patnaik, IAS,
Chief Secretary to Govt. of Orissa,
Bhubaneswar.

Copy to the Chairman-cum-Managing Director, OPTCL, Janpath, Bhubaneswar-22.

Sd/-

Secretary

**Annexure-A**

INVESTMENT PLAN APPROVED BY OERC				
OPTCL				
Sl. No.	Name of the Project	Case No.	Date of Order	Estimated Amount (Rs. In Cr.)
1	400 KV Meramundali- Duburi D.C. line	.01/2007	Dt.02.05.07	131.47
2	220/132 KV S/S at Bhadrak alongwith associated transmission line	.01/2007	Dt.02.05.07	27.64
3	132/33 KV S/S at Basta along with associated transmission line	.01/2007	Dt.02.05.07	16.98
4	132/33 KV S/S at Karanjia along with associated transmission line	.01/2007	Dt.02.05.07	24.20
5	132/33 KV S/S Barapalli along with associated transmission line	.01/2007	Dt.02.05.07	15.86
6	132/33 KV S/S at Anandpur along with associated transmission line	.58/2007	Dt.26.12.07	23.68
7	132/33 KV S/S at Purushottampur along with associated transmission line	.04/2007	Dt.04.04.08	15.99
8	132 KV Paradeep -Jagatsinghpur S.C. line with feeder bay extension at both ends.	.04/2007	Dt.04.04.08	18.19
9	* 132/33 KV S/S at Nuapada along with associated transmission line	.15/2008	Dt.05.08.08	34.84
10	* 132/33 KV S/S at Dabugaon along with associated transmission line	.15/2008	Dt.05.08.08	25.97
11	132/33 KV S/S at Chandpur along with associated transmission line.	.15/2008	Dt.05.08.08	16.81
12	* 132/33 KV S/S at Padampur along with associated transmission line	.19/2008	Dt.05.08.08	27.57
13	* 132/33 KV S/S at Kuchinda along with associated transmission line	.19/2008	Dt.05.08.08	25.96
14	* 132/33 KV S/S at Bhawanipatna along with associated transmission line	.20/2008	Dt.05.08.08	19.59
15	* 132/33 KV S/S at Boudh along with associated transmission line	.20/2008	Dt.05.08.08	29.87
16	132/33 KV S/S at Banki along with associated transmission line	.24/2008	Dt.18.05.09	21.16
17	220/132 KV S/S & 1 32/33 KV S/S at Karadagadia along with associated transmission line	.31/2008	Dt.18.05.09	80.94
18	132/33 KV S/S at Kalunga along with associated transmission line.	.74/2008	Dt.27.08.09	17.93
19	132/33 KV S/S at Barbil along with associated transmission line	.74/2008	Dt.27.08.09	17.40
20	220/33 KV S/S at Bonai along with associated transmission line	.74/2008	Dt.27.08.09	28.74



21	220 KV Bidanasi - Cuttack D.C.line	.74/2008	Dt.27.08.09	9.43
22	Restoration of 220 KV Budhipadar -Burla-Bolangir D.C. line	.74/2008	Dt.27.08.09	28.88
23	Provision of 3rd transformer bays with capacity up - gradation in different S/Ss.	.39/2008	Dt.30.12.08 (interim order)	152.30 125.82
24	2X12.5 MVA, 132/33 kV substation at Udala along with associated Transmission line	.86/2009	Dt. 15.09.09	29.92
25	2X40 MVA, 220/33 kV SS at Gopinathpur, Keonjhar along with associated Transmission line	.86/2009	Dt. 15.09.09	25.68
26	2X160 MVA, 220/132 kV & 2X20MVA, 132/33 kV S/S at Lapanga along with associated Transmission line	.86/2009	Dt. 15.09.09	70.19
27	Conversion of existing 32.5 (20 +12.5) MVA, 132/11 KV S/s to 2 x 40 MVA, 132/33 KV S/s at Sarasmal, Jharsuguda.	.22/2010	Dt.30.09.10	13.14
28	2 x 100 MVA, 220/132 KV and 2x 40 MVA, 132/33 KV S/s at Kuanramunda alongwith associated transmission line.	.22/2010	Dt.30.09.10	62.12
29	2 x 100 MVA S/s at Cuttack alongwith associated transmission line.	.22/2010	Dt.30.09.10	30.39
30	2 x 40 MVA, 132/33 KV s/s at Luna in Kendrapada alongwith associated transmission line.	.78/2010	Dt.05.08.10	19.59
31	Installation of Capacitor Banks(275 MVAR) in 23 nos. of Grid S/S.	.23/2010	Dt.20.05.10	18.59
32	2 x 100 MVA, 220/132 KV and 2 x 40 MVA, 132/33 KV S/s at Dhamara in Bhadrak alongwith associated transmission line.	.78/2010	Dt.5.08.10	74.96
33	Implementation of Enterprise Resources Planning(ERP) system, Wide Area Network(WAN) and Data Center.(Capital Expend. 17.796 Cr. and R&M-10.377 Cr.)	.33/2009	Dt.13.11.09	28.17
34	Integration of 30 existing grid S/S under ULDC expansion scheme.	.124/2009	Dt.16.07.10	36.00
35	Provision of SCADA interface points at all 220 kV Grid S/S of OPTCL.	.20/2010	Dt. 02.11.10	67.48
36	Restoration of IbMeramundali	.127/2010	Order reserved	138.28
37	Replacement of ACSR Conductor by ACSR in 132 KV Chandaka-Ransingpur Procurement of transformers by OPTCL	.130/2010	18.12.2010	30.30
38	Procurement of Transbrmers by OPTCL	.20/2010	27.06.09	151.00
	TOTAL			1,733.03



Annexure-B

Man in Position as on 31-12-2010

Skilled Category	Sanctioned Strength			Man in position			(Vacancy/ Surplus)	Retirement in next three years (2011-14)
	Admn	Tech	Total	Admn	Tech	Total		
Supervisory-B	1	1	2	1	1	2	0	293
Highly Skilled - A	99	37	136	36	32	68	(-) 68	
Highly Skilled - B	140 (Jr.Acct-30)	86	226	75 (JrAcct-12)	45	120	(-) 106 (Jr Acct-18)	
Skilled - A	62	458	520	59	167	226	(-) 294	
Skilled - B	531 (Clerk, Steno-520)	534	1065	254 (Clerk, Steno-246)	201	455	(-) 610 (Clerk, Steno-274)	
Skilled - C	0	463	463	0	313	313	(-) 150	
Semi Skilled - A	0	724	724	0	192	192	(-) 532 (Vacancy)	
Semi Skilled - B	38	0	38	28	0	28	(-10) Vacancy	
Unskilled	251	565	816	406	869	1275	(+) 459 (Surplus)	
TOTAL	1122	2868	3990	859	1820	2679	(-) 1311	

Annexure-C

Break up of retirement of Non-Executives in next three years.

category of post	Sanctioned strength	Man-in-position	vacancy	Retirement during three years(2011-2014)		
				2011-12	2012-13	2013-14
Non-Executive category posts	3990	2679	1311	84	108	101



Annexure - D

Break up of Non-Executives proposed to be recruited in a phased manner.

Sl No	Name of the post/ Skilled category	Pay Band/ Grade Pay	Hqrs		Field		No of posts to be filled up in phased manner		
			Adm	Tech	Adm	Tech	1 st phase	2 nd phase	3 rd phase
1	Unskilled	S- 1 G.Pay 1750/-	-	-	-	-	-	-	-
2	Semiskilled-B	PB- 1 G.Pay 1900/-	-	-	-	-	-	-	-
3	ITI Technician (Semiskilled-A)	PB -1 G.Pay 2100/-	-	-	-	499	195	162	162
4	Skilled-C	PB -1 G.Pay 2400/-	-	-	-	-	-	-	-
5	Steno Gr-III, Clerk-B, LD Asst, (Skilled-B)	PB - 1 G.Pay 2500/-	25	-	167	-	100	46	46
6	Skilled-A	PB -1 G.Pay - 2800/-	-	-	-	-	-	-	-
7	Jr Accountant (High Skilled-B)	PB -1 G.Pay 3300/-	-	-	17	-	10	7	-
8	High Skilled-A	PB -2 G.Pay 4200/-	-	-	-	-	-	-	-
	Total		25		184	499	305	215	208



Appendix-IV

ORISSA ELECTRICITY REGULATORY COMMISSION BIDYUT NIYAMAK BHAVAN

UNIT-VIII, BHUBANESWAR – 751 012

TEL. No. 2396117, 2393097, FAX : 2393306

e-mail : orierc@rediffmail.com

website : www.orierc.org

No.OERC/SECY/2010/3774

Dt. 22 .04.2010

From

P.K. Swain
Secretary.

To

The Commissioner-cum-Secretary,
Department of Energy,
Govt. of Orissa, Bhubaneswar.

Sub : Implementation of Business Plan for the year 2008-09 to 2012-13 - Proactive steps by State Govt. and initiative by the Distribution Companies.

Sir,

I am directed to say that the Business Plan covering the period 2003-04 to 2007-08 was approved by OERC in their order of 28.2.2005 vide case No.115/2004. The said Business Plan envisaged reduction of Transmission and Distribution (T&D) losses from 40.80% in 2003-4 to 28.2% in 2007-08. The Aggregate Technical & Commercial (AT&C) loss was targeted to be reduced from 49.4% in 2003-04 to 32.4% in 2007-08. However, the distribution loss has been reduced from 40.8% in 2003-04 to 37.5% in 2007-08. The AT&C loss has been reduced from 49.4% in 2003-04 to 41.6% in 2007-08. The main reason for failure to achieve the target of loss reduction is allegedly ascribed to lack of effective support from government in providing strong police action to take anti theft measures. The distribution licensees were not able to arrange fund for investment in system up gradation, is stated to be another reason. The current revenue earned during the year was just sufficient to pay the BST bill and to meet the salary expenses and marginally for O&M expenses.

2. In the mean time after consultation with all the stakeholders, the Business Plan for the year 2008-09 to 2012-13 has been approved by the Commission on 20.3.2010 vide case No.41, 42 & 43 of 2007 & Case No.22 of 2008. The tariff order for the year 2008-09, 2009-10 and 2010-11 has been issued based on the target of loss reduction incorporated in this Business Plan. According to this Business Plan it has been envisaged that distribution loss should be reduced from 37.50% in 2008-09 to 21.20% in 2012-13 while AT&C loss should be reduced from 41.89% in 2008-09 to 21.99% in 2012-13. Target of loss reduction can be achieved if the following two steps are taken:-

- (i) Strong administrative and police action to launch a broad attack on theft of electricity for which proactive steps are to be taken by the State Govt. to provide leadership. Anti theft measures have paid rich dividend in States like Maharashtra, Andhra Pradesh, West Bengal, Gujarat etc, where initiatives were taken on theft of electricity by monitoring the antitheft drive from the highest level of the govt.



- (ii) Investment in system upgradation to reduce technical loss and improve quality of supply.

Operation of anti-theft measures

3. In this connection Commission has already advised the State Govt. from time to time to make energy police stations effectively functional by posting suitable officers and monitoring day to day operation of the energy police stations by a Senior police officer in the rank of an Additional D.G. or at least in the rank of I.G. who should be posted preferably in the Energy Department to ensure effective function and supervision.

Investement

4. In Delhi, State Govt. had provided Rs.3450 crore as transitional support besides keeping the liabilities with a holding company and transferring assets to the private distribution companies with a clean Balance Sheet. Sovan Kanungo Committee had recommended a transitional support of Rs.3240 crore for system improvement. Accordingly taking into account the inflation the Commission has advised the State Govt. and the distribution companies to invest at least Rs.5000 crore during the year 2010-11 to 2012-13. While the State Govt. through GRIDCO being 49% of share holder should invest at least Rs.2450 crore, the four distribution companies should invest balance Rs.2550 crore in proportion to the number of consumers as on 1.4.2009 in respect of their area of operation. Accordingly share of investment of 5000 crores between the State Govt. and distribution companies would be as under:-

(Rs. In crore)

Description	No. of Consumers as on 1.4.2009	Ratio of consumers	Investment by DISCOMs	Investment by Govt.	Total
CESU	10.74 lakh	39.00%	995	955	1950
WESCO	5.35 lakh	19.50%	497	478	975
NESCO	5.78 lakh	21.00%	535	515	1050
SOUTHCO	5.63 lakh	20.50%	523	502	1025
TOTAL	27.50 lakh	100.00%	2550	2450	5000

5. The budgetary support by the State gov. should be in such a manner that it should have least impact on tariff. Accordingly it has been suggested that the State Govt. should provide the budgetary assistance as an interest free subordinate loan repayment of which will come up only after all other senior bank and FI loans have been fully serviced and this will enable the DISCOMs to service them later with ease.
6. Since assets have been hypothecated to GRIDCO in respect of the Reliance managed three distribution companies for redemption of NTPC power bond of Rs.400 crore, it has been suggested that the assets added after 31.3.2001 should be freed and distribution companies should hypothecate the assets created after 31.3.2001 for enabling them for loan from the financial institutions such as REC & PFC. Similarly the State Govt. may give written clearance for hypothecation by distribution companies in respect of the assets created out of the World Bank loan for capital works.
7. The main guidelines and the summary of the operating part of the Business Plan have been indicated from para 82 to para 85, the extracts of which are enclosed herewith for ready reference. (Encl-I)
8. In order to make the power sector viable and improve the quality of supply in rural areas the present level of theft has to be drastically reduced and effectively curbed. Unless this is done, investment in generation, transmission and distribution would become unviable and unattractive. Power theft need to be curbed with determination. This is basically a governance issue rather than technical and commercial issue. What is crucial for effective reduction of theft of electricity is the effective and coordinated functioning of the Energy Police Stations and speedy trials by the designated Special Courts. This would be possible only when the day to day functioning of the energy police stations is closely monitored on a regular basis at the level of I.G. or Additional D.G., specially designated and specifically assigned with the task.



9. Govt.'s administrative support by way of establishing energy police stations and Special courts in all the districts and their effective functioning, will not give any further excuses to the DISCOMs in not performing their own duty in reducing commercial losses by effective billing and collection and achieving their targeted loss reduction programme as approved by the OERC.
10. Besides the various actions as suggested in para 8, govt. may take action for providing budgetary support and to facilitate distribution companies to access loan capital from the financial loan institutions as suggested in the Business Plan approved by the Commission.
11. A copy of this letter is being endorsed to all distribution companies for follow up action at their end. It is requested that immediate steps may be taken at Govt. level to convene a meeting of the distribution companies and workout action plan on antitheft measures, modalities of investment and release of fund for capital investment for system upgradation as suggested in the Business Plan. Action taken in this regard may be appraised to the Commission on or before 15.5.2010.

Yours faithfully,

Encl: As above

Sd/-

SECRETARY

Copy forwarded to:

The Principal Secretary to Govt., Finance Department, Govt. of Orissa, Bhubaneswar along with a copy of enclosure for favour of information.

Encl: as above

Sd/-

SECRETARY

Dr. R. V. Singh, Special Secretary to Govt., Planning & Coordination Department, Bhubaneswar along with a copy of enclosure for favour of information.

Encl: as above.

Sd/-

SECRETARY

Copy forwarded to:

The Chief Executive Officer, CESU, 2nd floor, IDCO Tower, Janpath, Bhubaneswar / The Vice President, WESCO, At/Po: Burla, Sambalpur/ The Vice President, NESCO, Januganj, Balasore/ The Vice President, SOUTHCO, Courtpetta, Berhempur/ Shri V. K. Sood, Managing Director, WESCO & NESCO & Director, SOUTHCO Plot No.N-1/22, IRC Village, Nayapli, Bhubaneswar/ The Chairman-cum-M.D., GRIDCO, Janpath, Bhubaneswar, along with a copy of enclosure for information and necessary action.

Encl: As above

Sd/-

SECRETARY



- “82. The budgetary support by the State Govt. should be in such a manner that it should have the least impact on tariff. If capital investment is made in the shape of equity the return on equity would be @ 16% in the annual revenue requirement. If capital investment is provided as a loan carrying the usual rate of interest @ 12%, this would have a direct bearing on the tariff. Govt. therefore should provide a minimum budgetary allocation of Rs.2450 crore during the period 2010-11 to 2012-13 through a subordinate and interest free loan. This would soften the impact on the finances of the DISCOMs as they would not be required to pay the interest. The impact on the consumer would be negligible as the interest-free subordinated loan repayment will come up only after all other senior bank and FI loans have been fully serviced and this will enable the DISCOMs to service them later with ease. The budgetary support of Rs.2450 crore should be allocated to the DISCOMs in proportion to the number of consumer of the DISCOMs as on 01.04.2009 (i.e. CESU 39%, NESCO 21%, WESCO 19.5% and SOUTHCO 20.50%). On the other hand the four DISCOMs must bring in loan capital of Rs.2550 crore towards their 51% share in proportion to the loan capital to be invested by State Government through GRIDCO in the respective DISCOMs.
83. There should not be direct release of fund to DISCOMs for capital expenditure or special repair and renovation of distribution network. This should be routed through a separate account to be opened by GRIDCO and progress of CAPEX Schemes is to be monitored through a committee consisting of Secretary, Energy Department, CMD, GRIDCO, EIC, Electricity, MD/CEO of DISCOMs subject to overall supervision of OERC. The committee should fix the time line for release of fund and completion of the projects as per the time schedule fixed GRIDCO and DISCOMs should strictly adhere to those time schedule.
84. Since the State Govt. holds 49% of the shares and the distribution companies hold 51% of the shares of the DISCOMs it is absolutely necessary for the State Govt. and the distribution companies to have a thorough discussion as to how they would jointly address the serious issue of existing high level of AT&C and the urgent need to ensure quality power supply to the consumers at an affordable price by suitable investment of capital for upgradation, renovation and expansion of the existing impoverished distribution network as well by effectively addressing the issue of rampant theft of electricity in the State.
85. To sum up we direct as under:-
- (i) The DISCOMs should reduce their AT&C loss during the Business Plan period as approved by us in Para 56 and Table 13.
 - (ii) The DISCOMs should also endeavour to reduce distribution loss as approved by us in Para 57 and Table 14. Any loss and gain arising out of deviation from the approved benchmark shall be to the account of the licensee and as such shall not be considered for truing up exercise.
 - (iii) GRIDCO should take steps to allow the DISCOMs (WESCO, NESCO and SOUTHCO) to create, first charge over the immovable asset as security to REC / PFC on the assets added after 31.3.2001. This works out to Rs.413.23 cr. Upto 31.3.2008 excluding assets created out of World Bank loan (Rs.532.04 cr – Rs.118.81 cr).
 - (iv) Both GRIDCO and DISCOMs shall mutually identify the assets created after 31.03.2001 for Rs.413.23 crore upto 31.3.2008 that are to be hypothecated against the loan to be availed from the financial institutions such as REC & PFC. The assets created during 2008-09 and that may be created thereafter can also be hypothecated.
 - (v) The State Govt. may allow DISCOMs to pledge the assets created for Rs.254.83 crore out of World Bank loan, to the financial institution such as REC and PFC to avail loan for capital works.
 - (vi) The Reliance managed DISCOMs are directed to make provision for the GRIDCO power Bond of Rs.400 crore in their Balance sheet till the matter is decided by Supreme Court (Para – 70).
 - (vii) State Govt. and DISCOMs are to take effective coordinated action to curb theft of electricity as indicated in Para - 79.



- (viii) State Government may commit at least Rs.2450 cr. to be infused for capital investment during FY 2010-11 to 2012-13 for system improvement of distribution network of the four distribution companies. These Reliance managed company on their part must bring in at least Rs.1556 crore (Rs.2550 cr. – Rs.994 cr. by CESU) as additional equity/loan from different sources including internal resources towards capital investment during the period 2010-11 to 2012-13 for system improvement works. CESU must also arrange Rs.994 crore from different sources including internal resources for system improvements in proportion to the loan capital/equity investment to be made by State Govt./ GRIDCO during 2010-11 to 2012-13.
- (ix) Finally, Commission directs all the four DISCOMs to file detailed project reports on the proposed investment incorporating terms and conditions of loan, the total cost involved, details of assets addition due to such investment, technical justification of such investment in various areas, technical loss reduction due to such investment and a cost benefit analysis of the entire project may be submitted to Commission for approval.”



**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN**

**UNIT-VIII, BHUBANESWAR – 751 012
TEL. No. 2396117, 2393097, FAX : 2393306
e-mail : orierc@rediffmail.com
website : www.orierc.org**

No.Secy-066/2000/994

Dt. 04.06.2011

To

The Principal Secretary to Government,
Water Resources Department,
Govt. of Orissa, Bhubaneswar

Sub : Payment of outstanding Energy dues by OLIC for the period from April, 1999 to December,2002 and update payment of Pani Panchayats.

Sir,

I am directed to enclose herewith a copy of letter No.8354(7) dated 01.6.2011 on the subject noted above and to say that similar problem is also persisting with other distribution companies namely, NESCO, WESCO and CESU. You are aware that tariff for irrigation is lowest and has remained unchanged for almost one decade. Despite this, a substantial electricity due is outstanding against Pani Panchyat which also includes the energy bill payment by the erstwhile Lift Irrigation Corporation.

2. In view of the sensitivity of the matter I request you kindly to take urgent steps on priority basis to ensure that the outstanding electricity dues along with current bills are paid by the Pani Panchyat. When distribution companies are taking steps for disconnection of power supply in case of other defective consumers it may not be possible to spare the Pani Panchyat or the lift irrigation points to meet out the same treatment after giving sufficient opportunity from time to time in the past.
3. The Commission requests your personal intervention in the matter to sort out the problem on or before 31.7.2011 at the latest without any further delay.

Yours faithfully,

Encl: As above

Sd/-
SECRETARY

Copy along with the enclosure forwarded to Shri J. K. Mohapatra, IAS, Principal Secretary to Govt., Finance Department/ Shri G. Mathivathanan, IAS, Commissioner-cum-Secretary, Energy Department, Govt. of Orissa, Bhubaneswar for kind information and appropriate action in the matter.

Encl: As above

Sd/-
SECRETARY



Copy along with the enclosure forwarded to M. D. OLIC, Govt. of Orissa, Nayapalli, Bhubaneswar for information and necessary action in the matter.

Encl: As above

Sd/-
SECRETARY

Copy forwarded to Chairman-cum-CEO, CESU, IDCO Tower, 2nd Floor, Bhubaneswar/ Chief Executive Officer, NESCO, Januganj, Balasore/ Chief Executive Officer, WESCO, Burla, Sambalpur/ Chief Executive Officer, SOUTHCO, Courtpeta, Berhampur for information and follow up action.

Sd/-
SECRETARY



SOUTHERN ELECTRICITY SUPPLY COMPANY OF ORISSA

Corporate Office: Courtpeta, Berhampur, Ganjam - 760004, Orissa

Phone: 091-680-220 2348, Fax: 091-680-220 2261

E-mail:southco_Berhampur@rediffmail.com

Web site: www.southcoorissa.com

SOUTHCO

SOUTHCO/ Com/ 2011/

8354(7)

/DATE:- 01/06/2011

To

The Additional Secretary to Government,
Department of Water Resources,
Govt. of Orissa.
Bhubaneswar.

Sub:- Payment of outstanding Energy dues by OLIC for the period from April'1999 to December'2002.

Ref:- 1) This office letter No. Southco/RI/2010/24952(6) Dt. 22.12.2010.

2) Letter No. 1161/WR dated 03.01.2011 addressed to Joint Secretary to Govt. Finance Department.

Madam,

With reference to letters under reference on subject mentioned above, I would like to reiterate that, in response to long pending issues, you were kind enough to communicate and request the Joint Secretary to Govt. Finance Department, to take appropriate action on the matter and advise the DISCOMs for not taking any coercive measures on the farmers. Since then we are in the hope to get a favorable response from the Finance Department. After a long time the undersigned had visited the office of Joint Secretary to Govt, Finance Department and learnt that Finance Department had already replied suitably to the above referred letter of W.R Department. On inquiry, it is understood that no such correspondence has been made as on 09.05.2011 by Finance Department.

It is worth mentioning here that, Southco is a Service Providing Utility. At present, it is supplying power to 3160 numbers of water supply points for cultivation and farming and the accumulated outstanding energy dues of such points comes to Rs. 13.10 Crores. The water supply points which were transferred to Pani Panchayats on 01.01.2003 are also not paying their current dues on the plea of bill revision towards energy dues up to 31.12.2002 (i.e for OLIC period from 01.04.99 to 31.12.2002). The outstanding amount is increasing month after month. Further, we have been following up with concerned Departments, such as, WR, FD and OLIC from 2009. In spite of our best efforts, Finance Department is yet to take a suitable decision for payment of the energy dues of the DISCOMS. Therefore, considering the present financial position of the Company, we are left with no other options but to serve the disconnection notices to the defaulting water supply points for disconnection of their power supply as per Regulation 100 of the OERC Distribution Code 2004.

We once again intimate you the present status for your kind cooperation. This will help us to serve the consumers of SOUTHCO region better.

With best regards,

Yours faithfully

Sd/-

S. K. Swain

General Manager

(Revenue Improvement)

CC to :

- 1) Commissioner-cum-Secretary, Department of Energy, Govt. of Orissa, Bhubaneswar for favour of kind information and intervention into the mater.
- 2) Secretary, O E R C, Bhubaneswar for kind information of the Commission.
- 3) Joint Secretary to Govt. Finance Department, Govt. of Orissa for kind information
- 4) M D, OLIC, Govt. of Orissa, Bhubaneswar for kind information.
- 5) M D, WESCO, NESCO & Director SOUTHCO for kind information.
- 6) CEO, Southco, for kind information.



Appendix-VI

ORISSA ELECTRICITY REGULATORY COMMISSION BIDYUT NIYAMAK BHAVAN

UNIT-VIII, BHUBANESWAR – 751 012
TEL. No. 2396117, 2393097, FAX : 2393306
e-mail : orierc@rediffmail.com
website : www.orierc.org

No.SECY/CC/1221
Dated :11/7/2011

To

The Commissioner-cum-Secretary,
Health & Family Welfare Department, Govt. of Orissa,
Bhubaneswar.

Sub : Outstanding energy dues of consumers under Health & Family Welfare Department.

Ref : CEO, SOUTHCO letter No.GM(RI)/2011/9295 dtd.21.06.2011

Sir,

I am directed to enclose a copy of the letter No.9295 dated 21.6.2011 of SOUTHCO (along with the enclosure) on the subject noted above and to say that Finance Department in their letter No.WF-II-77/10-36933(225)/F dated 26.8.2011 addressed to Secretaries of Departments of Govt. had issued unambiguous advice to make upto date payment of Electricity Charges. It was specially stated that no opportunity should be given to the DISTCOs to disconnect the line after September, 2010 and all out efforts should be made to clear outstanding dues on priority. Despite such directions the various health institutions under the direct control of the State Govt. have not paid their dues and are also not paying the current monthly bills in time. As a result even the available rebate is not being availed.

I am directed to request you to ensure that all DDOs under Health and Family Welfare Department to pay their outstanding Electricity bills by end of August, 2011 and also to ensure payment of their monthly bill without fail and within the due dates. If the bills are not paid as per the date line given above, the distribution companies shall disconnect power supply in accordance with Section 56 of the Electricity Act, 2003 read with Regulation 100 of the OERC Distribution (Conditions of Supply) Code, 2004.

Yours faithfully,

Encl: As above

Sd/-
SECRETARY

Copy forwarded to :

1. The Principal Secretary to Govt., Finance Department/ Commissioner-cum-Secretary to Govt., Energy Department for information and necessary action.
2. The CEO, SOUTHCO, who shall take resolute action under Section 56 of the Act.

Sd/-
SECRETARY



SOUTHCO

SOUTHERN ELECTRICITY SUPPLY COMPANY OF ORISSA

Corporate Office: Courtpeta, Berhampur, Ganjam - 760004, Orissa

Phone: 091-680-220 2348, Fax: 091-680-220 2261

E-mail: southco_Berhampur@rediffmail.com

Web site: www.southcoorissa.com

Letter No./GM(RI)/2011/9295

Dated : **21st June'2011**

To

The Commissioner-cum-Secretary,
Health & Family Welfare Department;
Government of Orissa, Secretariat,
Bhubaneswar.

Sub : Outstanding energy dues of consumers under Health & Family Welfare Department.

Madam,

With reference to the above mentioned subject, please find enclosed herewith a list of consumers indicating the outstanding energy dues as on 31-03-11. In spite of our continuous efforts and follow up with concerned authorities, we have not been able to collect the outstanding energy dues from the consumers as shown in the enclosed list.

We, therefore, request your goodself to kindly intervene into the matter and direct concerned authorities of Health & Family Welfare Department under SOUTHCO jurisdiction to pay the outstanding energy dues at the earliest.

We solicit your kind cooperation in this regard to serve the consumers better. With Regards,

Yours faithfully,

Sd/-

S. K. Swain

General Manager
(Revenue Improvement)

Encl: As above

No.9296(6)

dated 21-06-2011

CC to:

- 1) Commissioner-cum-Secretary, Department of Energy, Government of Orissa, Bhubaneswar
- 2) Director, Health Services, Government of Orissa, Bhubaneswar
- 3) Revenue Divisional Commissioner, Southern Division, Berhampur
- 4) Secretary, OERC, Bidyut Niyamak Bhawan, Unit-III, Bhubaneswar-751012
- 5) Managing Director, WESCO, NESCO & Director, SOUTHCO , Corporate Office: Plot No.N-1/22, IRC village Nayapalli, Bhubaneswar and
- 6) Chief Executive Officer, SOUTHCO for kind information



DIVISION WISE STATEMENT OF ARREAR AS ON 31.03.11 OF HEALTH & FAMILY WELFARE DEPARTMENT (EXCLUDING MARCH-99 ARREAR)						
SOUTHCO						
SL. NO.	NAME OF THE DIVISION	NO. OF CONSUMERS HAVING ARREAR	E. CH	ED	DPS	TOTAL
		Nos.	(in Rs.)		(in Rs.)	(in Rs.)
1	GNED,CHATRAPUR	16	305004	91	187175	492271
2	P.S.PUR	11	496778	9	108387	605174
3	BNED,BHANJANAGAR	14	813348	167	287735	1101250
4	PED,PHULBANI	37	983914	307	495131	1479351
5	BoED,BOUDH	16	1010436	16399	380909	1407745
6	RED,RAYAGADA	23	453178	0	167670	620848
7	PKED,PARALAKHEMUNDI	30	868657	830	254186	1123672
8	GED.GUNUPUR	14	120877	0	59879	180757
9	BED-I, BERHAMPUR	17	905660	5431	403667	1314758
10	BED-III,BERHAMPUR	5	135547	0	10881	146428
11	AED-I,ASKA	15	407296	5736	197654	610687
12	AED-II,ASKA	13	666834	19286	357426	1043546
13	GSED,DIGAPAHANDI	25	733890	8173	175810	917872
14	JED,JEYPORE	18	955670	1961	648484	1606115
15	NED,NABARANGPUR	22	1008222	1613	933162	1942997
16	MED,MALKANAGIRI	16	915468	1330	625872	1542670
17	KED,KORAPUT	22	851884	15704	234981	1102569
	SOUTHCO TOTAL	314	11632662	77040	5529009	17238710



SL. NO.	CON. NO.	NAME OF CONSUMER	ADDRESS	ARR_EC (in Rs.)	ARR_ED (in Rs.)	ARR_DPS (in Rs.)	ARR_TOTAL (in Rs.)
GNED, CHATRAPUR							
1	PI-114	THE MEDICAL OFFICER	RURAL HEALTH CENTRE	6784	0	869	7653
2	PI-98	THE MEDICAL OFFICER	KHALIKOTE PHC	3222	87	4717	8027
3	C9D18/3	FAMILY WELFARE CENTRE	C/O S.P. GANJAM	2753	0	0	2753
4	C9F1/1	MEDICAL OFFICER	RURAL HEALTH CENTRE	4429	0	0	4429
5	C9F1/2	HOSPITAL BUILDING	RHC COLONY	8657	0	0	8657
6	C9F1/3	OFFICE BUILDING	RHC COLONY	4354	0	0	4354
7	C9F1/4	GUEST HOUSE	RHC CHATRAPUR	16101	0	0	16101
8	D12A10/12	SRI DURGA PRASAD MALLIK	OLD RP LINE QR-F12	2942	4	6	2952
9	C34G110	FAMILY PLANNING UNIT	C.O.M.O.MUNICIPENTHA	15723	0	12303	28026
10	P3D1/103	MEDICAL OFFICE	KRISHNA PRASAD GADA	12261	0	1247	13507
11	P2L74	MEDICAL OFFICER F.PUNIT	P. H. C KHANDADALI	30007	0	8944	38951
12	P2M76	THE MEDICAL OFFICER GOVT	AYOOREDIC HOSPITAL	9558	0	217	9776
13	C18A8	SUPDT. OF M.H.S. (HOSTEL)	NEAR POWER HOUSE	2881	0	359	3240
14	C18A36	PUBLIC HEALTH CENTRE	BADA DANDA STREET	122583	0	57685	180269
15	C18A36/2A	THE MEDICAL OFFICER	P. H. C.	80205	0	63301	143505
16	C18A36/2	FAMILY PLANNING CENTRE	AT/PO. KHALLIKOTE	-17455	0	37527	20072
GNED TOTAL				306004	91	187175	492271
P.S.PUR DIVN., P.S.PUR							
17	P25C166	MEDICAL OFFICER S.S.H.C.	AT/PO. PANDIA	12819	0	609	13428
18	D55A1/5	MEDICAL OFFICER	B.N.PUR	5556	9	0	5566
19	C29E7	MEDICAL HOSPITAL	BUS STAND & BAZAR	30323	0	0	30323
20	C29E8	MEDICAL WARD	BUS STAND & BAZAR	47790	0	1260	49050
21	P26C75/2	C/O. MEDICAL OFFICER	S S H C PRATAPPUR	6922	0	3732	10654
22	C23G25	THE MEDICAL OFFICER	ANM TRAINING CENTRE	236621	0	7187	243808
23	P23G23/1	PRIMARY HEALTH CENTRE	AT/PO. BHATAKUMARAIDA	28039	0	8367	36407
24	C20F13/2	FAMILY WELFER CENTRE	MAIN ROAD	38527	0	15542	54069
25	C20F13	P.H.C. BUILDING	MAIN ROAD	83620	0	71441	155062
26	C20F13/6	GARRAGE. P.H.C. QTR	AT/PO. POLOSORA	5851	0	0	5851
27	C33E45/4	GOVT. AYURVEDIC DISP.	C/O-MEDICAL OFFICER	709	0	248	957
P.S.PUR TOTAL				496778	9	108387	605174



BNED, BHANJANAGAR						
28	PI-1329	M.O.CHC J.N.PRASAD	J.N.PRASAD	5857	0	15764
29	2260/C11A8	GOVERNMENT HOSPITAL	MAIN ROAD	121864	0	121864
30	2260/C11A6	GOVERNMENT HOSPITAL	MAIN ROAD	82496	0	82496
31	2279/C11K34/1	THE FAMILY PLANNING UNIT	C/O MEDICAL OFFICER	382771	0	613461
32	2255/C6A11/6	S.D.M.O. BHANJANAGAR	BHANJANAGAR (GANJAM)	69430	0	69609
33	2255/C6A11/2	S.D.M.O.	BHANJANAGAR (GANJAM)	11434	0	12322
34	1224/C183	THE MEDICAL OFFICE	CHAMUNDA	11484	0	12120
35	1283/C5B25/4	MEDICAL OFFICER	BARAGAM	30652	167	44144
36	3301/C12J44	GOVERNMENT DISPENSARY	SURADA	88176	0	107957
37	2212/C1L12/3	GOVT HOSPITAL	GOVT.HOMOE.DISP.	4708	0	4906
38	2208/C8L42/3	THE MEDICAL OFFICER	GANGAPUR	153	0	1646
39	2214/D3L17/9	MEDICAL OFFICER	GOVT HOMEOPATHIC	3209	0	3471
40	2217/C6L12	R.F.W, P.H.C.OFFICE	BUILDING	1114	0	7664
41	2217/C6L12/2	P.H.C.OUTDOOR	GOBARA	0	0	3826
	BNED TOTAL			813348	167	1101250
		PED, PHULBANI				
42	PIT-25	25 BEDED HOSPITAL	C/O.SP POLICE	12757	0	25392
43	PIT-85	COMMUNITY HEALTH CENTRE	C/O. MEDICAL OFFICER	22375	0	22672
44	PIT-88	PIS TO CHC-1	C/O- SUB DIVISIONAL OFFICER	38607	0	39818
45	PIT-90	PIS TO X-RAY UNIT	DARINGIBADI	60856	0	66812
46	PIT-89	CHC-1	C/O- MEDICAL OFFICER	0	0	3325
47	1002/B-108	FAMILY WELFARE CENTRE	C/O RESEARCH	91522	0	91522
48	1006/F-89	FILARIYA SURVEY UNIT OFF.	PHULBANI	16990	0	17986
49	1005/E-30	A N M TRAINING CENTRE	C/O - C D M O	102905	0	102905
50	1005/E-31	A N M TRAINING CENTRE	C/O - C D M O	103163	0	103163
51	1005/E-43	DIST. FAMI. PLAN. CENTRE	PHULBANI	0	0	8737
52	1005/E-45	STERIASATION WARD	C/O. C.D.M.O	0	0	6705
53	1005/E-323	P/S INDIAN RED CROSS SOCI	C/O - SECRETARY	17901	271	18172
54	1006/F-154	A.T.M. O.R.T. CO.	PHULBANI	114311	0	114311
55	1004/D-501	DIST. PLANNING UNIT	PHULBANI	772	0	772
56	1025/A-10	KATRANGIA SUB-CENTRE	KATRANGIA	8203	0	8203
57	1007/A-12	F.P.CENTER	GUMAGADA	2279	-20	3068
58	1007/A-13	P.H.C.BUILDING	C/O M.O.	24876	0	37106
59	1100/B-102	A.N.M. TRAINING CENTER	K.PADA	38486	0	45851
60	1100/B-234	1.5 HP U.P.H.C. PUMP	C/O.MEDICAL OFFICER	10219	0	10219
61	1100/B 74	R.H.C BUILDING	K.PADA	825	0	825
62	4005/E75	MEDICAL OFFICER	GOVT. DISPENSARY	3174	0	16364



63	4005/E109	MEDICAL OFFICER	GOVT.S.H.C.	34839	66	9890	44795
64	4112/E-3	S D M O PHULBANI	GRISSINGIA	58036	0	23440	81476
65	4007/A133	MEDICAL OFFICER	M.A.C. KALINGA	11465	0	1357	12822
66	4021/B-139A	RURAL HOSPITAL (30 BEDS)	TIKABALI	40361	0	94753	135114
67	4021/B-139B	RURAL HOSPITAL (30 BEDS)	TIKABALI	23142	0	142005	165148
68	4021/B-139C	RURAL HOSPITAL (30 BEDS)	TIKABALI	15972	0	147081	163053
69	4010/A-89	MEDICAL OFFICER(F.P.)	RAIKIA	358	0	1	359
70	3001/A259	10 BEDED WARD NO.1	C/O S.D.M.O.	256	0	386	642
71	3002/B181	THE 10 BEDED T.B.HOSPITAL	BALLIGUDA	749	-14	184	919
72	3002/B209	THE SUB-DIV.MEDICAL OFF.	BALLIGUDA	3972	0	145	4117
73	3002/B179	THE O.T.HOSPITAL	BALLIGUDA	1852	0	166	2018
74	3002/B382	BLOOD BANK BUILDING	C/O.S.D.M.O	73361	3	0	73363
75	3003/C179	MEDICAL OFFICE	L.E.JUNITE	7539	0	610	8148
76	3022/B-193	MEDICAL BUILDING	C/O MO PHC	27021	0	1329	28349
77	3014/D-84	PHC OFFICE BUILDING	NUAGAM	14685	0	250	14935
78	3111/D-1	DISPENSORY BUILDING	C/O. MEDICAL OFFICER	88	0	76	164
	PED TOTAL			983914	307	495131	1479351
79	PIT-101	BOED,BOUDH P.H.C. MEDICAL	JANAPANKA	23358	484	3697	27539
80	PIT-111	PHC MANAMUNDA	C/O- MEDICAL OFFICER INCHARGE	14357	0	5718	20075
81	PIT-110	AREA HOSPITAL KANTAMAL	C/O- MEDICAL OFFICER IN CHARGE	9244	0	7785	17029
82	2002/B-119	FEMALE WARD	GOVT.HOSPITAL	2025	0	59	2084
83	2004/D-199	THE HOSPITAL BUILDINGS	BOUDH	9138	1	1550	10689
84	2004/D-213	THE ASST. SURGEN	X-RAY PLANT	540	0	0	540
85	2564/D-23	P.H.C.FEMALE WORD	ADANIGARH	68759	1512	0	70271
86	2530/D-35	GOVT.AURVEDIC DESPANSARY	BIRANARASINGPUR	3052	0	0	3052
87	2534/D-8	C.D.M.O.PHUTHI	DHOLAPUR	345622	10136	7438	363196
88	2510/C-39	P.H.C.DISPENSARY	P.KATAKA	163695	161	5369	169215
89	2400/A-71	F.P.CENTRE	C/O M.O.P.H.C.	171735	3260	114224	289218
90	2400/A-178	P.H.C.BUILDING	C/O MEDICAL OFFICER	16332	0	7616	23948
91	2440/C-76	10-BEDED WARD	KANTAMAL	7442	22	133288	140753
92	2446/C-25	GOVT.DISPENSORY	C/O MEDICAL OFFICER	144359	43	92083	236485
93	2216/C-77	R.F.W.C.OFFICE	BAUNSUNI	565	0	161	726
94	2216/C-128	P.H.C.GARAGE	BAUNSUNI	30214	780	1932	32926
	BOED TOTAL			1010436	16399	380909	1407745



RED, RAYAGADA									
95	1/01/0009/SPI	S.D.M.O., RAYAGADA	FOR X-RAY BUILDING.	3203	0	25	3228		
96	1/01/0038/MPI	CHIEF DISTRICT MEDICAL OFFICER	HEAD QUARTER HOSPITAL	14207	0	1194	15401		
97	2/08/0041/SPI	THE MEDICAL OFFICER	CHC BUILDING	9468	0	2491	11958		
98	01B-498/1822	S.D.M.O, GOVT. HOSPITAL	BUSSTAND, RAYAGADA	16730	0	2503	19232		
99	01B-499/3377	S.D.M.O	BUSSTAND, RAYAGADA	3859	0	697	4555		
100	01B-500/3121	S.D.M.O	BUSSTAND, RAYAGADA	7440	0	882	8322		
101	01B-504/6095	S.D.M.O	BUSSTAND, RAYAGADA	0	0	706	706		
102	01B-2767/7480	RED CROSS BUILDING	C/O - S.D.M.O.	5943	0	1080	7023		
103	01E-17751	D.F.S.L. OFFICE	C/O S.P. RAYAGADA	13144	0	0	13144		
104	03KL-5857	MEDICAL OFFICER, PHC	FAMILY PLANNING WI	4156	0	1195	5352		
105	03KL-7637	MEDICAL OFFICER	PHC OUT DOOR	1099	0	2674	3772		
106	03KL-7638	MEDICAL OFFICER	PHC IN DOOR	15806	0	13550	29355		
107	02R-C-2/KKT	MEDICAL OFFICER, S H C	KUMBHIKOTA	154	0	382	536		
108	05-C-31/KSP	M.O.P.H.C	KASIPUR	5877	0	769	6646		
109	04-C-28/KS	M.O,PHC	K SINGPUR	20445	0	707	21153		
110	07BT-C-632/2844	M.O.P.H.C.	FAMILY PLANNING WA	734	0	1360	2094		
111	07BT-C-618/2839	M.O.P.H.C.	OUT DOOR WARD	211143	0	114588	325731		
112	07BT-C-633/2845	MEDICAL OFFICER	P.H.C. OUTDOOR	12345	0	59	12403		
113	07BT-C-854/2912	MEDICAL OFFICER P.H.C.	FAMILY PLANNING WA	148	0	10028	10176		
114	08AM-P-48	MEDICAL OFFICER	GOVT HOSPAMBADOLA	27318	0	5115	32433		
115	08MT-P-3000/302	MO, P H C	OPERATION THEATRE	33381	0	2657	36038		
116	08MT-P-3003/340	MO, P H C	CHILDREEN WELFARE	28112	0	3242	31354		
117	08MT-P-3004/341	MO, P H C BUILDING	MUNIGUDA	18466	0	1768	20235		
	RED TOTAL			453178	0	167670	620848		
	PKED, PARALAKHEMUNDI								
118	225/PI-3	PRINCIPAL	S.K.C.G.COLLEGE	2338	0	9418	11755		
119	211/PI-12	C.D.M.O., PARLAKHEMUNDI	CHC BILDING	4946	96	2989	8031		
120	225/PI-11	SUB-DIVISIONAL MEDICAL OFFICER	HEADQS HOSPITAL	203526	0	15595	219121		
			COMMUNITY HEALTH						
121	231/PI-2	MEDICAL OFFICE	CENTRE	31374	0	536	31911		
122	222/PI-13	PRINCIPAL	DIET HOSTEL BUILDING	12484	174	1259	13917		
123	233/PI-10	MEDICAL OFFICER	CHANDRAGIRI	48028	559	2833	51421		
			LEPROCY IRADICATION						
124	P25J22	MEDICAL OFFICER	UNIT	-17353	0	27215	9862		
125	P25J30	THE ASST SURGEON	GOVT HOSPITAL	31426	0	5767	37192		
126	P25J30/1	THE SUBDIVISION MEDICAL O	E.I. TO 10 BEDED TB	34207	0	13560	47767		



127	P25J31	THE SUB DIV. MEDICAL OFFI	30272	0	4278	34550
128	3218/C27	MEDICAL OFFICER ,P.H.C.	50935	0	2201	53136
129	3219/C16	MEDICAL PHC	8572	0	0	8572
130	3201/P50	P H C MOHANA	11674	0	925	12599
131	3201/P71	MEDICAL OFFICER	6354	0	334	6688
132	3201/P114	THE MEDICAL OFFICER	3646	0	721	4367
133	3154/P58	MEDICAL OFFICE	1316	0	53	1368
134	3154/C89	MO PHC OFFICE	42889	0	2190	45079
135	3154/C263	CHILD DEVE. PROJECT OFF.	45214	0	2182	47395
136	3127/P46	P H C OUT DOOR	110794	0	72446	183240
137	3127/C58	MEDICAL OFFICER, PHC	11844	0	0	11844
138	3129/C77	CHILD DEVE.OFFICER	596	0	0	596
139	3332/P1	H.M.P.S.HOSTAL	25454	0	17788	43242
140	3301/P127	P.H.C.	66709	0	15732	82441
141	3301/D229	SUB CENTRE BUILDING	4767	0	191	4958
142	2219/C96	E.I. TO SUB CENTER BUILDI	11269	0	117	11386
143	2329/P114	SUB CENTRE BUILDIN	7733	0	0	7733
144	2326/P138	THE MEDICAL OFFICER	50569	0	1034	51603
145	2301/P1111	GOVT. DISPENSARY	670	0	123	793
146	2201/P123	P H C MEDICAL OFFICER	22814	0	34914	57727
147	2201/C32	FAMILY PLANING CENTRE	3590	0	19787	23377
	PKED TOTAL		868657	830	254186	1123672
	GED,GUNUPUR					
148	1/01/0002/MP1	SUB-DIVISIONAL MEDICAL OFFICER	15245	0	5843	21088
149	10-E-348/2714	AYURVEDIC DISPENSARY	1694	0	85	1779
150	10-D-353/1367	S D M O ,GUNUPUR	2395	0	0	2395
151	15-F-37/JNP	MEDICAL OFFICER PHC	507	0	4049	4556
152	15-F-48/JNP	MEDICAL OFFICER PHC	15868	0	991	16859
153	15-F-69/59	M.O P.H.C PUTASINGI	26447	0	1513	27961
154	14-RG-5280	MO. P H C	2259	0	1000	3259
155	14-RG-15912	C.D.P.O.FOR OFFICE	254	0	0	254
156	12-H-11442	AYURVEDIC DISPENSERY	1794	0	158	1951
157	12-D-8839	GOVT.DISPENSARY	-6972	0	22798	15825
	11RE-P.					
158	102/DMSR	MEDICAL OFFICER	164	0	2816	2979
159	11-B-370/6659	ASSISTANT SURGEON	43941	0	19947	63888



160	13-A-632/3567	M O P H C	GUDARI	6760	0	229	6989
161	13-A-634/996	M O P H C	F P WING	10521	0	451	10972
	GED TOTAL			120877	0	59879	180757
	BED-1,BERHAMPUR						
162	SL-10	THE PRINCIPAL	MEDICAL COLLEGE	49616	1583	26459	77659
163	PI-183	THE PRINCIPAL	BOYS HOSTEL NO.1	211	0	36	248
164	PI-14	DIST.T.B. OFFICE	C/O. CIVIL SURGEON	3645	0	98	3743
165	PI-77	SUPERINTENDENT	MKCG MED.COL. HOSP.	8001	0	444	8444
166	PI-82	SUPERINTENDENT	MKCG MED.COL.HOSP.	3350	0	805	4155
167	PI-98	THE SECRETARY	HOMEOPATHIC COLLEGE	575	0	210	784
168	PI-105	C.D.M.O OFFICE	BERHAMPUR	1409	0	493	1902
169	PI-108	THE SUPERINTENDENT	MKCG MED.COLLEGE	297	0	26207	26505
170	PI-112	THE SUPERINTENDENT	MKCG MED.COLLEGE	180	0	112	292
171	PI-118	SUPERINTENDENT	MKCG MED.COL.HOSP.	180	0	493	673
172	PI-119	SUPERINTENDENT	MKCG MED.COL.HOSP.	180	0	493	673
173	PI-136	THE CIVIL SURGEON	C/O. PRINCIPAL	109075	300	341314	450689
174	18-G-37/36	REST SHED	C/O.PRINCIPAL	134423	3542	2097	140062
175	C6C2/7	L.F. DISPENSARY	OUT SIDE ROAD	22297	0	1664	23960
176	C5F5	GOVT. DESPENSARY	MAIN ROAD	5964	0	810	6774
177	18-H-54	THE CIVIL SURGON OFFICER	HOSPITAL ROAD	423887	0	0	423887
178	18-H-55	DIST.FAMILY PLANNING MED.	OLD MEDICAL COLLAGE	142369	6	1932	144307
	BED-1 TOTAL			905660	5431	403667	1314758
	BED-3,BERHAMPUR						
179	C42K32	FAMILY PLANNING CENTRE	K PALLI	96863	0	0	96863
180	C3-D-23/3	ASST.SURGEON	FAMILY PLANING UNIT	7655	0	1495	9150
181	C3-D-23/1	MEDICAL OFFICER	P.H.C. OUT DOOR	8036	0	2448	10484
182	C3-D-23/2	MEDICAL OFFICER	P.H.C. IN DOOR	20241	0	5137	25378
183	C20-H-1	MEDICAL OFFICER	GOVT.HOSPITAL	2752	0	1801	4553
	BED-3 TOTAL			135547	0	10881	146428
	AED-1,ASKA						
184	PI-194	MEDICAL OFFICER	GOVT. HOSPITAL	0	0	40865	40865
185	4420/C20G55	GOVT.HOSPITAL	C/O ASSITENT SURGEEN	56077	0	9723	65800
186	4542/C1	SRI SIBA TEMPLE	T.T.PALLI	109608	549	100308	210465
187	4506/C1	SRI J. SAHU	BHALIA PALLI	49628	3296	0	52924
188	4515/C9	MEDICAL OFFICER H.P.	MUNIGADI	2319	0	38	2357
189	4522/C107	AURVEDIC DISPENSARY	GUNTHA PADA	289	0	619	909
190	4552/C1	SRI V S TEMPLE	JAGADALAPUR	39450	90	869	40409



191	4545/C1	THE PRIMARY HEALTH CENTRE	BALISIRA	20905	-8	-343	20554
192	4512/C1	SRI K. K. PATRO	BANTHA PALLI	1990	0	0	1990
193	4513/C1	SRI BHAGABAT TEMPLE	C/O. R. CH. JENA	22265	1504	0	23769
194	3399/C92	AURVEDIC DISPENSARY	C/O M.O.A. DISPENSARY	550	0	249	799
195	C35-D-15	MEDICAL OFFICER	GOVT. HOSPITAL	28951	0	5245	34196
196	C4-D-11E	MEDICAL OFFICER, P.H.C.	AI/PO. BELLAGAM	58453	306	32995	91754
197	3310/C17D12	THE MEDICAL OFFICER	PITTALA BAZAR	10952	0	3970	14922
198	3310/C17D32/1	THE E&I TODISPENSARY BLDG	B. DERA STREET, PITTAL	5858	0	3115	8973
	AED-1 TOTAL			407296	5736	197654	610687
		AED-2, ASKA					
199	PI-964	MEDICAL OFFICER	KARCHHULI	237287	16156	162920	416362
200	PIT-1340	MEDICAL OFFICER/1/C	CHC II, BUGUDA	0	0	3710	3710
201	4524/C107	SRI B K NAYAK	BABAN PUR	17541	1223	0	18764
202	4536/C116	E.S.O. DISPENSARY, ASKA	C/O.P. MAHAPATRA	2780	0	386	3166
203	3479/C1	SRI BALAJI TEMPLE	C/O H.N.DAS	119103	845	117135	237083
204	4614/C15H20/11	MEDICAL OFFICER P.H.C.	K.S.NAGAR	77058	0	18291	95349
205	4614/C15H20/7	H.C. DISPENSARY	NARAYANAPUR SASAN	36704	0	7972	44676
206	4614/C15H20/10	ASST. SURGEON R.F.W.C.	K.S.NAGAR	9053	0	3854	12907
207	4437/C1	SRI TRINATH SAHU	GOLAMUNDALA	160	0	0	160
208	4465/C1	SRI K.B.PATRA	KANYARI	15102	18	501	15621
209	4451/C1	SRI B. SAHU	SANTARAPALLI	57976	1034	508	59519
210	4594/C20H42/12	THE DISPENSARY BUILDING	BUDHAMBHA	7937	0	4421	12358
211	1101/C183	ASST. SURGEON	P.H.C. BUGUDA	86133	10	37727	123870
	AED-2 TOTAL			666834	19286	357426	1043546
		GSED, DIGA PAHANDI					
212	PI-75	MEDICAL OFFICER	P.H.C. HOSTEL	3880	0	182	4062
213	PI-339	ASST. PROFESSOR	RURAL HEALTH TRAIN.	1569	0	101	1669
214	PI-1612	THE MEDICAL OFFICER	U.G.P.H.C. HOSPITAL	164569	4101	34144	202814
215	PI-1024	M O PHC (N)	MANIKAPUR	0	9	725	734
216	D3-HC-22	THE MEDICAL OFFICER	RURAL HEALTH CENTRE	3148	0	119	3268
217	D3-HC-35	THE MEDICAL OFFICER	INDOOR HOSPITAL	310	0	36	346
218	D3-HC-65	SIX-BADED INDOOR UNIT	C/O.M.O.R.H.C.,	12681	104	4131	16916
219	42-A-1/27	CH. MAHESWAR RAO	AI/PO. PADMANAVPUR	7561	215	135	7911
220	49-A-1/151	THE MEDICAL OFFICER	AI/PO. PUDAMARI	73289	0	1764	75053
221	50-B-1/82	GOVT. DISPENSARY	AI/PO. BHISMAGIRI	16962	0	872	17834
222	50-D-4/21	MEDICAL CENTRE	AI/PO. TALASINGI	37918	0	1904	39822
223	43-B-2/12	M.O. GOVT. HOM. DISPANSERY	AI/PO. MANIKAPUR	2874	0	0	2874



224	43-B-19/69	THE OUT DOOR UNIT, P.H.C.	C/O. SAE. RE. SECTION,	12458	0	6441	18898
225	43-B-19/70	THE INDOOR UNIT, P.H.C.	C/O SAE. RE. SECTION	148376	2921	7629	158925
226	C47A/481	ASST. SURGEON	GOVT. DISPENSARY	5588	0	351	5939
227	C47C/5/59	THE HOMEOPATHIC MEDICAL	C/O. MEDICAL OFFICER	3302	0	320	3621
228	C53B/5/51	THE MEDICAL OFFICER	AT. JARADA	31298	0	15936	47234
229	C54A/108	THE CIVIL SURGEON	P.H.C. OFFICE	98383	0	27764	126147
230	C54A/323	MEDICAL OFFICE QR.P.H.C	PATRAPUR	12121	0	5801	17922
231	C52A/1/182	THE MEDICAL OFFICER	HOMEO CLINIC	1138	0	595	1733
232	C50A/120	CHIEF DIST.MEDICAL OFFICR	FOR NUAPADA DISPENSAR	5389	0	213	5603
233	3484/C91	P.H.C.	SHERAGADA	7578	0	2764	10342
234	44-C-4/45	E.I.E. & P.H.C.SUB CENTER	At/Po. SAHASPUR	0	35	36693	36727
235	44-A-1/212	Govt. DISPENSARY	AT/PO.PATTAPUR	40330	0	7563	47893
236	46-A-1/115	MEDICAL OFFICER	C/O.L.N.CHOUDHURY	43168	789	19627	63584
	GSED TOTAL			733890	8173	175810	917872
		JED, JEYPORE					
237	PI-J6-54	THE MEDICAL OFFICE	RANABAGUDA	10760	0	265	11025
238	PI-J1-55	THE SUB DIVISIONAL MEDICAL OFFICER	PIS TO SUB-DIVISIONAL HOSPITAL	183198	0	18668	201867
239	PI-J4-55	MEDICAL OFFICER	COMMUNITY HEALTH CENTRE	4280	0	125	4405
240	P12-G-34	MEDICAL OFFICER	F P BUILDING	248855	1099	178181	428135
241	P16-126	MEDICAL OFFICER, P.H.C.	FAMILY PLANNING UNIT	21689	0	0	21689
242	C17-4/BRGD	M O GOVT,HOMEO DISPENSRY	BORIAGUDA	781	57	0	837
243	P6-A-101	GOVT.HOSPITAL	MAIN ROAD	14771	0	1813	16584
244	P6-A-104	GOVT.HOSPITAL	MAIN ROAD	7737	0	132	7869
245	P6-A-107	S.D.M.O.CAMP	GOVT.HOSPITAL	4146	0	3323	7469
246	P6-A-108	S.D.M.O.	GOVT.HOSPITAL	21022	0	10583	31605
247	P11-E-11	PRINCIPAL TUTOR	A N M TRAINING CENTR	368815	0	423385	792200
248	P2-242	MEDICAL OFFICER	I.L.R. UNIT (NRHM)	4572	0	1698	6271
249	P8-A-162	PRIMARY HEALTH CENTRE	KOTPAD	19003	0	277	19280
250	P8-A-163	P H C, J P C	F P BUILDING	0	15	5962	5977
251	P7-H1-13	GOVT. DISPENSERY	KUMULI	4334	0	536	4870
252	D7-G4-23	SMT GITARANI PATANAİK	RANASPUR	10112	252	258	10622
253	P7-A1-9	ASST. SURGEN	B SINGPUR	4101	0	2670	6771
254	D7-G6-1	M O P H C BORIGUMMA	N S B DAS	27495	539	607	28641
	JED TOTAL			955670	1961	648484	1606115



NED, NAWARANGPUR						
255	P11-N1	ASST. DIST MEDICAL OFFICER	PHMALEFILFIL	-1484	0	8196
256	P12-N2-1454	MEDICAL OFFICER LEPROSY	ERADICATION UNIT	219263	0	462917
257	P130-R1-3250	M O RAIGHAR	RIGHAR	1482	0	18396
258	D13-592	SRI K. DHANJAYA PATNAIK	MEDRI STREET	25663	260	25923
259	P12-E470	MEDICAL OFFICER FOR CENTRAL STOR	10 BED WORD	39466	0	69250
260	P12-E470/1	E.I TO BLOOD BANK	SUB DIVN.HOSPITAL	331	0	886
261	P12-E1	DR. DEBENDRANATH DAS	C.D.M.O	42922	0	139640
262	P12-E167	S D M O NOWRANGPUR	SANTRA STREET	126112	0	160325
263	P7-27/2249	M.O.,P.H.C.	PHC BUILDING OUTDOOR	3160	0	3696
264	P7-39/3820	MEDICAL OFFICER	MAIN ROAD	2660	0	2660
265	P8-63/1394	RURAL SUB-CENTRE,	CHANDILI	8688	475	9163
266	P3-135/12	FAMILY PLANNING WINGS	C/O-M O ,NANDAHANDI	0	0	0
267	P3-12/14	E.I.RURAL SUB-CENTRE	C/O M.O.,PHC,D BHEJA	20347	0	26650
268	P12-D11-13	AYURVEDA GOVT.DISPANSARY	BILJALI	10721	59	14504
269	C12-A1-39	THE P H C	KOSAGUMUDA	196	0	1306
270	C12-A1-74	MO PHC FW	KOSAGUMUDA	755	0	1991
271	P17-237/3379	MEDICAL OFFICER	D.N.K.HOSPITAL	432835	294	650092
272	P15-333/2706	ASST.SURGEON	GOVT.HOSPITAL	0	0	877
273	P8-B-414	F.P.W	J.E.G.E.SECTION	53437	274	287574
274	C6-43/4089	MEDICAL OFFICER	FAMILY PLANNING	10002	251	10253
275	P6-23/3070	MEDICAL OFFICER(OUT DOOR)	DABUGAM	4430	0	38383
276	P6-24/3071	MEDICAL OFFICER(IN DOOR)	DABUGAM	7235	0	10316
		NED TOTAL		1008222	1613	1942997
		MED, MALKANAGIRI				
277	P1-M1-3	THE MEDICAL OFFICER	C D M O MALKANGIRI	428401	377	756994
278	P1-M1-13	THE CHIEF DISTRICT MEDICAL OFFICER	MALKANGIRI	3408	0	3662
279	P1-723	MEDICAL OFFICER,P.H.C.(G)	P S TO INDOOR	17895	0	17895
280	P1-178/A	M O P H C MKG.	FOR MEDICAL OFFICE	10283	0	78919
281	P1-178/B	M O P H C MKG.	MALKANGIRI	26826	0	26826
282	P1-178/C	M O P H C FOR MKG.	MALAKANGIRI	36173	0	36173
283	P1-865	MEDICAL OFFICER(G)	P H C	4655	0	5704
284	C3-D-40	MEDICAL OFFICER	MV-111,PAN CHAVATI	350	0	350
285	P2-A-1016	C D M O,MLKG(G)	D.N.K.MALKANGIRI	83430	0	111499
286	P2-A-1017	CHIEF MEDICAL OFFICER	DNK,MALKANGIRI	103241	0	141698
287	C2-B-963	OFFICER INCHARGE,VCRC	DNK,QTR.GC-135	1518	0	1518
288	C6-E-377	ASST.SURGEON	MV-79	2743	104	2847
289	P5-B-31	P.H.C. (IN DOOR)	KODUMULUGUMA	0	4	1734



290	P5-B-52	P.H.C., F.P. UNIT	KUDUMULUGUMA	11812	0	860	12672
291	P5-A-98	P.H.C.(INDOOR)	C/O M.O.KORAKONDA	1418	0	287	1705
292	P8-118	M.O,P H C.(G)	P/S TO F P WING	183316	846	158309	342470
	MED TOTAL			915468	1330	625872	1542670
		KED, KORAPUT					
293	CP-K1-36	C.D.M.O. KORAPUT	EL TO WC/F ROOM	4308	0	0	4308
294	PI-K1-5	DIST.MEDICAL OFFICER	C.D.M.O.KORAPUT	30000	0	719	30719
295	PI-K3-1	THE MEDICAL OFFICER PHC	LAXMIPUR	5307	0	4384	9691
296	C5-132/4/4095	C D M O	PUJARIPUT	56872	0	1306	58178
297	C5-132/3/4094	C D M O	PUJARIPUT	40561	0	0	40561
298	P3-28/90	THE DIST.MEDICAL SPL.ROOM	HOSPITAL	9690	0	2118	11808
299	P3-29/2359	THE DIST.MEDICAL SPL.ROOM	HOSPITAL	28028	0	4299	32328
300	P3-31/4426	THE DIST.MEDICAL	FAMILY PLANNING,HOSP	225756	0	199547	425303
301	P3-32/2088	THE T.B.CLINIC	HOSPITAL	23318	0	1508	24826
302	P3-33/NEW	DIST.MEDICAL X-RAY ROOM	HOSPITAL	60596	0	13580	74176
303	P3-34/1932	DIST. MEDICAL	HOSPITAL	2684	0	84	2768
304	P3-35/1116	DIST.MEDICAL POST MARTAM	DIST. MEDICAL	17941	0	2314	20255
305	C3-70/5092	THE MEDICAL	NURSE COLONY	5388	0	0	5388
306	P1-A-229	ASST SURGION	GOVT.HOSPITAL	2010	0	254	2263
307	P6-B-1589	M.O,HEALTH CENTRE	SUNKI	10894	0	4306	15200
308	C8-13/LMP	THE MEDICAL OFFICER	P H C, FOR INDOOR	7201	10088	0	17289
309	C8-15/LMP	THE MEDICAL OFFICER	VETERNIARY	4504	0	0	4504
310	C8-14/LMP	MEDICAL OFFICER	P H C, FOR F P WARD	73895	2512	0	76407
311	D9-D1-7/1	SRI K.N.B. ACHARY	BLOCK COLONY	9842	275	563	10680
312	C9-D1-11	MEDICAL OFFICER,PHC	FOR IN DOOR	82136	0	0	82136
313	C9-C1-16	M.O.,P H C	ALMONDA	50742	2830	0	53571
314	C8-5/DSPR	M.O.(P H C)	DASAMANTAPUR	100210	0	0	100210
	KED, KORAPUT			851884	15704	234981	1102569
	SOUTHCO TOTAL			11632662	77040	5529009	17238710



**GOVERNMENT OF ORISSA
DEPARTMENT OF ENERGY**

No. 3030 / RE(BJ)-20/11(Pt.) / En., Bhubaneswar dated 21.04.2011

From

Sri P.K. Jena, IAS
Commissioner-cum-Secretary to Government

To

Chief Executive Officer, CESU, Bhubaneswar
Vice President, NESCO, Balasore
Vice President, WESCO, Burla
Vice President, SOUTHCO, Brahmapur.

Sub: Physical Inspection of electricity utilities.

Sir,

Complaints are received frequently regarding defective electrical installations like sagging conductors, broken insulators, unsafe junctions and many such problems. In many areas, temporary electrical lines are drawn on bamboo poles much to the discomfort of the local people. Besides this, incidents of electrical accidents due to unsafe electrical utilities are being observed in the print and electronic media. Electrical accidents have been reported on certain occasions due to hooking and unlawful sharing of power and energy theft resulting in accidents leading to fatalities and injuries. It is matter of great concern that inspection of electrical utilities like poles, conductors, insulators, transformers etc. are not done on a regular and systematic manner. The field level officials are not paying adequate attention to all these vital areas of operation and maintenance. It is high time that we gave our focussed attention to these problems without any further delay. The old 11 KV feeders may need closer attention than others.

I would therefore request you to issue necessary instructions to all your field functionaries to physically inspect ***all repeat all*** electrical utilities including 11 KV and 33 KV feeders in their respective areas from 25.04.2011 to 30.04.2011 with a view to identifying the problems and rectify them immediately. The Junior Engineers may be directed to inspect 11 KV lines and Assistant Engineers will inspect 33 KV feeders. The Executive Engineers and Superintendent Engineers will test check the facilities on a random basis. Inspection observations may please be reported to the Energy Department. While examining and inspecting the installations & distance between poles; the condition of poles, ground clearance of conductors, condition of the conductors & insulators etc. may be seen closely and a report be prepared for at least all the 33 KV and 11 KV feeder lines. The need for repair & replacement and the time frame for the same may also be decided at the DISCOM level and a report submitted. A debriefing meeting will be conducted on this matter on 05.05.2011 in the conference hall of Energy Department at 11.00 AM.

Yours faithfully,
Sd/-

Commissioner-cum-Secretary to Govt.

Memo No.3031/En. Dated 21.04.2011

Copy forwarded to all Collectors for information and necessary action. Collectors are requested to take up review meetings at their levels for monitoring the physical inspection work of electricity utilities by DISCOMs.

Sd/-

Commissioner-cum-Secretary to Govt.

Memo No.3032/En. Dated 21.04.2011

Copy forwarded to the Secretary, Orissa Electricity Regulatory Commission for information.

Sd/-

Commissioner-cum-Secretary to Govt.



Appendix-VIII

GOVERNMENT OF ORISSA DEPARTMENT OF ENERGY

ORDER

No. 3995 / R&R-I-23/2011 / En., Bhubaneswar, dated the 26th May, 2011

It was clarified in this Department letter No.6996 dt.25.07.2006 addressed to the Secretary, OERC /Special Officer, o/o Special Officer, 121, Zone-A, Sector-A, Mancheswar Industrial Estate, Bhubaneswar/C.E.O. & Administrator, CESCO/C.E.O., WESCO, NESCO, SOUTHCO that the employees of the Distribution Companies viz Central Electricity Supply Utility of Orissa (CESU), Western Electricity Supply Company of Orissa Ltd. (WESCO), North Eastern Electricity Supply Company of Orissa Ltd. (NESCO) and Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) are public servants within the purview of the Prevention of Corruption Act, 1988 (Act of 1988). However, the matter has been further examined by the Government at the behest of the G.A. (Vigilance) Department.

After careful examination of the matter in the light of the recent Judicial pronouncements, Government have been pleased to reiterate its earlier decision that the employees of the Distribution Companies (CESU, NESCO, WESCO & SOUTHCO) who are performing public duties as defined in Section 2(b) of the Act of 1988 are falling within the definition of "Public Servants" as defined in Section 2(c) of the said Act of 1988.

The Distribution Companies(CESU, NESCO, WESCO & SOUTHCO) are therefore, advised to extend their necessary cooperation to the Vigilance Authorities of the State to conduct enquiry into the charges of corruption against their employees.

By order of the Governor
Sd/-
Commissioner-cum-Secretary to Govt.

Memo No.3996/ dt. 26.5.2011

Copy forwarded to the Chairman-cum-C.E.O., CESU, Bhubaneswar/ C.E.O., NESCO, Balasore/V.P., WESCO, Burla/V.P., SOUTHCO, Berhampur/M.D., NESCO, WESCO and Director, SOUTHCO. Bhubaneswar for information and necessary action.

Sd/-
F.A.-cum-Additional Secretary to Government

Memo No.3997/ dt. 26.5.2011

Copy forwarded to the Principal Secretary to Govt., Law Department/Special Secretary to Government, G.A. (Vigilance) Department/M.D., GRIDCO/M.D., OPTCL/M.D., OPGC/Director, OHPC/Secretary, OERC/EIC(E)-cum-PCEI for information and necessary action.

Sd/-
F.A.-cum-Additional Secretary to Government



Memo No.3998/ dt. 26.5.2011

Copy forwarded to the P.S. to Hon'ble Minister, Energy/P.O. to the Commissioner-cum-Secretary, Energy for kind information of Hon'ble Minister and Commissioner-cum-Secretary respectively.

Sd/-

F.A.-cum-Additional Secretary to Government

Memo No.3999/ dt. 26.5.2011

Copy forwarded to the Head, Portal Group, I.T. Centre, Secretariat with a request to host the same in the official website of this Department.

Sd/-

F.A.-cum-Additional Secretary to Government

Memo No.4000/ dt. 26.5.2011

Copy forwarded to all Sections of Energy Department for information.

Sd/-

F.A.-cum-Additional Secretary to Government



Appendix-IX

**GOVERNMENT OF INDIA
MINISTRY OF POWER
UNIQUE PIN CODE No.110 119
SHRAM SHAKTI BHAWAN, RAFIMARG, NEW DELHI-110 001**

DEVENDER SINGH
JOINT SECRETARY
Tele No.23710199

D.O. No.16/28/2008-APDRP
Dear Shri P.K. Jena,

Dated: February 23, 2011

You are aware that Re-structured APDRP was launched in July, 2008 to assist states for strengthening their distribution system with prime objective of AT&C loss reduction. As per the guideline of R-APDRP, participation of the private utilities in R-APDRP is to be reconsidered by Cabinet Committee, after two years. Modalities of extending the R-APDRP assistance to the private utilities will be finalised by the Cabinet Committee in due course of time.

2. Projects under R-APDRP are taken up in two parts. Part-A is for establishment of IT enabled platform for energy accounting/auditing and consumer service centres whereas Part-B is for strengthening and up-gradation of distribution network for increasing reliability, automation and remote control. Initially 100% funds for Part-A and 25% funds for Part-B projects are provided through loan from the Govt. of India. The balance funds for Part-B projects are raised from financial institutions. The entire amount of loan for Part-A projects shall be converted into grant after completion of Part-A projects. Up-to 50% of the project cost of Part-B projects shall be converted into grant in five equal tranches on achieving the 15% AT&C loss in the project area on a sustainable basis for a period of five years. In addition, utility level loss reduction (AT&C losses) @ 3% per annum for utilities with baseline loss levels exceeding 30% and @ 1.5% for utilities with baseline loss levels less than 30% have to be achieved to become eligible for conversion of loan for Part-B projects.
3. It is evident that for getting the benefits of R-APDRP, utilities have to improve AT&C loss reduction over the base (starting) level not only in the project area, but also at utility level. The correct and realistic determination of base (starting) AT&C loss level is very essential to gauge the improvement in loss reduction in subsequent years after implementation of R-APDRP.
4. It has been informed by MD (NESCO & WESCO) and Director (Southco) vide letter dated 06.02.11 that the disparity between actual loss levels of distribution companies in Orissa and those approved by the OERC is still continuing. Such anomaly has already been admitted by the World Bank and the committee of independent Experts appointed by the Government of Orissa.
5. In view of the above, you may take up the issue with OERC to determine the yearly loss levels of distribution utilities in Orissa accurately based on ground realities and not on notional basis.

With regards,

Yours sincerely,
Sd/-
(Devender Singh)

Shri Pradeep Kumar Jena,
Commissioner-cum-Secretary (Energy)
Govt. of Orissa, Energy Department,
Bhubaneswar-751 001.



**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN
UNIT-VIII, BHUBANESWAR - 751 012
TEL. No. 2396117, 2393097, FAX : 2393306
e-mail : orierc@rediffmail.com
website : www.orierc.org**

**No.DIR(T)-330/08/925
Date: 28.5.2011**

To,
The Commissioner-cum-Secretary,
Department of Energy,
Govt. of Odisha,
Bhubaneswar.

Sub: Disparity in loss level vis-à-vis financial assistance under RAPDRP.

Sir,

I am directed to invite a reference to your letter No.R&R-I-54/2010(PT) - 2693/EN dt.02.4.2011 on the subject noted above and to say that Joint Secretary, Govt. of India, Ministry of Power in his DO letter No.16/28/2008-APDRP dated 23.02.2011 while indicating the stipulations for financing projects under RAPDRP among other things, have requested the State Govt. to take up the issue with OERC regarding the determination of the yearly loss level of distribution utilities in Odisha accurately, based on ground realities and not on a notional basis. This would imply that the Commission should determine tariff based on the actual loss level shown by the distribution companies but not on the regulatory norms of distribution loss or the Multi Year Tariff principles determined by the Commission for the control period while determining tariff for the respective years.

2. In this connection, it may be noted that tariff is being determined on the basis of normative distribution loss and as per the loss reduction trajectory and AT&C loss approved by the Commission for the control period in the Business Plan. This is a product of and an integral part of the Multi Year Tariff exercise as reflected in the Business Plans of the DISCOMs. It is again based on the principle of "Performance Based Regulation" wherein the tariff levels during the control period are indicated on the basis of the various performance parameters as determined in the Business Plan. These parameters are not recalibrated from year to year based on actual performance or achievement of the previous year. If the indicated parameters are achieved or exceeded then the gain that accrues are retained in full by the DISCOM. If the said parameters are not achieved then the resultant losses are not passed through into the tariff to be determined for the concerned year. The distribution companies have not been able to adhere to the loss reduction trajectory of AT&C losses as in their Business Plan due to various reasons which among other things include their poor billing and collection, lack of investments for upgradation and renovation of the sagging distribution network and rampant theft of electricity, very often aided and abetted by employees of the distribution companies. The suppression of theft of electricity is as much a management issue of the DISCOMs as much as it is a governance issue of the State Govt. Pro-active steps from the State Govt. are badly wanting to curb the theft of electricity effectively. If the Commission were to accept the losses as shown by the distribution companies, which are their actual losses, there would be a substantial increase in tariff for the consumers. The Commission has gone by the principles of Performance Based Regulation and MYT and has not recognized the loss as indicated by the distribution companies, on account of the failure to achieve the normative distribution loss and AT&C loss approved in the Annual Revenue Requirement and their Business Plan. In other words, the loss arising on account



of inefficient functioning of the distribution companies and the governance deficit in suppressing theft are not passed on to the consumers and is being borne by the distribution companies themselves. The comparative table given below would explain the position.

Year	Distribution Loss		AT&C Loss	
	Approved by the Commission in the ARR (%)	Actual (%)	Approved by the Commission in the ARR (%)	Actual (%)
2003-04	31.9	40.8	38.7	49.3
2004-05	37.0	39.2	44.5	44.7
2005-06	34.2	39.6	40.5	44.7
2006-07	32.8	38.6	37.9	43.3
2007-08	27.1	37.5	31.4	41.6
2008-09	27.0	37.5	30.36	41.89
2009-10	24.45	37.24	25.96	39.15
2010-11	22.22	37.96 (Provisional) (35.60 projected by DISCOMs)	23.77	41.49 (Provisional) (37.80 projected by DISCOMs)
2011-12	21.71	32.95 Projected by DISCOMs	22.49	34.06 Projected by DISCOMs

- From the above table it may be seen that Commission in the year 2004-05 has taken note of actual AT&C loss of DISCOM in its tariff fixation and adopted a loss reduction trajectory year to year on a normative basis for tariff determination purpose. Presently, in the year 2011-12 there is a gap between actual distribution loss and the normative distribution loss adopted by the Commission for fixation of tariff for about 16.25% (37.96% -21.71% approved for 2011-12 in the ARR). The gap between actual AT&C loss and AT&C loss approved by the Commission for 2011-12 is about 19.00% (41.49% - 22.49% approved for 2011-12 in the ARR). On the whole the gap in the distribution loss or AT&C loss is hovering around 16%.
- By reckoning the normative distribution loss at 21.71% and AT&C loss at 22.49% the retail tariff for 2011-12 has been approved by the Commission. The retail tariff so fixed for 2011-12 represents 19.74% increase over the tariff for 2010-11. If the distribution loss projected by the distribution companies at 32.95% would have been adopted by the Commission the retail tariff increase would have been 33.20% over the tariff of 2010-11. Similarly, if the provisional distribution loss shown by the distribution companies for 2010-11 is taken into account at 37.96% and reduction of 3% is assumed i.e. if the distribution loss is adopted at 34.97% for 2011-12, the tariff increase for 2011-12 would have been 36.13% over the tariff of 2010-11.
- In adopting the normative distribution loss 21.71% for 2011-12 the cost of supply has been worked out at 408.87 paise per unit whereas if the distribution loss of 32.95% projected by the distribution companies would have been accepted by the Commission for 2011-12 the cost of supply would have been 477.47 paise per unit. Similarly taking 37.96% as provisional distribution loss for 2010-11 and reducing 3% for 2011-12 the cost of supply would have been 492.24 paise for 2011-12 against 408.87 paise approved by the Commission for 2011-12.
- The enclosed statement at Annexure-I explains the comparative position as to how additional tariff increase would have been by 13.46% (33.20%-19.74%) or by 16.39% (36.13%-19.74%) if Commission had considered the proposal of DISCOM in its filing of ARR for 2011-12 on the actual loss level of the preceding year less 3% respectively. Similarly, the cost of supply would have been increased by 68.60 paise (477.47-408.87 approved for 2011-12) or 83.37 paise (492.24-408.87 approved for 2011-12). In other words if we consider the ground realities by adopting the loss projected by the distribution companies, the tariff for 2011-12 would have been further increased by 15% to 18% and the cost of supply would have been further increased by 69 paise to 84 paise. Or worse, if we fix the tariff, making its justification low due to ground realities or considering the capacity of the consumer to pay, we will be loaded with a huge 'Regulatory Asset' burdening the future consumers.



7. Since the performance of the distribution companies in the matter of reduction of distribution loss or AT&C loss is fluctuating from year to year and in fact sometimes the distribution loss for the subsequent year is more than the distribution loss of the previous years Commission have been consciously adopting a normative distribution loss and AT&C loss as reflected in the MYT for the purpose of determination of tariff. By adopting normative level of distribution loss and AT&C loss for tariff determination, the general consumers are not being loaded with the loss arising out of the inefficient functioning of the distribution companies.
8. The Commission's tariff order for 2011-12 has made it clear that determination of actual base line data for RAPDRP funding and adopting normative loss data for determination of tariff purpose as per multiyear tariff principle (MYT- Tariff) as ordered in the business plan are two different matters and should be kept separate in their own context. The actual loss level as base line data for RAPDRP funding and loss reduction trajectory for APDRP's Phase-I and Phase-II as indicated in those guidelines may be kept distinct for the project. This in no way will hinder the monitoring of the RAPDRP implementation as set out in those guidelines.
9. If the intention is to converge the loss parameters of the MYT control period with those of the actual losses, based on current levels shown by the DISCOMs or as independently determined, would mean that we have to junk the current MYT parameter and the Business Plan and start afresh with a new base line data, for both the MYT and the RAPDRP.
10. OERC can consider such a re-determination of the MYT and Business Plan, through the usual process of stakeholder consultation and open hearings of the issues, provided the State Govt. confirms that this new base line data for all purposes is a must. If adoption of a new based line for both MYT and for the purposes of determination of tariff is taken as one of the preconditions for sanction of funds under RAPDRP, State Govt. must consciously take into account the fact that the existing level of tariff would have to take a further leap by about 15%, other things remaining the same. In other words if on account of increase in the cost of generation, transmission and distribution, tariff is to be increased by about 15% to 20%, in order to ensure recovery of cost of supply an additional 15% to 18% would get loaded into the tariff on account of the actual loss levels. The State Govt. must, therefore, be prepared to accept these increased levels of tariff and also be prepared to shoulder the subsidy burden that might be necessary by the consequential public outcry.
11. The Commission would, therefore, request the State Govt. to consider the various issues from all angles and accordingly reformulate their proposal to the Govt. of India for funds under RAPDRP. The Commission is of the view that while base line data could be firmed up under Phase-I in accordance with RAPDRP guidelines, this firmed up base line data could be adopted only for the purpose of monitoring the performance of the distribution companies in the project areas as well as utilities as a whole for the purpose of RAPDRP and not for other Regulatory functions. This should not be merged with the MYT as a fresh base line for the Business Plan of the DISCOMs and for the purpose of determination of tariff. If Govt. of India still insists that determination of tariff based on the actual loss projected by the distribution companies is to be adopted in order to qualify for funding under RAPDRP, Govt. must, therefore, be quite clear in its approach. If a fresh base line on all parameters is essential for all purposes including determination of tariff for subsequent periods, then an appropriate formal application be made to the Commission. The Commission, therefore, will proceed with the process of stakeholders consultation and open hearing of the issues involved, for a final view in the matter. What is essential and paramount in the matter is that it must be clearly disseminated to the consumer so that there is no ambiguity amongst the consumers that tariff has gone up because of the whims and fancies of the Regulator.

Yours faithfully,

Encl. : Annexure-1

Sd/-
SECRETARY



IMPACT OF ACTUAL LOSS ON TARIFF

Annexure-1

	2010-11 (Approved)	2011-12 (Approved)	2011-12 (calculated considering Dist. Loss projected by Licensees)	2011-12 (calculated considering actual Dist. Loss for 2010-11 minus 3%)
Power Purchased from GRIDCO by Disicom (MU)	20,154.00	22,477.00	22,477.00	22,477.00
Power Sold by Disicom to Consumer (MU)	15,676.55	17,597.37	15,069.12	14,616.84
EHT (MU)	4,514.03	5,389.97	5,389.97	5,389.97
HT (MU)	3,415.14	3,164.28	3,164.28	3,164.28
LT (MU)	7,747.39	9,043.12	6,514.86	6,062.59
Disrtibution Loss %	22.22%	21.71%	32.96%	34.97%
Collecton Efficiency %	98.00%	99.00%	98.34%	99.00%
AT & C Loss %	23.77%	22.49%	34.07%	35.62%
Avg BSP P/KWH	170.25	231.65	231.65	231.65
Power Purchase Cost of GRIDCO (Rs. Crore)	3,431.19	5,206.88	5,206.88	5,206.88
Transmission Cost of OPTCL (P/KWH)	23.50	25.00	25.00	25.00
Transmission Cost of OPTCL (Rs. Crore)	473.62	561.94	561.94	561.94
SLDC Cost (Rs. Crore)	3.58	4.04	4.04	4.04
Net Distribution Cost excl. Misc receipt (Rs. Crore)	1100.96	1283.67	1283.67	1283.67
ARR OF DISCOMs (Rs. Crore)	5,009.35	7,056.53	7,056.53	7,056.53
Revenue Realised by DISCOMs through tariff (Rs. Crore)	5,025.53	7,109.57	7,056.53	7,056.53
Avg. Tariff P/Kwh	320.58	404.01	468.28	482.77
Revenue with existing Tariff (Rs. Crore)		5,937.60	5,297.74	5,183.83
Revenue/ Tariff Rise %	22.20%	19.74%	33.20%	36.13%
Cost of Supply P/U		408.87	477.47	492.24



Important Judgments

Following are the some of the important judgments on electricity matter pronounced by the Hon'ble Supreme Court and various High Courts & ATE.

- (i) Deciding the jurisdiction of the High Court to entertain the Writ Petition against the tariff order passed by the Orissa Electricity Regulatory Commission, the Hon'ble High Court has held that, as would be evident from section 111 of the Electricity Act, the person aggrieved by the tariff order can prefer an appeal before the appellate authority. Perusal of Section 111 of the Electricity Act, 2003 reveals that, the appellate authority can delve into both facts and law. The jurisdiction of this Court while exercising power under Article 226 and 227 is rather circumscribed in as much as it can neither sit in appeal against the order passed by the OERC nor it can decide disputed question of fact efficaciously.
(Judgment delivered on 31.3.2009 by the Hon'ble High Court of Orissa in W.P.(C) No. 15105 of 2007 in the case of Visa Steel Vrs. State of Orissa and others) AIR 2009(NOC) 2091 (Orissa).
- (ii) The Hon'ble High Court of Orissa vide its order dated 16.03.2010 in W.P (C) Nos. 6624, 6625 & 6626 of 2008 had directed OERC to fix the cost of supply at various voltage i.e., EHT, HT, LT and also to indicate the cost of Tariff for each category, the extend of cross-subsidy existing and plan action to reduce it over a period of time as envisaged in S.61(g) of the Electricity Act, 2003 and Regulation 7(c) (iii) of OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004.
- (iii) When a financial assessment is under process under S. 126 of the Electricity Act, 2003, the petitioner can avail alternative remedy and there is no justification to issue direction for restoration of power supply on deposit of reasonable percentage of amount of the provisional bill- It is not maintainable under Writ jurisdiction. *M/s Synergy Pvt. Ltd. Vrs. Jharkhanda State Electricity Board*, (AIR 2009 (NOC) 975 Jharkhanda.)
- (iv) Statutory Forums established under S. 42 of the Electricity Act, 2003, are the Competent Authority for redressal of consumer grievances. The consumer is obliged to first approach such Forums. The Board has to accept the order passed by such Forums without any discretion of the matter. *M/s Bikanear Plosto Flex Pvt. Ltd. Vrs.State of Bihar & other*.
AIR 2009(NOC) 1559 (Patna).
- (v) Opportunity should be given for filing of objection and personal hearing must be fulfilled before passing final assessment order under S.126 of the Electricity Act, 2003. Writ petition maintainable for non compliance of the above Statutory Provision. *Radhakrishna R Vrs. G.M, BESCOM & others*.
AIR 2009 (NOC) 1558(Karnatak).
- (vi) The person who have avail power supply by way of an "Independent Feeder" for getting uninterrupted power supply is to pay special price for the special service as per UP Electricity Supply Code. "Independent Feeder" means a feeder constructed at cost of the consumer at supplying electricity to only that consumer.
- (vii) In a leading judgment the Constitution Bench of the Hon'ble Supreme Court on 15.03.2010 has held that the Appellate Tribunal for Electricity has no jurisdiction to examine the validity of Regulations framed by CERC – as these are in the nature of Sub-Ordinate Legislation. The validity of the Regulations may, however, be challenged by seeking judicial review under Article 226 of the Constitution of India.
- (viii) Demand charge relates to a charge on the consumer for keeping reserve the energy to supply him to the extent of contractual demand of energy. A consumer is liable to pay the same if the energy is supplied to the consumer by the license whether he draws or utilizes the same or not as the aforesaid relationship of the consumer with the supply company arises out of a contract entered into between them having mutual obligations. *Indian Rare Earth Vrs. MD, SOUTHCO & Or. 109(2010 CLT-680*.



- (ix) Tariff fixation. Procedure to be followed for determination of tariff. Regulatory Commission can alone do it (2002) 8 Supreme Court Cases 715, AIR 2002 SC ,3588
- (x) New connection. Application by wife. Earlier connection in the name of husband disconnected for non-payment of dues. Wife suppressing fact that earlier disconnection was in the name of her husband. Denial of new connection not illegal.
(AIR 2003 Patna, 10)
- (xi) Electricity supply. Section 43 of the Electricity Act, 2003. Lawful occupier of premises, means “actual occupier” in settled possession. Person in settled possession of property be it trespasser, unauthorized, encroacher can apply for supply of electricity without consent of owner. He is entitled to get electricity and enjoy the same until he is evicted by due process of law.
(AIR 2011, Calcutta, page -64 (Full Bench)
- (xii) Section 126 of the Electricity Act, 2003. The legislature has intended that the assessing officer must be a person who was actually member of the inspection team at the time of detecting the pilferage or unauthorized use of electricity so that, he can pass the order of assessment not on the basis of paper before him but after actually visiting the site at the time of detection of illegality.
(AIR 2007, Calcutta, page -298)
- (xiii) Section 126. Disconnection of electricity. Provisional assessment. Petitioner has to pay the whole of assessed amount for reconnection of supply. No order can be made directing reconnection on part payment of assessed amount.
(AIR 2011(NOC) 124 , Calcutta,)
- (xiv) Constitution of India, Art.226. Section 126, 127 of Electricity Act, 2003. Writ petition. Alternative remedy available to petitioner against final assessment order u/S 126 of the Act, 2003. No appeal filed by petitioner under section 127 of the Electricity Act, 2003. Petition filed for direction of reconnection of supply. Not maintainable.
(AIR 2011(NOC) 124 , Calcutta,)
- (xv) Electricity Act 2003, Section 126. Constitution of India, Art.226. Restoration of electricity. Provisional assessment made by the assessing officer. Petitioner sought for restoration of electricity on payment of 50% of provisionally assessed amount. No provision of law provides for restoration on payment of 50% or part of the provisionally assessed amount. Whereas relevant regulations provide for restoration only on payment of whole assessed amount. Since amount is provisionally assessed as per relevant provisions, writ power cannot be exercised to direct restoration on payment of part only
(AIR 2011(NOC) 127 , Calcutta,)
- (xvi) Electricity Act, 2003. Section 126(1) (b)(ii). Provisional assessment order. Unauthorized use of electricity. Over drawl of maximum demand does not come under definition of “unauthorized use of electricity”. Provisional assessment order passed by the authority alleging “over drawl maximum demand” as ground of unauthorized use of electricity. It is without jurisdiction.
(AIR 2011, Orissa, 38)
- (xvii) Tariff. The term tariff not defined in the 2003 Act. The term tariff includes within its ambit not only the fixation of rates but also the rules and regulations relating to it. Under the 2003 Act, if one reads section 62 with section 64, it becomes clear that, although tariff fixation like price fixation is legislative in character, the same is made appellable vide section 111. These provisions namely section 61 and section 62 indicate the dual nature of functions performed by Regulatory Commission viz, decision making and specifying the terms and conditions of tariff determination
[(2010) 4 Supreme Court Cases 603]
- (xviii) Constitution of India. Art.226- Exhaustion of alternative remedy. Dispute relating to enforcement of right or obligation created under a statute. Specific remedy therefor provided in the statute. High Court may not deviate from general rule and interfere under Art.226, except a very strong case made out.
[(2004) 4 Supreme Court Cases 268]



- (xix) Constitution of India. Art.226. Alternative remedy. Maintainability of writ petition. Validity of sales tax assessment questioned. Special and adequate remedy existing under the relevant statute containing self contained machinery. Writ not maintainable.
 [(1983) 2 Supreme Court Cases 433]
- (xx) Electricity. Judicial review of fixation of electricity tariff and providing cross-subsidy. Scope of High Courts power- Held that, High has only to be satisfied that proper procedure has been followed and it would not interfere unless the decision in question on the face of it is shown to be arbitrary, illegal and contrary to the Act.
 [(2002) 3 Supreme Court Cases 711]
- (xxi) Jurisdiction of Consumer forums against assessment made under section 126 of the Electricity Act,2003. Against assessment order passed under section 126 of the Electricity Act, a consumer has option either to appeal under section 127 of the Electricity Act or to approach the consumer forum by filing complaint. He has to select either of the remedy. However before entertaining the appeal, the Consumer For a would direct the consumer to deposit an amount equal to one third of the assessed amount with the licensee. [Similar to section 127(2) of the Electricity Act].
 [2008 CTJ (CP) NCDRC]
 (Jharakhanda Stae electricity Board and another Vs. A alli)
 N.B.- After amendment of the Electricity Act 2003 in the year 2007, under section 127(2) , it is now 50% of the assessed amount to be deposited by the consumer for preferring an appeal against the final assessment.
- (xxii) Interpretation of Statute- Duty of Court indicated. It is not the duty of the court either to enlarge the scope of the legislation or the intention of the legislature when the language of the provision is plain and unambiguous. The court cannot rewrite, recast, or reframe the legislation for the very good reason that, it has no power to legislate. The power to legislate has not been conferred on the courts. The court cannot add words to a statute or read word into it which are not there. Assuming there is a defect or an omission in the words used by the legislature, the court cannot go to its aid to correct or make up the deficiency. Courts shall decide what the law is and not what it should be.
 [(1991) 3 SCR 873]
- (xxiii) Section 14 of the Electricity Act, 2003. Supply of electricity. Erection of tower and laying over head lines. Licensee conferred with power under the Telegraph Act. Therefore consent of land owner before erecting tower not necessary. (AIR 2007 Guj.32)
- (xxiv) Power of review. Principle indicated. The power of an Administrative Tribunal to review its decision under section 22(3) (f) of the Administrative Tribunal Act, 1985 can be summarized on the following points.
- (i) The power of the Tribunal to review its order/decision under section 22(3)(f) of the Act is akin/ analogous to the power of a civil court under section 114 read with Order 47 Rule 1 of CPC.
 - (ii) The Tribunal can review its order on either of the grounds enumerated in Order 47 Rule 1 and not otherwise.
 - (iii) The expression any other sufficient reason appearing in Order 47 Rule 1 has to be interpreted in light of other specific grounds.
 - (iv) An error which is not self evident and which can be discovered by a long process of reasoning cannot be treated as an error apparent on the face of record justifying exercise of power u/S 22(3)(f).
 - (v) An erroneous order / decision cannot be corrected in the guise of exercise of power for review.
 - (vi) A decision /order cannot be reviewed U/s 22(3)(f) on the basis of subsequent decision /judgment of a co-ordinate or larger bench of the Tribunal or of a superior court.



(vii) While considering an application for review, the tribunal must confine its adjudication with reference to materials which was available at the time of initial decision. The happenings of subsequent events or development cannot be taken note of, for declaring the initial order / decision as vitiated by an error apparent.

(viii) Mere discovery of new or important matter or evidence is not ground for review. The party seeking review has also to show that, such matter or evidence was not within its knowledge and even after the exercise of due diligence, the same could not be produced before the court/tribunal earlier.

[(2008) 8 Supreme Court Cases 612]

(xxv) Review.- Under Order 47 Rule 1 of CPC a judgment may be open to review inter alia if there is a mistake or an error apparent on the face of the record. An error which is not self evident and has to be detected by a process of reasoning, can hardly be said to be an error apparent on the face of record justifying the court to exercise its power to review Under Order 47 Rule 1 of CPC. In exercise of jurisdiction Under Order 47 Rule 1 of CPC, it is not permissible for an erroneous decision to be reheard and corrected. There is clear distinction between an "erroneous decision" and "an error apparent on the face of record". While the first can be corrected by the higher forum, the latter only can be corrected by exercise of the review jurisdiction. A review petition has a limited purpose and cannot be allowed to be "an appeal in disguise"

[(1997) 8 Supreme Court Cases 715].

(xxvi) It has been held by the Hon'ble Appellate Tribunal for Electricity that, in a proceeding, the State Commission instead of getting opinion from legal experts for clarification of the legal issue, may appoint a counsel to explain and enlighten the State Commission with regard to the legal positions on the basis of the authorities rendered by the Tribunal as well by the Supreme Court in the open forum in the presence of the necessary parties.

(Order dated 31.1.2011 of APTEL, New Delhi passed in Appeal No. 41.42,43 of 2010 between Polyplex Corporation Limited Vs. Utarakhanda Electricity Regulatory Commission and another.)

(xxvii) Electricity Act, 2003. Section 145. Section 154(5) of Electricity Act, 2003 casts an obligation upon the Special Court to determine the civil liability even if no prayer is for determination of such liability is made by either party.

(AIR 2010 Delhi 91)

(xxviii) Tariff revision retrospectively- Challenge to tariff order becomes infructuous as soon as the one year period of tariff expires.

[(2002) 3 Supreme Court Cases 711]

(xxix) Statutory Forums established under S. 42 of the Electricity Act, 2003, the Competent Authority for redressal of consumer grievances. The consumer is obliged to first approach such Forums. The Board has to accept the order passed by such Forums without any discretion of the matter. *M/s Bikanear Plosto Flex Pvt. Ltd. Vrs.State of Bihar & others,*

AIR 2009(NOC)1559 (Patna).

(xxx) When a financial assessment is under process under S. 126 of the Electricity Act, 2003, the petitioner can avail alternative remedy and there is no justification to issue direction for restoration of power supply on deposit of reasonable percentage of amount of the provisional bill- is not maintainable under Writ jurisdiction. *M/s Synergy Pvt. Ltd. Vrs.Jharkhanda State Electricity Board,* AIR 2009 (NOC) 975(Jharkhanda).

(xxxi) Opportunity should be given for filing of objection and personal hearing must be fulfilled before passing final assessment order under S.126 of the Electricity Act, 2003. Writ petition maintainable for non compliance of the above Statutory Provision. *Radhakrishna R Vrs. G.M, BESCO & others,* AIR 2009 (NOC) 1558(Karnatak).



- (xxxii) In a leading judgment the Constitution Bench of the Hon'ble Apex Court has held that "directions" in S.121 of the Electricity Act, 2003 do not confer power of judicial review in the Tribunal. It is not possible to lay down any exhaustive list of cases in which there is failure in performance of statutory functions by the Appropriate Commission. S.121 of the Act, of the Act, 2003 does not confer power of judicial review on the Appellate Tribunal. The words "orders", "instructions" or "directions" in S.121 do not confer power of judicial review in the Appellate Tribunal for Electricity. The power of judicial review of the validity of Regulations made under the Electricity Act, 2003 is not conferred on the Appellate Tribunal for Electricity. *AIR 2010 SC 1338: PTC India Ltd. Vrs. CERC.*
- (xxxiii) In a leading judgment the Hon'ble High Court of Delhi had held that s.154(5) of Electricity Act, 2003 casts an obligation upon the Special Court to determine the civil liability, even if no prayer for determination of such liability is made by either party. Therefore, even if no request had been made by the petitioner for determination of civil liability, the Special Court would still have to carry out the legislative mandate given to it u/s. 154(5) of the said Act. *AIR 2010 Del 91: BSES Rajdhani Power Ltd. Vrs. State, NCT of Delhi & another.*
- (xxxiv) The DISCOMs have to perform its statutory duty under S.42 of the Electricity Act,2003 to supply electricity in the urban areas .*AIR 2009MP 118:Smt.Siyabani Thakur Vrs.M.P:State Electricity Board & others.*
- (xxxv) **Alternative remedy-Dispute as to electricity bill:-**

So far as the bill raised against the consumer-petitioner is concerned, if there is any dispute in the bill, it is open to the consumer-petitioner to approach before the GRF constituted u/S.42(5) of the Electricity Act, 2003. *AIR 2005 Ori 160: ARSS Stones Pvt. Ltd. Vrs. Chairman, GRIDCO & other.*

- (xxxvi) **Awarded by the Electricity Ombudsman:**

Whether the award of the Electricity Ombudsman may be challenged only u/s 34 of the Arbitration and Conciliation Act, 1996 as statutory arbitration. The Court has only drawn the analogy from S.34 of the Arbitration and Conciliation Act, 1996 a the principles to challenge the arbitral award should be limited to only such grounds as are available u/s 34 of the Arbitration and Conciliation Act, 1996. *AIR 2008 All.27: Purbachal Vidyut Vitran Nigam Ltd. Bhikarpur and another Vrs. Vidyut Lokpal (Electricity Ombudsman).*

- (xxxvii) **Appeal to the Supreme Court- limitation:**

Rule 98(1) casts a duty upon the Court master to immediately after pronouncement of order transmit the same along with the case file to the Dy. Registrar and the said Dy. Registrar in terms of Rule 98(2) is required to scrutinize the file ,satisfy himself that the provisions of rules have been complied with and thereafter send the case file to the Registry taking steps to prepare copies of the order and their communication to the parties. If Rule 98(2) is read in isolation, one may get an impression that the Registry of the Tribunal is duty bound to send the copies of the order to the parties and order will be deemed to have been communicated on the date of receipt thereof, but if the same is read in conjunction with S.125 of the Electricity Act,2003,which enables any aggrieved party to file an appeal within 60 days from the date of the date of communication of the order of the Tribunal, 94(2) which postulates notification of the date of pronouncement of the order.

Rule 94(2) requires that when the order is reserved, the date of pronouncement shall be notified in the cause list and that shall be a valid notice of pronouncement of the order.

If the title of the case and name of the counsel is reflected in the cause list, the same will be deemed as a notice regarding procurement of orders. Once the order is pronounced after being shown in the cause of list with the title of the case and name of the counsel, the same will be deemed to have been communicated to the parties and they can obtain copy of through e-mail or by filing an application for certified copy. *AIR 2010SC 2061:Chhatisgarh State Electricity Board Vrs. CERC and others.*

- (xxxviii) **Complaint as to defective meter (disputes as to meter and billing).**

The forum constituted u/S. 42(5) of the Electricity Act, 2003 can order an enquiry or local inspection to determine if a meter is in fact defective as complained of by a consumer. It is expected that while ordering a local enquiry, the forum will direct it to be carried out by an independent expert, unconnected with either the either the consumer or the electricity supplier. *AIR 2007 Del. 161: Yogesh Jain Vrs. BSES Yomuna Power Ltd.*



(xxxix) **Jurisdiction of State Electricity Regulatory Commission.**

Under S. 42(5) of the Electricity Act, 2003 proper forums for redressal of the grievance of individual consumers are established. In the face of this Statutory provision the Commission could not intervene in the matters relating to consumer disputes as there has been a forum created under the aforesaid Act for this purpose. The matter should have been left to the said forum. *132 (2006) DLT 339 (DB): Suresh Jindal Vrs. BSES Rajdhani Power Ltd. & others.*

(xxxx) **Writ petition- Alternative remedy**

So far as the question of maintainability of the writ petition is concerned, even if statutory remedy is available, the same can not be bar to entertain a writ petition under Article 226 of the Constitution taking into account particular facts and circumstances of a case, where immediate interfere is required. *AIR 2005 Orissa, 160, AIR 2008 Orissa, 172: Variety Entertainment (Pvt.) Ltd. Vrs. State of Orissa & Another.*

(xxxix) **Natural justice**

It has been asserted by the Regulatory Commission, wide publicity has to be given and various objections have been invited and different classes of consumers had been given opportunity and, therefore, factually the assertion that principles of natural justice had not been followed is not correct. *AIR 2008 Mad 78: Sidhi Smelters Pvt. Ltd. Vrs. Tamilnadu Electricity Board & another.*

(xxxixii) The Commission cannot issue suo-motu directions without following the procedure laid down in the Act and Regulations. *AIR 2005 Guj. 164: Hindustan Petroleum Corp. Ltd. Vrs. Gujarat Electricity Board State Transmission Utility and Another.*

(xxxixiii) **Adjudicatory Function of the States Commission – Scope of:**

S.86(1) (f) of the Electricity Act, 2003 states that the State Commission has only power to adjudicate upon disputes between licensees and generating companies. The Commission cannot adjudicate disputes relating to grievances of individual consumers. The adjudicatory function of the Commission is thus limited to the matter prescribed in the above section. *AIR 2008 SC 976: MERC Vrs. REL Ltd.*

Right to Information

(xxxixiv) The State Information Commission vide its order dt.14.03.2011 passed in second appeal No.224/2008 and 359/2008 had directed NESCO to submit the information required by the consumer/complainant and to set up an appropriate system as per Section 5(1) under the RIT Act, 2005. The above order of the State Information Commission and its subsequent order dt.06.06.2011 in the above second appeals were challenged by RIL managed DISCOMs before the Hon'ble Supreme Court of India in SLP (Civil) Nos.758, 776 & 777 of 2010. These SLPs were dismissed on 31.01.2011 by the Appex Court as withdrawn by the RIL managed DISCOMs with liberty to them to raise all the questions as and when the occasion arises.

(xxxixv) The applicability of the RTI Act, 2005 to the DISCOMs was also challenged before the Hon'ble High Court of Orissa in WP(C) No.20134 of 2011 by NESCO a private DISCOM managed by RIL. The Hon'ble High Court vide its judgment dtd.22.08.2011 have held that, the distribution companies falls within the definition of "Public Authority" as defined in Section 2(h) of the RTI Act, 2005. The DISCOMs when discharging the public duties and their employees are public servants under the definition of section 2(c) of the Prevention of Corruption Act, the private DISCOMs cannot take a stand that it is not falling within the definition of "Public Authority" as defined u/s 2(h) of the RTI Act, 2005. Accordingly the Hon'ble High Court rejected the Writ Petition filed by NESCO, RIL Managed DISCOMs and as per prayer of the counsel for NESCO for grant of two months time for appointment of PIOs, APIOs and First Appellate Authority as per RTI Act, 2005, the Hon'ble High Court has granted six weeks time to NESCO (RIL Managed DISCOMs) for the said purpose. Now, as per the above order of the Hon'ble High Court of Orissa all the DISCOMs are fall under the RTI Act, 2005 as Public Authority.



ITEM NO.56

COURT NO.6

SECTION XLA

**SUPREME COURT OF INDIA
RECORD OF PROCEEDINGS**

Petition(s) for Special Leave to Appeal (Civil) No.(s) 758/2010
(From the judgement and order dated 09/12/2009 in WP No.8654/2006
Of the HIGH COURT OF ORISSA AT CUTTACK

WESTERN ELECTRICITY SUP.CO. OF ORISSA LTD. Petitioner(s)

VERSUS

STATE OF ORISSA & ORS. Respondent(s) (With prayer for interim relief and office report) with SLF(C) NO.776 of 2010 (With appln. for exem. from filling c/c of the impugned judgment and with prayer for interim relief and office report)

SLP(C) No.777 of 2010 (With appln. for exem. from filing c/c of the impugned judgment and with prayer for interim relief and office report)

WITH SLP(C) NO. 4031 of 2010 (With appln. for permission to file additional documents and with prayer for interim relief and office report)

Date:31/01/2011 These Petitions were called on for hearing today.

CORAM:

HON'BLE MR. JUSTICE V.S. SIRPURKAR/

HON'BLE MR. JUSTICE T.S. THAKUR/

For Petitioner(s) Mr. Pinaki Misra, Sr. Adv./

Mr. Suresh Chandra Tripathy, Adv.

SLP(C) 4031 Mr. Jay Savla, Adv.

Mr. Renuka Sahu, Adv.

Mr. Sumit, Adv.

For Respondent(s) Mr. Radha Shyam Jena, Adv.

Ms. Asha Gopalan Nair, Adv.

Mr. Sai Krishna, Adv.

Mr. P.V. Dinesh, Adv.

Mr. Jithin V.J. Adv.

Mr. P.V. Vinod, Adv.

Mr. T.P. Sindhu, Adv.

UPON hearing counsel the Court made the following:

ORDER

SLP (C) Nos. 758, 776, 777 of 2010:

Mr. Pinaki Misra, learned senior counsel appearing for the petitioners seeks leave of the Court to withdraw these Special Leave Petitions. Permission granted. These Special Leave Petitions are, accordingly, dismissed as withdrawn with liberty to the petitioners to raise all the questions as and when the occasion arise.

SLP(C) No.4031 of 2010:

Mr. Jay Savla, learned counsel appearing for the petitioner does not press this Special Leave Petition in view of the interim order dated 20.07.2010 passed by the High Court. This Special Leave petition is accordingly dismissed as not pressed.

(Pradeep Kumar)
Court Master

(Shashi Bale Vij)
Court Master



IN THE HIGH COURT OF ORISSA: CUTTACK

W.P.(C) NO.20134 OF 2011

CODE NO.070600

IN THE MATTER OF:

An application under Article 226 & 227 of the Constitution of India,
AND

IN THE MATTER OF:

An application under The Right to Information Act, 2005,
AND

IN THE MATTER OF:

An application challenging the legality and propriety of the order dtd.14.03.2011 passed by State Information Commissioner passed in Second Appeal No.224 of 2008 and Second Appeal No.359 of 2008, wherein the petitioner was directed to submit the information required by the Applicant and to set up an appropriate system as per Section 5(1) and (2) under the RTI Act, 2005 and the subsequent order dtd.06.06.2011 passed in the said appeals on an application of the petitioner for recalling the order dtd.14.03.2011, wherein the Information Commissioner has erroneously dealt with the issues raised before it as per the directive of the order dtd.31.01.2011 passed by the Hon'ble Apex Court in SLP (Civl) No.758, 776, 777 of 2010 confirming its earlier order,

AND

IN THE MATTER OF:

NORTH EASTERN ELECTRICITY SUPPLY COMPANY ORISSA LIMITED (NESCO), represented through its Chief Executive Officer (CEO), Corporate Office, Januganj, Balasore, District: Balasore, Orissa.

Vrs.

1. The Secretary to Government of Orissa, Department of Information and Public Relations, Secretariat Building, Bhubaneswar, District: Khurda
2. Nilambara Mishra, age not know, son of Kshetra Mohan Mishra, At/PO-Rudhunga, Via/PS. Simulia, District-Balasore-756126.

OPP. PARTIES

Sl. No. of Order: 3

Date of Order 19.08.2011

Heard Mr. Suresh Tripathy, learned counsel for the petitioner, Mr. R.K. Mohapatra, learned Government Advocate and Mr. Biswanath Rath, learned counsel for Opposite party No.2.

2. This writ petition has been filed by the North Eastern Electricity Supply Company of Orissa Ltd. (NESCO) challenging the legality of the orders dated 14.03.2011 and 06.06.2011 (under Annexures – 1 & 3) passed by the State Information Commissioner in Second Appeal Nos. 224 of 2008 and 359 of 2008, wherein the petitioner-Company was directed to submit the information as required by the applicant under the Right to Information Act, 2005 (hereinafter called 'the RTI Act') and to set up an appropriate system as per Section 5(1) and (2) of the RTI Act. Further the petitioner-company has prayed for issuance of a writ of certiorari by quashing the impugned orders under Annexures-1 & 3 urging various legal contentions.
3. All the legal contentions need not be adverted in detailed in this judgment in view of the clear pronouncement of law by this Court rendering the decision on the very same legal contention that the petitioner-Company comes within the purview of the definition of Section 2(h) of the RTI Act. The petitioner-



Company in the earlier writ petition, being W.P.(C) No.9042 of 2006 (NESCO Vs. State of Orissa & Ors.), reported in 109(2010) CLT 473, challenged the letter of the State Government in the Energy Department dated 16.03.2006 holding that the petitioner-Company falls within the definition of “public authority” as defined in Section 2(h) of the RTI Act. This Court in the said writ petition while dealing with the rival legal contentions of the parties held that the petitioner-Company is a subsidiary of GRIDCO, which is a wholly owned Government company, which holds 49% equity shares in the 4 distribution companies including the petitioner-Company, who are engaged in distribution and supply of electricity in different parts of Orissa under licenses granted to them by the OERC. Further the petitioner-Company as well as the other 3 distribution companies execute different schemes sponsored by the Central and the State Government, the funds of which are provided by the appropriate Government. The 4 distribution companies, including the petitioner company have been created under the Orissa Electricity Reform (Transfer of Assets, Liabilities, Properties and Personnel of GRIDCO to Distribution Companies) Rules, 1998 (in short the Rules, 1998), which was framed by the State Government for the purpose of providing and giving effect to the preparation and implementation of the Scheme for transfer of distribution undertakings of the GRIDCO to the said 4 distributing companies. The said 4 distribution companies including the petitioner-Company are governed by the different rules and regulations framed by the State Government. Considering the all such aspects, this Court while dismissing the said writ petition came to the conclusion that the petitioner company falls within the definition of “public authority” as defined under Section 2(h) in the RTI Act, the decision of the Government is perfectly legal and valid. Similar to other writ petitions filed by the similarly placed companies i.e. Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) and Western Electricity Supply Company of Orissa Limited (WESCO) on the very same issue and challenging the very same order of the Government were also dismissed by this Court on 09.12.2009.

4. The said judgment of this Court was challenged before the Supreme Court by the aforesaid Companies by filing SLP (Civil) Nos. 758, 776, 777 of 2010. The said SLPs were withdrawn on the basis of the submission made by the learned Senior counsel on behalf of the petitioners therein vide order dated 31.01.2011, which reads this:

“Mr. Pinaki Mishra, learned senior counsel appearing for the petitioners seeks leave of the Court to withdraw these Special Leave Petitions. Permission granted. These Special Leave Petitiones are, accordingly dismissed as withdrawn with liberty to the petitioners to raise all the questions as and when the occasion arise.”

5. The legal question which required consideration by us in this writ petition is also very much similar to the legal question which has already been answered by the Division Bench of this Court in this aforesaid writ petitions and against the said Division Bench judgment of this Court, SLPs were filed before the Supreme Court and subsequently withdrawn. Hence, the judgment rendered by this Court on this issue is final. Therefore, the question does arise as to whether the petitioner can re-agitate the self same legal question before this Court again. For our repeated question in this regard to the learned counsel for the petitioner, he is unable to convince us with reference to the statutory provisions and law on this question. That being the position, in our view, petitioner – company cannot re-agitate the issue in a collateral proceeding questioning the correctness of the impugned order passed by the State Information Commissioner, which is in accordance with the provisions of the RTI Act. Therefore, in our view, as the findings recorded by the Division Bench of this Court is against the petitioner-company and legal question involved in this writ petition has already been considered and answered, the petitioner again cannot raise the same contention and this Court also cannot take a different view on the same point. Therefore, we cannot entertain this writ petition.
6. Further, a question came up for consideration before this Court in W.P.(C) No. 17178 of 2011 filed by the petitioner-Company in relation to the Prevention of Corruption Act, 1988 (in short the ‘PC Act’) wherein the Petitioner-Company challenged the order dtd. 26th May, 2011 passed by the Government of Orissa in the Energy Department holding that the employees of the petitioner-Company are ‘public servants’ and they are coming under the purview of the provisions of the PC Act. While answering the point as to whether the employees of the petitioner-Company are ‘public servants’ as held by the Government and as to whether they can come under the purview of the P.C. Act or not, this Court while dismissing the said



writ petition vide judgment dated 13.07.2011, after careful consideration of the different provisions of the OERC Act, P.C. Act, Indian Electricity Act and referring to the various Constitution Bench decisions of the Supreme Court in the cases of Pradeep Kumar Biswas Vs. Indian Institute of Chemical Biology and Ors., reported in (2202) 5 SCC 111; Ujjam Bai Vs. State of Uttar Pradesh, reported in AIR 1962 SC 1621; Ajay Hasia Vs. Khalid Mujib Sehravardi, reported in (1981) 1 SCC 722; and Sukhdev Singh & Ors. Vs. Bhagatram Sardar Singh Raghuvanshi, reported in (1975) 1 SCC 421; and also decisions of the Supreme Court of the United States in the case of Terry Vs. Adams, 273 US 536; and Nixon Vs. Condon, 266 US 73; came to the conclusion that the petitioner-Company though a private company is discharging public functions/duties, therefore, its employees also discharge the public duty and therefore they all come under the definition of 'public servants' within the meaning of Section 2(c) of the PC Act and as the employees of the petitioner-company are performing the public duties, they are public servants.

8. The instant case is also aptly applicable to the fact situation of the aforesaid writ petition No.17178 of 2011. As it has already been held by this Court that the petitioner-company is discharging the public duties and its employees are public servants under the definition of Section 2(c) of the PC Act, the petitioner-Company cannot take a stand that it is not failing within the definition of 'public authority' as defined under Section 2(h) in the RTI Act.
9. For the reasons stated supra, this writ petition fails and is accordingly dismissed.
10. After dictating the order, learned counsel for the petitioner, without prejudice to the rights of the petitioner to challenge this order, prayed for grant of two months time to the petitioner-company for appointment of PIOs, APIOs and First Appellate Authorities as per the provisions of the RTI Act. The request made by the learned counsel for the petitioner-company is genuine, therefore, we feel it just and proper to grant six weeks time to the petitioner-company for the said purpose.

Sd/- V. Gopal Gouda, C.J.

Sd/- B.N. Mahapatra, J.



Extracts of the Commission's order dated 12.05.2011 (Para 51 to 66) in Case No.35 of 2005 (Revocation of licensee of Reliance Energy Ltd.)

51. In the meantime out of 34 Energy Police Stations (EPS) sanctioned by the State Government 16 No. of EPS have started functioning out of which six No. of EPS relates to CESU one No. of EPS to WESCO, three No. of EPS to NESCO and six No. of EPS to SOUTHCO. State Government have also informed that the functioning of the EPS would be monitored by a Senior Officer from the office of D.G. of Police. Besides this at the range level, a Police Officer in the rank of Additional S.P. would also supervise and monitor the function of the EPS. It is, therefore, necessary to allow some more time for the distribution companies to take initiatives and utilize the administrative support contemplated to be provided by the State government in ensuring functioning of EPS.
52. A few general observations on the reform process on the distribution segment and its outcome may not be out of place, at this stage. These observations would be neither new nor unknown to the various players in the power sector. Nevertheless they bear repetition in the context.
53. One of the expectations from Reforms was that it would lead to a substantial reduction in T&D losses that were the bane of the erstwhile OSEB. The entire design of the restructuring, was based on the estimated system losses for the base year 1995-96 at 43% which by the seventh year of reform 2002-03 was expected to come down to 20.6%. It was realized during implementation, however, that the base year loss figure was a gross under-estimate and hence the performance targets clearly unachievable. The World Bank's Aide Memoire dated 31 Oct 1998 puts the revised loss estimate for the base year at about 52-53% and that for the succeeding year 1996-97 at about 50%.
54. The commencement and progress of the reforms were clearly uneven from the very beginning. It is the messy progress of the reform programme in the distribution segment that has contributed to the highly inconsistent performance of the DISCOMs in bringing down the losses. The issue of distribution system losses in the power sector was examined by the Kanungo Committee, set up by the Govt. of Orissa, in great detail. The Committee derived estimates for the HT/LT segment which commenced with 67% for 1996-97 and stood at 68% for 2000-01. If we compare these figures with those presented to the Committee by GRIDCO for the total system loss, they commenced at 49.5% for 1996-97 and stood at 43.4% for 2000-01. This really spoke volumes of the Reform period itself, when the relatively optimistic picture presented by GRIDCO was quite belied. Obviously both GRIDCO and the subsequently unbundled and privatized DISCOMs were floundering in controlling technical and commercial losses till as late as the fifth year of the Reform programme.
55. The DISCOMs were privatized with effect from 01.4.99 and by the year 2002-03 the four DISCOMs had plunged into a financial loss of about Rs.1640.00 crore. The reasons are not far to seek. Some of the factors that contributed to the apparent failure of the expected improvements are those of the DISCOMs themselves, whose contribution to their own financial health and human resources position was negligible. Coupled with this, were factors beyond the control of the DISCOMs – the non-maturing of the projected EHT loads as projected in the World Bank's Staff Appraisal Report, the up-valuation of assets, the super-cyclone and negative gaps in the ARR, all of which compounded the dismal performance of the DISCOMs with losses and liabilities of over Rs.3000.00 crore. With such a financial situation and 'red' splashed all over their balance sheets, access to Financial Institution and Banks for loans and debts for capital works have not been forthcoming easily. The situation was no better or worse in anyone of the DISCOMs. Added to this, is the constant friction and bickering between the Shareholders on every aspect of finance, accounts and management which has had a crippling effect on capital works and system upgradation thereby having a cascading effect on revenues and even routine repair and maintenance.
56. The consumer mix of the DISCOMs has also acted as a determining factor behind the high level of AT&C losses. The LT category of consumers constitutes the dominant category in all the four (4) DISCOMs. It



is because of this category that efficiency in billing and collection of charges for energy consumed, continues to be at low levels. It is only in recent years that some improvements can be discerned.

57. The State Govt. needs to play a more pro-active role as a facilitator for the overall health of the sector. Of particular concern is the provision of police back-up by the Govt. to the collection efforts of the DISCOMs. While the legal backing and support are all in position by way of notifications vesting powers with the DISCOMs to check theft of electricity, its effective implementation requires much more from the Government by way of manning the special police stations set up for the purpose and equipping them properly. So also, the Special Courts, which must be dedicated courts dealing with electricity related offences rather than the regular courts also designated as Special Courts.
58. The State Govt. has provided support by issuing appropriate advice to all Heads of Depts. and Govt. agencies to pay their electricity bills in time as adequate budgetary provisions have been made. The DISCOMs however, will need further unequivocal support from the District Administrator and Law Enforcement agencies in establishing a commercial environment for disconnections for non-payment of dues and their routine distribution operations. Perception and attitude of their employees, consumers and the general public and other stakeholders need to change with the assistance of the District Coordination Committee so as to transform the DISCOMs into viable business entities and not to be looked upon as fair game for non-commercial practices including massive theft of electricity. In order to demonstrate, the Govt.'s commitment to the segment, Govt. must make timely and full payment of the electricity dues to the DISCOMs.
59. What really gives us comfort is the growing confidence in the future. System losses can be surely brought down substantially with the CAPEX programme of Rs.2400 crore currently underway jointly with the four DISCOMs and the State Govt. GRIDCO must find ways and means to enable the DISCOMs to access loans from Banks and FIs. Hon'ble ATE observed in their Order dated 13.12.2006 in Appeal No.75 of 2005 filed by erstwhile Reliance Energy Limited (Now R-Infra) in para 40 and 41 as follows :
 1. *We expect not only the Discoms but also the share holders of the Discoms namely the appellant, GRIDCO and others will evolve and arrive at an amicable solution for effective functioning of the three Discoms to serve the consumers at large, which is expected of the appellant. With respect to the matter which is the subject matter of pending Writ Petition, it is for the parties to work out their remedies and it shall not be taken that we have expressed ourselves on merits of the said matter nor are we could have taken up the matter to discuss the said dispute here.*
 2. *Before parting with this appeal we would like to point out that the appellant as well as respondents have taken up the responsibility of serving the consumers and they shall take every effort to see that the privatization in the State of Orissa is not defeated on hyper-technicalities and every effort should be made to continue the distribution of power effectively to the satisfaction of everyone, while avoiding friction and mutual misunderstandings and suspicions. We do expect that the appellant REL and contesting respondents continue to strive for the common purpose of serving consumers and the discussions, now being held in this behalf may be utilized to settle the disputes in the interest of Reform in the State of Orissa."*
60. These observations sum up what needs to be done by a positive attitude of mutual cooperation.
61. All the DISCOMs have started paying 100% of their BSP dues and even a part of the arrears. In turn, GRIDCO has been able to pay its dues to Generators. The focus on technology to check AT&C losses is very encouraging as the DISCOMs have been responding positively to Performance Based Regulation. Similarly, DISCOMs are increasingly resorting to the use of ABC conductors, proper loading and maintenance of transformers, metering of transformers and metering of feeder. Consumers do appreciate the innovations of regular monthly billing by spot billing machines and improved collection by systematic collection drives.
62. Though the initial experience of reform was one of set backs, recent developments seem to be promising. For any such break from the past, patience and forbearance are necessary. Gestation lags and change from age old ways takes coordinated effort from all stakeholders. What is paramount is that we need to strive harder with the end objective of a vibrant and efficient power sector for the overall economic development of the State.



63. Suspension and revocation are an extreme steps such steps are to be taken when there is complete inability to discharge the functions or perform the duties imposed on it and as described more clearly in Section 24(1) of the Act. When there has been some progress for capital investment and administrative support for effective functioning of EPS and the various dispute regarding payments due to GRIDCO by the three distribution companies are under examination by the Inter Ministerial Committee constituted by the state government, it would not be proper and would be premature to suspend the licenses of WESCO, NESCO and SOUTHCO at this stage. This suspension of the licenses at this stage would also give a wrong signal to the financial institutions for sanction of loan for enabling the distribution companies to arrange counter part funding. The Commission, therefore, feels it appropriate and necessary not to suspend the license, at this stage. If the State Govt. is of the opinion that they are better placed to manage the Distribution Companies, they may undertake and commence appropriate action to buy out the stake of R-Infra or come out with a clear plan of action as to whether GRIDCO along with employee trustee as 49% of shareholder would like to take over the management of three distribution companies. Suspension of License, which could also lead to revocation, is an extreme step and a step of the last resort, when all effort in normalizing the situation or achieving the desired results fails despite the very best efforts. A situation similar to CESU resulting from the revocation of CESCO's license should not arise. The Electricity distribution business impacts a large number of consumers in the area of the distribution licensee. Such a license is not merely a bilateral contract but also has far reaching consequences on the myriads of consumers in its area. Any step in this direction must be considered and taken with care and caution.
64. In order to allow another opportunity to WESCO, NESCO & SOUTHCO to arrange fund for capital investment, taking effective steps for energy audit, arresting theft of electricity, improve standard of service to the consumers and to take proactive steps for redressal of consumer grievances and settlement of disputes with GRIDCO with regard to NTPC bond and other dues, Commission at present, instead of suspending licenses of the three distribution companies, would like to see on environment of effort on all sides to improve performance in various aspects. In view of the aforesaid discussions and analysis the Commission instead of suspending licenses of WESCO, NESCO & SOUTHCO directs demonstratable action towards performance as follows.
- (1) Both the shareholders should work out a remedy for the shareholders agreement and arrive at a mutually satisfactory arrangement for the future of the DISCOMs. Satisfactory steps may be demonstrated on or before 30.9.2011.
 - (2) DISCOMs and GRIDCO should make every effort to settle the issue of servicing Rs.400 crore NTPC bond in a mutually co-operative fashion without waiting for the final judgment of the various courts of law. Satisfactory steps should be demonstrated on or before 30.9.2011.
 - (3) The three distribution companies must have to arrange their counter part funding for the CAPEX programme as decided by the State Govt. and communicated in their letter No.9230/EN dated 21.10.2010.
 - (4) The guidelines/procedure outlined by Energy Dept. in their Lr. No. R&R-I-06/2010-9230/En dtd. 21.10.2010 in the matter of procurement materials, third party verifications etc. shall be followed.
 - (5) The capital expenditure to be incurred out of the budgetary assistance from the State Govt. and the loan/resource to be arranged by WESCO, NESCO & SOUTHCO would be over and above the approved O&M expenditure for them for the year 2010-11 and O&M expenditure to be approved for the subsequent years. The O&M expenditure shall not be considered towards counter funding by WESCO, NESCO & SOUTHCO.
 - (6) Discrimination should not be made between franchisee and non-franchisee area for utilization of fund under O&M as well as capital investment programme keeping in view the terms and conditions agreed to in the agreement with the franchisees.
 - (7) In order that the distribution companies ensure full utilization of the amount approved for O&M expenditure, concerted efforts should be made to increase substantially the present level of billing and collection so that enough money is deposited in escrow account for enabling GRIDCO to



release the required fund as per the priority fixed by the Commission in their order dated 12.4.2010 in Case No. 3/2010 read with their order dated dtd. 02.11.2010 in Case No. 34/2010.

- (8) For correct comparison of the improvement achieved over the base line data the distribution companies are to correctly workout the base line data division-wise as a whole and for the specified project area within the division separately with the arrangement of proper ring fencing of the Division/project area. The base line data be preferably vetted by the independent third party. At the end of the project period the improvement achieved for the division as a whole and for the project area specified shall be compared with the base line data thus worked out correctly. The base line data Division wise/specified project area wise be submitted to the Commission by 31.8.11 and the improvement as arrived from the base line data upto 31.3.12 be submitted to the Commission on or before 31.5.12.
- (9) State Govt. in the initial stage is proposing to release fund as loan which can be subsequently converted to grant depending on actual fulfillment of the target of the AT&C loss. Hence in order to reduce the impact on tariff on account of the proposed investment, distribution companies are to closely monitor the actual implementation at the field level. Men and materials should be provided in time through appropriate re-deployment and re-allocation so that in no way there is cost over run and time over run leading to higher impact on tariff. In other words additional liabilities, if any, arising out of cost over run or time over run or failure by the licensee to achieve the performance parameters fixed by the Monitoring Committee/ State Govt. shall not be considered by the Commission for the purpose of their revenue requirement for the relevant years.
- (10) Advance action should be taken for procurement of materials and awarding the contract in a transparent manner for implementation of Capex programme so that the work is taken up in time and the payment is released as soon as fund is passed on by GRIDCO after receiving the same from the State Govt.
- (11) While the investment is expected to improve the quality of supply and reduce the distribution loss, concurrent action should be taken for implementation of various anti-theft measures including strong and regular enforcement activities through Energy Police Stations and Vigilance Wing, MRT squad of the distribution companies.
- (12) Initially the State govt. is proposing investment of Rs.2400 crore for the four distribution companies out of which State Govt. would provide Rs.1200 crore. Therefore, it is necessary for the distribution companies to take all possible measures to ensure that target fixed on different parameters particularly with reference to distribution loss and AT&C loss are achieved by them at any cost so that govt. may consider further investment over and above Rs.2400 crore now decided. This is an opportunity which the distribution companies must avail and create an enabling situation for the State Govt. to extend further support to the distribution companies in their efforts to reduce the AT&C loss and improve the quality of supply. However, for the purpose of truing up, the parameters fixed by the Commission in the Tariff Orders of the respective years shall be taken as the basis but not the target fixed for the purpose of achieving budgetary support from the State Govt.
- (13) The distribution companies are to furnish quarterly progress report on actual implementation of the project in specified area to the Commission by 15th of the month following the end of the quarter i.e. 15th January, 15th April, 15th July and 15th October.
- (14) The estimated cost of the project, the date of commencement of the work, the scheduled date of completion and progress of the work should be displayed in website of distribution companies as well as that of GRIDCO for information of the general public.
- (15) R-Infra the majority shareholder should appoint a full time Managing Director for each of the DISCOMs (WESCO, NESCO and SOUTHCO) from amongst the Directors of the Board who should be responsible for day-to-day management of the DISCOMs. Clear steps in the matter may be reported before 30.9.2011.
- (16) The three DISCOMs (WESCO, NESCO and SOUTHCO) should generate enough cash through improved billing and collection efficiency to pay the outstanding loan and BSP dues to GRIDCO in terms of the Commission's order dt. 01.12.2008.



- (17) Both the shareholders must take step to infuse funds into the DISCOMs either by way of equity or by way of debt so as to ensure satisfactory implementation of both the on-going CAPEX programme or such other capital works as might be required to bring the distribution network into a healthy state. Satisfactory steps need to be demonstrated before 30.9.2011.
 - (18) The DISCOMs shall take up full scale energy auditing in order to properly assess losses both technical and commercial in the system and to take necessary remedial measures to plug such losses. DISCOMs should file separately on or before 31.7.2011 a plan of action for energy audit programme in their area of operation with time line of action and completion.
 - (19) DISCOMs shall take necessary steps to cover the areas hitherto not covered under the spot billing programme in order to improve billing efficiency. DISCOMs must file separately on or before 31.7.2011 a plan of action for spot billing programme in their operation with time line of action and completion.
 - (20) DISCOMs should have adequate man power in order to maintain the system at optimum level and to take efficiently billing and collection activities. DISCOMs should complete the man power assessment and file separately such requirement for approval of the Commission before 30.9.2011.
 - (21) DISCOMs are required to maintain lines, upgradation of transformer and power supply as per their annual R&M programs so that consumers have access to quality power.
 - (22) DISCOMs should not resort to restricting power supply through load shedding to reduce the input energy. DISCOMs are required to adhere to Order (Protocol) on Power Regulation in the State under Section 23 of the Electricity Act, 2003 notified by the Commission from time to time read with such other Grid management advice of SLDC for implementation of ABT.
 - (23) DISCOMs have not been able to achieve the target approved by the Commission in various business plan orders towards Distribution loss and AT&C reduction. The DISCOMs are directed to take up a comprehensive plan for targeted reduction of these losses in view of the bench mark fixed by the Commission. The CAPEX programme for the DISCOMs totaling Rs.2400 crore (for the four DISCOMs) mainly aims at reduction of AT&C losses and the funding impinges on the phase wise AT&C loss reduction programme.
 - (24) The GRF institutions which are the internal grievance redressal mechanism of the institution of the DISCOMs should be strengthened by giving them proper financial and infrastructural support and by taking timely action to comply with the orders of GRF and Ombudsman.
65. The Commission would review from time to time (not less than once in a 3 months) the progress made for complying with the stipulations as indicated above in Para 64. These stipulations must show satisfactory progress. At any time if the Commission feels that the distribution companies are not taking effective and adequate steps to reduce the loss and improve the quality of supply the Commission would be at liberty to initiate action either under Section 19 or Section 24 of the Act.
66. This petition is disposed of in terms of the above directions set out in paras 64 and 65.

Sd/-
(B.K. MISRA)
Member

Sd/-
(K.C. BADU)
Member

Sd/-
(B.K. DAS)
Chairperson

**Appendix-XIII****ORISSA ELECTRICITY REGULATORY COMMISSION****UNIT-VIII, BHUBANESWAR - 751 012****Suo motu proceeding of Case No.44 of 2011 Dt.18.06.2011**

The Commissioner-cum-Secretary, Department of Energy, Govt. of Orissa, Bhubaneswar have filed a review petition on 08.4.2011 praying the Commission to review the RST Order dated 18.3.2011 for the year 2011-12 passed in Case No.146, 147, 148 & 149 of 2010.

2. In the said review petition the State Govt., the petitioner have submitted that the domestic consumers consuming electricity within erstwhile the 1st slab i.e. 0 to 100 units were paying electricity charges @ Rs.1.40 paise per unit and by modifying the slab to 0-50 units and above 50 units to 200 units, a large number of domestic consumers who are relatively poor would be hard hit because the consumers consuming more than 50 and upto 100 units were paying 140 paise per unit and now with the tariff effective from 1.4.2011 they will pay Rs.3.50 paise per unit. The rise in their case is by 2.10 paise per unit. Those who were consuming more than 100 and upto to 200 units would be now paying Rs.3.50 paise per unit in place of the existing rate (2010-11) at Rs.3.10 paise. In their case the rise is 40 paise per unit. The State Govt., the petitioner has therefore, requested the Commission to give a re-look to revise the tariff structure for 2011-12 particularly, in respect of the domestic consumers in the lower slab i.e. 50-100 units.

Table - 1

Monthly Consumption Slabs	FY 2010-11	FY 2011-12	% increase
	Existing RST (P/U)	Revised RST (P/U)	
0 to 50 units	140	140	0%
50 to 100 units	140	350	150%
100 to 200 units	310	350	13%
200 to 400 units	410	430	5%
Above 400 units	410	480	17%

Further, the state Govt. have stated that from the above table the existing tariff of 140 P/U in the FY 2010-11 has suddenly been raised to 350 P/U during FY 2011-12, which adversely affects the consumers falling in the consumption group between 50 to 100 Units. Therefore, the Govt. is rather concerned for domestic consumers.

3. In support of their submission the State Govt. stated that Orissa is one of the poorest States in the country with 46.41% belonging to the BPL category. Even, people not classified under BPL category do not possess adequate purchasing power to pay the higher tariff as per the redefined new slabs and rates so determined by the Hon'ble Commission. A higher tariff of 350 P/U from 140 P/U poses a heavy burden on the domestic electricity consumers of lower class and lower middle class consumers.
4. The said review petition was taken up for hearing on 05.5.2011 regarding its admissibility. The Commission in their Order dated 05.5.2011 had observed and directed vide para 5 to 10 as extracted below.

“Observation/directions of the Commission

5. *The review can be taken up mainly on the following three grounds:-*
 - (i) *When there is clerical mistake or error apparent on the face of the record which can be easily detected by a plain reading of the order;*



- (ii) When there is any fresh material available which could not be placed at the time of passing of the order and if that fresh material would have been produced at the time hearing the present order would not have been passed;
- (iii) When there is any other sufficient reason.

Govt. in their petition have not clearly stated the ground on which the present review petition can be taken up on either of the above three grounds. Govt. must clearly spell out the ground on which the review can be taken up.

6. Secondly, the Govt. in their petition has stated that if the distribution companies reduce the loss there would not be any occasion for tariff rise. In other words government have stated that the increase in tariff for domestic consumers in respect of energy consumption from 50-100 units can be readjusted or revisited if the distribution loss are reduced by the distribution companies. In this context it may be noted that against distribution loss of 37.24% for the year 2009-10 and 37.54% shown by the distribution companies during the year 2010-11 upto September, 2010 and 32.95% projected by the distribution companies for 2011-12, Commission have calculated the Annual Revenue Requirement (ARR) and consequently approved the tariff based on the normative level of distribution loss target of 21.71% for 2011-12 as approved in the Business Plan for the year 2011-12. Since tariff has been fixed on the normative distribution loss of 21.71% for all the distribution companies taken together against 37.24% for 2009-10, and 37.54% upto September, 2010, tariff cannot be reduced on the ground of reduction of distribution loss because the tariff has been calculated on the distribution loss of 21.71% against 37.54% for 2010-11, upto September, 2010. This is evident from the table given below:-

Table - 1

	FY 2009-10		FY 2010-11				FY 2011-12		
	Appro. by OERC	Actual	Prop. by DISCOMs	Appro. by OERC	Actual shown by DISCOMs (upto 9/2010)	Latest esti. for 10-11	Prop. by DISCOMs for 2011-12	Approved for 2011-12 by OERC in the Business Plan order dt.20.3.10	Appro. in ARR
Dist. Loss (%)	24.45	37.24	35.60	22.22	37.54	35.50	32.95	21.70	21.71
Collection Efficiency(%)	98.00	97.00	96.60	98.00	88.28	96.6	98.34	99.00	99.00
AT&C Loss (%)	25.96	39.15	37.80	23.80	44.86	37.8	34.06	22.48	22.49

7. Section 61(g) read with para 8.3.2 of Tariff Policy, 2006 stipulates "Tariff progressively reflects the cost of supply of electricity, so that latest by the end of 2010-11 the tariffs are within + 20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

On the other hand para 5.5.2 of National Electricity Policy, 2005 states that "a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50% of the average (overall) cost of supply. This provision will be further re-examined after five years".

If any class of consumers are to be subsidized, the State Govt. have to pay the subsidy in advance as per Section 65 of the Electricity Act, 2003 which is extracted below:-

"65. Provision of subsidy by State Government -If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the state Government shall, notwithstanding any direction which may be given under Section 108, pay, in advance and in such manner as may be specified, the amount to



compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government."

Even though the State Government have not agreed to provide subsidy to agriculture or BPL families domestic consumers, tariffs in those cases have been fixed much below -20% of the average cost of supply of 408.87 paise unit determined for the year 2011-12.

When the average cost of supply for 2011-12 has been determined at 408.87 paise per unit, the tariff for the relatively poor consumers cannot be less than 327.07 paise (i.e. -20% of 408.87) and more than 490.67 paise per unit (+20% of 408.87). However, while the attempt has been made to reduce this cross subsidy by gradually increasing tariff for LT consumers, because of special treatment for Agriculture, allied agricultural activities allied agro industries, BPL families (fixed charged of Rs.30.00 paise per month upto 30 Units) and domestic consumers in the first slab (upto 50 unit per month 140 paise per unit) the target of reduction of cross-subsidy has not yet been achieved). For LT category of consumers the cross subsidy is by (-) 26.54% while for EHT it is +16.77% and for HT it is +17.90% which is evident from the table given below:-

**Table - 2
Cross Subsidy in 2011-12**

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
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%
	Kutir Jyoti		100.00	-163.00	-61.97%
	Irrigation		110.00	-153.00	-58.17%
2010-11	EHT	327.37	379.93	52.56	16.06%
	HT		383.68	56.31	17.20%
	LT		219.21	-108.16	-33.04%
	Kutir Jyoti		100.00	-227.37	-69.45%
	Irrigation		110.00	-217.37	-66.39%
2011-12	EHT	408.87	477.43	68.56	16.77%
	HT		482.43	73.56	17.99%
	LT		300.34	-108.53	-26.54%
	Kutir Jyoti		100.00	-308.87	-75.54%
	Irrigation		110.00	-298.87	-73.09%

In case of BPL family the cross subsidy paid is 308.87 paise (408.87-100 tariff per unit for 30 units in a month) which is 75.54% less than the average cost of supply.

In case of Agriculture/irrigation the cross subsidy per unit is 298.87 paise (408.87 - 100 paise per unit) which is 73.09% less than the average cost of supply.

In case of domestic consumers the consumers consuming upto 50units per month are paying 140 paise per unit from 2001-02 which has remained unchanged for 2010-11 and 2011-12. In their case per unit subsidy is 268.87 paise (408.87-140 paise per unit) which is (-) 66% less than the average cost of supply.

In case of consumers consuming 100 units per month per unit subsidy is 163.87 paise which (408.87-245.00) which is less than 40% the average cost of supply.

Domestic consumers consuming 200 units per month are being subsidized by -28% of the average cost of supply as for them the average per unit works out to 297 paise.



Domestic consumers consuming 400 units per month are being subsidized by (-)11% as for them the average rate per unit works out to 363 paise.

Domestic consumers consuming 600 units per month are being subsidized by (-) 1.5% as for them the average rate per unit works out to 400 paise.

Only those high end domestic consumers consuming 700 units per month would be paying (+) 1.22% higher than the average cost of supply of 408.87 paise as for them the average per unit works out to 413 paise against average cost of supply of 408.87 paise per unit. This is evident from the calculation given in the following table:-

Table - 3

Consumption/Month	Tariff	Total Payment for Energy Charges (Rs.)	Average Per Unit Energy Charges(P/U)	Cross-Subsidy in %
50 Units	Consumption <= 50units per month 140 paise per unit	140 paise X 50 units = Rs.70	140	(-) 66%
100 Units	>=50 units <=100	140 paiseX50 + 350 paiseX50 = Rs.245	245	(-)40%
200 Units	Consumption <=50units <=200 units per month 350 paise per unit	140 paise X 50 + 350 paise X 150 = Rs.595/-	297	(-) 28%
400 Units	Consumption >200<=200 units p/m 430 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 = Rs.1455	363	(-)11%
600 Units	Consumption >400 <=600 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 = Rs.2415	400	(-)1.5%
700 Units	Consumption >600 <=700 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 + 480 paise X 100 = Rs.2895	413	(+)1.22%

8. In view of the mandatory provision of Section 61(g) regarding the need for reduction of cross subsidy and provision under Section 65 of the Electricity Act, 2003 regarding payment of subsidy in advance in case Govt. wants particular category of consumers to be charged at subsidized rate govt. must come out with a clear cut proposal as to whether they would like to give subsidy in order to comply the provision of Section 61(g) and 65 of Electricity, Act, 2003.
 9. The contention of Sri Mahapatra that the Hon'ble Court of Orissa has stayed the tariff order is not correct. The Hon'ble High Court has only ordered that the tariff so fixed by the order of the OERC for FY 2011-12 and effective from 01.04.2011 shall not be collected from the consumers.
 10. In view of the above, Govt. is directed to submit their detailed proposal in the light of observations in the preceding paragraphs for consideration by the Commission for examining the admissibility of review petition and hearing thereon on merit."
5. The State Govt. in their reply submitted on 16.6.2011 in compliance to the observation and direction of the Commission contained in their order dated 05.5.2011, among other things, have stated as under:-
- (a) The Review petition of the State Govt. is based on the premises that it falls under "Any other sufficient Reasons" because the Commission in its Tariff Order dated 18.3.2011 has introduced altogether a new slab for consumption of electricity units from 51 to 100 units per month in case if domestic consumers and the tariff applicable for this category has been fixed at 350 paise per unit.



Since the tariff increase in this category was approved to be as high as 150% as compared to the existing tariff of 140 paise per unit, the Govt. represented before the Hon'ble Commission if this could be reduced to some extent as such increase 150% is a "tariff shock" to the low end domestic consumers.

- (b) The State Govt. do not differ with the views expressed by the Hon'ble Commission in their order dated 05.5.2011.
- (c) The State Govt., being the ultimate benefactor, do not intend to part with the responsibility of ensuring the equitable distribution of incidence of power tariff on the relevant consumers based upon the notion of ability to pay.
- (d) That the RST for the consumers belonging to the slab of 51 to 100 units/month may be considered to be revised to 200 paise per unit instead of 350 paise per unit approved by the Commission vide order dated 18.3.2011.
- (e) Due to reduction of 150 p/u the estimated financial loss to the distribution companies would be around Rs.108.00 crore as calculated below:-

12 lakh consumer X 50 units per month X 12 months X 150 paise per unit

- (f) In order to compensate this sum of Rs.108.00 crore to the DISCOMS on yearly basis, the average Bulk Supply Price of GRIDCO may be reduced by 5 P/U (Rs108.00 Cr ÷ 22477 MU i.e. annual approved sales quantum by GRIDCO to the DISCOMS). The reduction of BSP may be allowed as Gap/Regulatory Asset to be passed on in future years. Govt. have decided to provide Rs.108 crore to GRIDCO during FY 2011-12 as Share Capital support in order to compensate the reduction of BSP.
- (g) Finally the State Govt. vide para 5 of the reply dated 16.6.2011 have submitted as under :-

"It is, therefore, submitted that Admit this Review Petition for hearing and accordingly approve the proposed revised tariff of 200 P/U from the approved tariff of 350 paise /unit for the domestic consumers of the slab consuming electricity from 50 to 100 units/month and approve a reduction of 5 P/U in the average BSP to be charged by GRIDCO on the DISCOMS in order to reduce the consequential burden on them."

6. During the course of hearing on 16.6.2011 almost all the respondents submitted that since the State Govt. have expressed their intention of giving a subsidy to compensate the loss by the distribution companies on account of suggested reduction of tariff of domestic consumers from 350 p/u to 200 p/u in respect of consumption between 51 to 100 units per month, it is not a case of review of the RST order dated 18.3.2011 of the Commission, but rather the revised prayer dated 16.6.2011 comes under section 65 of the Electricity Act, 2003 for consideration by the Commission. The Commission fully agrees with the views of the respondents and accordingly the Commission vide their order dated 18.6.2011 in Case No.25 of 2011 have not allowed the review petition dated 08.4.2011 as prima-facie non-maintainable. In the said order dated 18.6.2011 vide para 29, the Commission had taken the cognizance of the revised petition dated 16.6.2011 of the State govt. to consider under Section 65 of the Electricity Act, 2003. Accordingly, this case is being taken up for consideration and decision under Section 65 of the Electricity Act, 2003 as *suo muto* proceeding based on the reply submitted by the state govt. on 16.6.2011, the feed back received from and opinions expressed by various respondents during course of the hearing of the review petition bearing No.25 of 2011, as well as various representations received from various consumer organization, NGOs, people's representatives etc. after the RST order for 2011-12 was notified on 18.3.2011.
7. Before we go into the merit of the proposals dated 16.6.2011 of the State Govt. so far as it relates to reducing tariff for domestic consumers consuming electricity from 51 units to 100 units and the modalities of subsidy suggested by the State govt. the Commission would like to clarify and deal with some off the important issues raised during the course of hearing on 16.6.2011 and also through various representation made to the Commission after the RST order dated 18.3.2011 was notified by the Commission. These issues having a bearing on tariff are dealt with in the succeeding paragraphs.

Increasing cost of purchase of power by GRIDCO

8. After 1999-2000 it is invariably seen that GRIDCO has been purchasing power from different sources at an average cost which is higher than the rate approved by the Commission as a result additional burden is being borne by GRIDCO in order to meet the requirement of the consumers of the State.



The Table below gives a comparative picture of quantum energy, the rate and total power purchase cost approved by the Commission against which the actual quantum of energy purchased, the average rate and the total power purchase cost are substantially higher.

Table - 2
Comparison of Power Purchase cost of GRIDCO Approved by the Commission in the ARR VRS actual

YEAR	Commission's Approval			ACTUAL		
	Energy MU	Rate P/U	Total cost Rs. in Cr.	Energy MU	Rate P/U	Total cost Rs. in Cr.
1999-00	10,176.13	103.36	1,051.82	11,197.38	104.10	1,165.60
2000-01	11,011.39	105.76	1,164.56	12,400.01	112.88	1,399.72
2001-02	12,345.07	94.60	1,167.82	12,467.03	95.27	1,187.77
2002-03	13,312.22	106.71	1,420.60	12,025.61	133.38	1,603.97
2003-04	14,818.80	115.52	1,711.87	15,896.76	100.33	1,594.89
2004-05	17,395.16	103.67	1,803.29	17,742.93	97.46	1,729.31
2005-06	16,640.02	110.36	1,836.38	16,806.08	120.41	2,023.58
2006-07	15,414.79	113.97	1,756.84	18,866.10	117.22	2,211.55
2007-08	17,539.47	119.91	2,103.11	20,934.39	119.91	2,510.28
2008-09	18,460.26	127.40	2,351.75	20,049.27	149.61	2,999.64
2009-10	19,719.37	148.27	2,923.80	20,956.19	196.94	4,127.03
2010-11	21,003.75	174.58	3,666.85	23,249.87	202.93	4,718.06
2011-12	23,489.18	210.32	4,940.30			

9. In this context it may be noted that with the increase in the purchase cost of power by GRIDCO from generators from 174.58 paise per unit for the year 2010-11 to Rs.210.32 paise for 2011-12 and consequently even with the increasing BST rate (sale price to distribution companies) from 170.25 paise per unit in 2010-11 to Rs.231.65 paise per unit for 2011-12 as approved by the Commission a gap of Rs.746.05 has been still left in the account of GRIDCO. The Commission had left Rs.806.16 crore in the ARR account of GRIDCO for the year 2010-11 and because of rise in cost of power purchase the gap has increased to Rs.1296.25 crore at the end of the year 2010-11 and the cumulative gap upto the end of 2010-11 has been now tentatively worked out at Rs.2995.14 crore. The increase in the gap from Rs.806.16 crore to Rs.1296.25 in 2010-11 is mainly because of increase in cost of power compared to the rate approved by the Commission. While the Commission had approved the purchase rate at 174.58 paise per unit on an average for Rs.3666.85 crore, because of higher demand and increase in the cost of power GRIDCO has purchased 23299.87 MU at an average rate of 202.93 paise per unit at a cost of Rs.4718.06 crore (see table given below) as a result the gap has increased from 806.16 crore to 1296.25 crore for the year 2010-11 in the account of GRIDCO. While the cumulative gap in the account of GRIDCO at the end of 2009-10 was Rs.1689.89 crore this has now increased to Rs.2995.14 crore by end of 2010-11.



Table - 3
Comparative position of Power Purchase rate approved vis-à-vis the Actual
Energy in MU, Rate in Paise per unit, cost in Rs. crore

Sources of Generation	State Hydro		State Thermal		Central Thermal		Total GRIDCO	
	Comm. App.	Actual	Comm. App.	Actual	Comm. App.	Actual (Upto 12/2010)	Comm. App.	Actual
FY2009-10								
Energy	6184.44	4056.07	6445.37	8869.10	5905.22	5655.40	19719.37	21040.18
Total Rate	57.67	73.43	181.23	216.77	197.31	226.58	148.27	201.72
Total Cost	356.64	297.83	1168.09	1922.58	1165.18	1281.40	2923.80	4244.27
FY2010-11								
Energy	5881.74	4874.39	8037.08	10122.83	5860.77	6026.26	21003.75	23249.87
Total Rate	62.51	70.51	199.78	208.65	243.54	309.19	174.58	202.93
Total Cost	367.65	343.70	1605.66	2112.15	1427.31	1863.33	3666.85	4718.06
FY2011-12								
Energy	5881.74		10323.18		6056.42		23489.18	
Total Rate	65.96		221.25		331.05		210.32	
Total Cost	387.96		2284.03		2004.97		4940.30	

(Rate for 2010-11 indicated here is unaudited)

10. For the year 2011-12 Commission approved purchase of 23489.18 MU energy by GRIDCO from different sources for consumption within the State at an average rate of Rs.210.32 per unit. After taking into account establishment expenditure of GRIDCO and fuel surcharge paid by GRIDCO to the Central Thermal stations for the year 2010-11 and some other unavoidable expenditure Commission have approved the average cost of supply of power to distribution companies at Rs.231.65 paise per unit.

But going by the past experience and in view of the rising cost of coal and furnace oil not only consumption of energy would increase but the rate of purchase price may also rise substantially which is corroborated from the facts and figures of 2010-11 and also from the previous years (refer to Table-2 & 3). This is again substantiated by rising sale price of 'F' grade and 'G' grade coal used in the thermal power stations by 19% and 23% respectively (average 21%) announced by Mahanadi Coalfield Ltd., a subsidiary of Coal India. Added to this, MCL has started billing of excise duty of 5% from 1.3.2011. Thus with hike in price of coal together with levy of excise duty the coal price is going to increase by 29% which has not been fully factored in the recent tariff hike approved by the Commission from 01.4.2011. Consequently, the GRIDCO's power purchase cost from NTPC and other thermal power stations is going to increase from Rs.3.50 to Rs.4.00 per unit. For the end consumers the hike could possibly in the range of 70-75 paise per unit keeping in view the distribution loss. In case of OPGC the on account of enhanced excise duty the additional burden would be Rs.7.50 crore per annum which would hike up the power purchase cost of GRIDCO.

Tariff hike vis-à-vis reduction in distribution losses

11. The petitioner State Govt. as well as some of the representatives have pleaded that if the distribution companies reduce the losses there would not be any occasion of tariff rise. In other words government have stated that the increase in tariff for domestic consumers in respect of energy consumption from 51-100 units can be readjusted or revisited if the distribution loss are reduced by the distribution companies. In this context it may be noted that against distribution loss of 37.24% for the year 2009-10 and 37.54% shown by the distribution companies during the year 2010-11 upto September, 2010 (for 2010-11 as a whole 37.97% upto 31.3.2011) and 32.95% projected by the distribution companies for 2011-12, the Commission have calculated the Annual Revenue Requirement (ARR) and consequently approved the tariff based on the normative level of distribution loss target of 21.71% for 2011-12 as approved in the Business Plan for the year 2011-12.



Since tariff has been fixed on the normative distribution loss of 21.71% for all the distribution companies taken together against 37.24% for 2009-10, and 37.24% upto September, 2010 (37.97% provisional upto 31.3.2011), tariff cannot be reduced on the ground of reduction of distribution loss because the tariff has been calculated on the distribution loss of 21.71% against 37.54% for 2010-11, upto September, 2010. This is evident from the table given below:-

Table - 4

	FY 2009-10		FY 2010-11				FY 2011-12		
	Appro. by OERC	Actual	Prop. by DISCOMs	Appro. by OERC	Actual shown by DISCOMs (upto 9/2010)	Latest esti. for 10-11	Prop. by DISCOMs for 2011-12	Approved for 2011 -12 by OERC in the Business Plan order dt.20.3.10	Appro. in ARR
Dist. Loss (%)	24.45	37.24	35.60	22.22	37.54* (upto 31.3.2011)	35.50	32.95	21.70	21.71
Collection Efficiency (%)	98.00	97.00	96.60	98.00	88.28**	96.6	98.34	99.00	99.00
AT&C Loss (%)	25.96	39.15	37.80	23.80	44.86***	37.8	34.06	22.48	22.49

* Upto 31.3.2011 37.97%

** Upto 31.3.2011 94.30%

*** Upto 31.3.2011 41.50%

12. It may be noted that tariff is being determined on the basis of normative distribution loss and as per the loss reduction trajectory and AT&C loss approved by the Commission for the control period in the Business Plan. This is a product of and an integral part of the Multi Year Tariff exercise as reflected in the Business Plans of the DISCOMs. It is again based on the principle of "Performance Based Regulation" wherein the tariff levels during the control period are indicated on the basis of the various performance parameters as determined in the Business Plan. These parameters are not re-calibrated from year to year based on actual performance or achievement of the previous year. If the indicated parameters are achieved or exceeded then the gain that accrues are retained in full by the DISCOM. If the said parameters are not achieved then the resultant losses are not passed through into the tariff to be determined for the concerned year. The distribution companies have not been able to adhere to the loss reduction trajectory of AT&C losses as in their Business Plan due to various reasons which among other things include their poor billing and collection, lack of investments for upgradation and renovation of the sagging distribution network and rampant theft of electricity, very often aided and abetted by employees of the distribution companies. The suppression of theft of electricity is as much a management issue of the DISCOMs as much as it is a governance issue of the State Govt. Pro-active steps from the State Govt. are badly wanting to curb the theft of electricity effectively. If the Commission were to accept the losses as shown by the distribution companies, which are their actual losses, there would be a substantial increase in tariff for the consumers. The Commission has gone by the principles of Performance Based Regulation and MYT and has not recognized the loss as indicated by the distribution companies, on account of the failure to achieve the normative distribution loss and AT&C loss approved in the Annual Revenue Requirement and their Business Plan. In other words, the loss arising on account of inefficient functioning of the distribution companies and the governance deficit in suppressing theft are not passed on to the consumers and is being borne by the distribution companies themselves. The comparative table given below would explain the position.



Table - 5

Year	Distribution Loss		AT&C Loss	
	Approved by the Commission in the ARR (%)	Actual (%)	Approved by the Commission in the ARR (%)	Actual (%)
2003-04	31.9	40.8	38.7	49.3
2004-05	37.0	39.2	44.5	44.7
2005-06	34.2	39.6	40.5	44.7
2006-07	32.8	38.6	37.9	43.3
2007-08	27.1	37.5	31.4	41.6
2008-09	27.0	37.5	30.36	41.89
2009-10	24.45	37.24	25.96	39.15
2010-11	22.22	37.96 (Provisional) (35.60 projected by DISCOMs)	23.77	41.49 (Provisional) (37.80 projected by DISCOMs)
2011-12	21.71	32.95 Projected by DISCOMs	22.49	34.06 Projected by DISCOMs

13. From the above table it may be seen that Commission in the year 2004-05 has taken note of actual AT&C loss of DISCOM in its tariff fixation and adopted a loss reduction trajectory year to year on a normative basis for tariff determination purpose. Presently, in the year 2011-12 there is a gap between actual distribution loss and the normative distribution loss adopted by the Commission for fixation of tariff for about 16.25% (37.96% -21.71% approved for 2011-12 in the ARR). The gap between actual AT&C loss and AT&C loss approved by the Commission for 2011-12 is about 19.00% (41.49% - 22.49% approved for 2011-12 in the ARR). On the whole the gap in the distribution loss or AT&C loss is hovering around 16%.
14. By reckoning the normative distribution loss at 21.71% and AT&C loss at 22.49% the retail tariff for 2011-12 has been approved by the Commission. The retail tariff so fixed for 2011-12 represents 19.74% increase over the tariff for 2010-11. If the distribution loss projected by the distribution companies at 32.95% would have been adopted by the Commission the retail tariff increase would have been 33.20% over the tariff of 2010-11. Similarly, if the provisional distribution loss shown by the distribution companies for 2010-11 is taken into account at 37.96% and reduction of 3% is assumed i.e. if the distribution loss is adopted at 34.97% for 2011-12, the tariff increase for 2011-12 would have been 36.13% over the tariff of 2010-11.
15. In adopting the normative distribution loss 21.71% for 2011-12 the cost of supply has been worked out at 408.87 paise per unit whereas if the distribution loss of 32.95% projected by the distribution companies would have been accepted by the Commission for 2011-12 the cost of supply would have been 477.47 paise per unit. Similarly taking 37.96% as provisional distribution loss for 2010-11 and reducing 3% for 2011-12 the cost of supply would have been 492.24 paise for 2011-12 against 408.87 paise approved by the Commission for 2011-12.
16. The Table given below explains the comparative position as to how additional tariff increase would have been by 13.46% (33.20%-19.74%) or by 16.39% (36.13%-19.74%) if Commission had considered the proposal of DISCOM in its filing of ARR for 2011-12 or the actual loss level of the preceding year less 3% respectively. Similarly, the cost of supply would have been increased by 68.60 paise (477.47-408.87 approved for 2011-12) or 83.37 paise (492.24-408.87 approved for 2011-12). In other words if we consider the ground realities by adopting the loss projected by the distribution companies, the tariff for 2011-12 would have been further increased by 15% to 18% and the cost of supply would have been further increased by 69 paise to 84 paise. Or worse, if we fix the tariff, making its justification low due to ground realities or considering the capacity of the consumer to pay, we will be loaded with a huge 'Regulatory Asset' burdening the future consumers. Hence, in order to financially penalize the distribution companies for their failure to reduce the loss and to safeguard the interest of the consumers the Commission all along have been adopting a normative level of distribution loss instead of accepting the distribution loss proposed by the distribution companies.



Table - 6
IMPACT OF ACTUAL LOSS ON TARIFF

Annexure-1

	2010-11 (Approved)	2011-12 (Approved)	2011-12 (calculated considering Dist. Loss projected by Licensees)	2011-12 (calculated considering actual Dist. Loss for 2010- 11 minus 3%)
Power Purchased from GRIDCO by DISCOM (MU)	20,154.00	22,477.00	22,477.00	22,477.00
Power Sold by DISCOM to Consumer (MU)	15,676.55	17,597.37	15,069.12	14,616.84
EHT (MU)	4,514.03	5,389.97	5,389.97	5,389.97
HT (MU)	3,415.14	3,164.28	3,164.28	3,164.28
LT (MU)	7,747.39	9,043.12	6,514.86	6,062.59
Distribution Loss %	22.22%	21.71%	32.96%	34.97%
Collection Efficiency %	98.00%	99.00%	98.34%	99.00%
AT & C Loss %	23.77%	22.49%	34.07%	35.62%
Avg. BSP P/KWH	170.25	231.65	231.65	231.65
Power Purchase Cost of GRIDCO (Rs. crore)	3,431.19	5,206.88	5,206.88	5,206.88
Transmission Cost of OPTCL (P/KWH)	23.50	25.00	25.00	25.00
Transmission Cost of OPTCL (Rs. crore)	473.62	561.94	561.94	561.94
SLDC Cost (Rs. Crore)	3.58	4.04	4.04	4.04
Net Distribution Cost excl. Misc. receipt (Rs. crore)	1100.96	1283.67	1283.67	1283.67
ARR OF DISCOMs (Rs. crore)	5,009.35	7,056.53	7,056.53	7,056.53
Revenue Realised by DISCOMs through tariff (Rs. crore)	5,025.53	7,109.57	7,056.53	7,056.53
Avg. Tariff P/Kwh	320.58	404.01	468.28	482.77
Revenue with existing Tariff (Rs. crore)		5,937.60	5,297.74	5,183.83
Revenue/ Tariff Rise %	22.20%	19.74%	33.20%	36.13%
Cost of Supply P/U		408.87	477.47	492.24

Low hydro generation vis-à-vis the Tariff

17. Some of the objectors during the course of hearing have pointed out that if the hydro generation would have increased the scope for increase of tariff would have been reduced. In this connection it may be noted that even though generation from state hydro stations have declined because of erratic rain fall, desilting, etc., while fixing generation tariff Commission has adopted the normative level of generation as per the approved original design of the hydro stations but not on the revised design energy proposed by the OHPC based on the study conducted by an Expert Committee or based on the actual level of low hydro generation in the past.
18. It is a fact that in 2004-05 about 56.71% of state demand was met from low cost hydro power. With increase in demand and declining generation from hydro stations because of erratic rain fall and silting of the water reservoirs it has reduced to 21.62% in 2009-10 and during 2010-11 upto September, 2010 it was 16.66% (24.3% for 2010-11). However, while fixing the tariff for 2010-11 and also for 2011-12 Commission has adopted normative level of generation of hydro power as per the original approved design energy of the hydro stations but not on the revised designed energy proposed by OHPC based on study conducted by an Expert Committee or based on the actual low generation. As a result for the year 2011-12 about 27.50% of state demand of 22477 MU has been assumed from state hydro power at 6181.74 MU based on the normative generation based on the approved original designed energy. This may be seen from the table given below:-



Table - 7
Declination of Hydro generation in over all Power Pool

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11 (Upto Sept-10)	FY 11-12 (Approved)
State Demand (in MU)	12499.45	13483.75	15119.93	17212.51	18771.82	19480.85	10554.45*	22477
State Hydro Generation for Sale (incl. small Hydro) (in MU)	7087.82	5234.48	7357.58	7885.81	5826.12	4211.86	1769.70**	6181.74 (based on normative assessment)
% of state hydro to total state demand	56.71	38.82	48.66	45.81	31.04	21.62	16.66***	27.50
Hydro Generation contribution has reduced from 57% to 17% which is a cheaper source of power								

* Upto 31.3.2011 21112.39 MU, ** Upto 31.3.2011 5124.46 MU, *** Upto 31.3.2011 24.3%

19. The average generation tariff for hydro stations for 2010-11 with the existing approved designed energy was fixed at 64.40 p/u (excluding Machkund) but with the revised design energy the tariff would have

Table - 8
Summary of OHPC Tariff

		2007-08	2008-09	2009-10	2010-11	2011-12
1.	ARR approved (Rs.cr.)					
	Old Stations	162.14	169.12	192.87	215.06	232.20
	UIHEP	130.46	130.68	142.47	146.82	149.97
	Sub-Total	292.60	299.80	335.34	361.88	382.18
	Machkund	4.78	6.64	3.65	5.76	5.79
	Total	297.38	306.44	33.99	367.64	387.96
2.	Design Energy (existing) MU					
	Old Stations	3676.86	3676.86	3676.86	3676.86	3676.86
	UIHEP	1942.38	1942.38	1942.38	1942.38	1942.38
	Sub-Total	5619.24	5619.24	5619.24	5619.24	5619.24
	Machkund	262.50	262.50	262.50	262.50	262.50
	Total	5881.74	5881.74	5881.74	5881.74	5881.74
3.	Average Tariff (p/u)					
	Old Stations	44.10	46.00	52.46	58.49	63.15
	UIHEP	67.16	67.28	73.35	75.59	77.21
	Sub-Total	52.07	53.35	59.68	64.40	68.01
	Machkund	18.21	25.30	13.90	21.95	22.05
	Total	50.56	52.10	57.63	62.51	65.96
		2007-08	2008-09	2009-10	2010-11	2011-12
4.	Design Energy (revised) MU					
	Old Stations	3167.81	3167.81	3167.81	3167.81	3167.81
	UIHEP	1686.78	1686.78	1686.78	1686.78	1686.78
	Sub-Total	4854.59	4854.59	4854.59	4854.59	4854.59
	Machkund	262.50	262.50	262.50	262.50	262.50
	Total	5117.09	5117.09	5117.09	5117.09	5117.09
5.	Average Tariff (p/u)					
	Old Stations	51.18	53.39	60.88	67.89	73.30
	UIHEP	77.34	77.47	84.46	87.04	88.91
	Sub-Total	60.27	61.76	69.08	74.54	78.72
	Machkund	18.21	25.30	13.90	21.95	22.05
	Total	58.12	59.89	66.25	71.85	75.82
6.	Difference (5-3) p/u	7.56	7.79	8.61	9.34	9.86



been 74.54 p/u being 9.34 p/u higher. Similarly for 2011-12 the average energy charges have been fixed at 68.01 paise per unit and with revised design energy the energy charges would have been 78.72 paise per unit being 9.86 paise per unit higher. When OHPC generates power less than approved in the ARR, the loss is borne by OHPC whereas if generation is more than approved by the Commission the gain is retained by OHPC (Table 9). It does not affect the tariff because tariff is being determined on the original design energy. For 2008-09 the Commission had approved 5619.24 MU of energy based on the original design energy of OHPC hydro stations at an average of 53.25 paise per unit with approved ARR of Rs.299.80 crore but actually there was generate of 5660.6018 MU and OHPC got a revenue of Rs.327.9841 crore which resulted in gain of Rs.28.18 crore to OHPC for 2008-09. But because of low generation OHPC sustained a loss of Rs.41.03 crore for 2009-10 and Rs.28.80 crore for 2010-11 (column 9 of Table -9). This would be evident from the table given below:-

Table - 9
Tariff approved for OHPC Power Stations by OERC

FY	Based on Design Energy p/u	ARR (in Crs.)	Reassessed Design Energy (p/u)	App. Gen. MU	Actual Gen. MU	Energy Sold to GRIDCO MU	Revenue earned (in crs)	Gain (+) / Loss (-) of revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	9 (8-3)
2007-08	52.07	292.60	60.27	5619.24	7885.1626	7717.148	387.556	+94.956
2008-09	53.35	299.80	61.75	5619.24	5660.6018	5479.9088	327.9841	+28.18
2009-10	59.68	335.35	69.07	5619.24	3721.1268	3785.405	294.320	-41.03
2010-11	64.40	361.88	74.54	5619.24	4755.5428	4707.98	333.000	-28.8
2011-12	68.01	382.18	78.72	5619.24	-	-	-	-

Impact of arrear collection of electricity dues on current tariff

20. It has been generally argued that the distribution companies are not taking adequate steps to collect huge arrear outstanding and if this arrear would have been collected it would have reduced the tariff. It is a fact that the steps taken by the distribution companies to collect the arrear electricity dues is not upto the mark which is evident from the fact that the arrear outstanding at Rs.3493.54 crore as on 31.3.2010 has increased to Rs.3722.09 crore as on 31.3.2011 thereby adding Rs.278.55 crore to the arrear, which may be seen from the table given below:-

Table - 10

STATUS OF ARREAR -WESCO								
								Rs in crore
As on 31.03.2010				As on 31.03.2011				
Category	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	% to total	
EHT	-12.63	0	-12.63	-6.76	0	-6.76	-0.73	
HT	13.30	14.92	28.22	16.89	16.62	33.51	3.61	
LT	758.02	54.55	812.57	841.57	60.73	902.3	97.12	
TOTAL	758.69	69.47	828.16	851.7	77.35	929.05	100.00	



STATUS OF ARREAR -NESCO							
Category	As on 31.03.2010			As on 31.03.2011			% to total
	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	
EHT	101.44	0	101.44	90.8	0	90.8	9.64
HT	19.42	12.14	31.56	19.58	11.96	31.54	3.35
LT	679.28	58.53	737.81	756.84	62.58	819.42	87.01
TOTAL	800.14	70.67	870.81	867.22	74.54	941.76	100.00
STATUS OF ARREAR -SOUTHCO							
Category	As on 31.03.2010			As on 31.03.2011			% to total
	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	
EHT	0.73	0	0.73	0.51	0	0.51	0.11
HT	9.89	21.94	31.83	8.02	27.00	35.02	7.72
LT	329.51	57.02	386.53	359.07	59.23	418.3	92.17
TOTAL	340.13	78.96	419.09	367.60	86.23	453.83	100.00
STATUS OF ARREAR -CESU							
Category	As on 31.03.2010			As on 31.03.2011			% to total
	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	
EHT	15.56	0	15.56	15.95	0	15.95	1.10
HT	49.69	113.86	163.55	62.83	113.86	176.69	12.21
LT	1115.74	80.63	1196.37	1162.22	92.59	1254.81	86.69
TOTAL	1180.99	194.49	1375.48	1241.00	206.45	1447.45	100
STATUS OF ARREAR-ALL ORISSA							
Category	As on 31.03.2010			As on 31.03.2011			% to total
	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	
EHT	105.1	0	105.1	100.5	0	100.5	2.66
HT	92.3	162.86	255.16	107.32	169.44	276.76	7.34
LT	2882.55	250.73	3133.28	3119.7	275.13	3394.83	90.00
TOTAL	3079.95	413.59	3493.54	3327.52	444.57	3772.09	100.00

From the Table above it may be noted while the arrear Electricity charges of all distribution company taken together by LT consumers constitute 90% those of EHT constitutes 2.66% and HT constitutes 7.34% as on 31.3.2011.

21. The Annual Revenue Requirement (ARR) of the distribution companies are determined and approved by the Commission on a normative basis after prudent check and verification. This ARR includes

Table - 11
Revenue requirement of DISCOMs for 2011-12

	Rs. in Cr.	%age for the Total
Power Purchase cost	5206.88	72.37
Cost of Transmission incl. SLDC	565.98	7.87
Total Power Purchase Transmission & SLDC cost	5772.86	80.24
Net Employee cost	775.79	10.78
R & M Cost	169.51	2.36
A&G Cost	125.17	1.74
Bad Debts	43.77	0.61
Depreciation	98.91	1.37
Interest Cost	130.69	1.82
Return of equity	36.00	0.50
Amortization of Regulatory Asset	42.30	0.59



power purchase cost, transmission cost, SLDC charges, administrative and general expenditure, return of equity, payment of interest etc. for the relevant financial year only. While power purchase cost constitutes -72.4%, Net Employee Cost - 10.8%, Interest cost -1.8% and other requirement as indicated below.

22. In order to meet the annual revenue requirement of the year, the ARR is determined which comes from the tariff of the sale of power to the consumers during the year and to some extent from other miscellaneous receipts. While approving the estimate of revenue to be realized by the distribution companies in the financial year a normative level of distribution loss is considered instead of accepting the loss projected by the distribution companies. For example, for the year 2010-11 the four distribution companies taken together had projected distribution loss of 35.6% against distribution loss of 37.24% for the year 2009-10. But, while estimating the revenue, Commission had adopted a normative level of distribution loss of 22.2% for 2010-11. Similarly for the year 2011-12 while the distribution companies projected a distribution loss of 32.95%, Commission had approved the annual revenue requirement based on a normative level of 21.71%.
23. While the distribution companies raise bill based on the consumption of electricity the balance amount not billed represents the distribution loss. Similarly, out of the bill raised a substantial amount is collected and certain amount is not collected during that year. The total Aggregate Technical and Commercial (AT&C) loss represents the combined effect of distribution loss, collection efficiency. When the AT&C loss for the year 2009-10 was 39.15% and distribution loss of 37.24% it means that out of 100 MU purchased by the distribution companies bills were raised for 62.76 MU (100-37.24 distribution loss). But realization of revenue was made from 59.85 MU (100-39.15 AT&C loss). The revenue not realized for 39.15 MU is accounted in the loss of distribution companies in that year. If a part of the amount not realized during a year is realized in subsequent year it does not affect the tariff of the subsequent year but it helps in reducing the cumulative loss. Because in the respective current year tariff is determined based on the annual revenue requirement and current revenue realization estimated which are assumed on normative basis. While the collection of arrear electricity charges during a year will help in reducing the cumulative losses and a part of that arrear can be utilized to meet the arrear outstanding of GRIDCO and to help the distribution companies to meet their other essential expenditure, but this would not affect the tariff of that current year. The position can be seen from the table given below for the year 2009-10 which indicates that against a gap of Rs.37.05 cr. between total revenue requirement (Rs.3827.50 cr.) and estimated revenue for the sale of power (Rs.3790.45 cr.) approved by the Commission the actual gap was Rs.260.04 cr. between the actual expenditure (Rs.3969.09 cr.) and the actual revenue from the sale of power (Rs.3709.05 Cr.). The additional gap of Rs.222.99 cr. (Rs.260.04 cr. - Rs.37.05 cr.) is borne by the distribution companies because of their inability to collect the full current revenue relative to the quantum of power purchase approved by the Commission.

Table - 12
Revenue requirement for DISCOMs for FY 2009-10

(Rs. Crore)

	Approved	Audited
Power Purchase cost incl. transmission cost and SLDC cost	2709.46	2830.33
Net Employee cost	546.60	583.15
R & M Cost	116.08	99.16
A&G Cost	82.17	91.27
Bad Debts	75.82	202.36
Depreciation	31.70	27.80
Interest Cost	89.22	130.48
Return of equity	36.00	-
Amortization of Regulatory Asset	170.00	-
Carrying cost of Regulatory Asset	72.39	100.12
Other Expenses		64.41
Less Expenses Capitalized	5.40	0.80
Less Misc. Receipt	96.54	156.20
Total Revenue Requirement	3827.50	3969.09
Revenue from sale of power	3790.45	3709.05
Gap	(37.05)	(260.04)

**Alleged Stiff Tariff rise**

24. Before power sector reform was undertaken with effect from 01.4.1996 there was frequent revision of tariff ranging from 29% to 17%. But from 2001-02 to 2009-10 the average tariff has remained more or less constant with some minor changes here and there. The average tariff was revised by 22.2% (revenue to revenue) in 2010-11 after a gap of nine years and the recent revision for 2011-12 is about 19.74% over the tariff of 2010-11. There has been substantial hike in price of different commodities including cost of equipment, cost of coal, furnace oil, wages and salaries, pension, etc., but still then the Commission had not revised the tariff for nine years only to give benefit to the consumers. This was possible because the demand of the consumers of the State was limited and power generation was more than the requirement as a result the Commission was allowing gap in the account of GRIDCO to keep the tariff unchanged and the said gap was being met from the profit from the sale of surplus power by GRIDCO. With rise in demand the scope of selling surplus power has been reduced and in fact in order to meet the demand of the consumers the GRIDCO is resorting to purchasing of high cost power. The table below indicates the year wise tariff before the power sector reform and thereafter.

Table - 13
Average Tariff Rise in the Past

Year	Average Tariff Rise (%)
1993-94	28.58 %
1994-95	15.73 %
1995-96	17.47 %
1996-97	17.00 %
1997-98	10.33 %
1998-99	9.30 %
1999-00	4.50 %
2000-01	10.23 %
2001-02 to 2009-10	0%
2010-11	22.2%
2011-12	19.74%

25. It may be appreciated that GRIDCO is Purchasing Power at a higher price but selling at a lower price to the distribution companies to keep the Retail Tariff at reasonable level in order to safeguard the interest of the consumers. Even though GRIDCO is purchasing power from different sources at a higher cost this is not being fully factored into the retail tariff for recovery from the consumers and the BST price which forms a major component of retail tariff has been kept in some years at a level lower than the purchase price. The gap left in the ARR of GRIDCO was supposed to be filled up through profit earned from sale of surplus power but with the rise in demand of the existing consumers as well as increase in number of consumers the surplus power is not available. Still then the Commission has left gap in the account of GRIDCO to keep the BST price at a low level in order to keep the retail tariff at an affordable level. This would be evident from the table given below:-

Table - 14
ARR GAP OF GRIDCO

(Rs. in crore)

Financial Year	Gap in ARR (Approved)	Actual Gap	Net Gap	Rate approved & power purchase by GRIDCO(P/U)	BST Rate approved for sale to DISCOMs (P/U)
2006-07	(-) 504.52	547.55	43.03	113.97	120.85
2007-08	(-) 464.86	1052.34	587.48	119.91	121.59
2008-09	(-)410.05	528.62	118.27	127.40	122.15
2009-10	(-)882.85	(-)1540.69	(-)15440.69	148.27	122.20
2010-11	(-)806.16	(-)598.87 (Up to 9/2010)	(-)598.87* (Up to 9/2010)	174.58	170.25
2011-12	(-)746.05			210.32	231.65

* Upto 03/2011 the gap is (-) Rs.1296.25 crore



26. With rise in demand and consequently non-availability of surplus power for trading to earn profit, it is no longer possible to keep the BST at a lower level to ensure low retail tariff for the consumers. In fact, the low BST for 2008-09, 2009-10 and 2010-11 has resulted in increased gap in the account of GRIDCO and the cumulative gap at the end of 2010-11 has reached -2995.14 crore. Even with the average BST of 231.65 paise per unit for 2011-12 and if there is no further increase in cost of purchase of power by GRIDCO approved at 210.32 paise per unit the gap for the year has been estimated at Rs.746.05 crore and the cumulative gap upto 31.3.2012 may go up to -3741.19 crore. The table given below explained how the gap is going up from year to year.

Table - 15
Truing up of GRIDCO for 2010-11 (Provisional)

Rs. in Crore

Financial Year	Gap in revenue requirement compared to the approved amount	Gap in revenue from sale of power compared to the approved amount	Total gap (for the year)	Add: approved gap in ARR allowed by the Commission	Gap considered for true up	Cumulative Gap (+/-)
(1)	(2)	(3)	4 (2+3)	5	6 (4+5)	7
1996-97						-295.00
1997-98	-310.15	5.86	-304.29	0.68	-303.61	-598.61
1998-99	-236.10	-420.39	-656.49	0.19	-656.30	-1254.91
1999-00	-230.33	244.14	13.81	-30.91	-17.10	-1272.01
2000-01	-359.42	194.43	-164.99	0.00	-561.97	-1437.00
2001-02	13.74	65.61	79.35	43.59	122.94	-1314.06
2002-03	-297.86	-264.11	-561.97	0.00	-561.97	-1876.03
2003-04	-79.79	586.13	506.34	0.00	506.34	-1369.69
2004-05	-73.19	322.13	248.94	217.35	466.29	-903.40
2005-06	-403.92	384.32	-19.60	15.72	-3.88	-907.28
2006-07	-175.47	723.02	547.55	-504.52	43.03	-864.25
2007-08	149.93	902.41	1052.34	-464.86	587.48	-276.77
2008-09	-410.14	938.76	528.62	-410.05	118.57	-158.20
2009-10	-1006.67	348.83	-657.84	-882.85	-1540.69	-1698.89
2010-11 (Provisional as per performance Review)	-1130.36	640.26	-490.10	-806.15	-1296.25	-2995.14
2011-12 (based on approved BSP)				-746.05		-3741.19

27. Tariff hike is inevitable on account of increase of power purchase cost.

- (i) The retail tariff for the consumer consist of bulk supply price of GRIDCO to the distribution companies, transmission charges payable to OPTCL by the distribution companies, SLDC charges and the distribution cost incurred by the distribution companies for maintaining their distribution network. The average tariff for the distribution companies consists of 57.33 % towards power purchase cost, 6% towards transmission & SLDC charges and 36.42% towards distribution cost. If there is increase in the cost of generation and consequently the power purchase cost of GRIDCO, the retail tariff is bound to increase. Similarly, when OPTCL invests in up gradation of the GRID substation, power transformers or construction of new grid substations and transmission lines etc., it is to service the loan obtained from different financial institutions and this has to be recovered in shape of transmission charges from the distribution companies which ultimately is passed on to the consumers.
- (ii) The table given below explains as to how the average cost of supply and average retail tariff is increasing mostly because of increase in the cost of power.



Table-16
Comparative position of approved Bulk Supply, Transmission and Retail Tariff approved by the Commission

		2008-09	2009-10	2010-11	2011-12	% increase
1	Avg. Cost of OHPC Power P/U	53.35	59.36	64.40	68.01	6%
2	Avg. Cost of OHPC Including Machhakund Power P/U	52.01	57.63	62.51	65.96	6%
3	Avg. Power Purchase cost of GRIDCO P/U	127.40	148.27	174.58	210.32	20.47%
4	Avg. BSP P/U	122.15	122.20	170.25	231.65	36.06 [^]
5	Difference between BSP & Power purchase (p/u) (3) – (4) / (4) – (3) as the case may be	-5.25	-26.07	-4.33	21.33	
6	Break-Up of BSP P/U vide SI No.4					
	CESU	101.50	101.50	157.00	219.00	40%
	NESCO	125.00	130.00	195.00	262.00	35%
	WESCO	157.25	154.00	194.00	262.00	35%
	SOUTHCO	70.00	70.00	90.00	135.00	50%
	TOTAL	122.15	122.20	170.25	213.65	36.06%
7	Avg. Transmission Charge P/U	21.00	20.50	23.50	25.00	7%
	DISCOMS					
	Average cost of supply	272	263	327.37	408.87	25.00%
8	Avg. RST P/U (Revenue)	281.40	265.15	320.58	404.01	26.02%*
9	Avg. BSP (P/U)	122.15	122.20	170.25	231.65	36.06%
10	Transmission Cost incl. SLDC (P/U)	21.00	21.00	23.68	25.18	7.0%
11	Difference to DISCOMS (8 – 9 – 10) (P/U)	138.25	121.95	126.65	147.18	17%
12	Break-up of the Retail Tariff voltage wise	2008-09	2009-10	2010-11	2011-12	% increase
	EHT	295.05	295.05	379.93	477.43	26%
	HT	308.68	308.68	383.68	482.43	26%
	LT	212.00	179.99	219.21	300.34	37%
	Overall	281.40	265.15	320.58	404.01	19.74%**

* Revenue based 19.74% for 2011-12 against 22.22% in 2010-11

** Revenue to Revenue 19.74% (Tariff to Tariff 26.02% in 2011-12 against 21% in 2010-11)

28. The interest of low end consumers like domestic, BPL, agriculture and LT consumers as a whole has been protected in the tariff for 2011-12

Section 61(g) read with para 8.3.2 of Tariff Policy, 2006 stipulates “Tariff progressively reflects the cost of supply of electricity, so that latest by the end of 2010-11 the tariffs are within \pm 20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

On the other hand para 5.5.2 of National Electricity Policy, 2005 states that “a minimum level of support may be required to make the electricity affordable for consumers of very poor category. Consumers below poverty line who consume below a specified level, say 30 units per month, may receive special support in terms of tariff which are cross-subsidized. Tariffs for such designated group of consumers will be at least 50% of the average (overall) cost of supply. This provision will be further re-examined after five years”.

If any class of consumers are to be subsidized the State Govt. have to pay the subsidy in advance as per Section 65 of the Electricity Act, 2003 which is extracted below:-



“65. Provision of subsidy by State Government –If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under section 62, the state Government shall, notwithstanding any direction which may be given under Section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government.”

Even though the State Government have not agreed to provide subsidy to agriculture or BPL families and domestic consumers, tariffs in those cases have been fixed much below -20% of the average cost of supply of 408.87 paise unit determined for the year 2011-12.

29. The Commission cannot fix tariff in any manner for different type of consumers. It is mandated under Section 61(g) of the Electricity Act, 2003 read with para 8.3.2 of Tariff Policy, 2006 and para 5.5.2 of the National Electricity Policy to ensure that tariff progressively reflects the cost of supply of electricity, so that latest by the end of 2010-11 the tariffs are within $\pm 20\%$ of the cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

When the average cost of supply for 2011-12 has been determined at 408.87 paise per unit, the tariff for the relatively poor consumers cannot be less than 327.07 paise (i.e. -20% of 408.87) and more than 490.67 paise per unit (+20% of 408.87). However, while the attempt has been made to reduce this cross subsidy by gradually increasing tariff for LT consumers, because of special treatment for Agriculture, allied agricultural activities allied agro industries, BPL families (fixed charged of Rs.30.00 paise per month upto 30 Units) and domestic consumers in the first slab (upto 50 unit per month 140 paise per unit) the target of reduction of cross-subsidy has not yet been achieved). For LT category of consumers the cross subsidy is by (-) 26.54% while for EHT it is +16.77% and for HT it is +17.90% which is evident from the table given below:-

Table - 17
Cross Subsidy in 2011-12

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
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%
	Kutir Jyoti		100.00	-163.00	-61.97%
	Irrigation		110.00	-153.00	-58.17%
2010-11	EHT	327.37	379.93	52.56	16.06%
	HT		383.68	56.31	17.20%
	LT		219.21	-108.16	-33.04%
	Kutir Jyoti		100.00	-227.37	-69.45%
	Irrigation		110.00	-217.37	-66.39%
2011-12	EHT	408.87	477.43	68.56	16.77%
	HT		482.43	73.56	17.99%
	LT		300.34	-108.53	-26.54%
	Kutir Jyoti		100.00	-308.87	-75.54%
	Irrigation		110.00	-298.87	-73.09%

- In case of BPL family the cross subsidy paid is 308.87 paise (408.87-100 tariff per unit for 30 units in a month) which is 75.54% less than the average cost of supply.
- In case of Agriculture/irrigation the cross subsidy per unit is 298.87 paise (408.87 - 100 paise per unit) which is 73.09% less than the average cost of supply.
- In case of domestic consumers the consumers consuming upto 50units per month are pay 140 paise per unit from 2001-02 which has remained unchanged for 2010-11 and 2011-12. In their case per unit subsidy is 268.87 paise (408.87-140 paise per unit) which is (-) 66% less than the average cost of supply.



- Domestic consumers consuming 200 units per month are being subsidized by -28% of the average cost of supply as for them the average per unit works out to 297 paise.
- Domestic consumers consuming 400 units per month are being subsidized by (-)11% as for them the average rate per unit works out to 363 paise.
- Domestic consumers consuming 600 units per month are being subsidized by (-) 1.5% as for them the average rate per unit works out to 400 paise.
- Only those high end domestic consumers consuming 700 units per month would be paying (+)1.22% higher than the average cost of supply of 408.87 paise as for them the average per unit works out to 413 paise against average cost of supply of 408.87 paise per unit. This is evident from the calculation given in the following table:-

Table - 18

Consumption/ Month	Tariff	Total Payment for Energy Charges (Rs.)	Average Per Unit Energy Charges(P/U)	Cross-Subsidy in %
50 Units	Consumption <= 50units per month 140 paise per unit	140 paise X 50 units = Rs.70	140	(-) 66%
200 Units	Consumption <=50units <=200 units per month 350 paise per unit	140 paise X 50 + 350 paise X 150 = Rs.595/-	297	(-) 28%
400 Units	Consumption >200<=200 units p/m 430 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 = Rs.1455	363	(-)11%
600 Units	Consumption >400 <=600 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 = Rs.2415	400	(-)1.5%
700 Units	Consumption >600 <=700 units p/m 480 paise per unit	140 paise X 50 + 350 paise X 150 + 430 paise X 200 + 480 paise X 200 + 480 paise X 100 = Rs.2895	413	(+)1.22%

Observation and Direction of the Commission

30. It has been pointed out by Shri R.P. Mahapatra and others during hearing on 16.6.2011 that the Commission in RST order dated 20.3.2010 for 2010-11 and RST order dated 18.3.2011 for 2011-12 have calculated the cross subsidy being paid as the different between the average tariff of HT & EHT industries at 80% Load Factor and the average cost of supply for the State as a whole. That the Hon'ble Commission in Paragraph 391 of the RST Order dated 18.3.2011 for the FY 2011-12 have indicated the cross subsidy in P/U calculated on the above methodology. The cross subsidy for EHT, HT & LT consumers in P/U from 2009-10 to 2011-12 is as follows:-

Table - 19

Year	Cross Subsidy in P/U		
	EHT	HT	LT
2009-10	32.5	45.48	(-) 83.01
2010-11	52.56	56.31	(-) 108.16
2011-12	68.56	73.56	(-)108.3



Hence, there is no scope for reducing the RST for LT Domestic consumers, as the cross-subsidy burden on the subsidizing category of consumers is very high and needs reduction. The only procedure by which the RST for the LT Domestic Consumers can be reduced is, by the provision of subsidy by the State Govt., in accordance with Section 65 of the Electricity Act, 2003.

31. In view of the mandatory provision of Section 61(g) regarding the need for reduction of cross subsidy and provision under Section 65 of the Electricity Act, 2003 regarding payment of subsidy in advance in case Govt. wants particular category of consumers to be charged at subsidized rate, the Commission in its order dated 05.5.2011 directed that the State govt. must come out with a clear cut proposal as to whether they would like to give subsidy in accordance with the provisions of Section 61(g) and 65 of Electricity, Act, 2003.
32. If there is any downward revision in the tariff rate approved for domestic consumers for 2011-12, the loss arising from such downward revision is to be borne by the state government by way of direct payment of subsidy to distribution companies as per the provision of section 65 of the Electricity Act, 2003.
33. It has been submitted by Shri A.K. Sahani and others that at present the BPL consumers are being provided @ Rs.1 per unit limiting to 30 units per month. Further, in case of Agricultural and Allied activities and Agro Industrial activities the rate notified is much below the cost of supply estimated at 408.87 paise per unit for 2011-12. As per the projection of consumption of BPL families, Agriculture, Agricultural and Allied activities etc., for 2011-12 the subsidy works out to Rs.281.29 crore as indicated below:-

Table - 20

Average Rate of supply of electricity per units approved for 2011 -12 for all category of consumers taken together p/u	Category of consumers (subsidized)	Energy Tariff approved for 2011-12 for those subsidized category p/u	Subsidy required per unit for 2011-12 p/u (1-3)	Estimated consumption of electricity in MU in 2011 - 12	Amount of subsidy required Rs. In Crore (5x4)
(1)	(2)	(3)	(4)	(5)	(6)
408.87	BPL/Kutir Jyoti	100.00	308.87	545.13	168.37
408.87	Agriculture, Irrigation, Allied agriculture	110.00	298.87	377.87	112.92
408.87	Total	-	-	923.00	281.29

Besides the above insofar as the 26 lakh domestic consumers are concerned, the amount of cross-subsidy required at the pre-revised rate of 140 P/U for the first 100 units, works out to Rs.838.80 crore (26 lakhs X 100 Units) X 12 months X (408.87 -140.00). It has been pointed out that it is the responsibility of the Govt. to take care of the interest of BPL, Agriculture and Domestic consumers and certainly not by way of cross-subsidy for EHT/HT/Commercial consumers. Hence, some respondents during hearing on 16.6.2011 have submitted that in the interest of justice and equity the Commission should direct the State Govt. to grant subsidy of Rs.1007.00 crore for such subsidized BPL and domestic consumers.

34. It must also be noted that if the tariff does not ensure cost of supply in a reasonable manner financial institutions would be reluctant to sanction loan to the distribution companies to meet their share of counter part funding under Capex programme of Rs.2400.00 approved by the State Govt. for implementation during 2010-11 to 2013-14. Out of Rs.1200 crore of counter part funding by the four distribution companies from 2011-12 to 2013-14 (nil counter part funding during 2010-11), Rs.200.00 crore is to be provided during 2011-12 (CESU Rs.78.00 crore, WESCO Rs.39.00 crore, NESCO Rs.42.00 crore and SOUTHCO Rs.41.00 crore). If the Tariff for 2011-12 does not give comfort to the Financial Institution for servicing of their loan they may not sanction the counter part funding. As a result the system improvement envisaged under capex would be affected and consequently the quality of supply and loss reduction efforts.
35. Further, if in the case of domestic consumers, the retail tariff is revised downwards, the resultant reduction in revenues to DISCOMs and GRIDCO will necessitate load-shedding to containing the losses of GRIDCO at a reasonable level by not going for purchase of high cost power. The Commission had left a gap of 882.85 crore in the ARR of GRIDCO for 2009-10. But it ended up with a gap of Rs.1540.69 crore. Against 806.16 crore gap left in the Revenue of GRIDCO for 2010-11 the gap has reached Rs.1296.25 crore by the end of March, 2011. If there would be any downward revision in the Retail Supply Tariff for 2011-12, there would necessarily be linked reduction in the Bulk Supply Price of GRIDCO and also in the



transmission charges of OPTCL, further resulting in a spiral of losses for all the linked utilities and the sector as a whole.

There is no possibility of decline in the rate of power purchase by GRIDCO from different sources because of the continuing rise in coal prices. The quantum of power purchase and the prices paid by GRIDCO is going to increase as has been seen in the past. For example, for 2009-10 the Commission had approved purchase of 19719.37 MU from different sources for consumption in the State at an average rate of 148.27 paise per unit but actually purchase was 21040.18 MU at an average of 201.72 paise per unit. Similarly for 2010-11 the Commission had approved purchase of 2103.75 MU at an average of 174.58 paise per unit but GRIDCO had purchased 23299.87 MU at an average rate of 202.93 paise per unit.

36. The petitioner, the state government among other things has expressed concern regarding the substantial hike in the retail tariff of those domestic consumers who were enjoying the retail tariff of Rs1.40 p/u in respect of the lower slab of 0-100 unit. Now the Commission has increased the same from 1.40 paise p/u to Rs.3.50 p/u for the consumption of above 50 units to 100 units and from the existing tariff of Rs.3.10 p/u to Rs.3.50 p/u for the consumption above 100 units and upto 200 units. As a result the lower middle class consumers who were consuming electricity upto 100 units per month would be hit. They have prayed before the Commission to reconsider this tariff hike in respect of those domestic consumers consuming electricity from 51 to 100 units per month.
37. Representations have been made by different organizations, individuals, industries, etc. to reconsider the tariff hike proposed to be effective from 01.4.2011. In the past there was tariff hike on regular basis ranging from 28.58% in 1993-94 to 15.73 in 1994-95, 17.47 in 1995-96, 17% in 1996-97, 10.33% in 1997-98 and the latest rise was 10.23% in 2000-01. There was no tariff hike from 2001-02 to 2009-10. After a gap of nine years the average tariff hike was 22.2% in 2010-11 and Commission has approved the revision of tariff for 2011-12 with average increase of 19.7% over the rate of 2010-11. There has been tremendous increase in the cost of thermal power and the ratio of hydro power is considerably declining from 57% in 2004-05 to about 17% in 2010-11 upto September, 2010 (24.3% upto 31.3.2011 provisional). When there is increase in the cost of power, cost of transmission and increase in cost of operation and maintenance including increase in salary and pension etc. the cost of supply is bound to increase. The Electricity Act, 2003 under section 61(g) read with para 8.3.2 of the National Tariff Policy mandates that tariff progressively reflects the cost of supply of electricity and also reduces the cross-subsidies so that tariff remains within $\pm 20\%$ of the cost of supply. While expectations of the consumers from different organizations are genuine the Commission has to act within the provisions of the Electricity Act, 2003, Electricity Tariff Policy, 2006 and National Electricity Policy, 2005. Commission in its retail tariff order for 2011-12 has tried to strike a delicate balance between the commercial viability of the power utilities and the interest of different category of consumers.
38. The State Govt. have suggested that in the case of domestic consumers consuming electricity between 51 to 100 units per month with a tariff of 350 p/u approved to be effective from 01.04.2011 may be reduced to 200 p/u and the consequential loss of revenue estimated at Rs.108 cr. for 2011-12 would be compensated for distribution companies by reducing the BST for 2011-12 by 5 paise per unit on the average payable by them to GRIDCO and in turn State Govt. would compensate GRIDCO by providing share capital of Rs.108 cr. It may be noted that this modality suggested by State Govt. is not in accordance with the provisions of the Section 65 of the Electricity Act, 2003 which is extracted below:

“65. Provision of subsidy by State Government: - If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under Section 62, the State Govt. shall, notwithstanding any direction which may be given under Section 108, pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the license or any other person concerned to implement the subsidy provided for by the State Government.

Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this section and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by the Commission in this regard.

This clause provides that where the State Government requires the grant of any subsidy to any consumer or class of consumers, it shall pay in advance and in the manner as may be specified, the amount to compensate the person affected by the grant of subsidy in such manner as the State Commission may



direct. However, the directions of the State Government shall not be operative if the payment is not made in the aforesaid manner and the tariff fixed by the State Commission shall be applicable from the date of issue of orders by it.”

39. Thus, the essential requirement of the Section 65 of the Electricity Act, 2003 is that if the State Govt. wants to supply electricity at subsidized rate to any consumer or class of consumers in the tariff determined by the State Commission under Section 62, the State Govt. shall pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licensee or any other person concerned to implement the subsidy provided for by the State Government. Keeping in view the revenue requirement by the DISCOMs and based on normative loss reduction target fixed by the Commission and the provisions of Section 61(g) the tariff has been determined for the distribution licensees for different category of consumers. If the domestic consumers consume electricity within 51 to 100 units are to pay tariff at the rate of Rs.2.00 in place of Rs.3.50 approved by the Commission with effect from 01.4.2011, the DISCOMs will incur a loss and as such the DISCOMs are the affected entities. Therefore, the DISCOMs are to be paid a subsidy in advance in order to compensate the anticipated loss by such reduction of tariff for those categories of domestic consumers. On the other hand, GRIDCO's supply of power to DISCOMs in the state and its price is governed by the Bulk Supply Price as determined by the Commission and the procurement price which depends on the cost of generation or the selling price of the Generator. The question of subsidy is a revenue subsidy to the DISCOM and not any other manner of subsidy to the other entities such as the Generator or the Bulk Supplier. Hence, keeping in view the provision of Section 65, the subsidy to the DISCOMs may be given in a manner that it flows to the DISCOMs directly. We have in our earlier order dtd.18.6.2011 in Case No.25 of 2011 dismissing the review petition have made it amply clear that no fresh look is called for into the tariffs determined for each category of consumers and as enumerated in the Tariff Schedule. Therefore, if the promised financial assistance of Rs.108 crore for the FY 2011-12 by the State Govt. to GRIDCO, is to be ultimately passed on to the domestic consumers of the State in the slab range of 51 – 100 units/month may be ensured by the arrangement indicated below:-

- (1) The State Govt. may make an on-account payment to GRIDCO, in cash, in advance and to start with pay Rs.60.00 crore to GRIDCO immediately.
- (2) The DISCOMs in their monthly bill to the domestic consumers prepared as per the RST order of the Commission, shall add a separate item as State Govt. cash assistance to the domestic consumers called "Special Rebate" at a rate of Rs.1.50/Kwh for consumption above 50 units/month subject to a maximum of Rs.75.00/month. (This special rebate shall be in addition to the normal rebate which otherwise a consumer is eligible as per the RST order of the Commission, if the bill is paid within the due date of the bill).
- (3) The "Special Rebate" shall be allowed to such consumers who pays their current bill within the due date of the bill like that of availing the normal rebate. The current bill is defined as the bill for the consumption of the subject month as well as any arrear of the bills of the past months of the financial year 2011-12.
- (4) In order to avail the 'Special Rebate', the consumer has to first clear his current bill in full and in case he has any grievance, the issue of revision of bill can be settled separately and any revision made, subsequently shall be adjusted in the future bill. DISCOMs shall take expeditious action of any grievance of the consumer through its Complaint Handling Procedure and GRF mechanism.
- (5) The "DISCOM" based on money receipt providing 'Special Rebate' to the domestic consumer can claim reimbursement from GRIDCO in the form of adjustment in its bulk supply payment of GRIDCO. Thus, the provision of 'Special Rebate' to the consumer shall be ARR neutral to the DISCOM, and no claim for ARR adjustment and/or truing up exercise in the future year tariff shall be entertained by the Commission. The Commission strongly feels that with the above arrangement, the honest and bonafide consumer shall be incentivised to pay their bills in time to avail the substantial rebate in form of both normal as well as 'Special Rebate' and the cash-flow of the DISCOMs shall improve and the exercise will be a around beneficial arrangement for both consumers as well as DISCOMs. The extra work to be taken by DISCOM for keeping track of actual money receipt to claim reimbursement for adjustment in BSP bill from GRIDCO is a small exercise compared to greater benefit in form of better cash-flow by the DISCOM.
- (6) GRIDCO shall adjust the claim of DISCOM on account of financial benefit given to the ultimate consumers from the upfront payment received from the State Govt. and shall make a demand of the balance payment of Rs.68 crore from the State Govt. once the initial payment of Rs.60 crore is nearing exhaustion.



- (7) The Commission, here would like to stress that the above exercise also shall be ARR neutral for GRIDCO and whatever cash assistance, so received from State Govt. shall be *pari pasu* adjusted with the claim of DISCOM on account of Special Rebate. In case, the proposed cash assistance of Rs.108 crore falls short of the requirement (in view of the DISCOM's observation that the assessment of 12 lakh consumer, be eligible for special rebate by Govt. and GRIDCO is grossly under estimated), GRIDCO would make an additional claim of cash assistance to the State Govt. under intimation to the Commission. The Commission advises the State Govt. that on receipt of additional claim from GRIDCO, on prudent check, the State Govt. shall provide further cash payment to GRIDCO or allow GRIDCO to make commercial burrowing with carrying cost of such burrowing (Interest and other financial charges) being fully borne by the State Govt. The Commission would not entertain any extra financial liability on this account of GRIDCO, either in the current year or in truing-up exercise in the future years.
- (8) The assessment of domestic consumers for the year 2011-12 has been projected by the DISCOM in their Tariff filing (T-1) format are as under:

Name of the DISCOMs	No. of domestic consumers projected for 2011-12(*)	Percentage (%) of the total domestic consumers
CESU	1123607	38.26
NESCO	718310	24.46
WESCO	507112	17.27
SOUTHCO	587541	20.01
Total	2936570	100.00

(*) based on the tariff filing by the DISCOMs in T-1 format.

Pending verification of the money receipt of the DISCOMs of actual relief to the consumer on account of special rebate, GRIDCO may allow monthly BST bill adjustment (reduction) of Rs.3.80 crore for CESU, Rs.2.50 crore for NESCO, Rs.1.70 crore for WESCO and Rs.2.00 crore for SOUTHCO totaling Rs.10.00 crore/month on a provisional basis. The exercise of verification, prudent check of GRIDCO on DISCOM's claim shall be completed within one month of DISCOM's claim, failing which the claim of DISCOMs shall be deemed to be approved by GRIDCO.

40. The Commission fully appreciates the concern of the State govt. that consumers be extended certain relief to be able to bear the burden of the rising tariffs. Nevertheless, the Commission is duty bound to ensure that the supply and distribution business of the DISCOMs shall be sustainable and viable. The burden of rising tariffs is not a phenomenon confined to the electricity business alone but a general phenomenon of the current economic situation which is witnessing an unexpected inflationary trend and inflationary expectations. The assistance meant for the consumers must, therefore, be ring fenced in the manner indicated in the foregoing paras and shall flow to the DISCOMs in the manner and method indicated. We must make it clear that if at any time the direct cash assistance meant for consumers does not flow smoothly to the DISCOMs as indicated above, the Commission will have no option but to halt the entire process as the burden and responsibility undertaken by Govt. cannot be shouldered by either GRIDCO or the DISCOM.
41. The above order is effective from 01.4.2011 subject to outcome of the writ-petition vide W.P.(C) No.8409 of 2011 pending before the Hon'ble Orissa High Court on Commission's RST order dated 18.3.2011 for the FY 2011-12.
42. This matter is accordingly disposed of.

Sd/-
Member
(B.K. Misra)

Sd/-
Member
(K.C. Badu)

Sd/-
Chairperson
(B.K. Das)



Extracts of Power Scenario in Orissa upto 2016-17 (Para 8 to 15) in Case No.64 of 2011 vide order dated 23.09.2011

8.0 General

- 8.1 We had floated a Draft Consultative Paper on Odisha Power Sector on the following 5 (five) issues in OERC website www.orierc.org on 2nd July, 2011 and had published Public Notice in local Newspapers 2nd and 3rd July, 2011 inviting the views/suggestions on the Consultative Paper for submission by 31.07.2011.
- Action Plan to meet the Power Demand of the State upto 2016-17 (end of the 12th Plan);
 - Action Plan for Evacuation Plan from the IPPs/ MPPs including Odisha share of Power.
 - Promotion of Energy Conservation and Energy Efficiency – need for re-organisation and restructuring;
 - Harnessing Renewable Power both Solar and Non-Solar and to promote Cogeneration to meet Renewable Purchase Obligation (RPO) of the State.
 - Any other suggestions/opinions/views for strengthening Odisha Power Sector excepting the issues mentioned above.
- 8.2 We had sent the copy of the Draft Consultative Paper as well as the copy of the Public Notice to Secretary, Dept. of Energy, Govt. of Odisha and EIC (Electricity) vide OERC Lr. No. 1191 dtd. 05.07.2011 to submit the views of the Govt. and that of EIC (Electricity) by 31.07.2011. The views /comments received from individual / industry bodies / Govt. Organizations on the Draft Consultative Paper were sent vide OERC Lr. Nos. 1543-1547 all dtd. 23.08.2011 to offer the specific views of the State Govt. and that of EIC (Electricity) by 31.08.2011. We had neither received any comment/view from Dept. of Energy GoO nor from EIC (Electricity) despite giving sufficient opportunity till writing of this order on 23.09.2011.
- 8.3 During 1st hearing on the Consultative Paper on 08.09.2011, nobody from Dept. of Energy attended and during 2nd hearing on 17.09.2011, EIC (Electricity) on behalf of Govt. requested for another 7 (seven) days time to submit the views of the Govt. to which we directed him to submit views of the Govt. by 20th September, 2011. With deep anguish, we are forced to record here that Dept. of Energy has not furnished the views of the State Govt. on the issues mentioned at Para 8.1 above either in writing or orally during the two hearings held on the aforesaid Consultative Paper though the Dept. of Energy – the Administrative Dept. of Govt. of Odisha is responsible to ensure that power is available to meet the growing demand of the State of Odisha.
- 9.0 Analysis of Power Demand of Odisha upto FY 2016-17 (end of 12th Plan)
- 9.1 We have three scenarios of Power Demand Forecast before us as shown in table :

Table - 15
Power Demand Forecast(In MW)

FY	Submitted by OPTCL to OERC	As per 17th EPS of CEA	As per 18th EPS (Draft) of CEA
2011-12	4300	4459	3998
2012-13	5270	4783	5030
2013-14	5694	5130	5327
2014-15	5927	5502	5409
2015-16	6135	5902	5594
2016-17	6362	6330	5786



- 9.2 We have observed that Odisha has witnessed a GSDP growth @9.57% per annum during first three years of 11th Plan from FY 2007-08 to 2009-10 (2007-08 – 10.91%, 2008-09 – 7.24% and 2009-10 – 10.57%) and due to massive industrialization and rural electrification under RGGVY, BGJY and BSVY, the demand for power is slated to grow @ 10% per annum during 12th Plan.
- 9.3 We have, therefore, considered the demand forecast of 17th EPS as acceptable one and comparing the capacity addition expected during 12th Plan period projected by GRIDCO, we had observed in the Draft Consultative Paper that Odisha Power System may witness surplus both in Capacity and Energy from FY 2013-14 onwards.
- 9.4 Confederation of Indian Industry (CII), National Institute of Indian Labour and some other respondents during hearing submitted before us that non-availability of required quantity of indigenous coal from Coal India Ltd. (CIL), high volatile international market price for imported coal, lack of Common Railway Freight Corridors in Mahanadi Coal Field Area proposed to be built by IDCO, lack of Port capacity, reluctance of Financial Institutions to sanction loan for Power Sector specifically for Thermal and Hydel Projects and crashing of market price in Indian Capital Market etc., may negate the expected capacity addition during 12th Plan and therefore, Odisha may witness a power shortage scenario right up to end of 13th Plan (FY 2021-22).
- 9.5 We have also perused two recent Notifications of the MoP, GoI which are mentioned below:
- **Memorandum dtd. 17.06.2011 which underlines the following criteria for coal linkage for Thermal Power Plants for 12th Plan**
“Actual Drawal of Coal will be subject to 85% of Power being tied up through long-term PPA with DISCOMs through Tariff-based Competitive Bidding (except PSU Projects where PPAs were signed by 05.01.2011.)”
 - **Notification of July, 2011 of MoP, GoI mentioning Sector wise priority for coal and the allocation during 12th plan period shall be as under:**
 - 65% for Power Projects under Central Power Sector Utility.
 - 30% for IPP projects
 - 5% for CGPs
- 9.6 GRIDCO and OPTCL have submitted before us that PRDC, Bangalore made a study by Monte-Carlo Simulation Method as well as by Analytical Method to assess the quantum of surplus power during the terminal year of 11th Plan i.e. during FY 2011-12 and during 12th Plan period based on the forecast of demand made by OPTCL as well as in 17th EPS of CEA mentioned in Para 8.4 above and submitted their Report to GRIDCO in August, 2011 which observes as under:
“Odisha State will not be surplus up to FY 2015-16 and Odisha Power Sector would witness a surplus scenario from FY 2016-17 onwards.”
- 9.7 We have analysed the emerging power scenario of Odisha during 12th Plan as shown in table below:

Table-16
Emerging Scenario of deficit/surplus of power during FY 2011-12 & 12th Plan period
(All in MW)

FY	Peak Demand as per 17 th EPS of CEA	Maximum Peak Demand that can be met	Deficit(-)/Surplus(+)
2011-12	4459	3125	(-)1334
2012-13	4783	3650	(-)1133
2013-14	5130	4050	(-)1080
2014-15	5502	4200	(-)1302
2015-16	5902	5880	(-) 22
2016-17	6330	9768	(+)3438



9.8 We are, therefore, inclined to accept the submission of GRIDCO and OPTCL that Odisha Power Sector will witness a shortage scenario up to FY 2015-16 and will witness a long term surplus scenario from FY 2016-17 onwards.

10.0 Evacuation Plan from IPPs/MPPs

10.1 We had observed in the Consultative Paper that the associated Transmission Network and Evacuation Plan for transfer of power to be generated from new generating stations including drawal of State quota of power from IPPs, MPPs and Central Sector Power Stations located in Odisha are yet to be finalized.

10.2 We had also observed that IPPs and MPPs signed MoUs with the State Govt. had applied to CTU for connectivity. We had mentioned the classic example of evacuation of State share of power of 768 MW from M/s. SEL (2400 MW), Jharsuguda. The State is now availing about 250 MW from M/s. SEL through the existing 220 KV transmission network and for balance 518 MW, Odisha consumers will have to bear the CTU charges and CTU losses for evacuation of such state share of power through CTU network which is about 35 paise/Kwh over and above the OPTCL transmission charges of 25 paise/Kwh.

10.3 We have, therefore, invited suggestion that what best arrangement will be appropriate for OPTCL to adopt so that the evacuation system should be ready at least 6 months ahead of the commissioning of the units of forth-coming Thermal Projects in the State so that the State is not required to pay CTU wheeling charges and transmission loss to draw Odisha share of power rather the State will have an opportunity to earn revenue in wheeling full IPP/MPP power to outside the State.

10.4 OPTCL submitted before us during hearing on 17.09.2011 as under:

✦ OPTCL has estimated that 16 nos. of IPPs and MPPs (Details at Annexure-B) having installed capacity of 24190 MW from which Odisha share of 8273 MW are expected to be under commercial operation during 12th Plan period for which OPTCL has planned **Phase-I Evacuation Plan**.

✦ Under the proposed **Phase-I Evacuation Plan** 5 nos. of 400 KV Pooling Stations at Lapanga, Nisha, Khuntuni, Bhusan and GMR are being planned.

✦ OPTCL has proposed that out of 5 nos. of Pooling Stations, Lapanga will be constructed by OPTCL and other 4 nos. Pooling Stations will be executed on Design, Build, Finance, Operate & Transfer (DBFOT) model for 25 years and to be transferred to OPTCL after 25 years.

✦ OPTCL has proposed that other IPPs and MPPs including OPTCL will be considered in **Phase-II Evacuation Plan**.

✦ OPTCL has suggested that Odisha share of 4860 MW from Gajamara, Darlipalli and TTPS Stage-III of NTPC and that of Odisha UMPP expected from FY 2016-17 onwards may not be required for consumption in Odisha hence GRIDCO can sell directly this quantum of power to outside State through Inter-State Transmission System (ISTS) Network.

✦ OPTCL has estimated that by such arrangement 15260 MW power will be evacuated through STU Network and 19050 MW power will flow directly to CTU Network

10.5 We have observed from the Press Release of Dept. of Energy in Business Standard dtd. 20.09.2011 that the following 4 (four) IPPs / MPPs are expected to be under commercial generation by September, 2012.

✦ GMR Kamalanga Energy Ltd. – 1400 MW

✦ KVK Nilachal Power Ltd. – 1050 MW

✦ Monnet Power Company Ltd. - 1050 MW

✦ Ind-Barath Energy Ltd. - 700 MW

10.6 We have also observed from the aforesaid Press Release only 6 (six) IPPs / MPPs have made some significant investments in Odisha for their TPPs as mentioned hereunder:



Table - 17)

Name of the Company	Amount Invested
Sterlite Energy Ltd.	Rs.7400 Cr.
Ind- Barath Energy (Utkal) Ltd.	Rs.1200 Cr.
GMR Kamalanga Energy Ltd.	Rs.1145.83 Cr.
Jindal India Thermal Power Ltd.	Rs.641.58 Cr.
Lanco Baband Power Ltd.	Rs.873.12 Cr.
Monnet Power Company Ltd,	Rs.570 Cr.

- 10.7 In view of various constraints submitted before us for execution of Thermal Power Plants both under MoU and Merchant Route mentioned in Para 9.4 above and the recent policy changes for availability of coal to new IPPs and MPPs by MoP, GoI mentioned in Para 9.5 above, we do not visualize of commercial generation of power from 16 nos. of IPPs and MPPs during 12th Plan period submitted by OPTCL before us (mentioned in Annexure-B enclosed herewith) having installed capacity of 24190 MW from which Odisha share is about 8273 MW.
- 10.8 We are of the view that OPTCL should re-look their **Phase-I Evacuation Plan** based on the ground status of IPPs/MPPs for commercial generation of power and prioritize 400 KV State Pooling Stations with associated connectivity to the IPPs/MPPs. We feel, in any case, 400 KV Lapanga Pooling Station is already delayed which should be constructed by OPTCL on war footing.
- 11.0 Energy Conservation & Energy Efficiency**
- 11.1 We have perused the Energy Conservation Act, 2001 which is in force since October, 2001 which stipulates and MoP Gazette Notification dtd. 19.03.2007 notifies that 9 Power Intensive Industries viz. Thermal Power Stations, Fertilizer Plants, Cement, Iron & Steel, Aluminium, Railways, Textiles and Pulp & Paper Industries are Designated Consumers which should follow mandatory Energy Efficiency standards.
- 11.2 We have observed that the Prime Minister's Council on Climate Change approved "in principle" one of the core mission of NAPCC i.e. National Mission on Enhanced Energy Efficiency (NMEEE) on 24.08.2009. The Union Cabinet on 24.06.2010 had approved the implementation framework for NMEEE which seeks to strengthen the market for energy efficiency by creating conducive regulatory and policy regime.
- 11.3 We have further observed that Govt. of India through a Press Note dtd. 24.06.2010 announced that NMEEE has envisaged to foster innovative and sustainable business model on a Public-Private-Partnership (PPP) basis which is estimated to be around Rs.74, 000 Cr. by 2014-15 which will help achieve total avoided capacity addition of 19,598 MW, fuel saving of around 23 million tonnes of energy equivalent per year and Green House Gas (GHG) emission reductions of 98.55 million tonnes per year.
- 11.4 We have observed that NMEEE spelt out 4 new initiatives to enhance energy efficiency like PAT, MTEE, EEFP and FEEED and the flagship of the Mission is Perform, Achieve and Trade scheme (PAT) - a market-based mechanism to enhance energy efficiency in 714 nos. of the 'Designated Consumers' (large energy-intensive industries and facilities).
- 11.5 We have observed that Bachhat Lamp Yojana (BLY) was launched by Govt. of India, MoP on 25.02.2009. AP, Uttarakhand, Rajasthan, Himachal Pradesh, Punjab, Kerala, Karnataka, Assam, Delhi, Madhya Pradesh, Chhatisgarh and Haryana have implemented BLY in their States by distributing 20 million CFL bulbs and have reduced their Evening Peak Demand. Haryana had showcased Sirsa District as First District of India having 100% CFL installation for domestic, commercial and public institution categories of consumers.
- 11.6 We have further noted that Odisha has the potential of saving of about 400 MW in Evening Peak hours if 100% CFL installation like Sirsa District of Haryana is achieved, but even after 2 ½ year of launch of BLY in National level, not a single CFL bulb under BLY scheme has been installed in any of the areas of 4 nos. of DISCOMs of Odisha.



- 11.7 We have therefore, sought the opinion on how the office of the EIC (Electricity), Odisha is required to be strengthened so that it can play the effective role of SDA of Odisha to implement and monitor the Energy Conservation and Energy Efficiency Projects with scale and speed which is the need of the hour. What would be the appropriate approach whether to strengthen the present organization under EIC (Electricity), Odisha or to designate any of the State Power Sector PSU as SDA of Odisha?
- 11.8 During hearing on 08.09.2011 EIC (Electricity), Govt. of Odisha submitted before us as under:
- The last “BLY Stakeholder Consultation Meet” was organized by BEE on 16.03.2011 to monitor and review the status of BLY implementation in the country.
 - Kerala SDA have presented its successful implementation whereas other states raised different problems faced in carrying out such implementation.
 - SDA, Odisha has suggested the State Govt. to adopt an alternative financing model in line with Kerala Model for successful implementation of BLY in the State in response to compliance of the Standing Committee relating to Energy Dept.
 - One of the primary and preliminary requirements of PAT was identification of Designated Consumers (DCs) in the State of Odisha. SDA Odisha has successfully conducted such survey for updating the DCs list and for identification of new DCs of the State besides actively interfacing with them for furnishing energy returns.
 - Workshops on e-filing of energy returns was also organized by SDA Odisha.
- 11.9 We have received a number of views like creation of an Independent Authority / Corporation to handle Energy Conservation and Energy Security etc., for creation of a separate Chief Engineer under EIC (Electricity) who may be assigned all programs under Orange Revolution, Energy Conservation and PAT Scheme under NMEEE etc., to assign a State Sector PSU / Central Sector PSU to execute Energy Conservation (EC) & Energy Efficiency (EE) Scheme with scale and speed, to assign Energy Efficiency Projects to OREDA and to declare GRIDCO – a State PSU as State Designated Authority (SDA) of Odisha.
- 11.10 GRIDCO has submitted that GRIDCO is better equipped to handle EC and EE Projects with scale and speed and has expressed its willingness to act as SDA of Odisha and has submitted the following Road Map for implementation of EC and EE Schemes which is as under :
- Energy Auditing
 - Formulation of strategies and creating awareness among people about the benefits of Energy Conservation and Efficiency on the pattern of PCRA doing the job of conservation in the Petroleum Sector.
 - R&D Activities to reduce Energy usage & promote efficiency.
 - Impact studies
 - Industry sponsored projects
 - Training & Technical Advisory Services.
 - Institutional (National & International) linkages to share energy conservation tips
 - Educational Campaign in Schools/Colleges
 - Any other Programmes as are envisaged in the NMEEE Guidelines etc.
- 11.11 Power Tech Consultants, Cuttack submitted before us that BEE has identified 498 nos. Designated Consumers (DCs) in India under 1st PAT Cycle and PRDC – the Empanelled Agency of BEE for Odisha with consultation of SDA of Odisha has only included 32 nos. of DCs under 1st PAT Cycle (the detailed list is enclosed as Annexure-C) whereas at least 100 nos. of DCs of Odisha should have been included as all the 9 (nine) categories of Power Intensive Industries mentioned in Para 8.19 above are available in the State of Odisha.



11.12 We have also noted that at Para 7 of Summary of Discussion and Action Point for Compliance decided in the 4th State Co-ordination Forum meeting held on 28.06.2011 it was stated as under:

“7. Regarding Energy Conservation and Energy Efficiency it was indicated by the Additional Secretary, Department of Energy that EIC(Electricity) has been notified as the Nodal Agency to oversee various action relating to various energy conservation and energy efficiency measures and an Executive Engineer has been specifically assigned the job. But it was noticed that because of inadequate manpower no perceptible steps have been taken in the matter of energy conservation and energy efficiency. Much more is needed to create public awareness for the need of energy conservation and use of energy efficient equipment. These measures have large potential of saving energy and thus avoiding the need for additional generation to that extent. Besides this, a dedicated cell is required to study various policy documents of Govt. of India and submit proposals for accessing Central fund. Further, since Govt. of India is receiving Rs.50 per ton for coal exploitation in the State, it is all the more necessary to claim fund from the Green Energy Fund available with Govt. of India. This would be possible only when we exploit our mini/small hydro potential as well as take concrete steps for generation of energy from other renewable sources such as solar, wind, biomass etc. It is suggested that a dedicated cell may be created in GRIDCO to monitor various activities on energy conservation and popularizing energy efficient equipments. For this GRIDCO may engage experienced retired engineers/professionals and bring one engineer from office of the EIC(Electricity) and one officer from OREDA on deputation. Since the benefit from energy conservation and measures of use of energy efficient equipment is substantially higher and the benefit is much larger for the State, the expenditure for such dedicated cell to be constituted in GRIDCO can very well be accommodated in Annual Revenue Requirement of GRIDCO if necessary, after taking into account the fund available under Green conservation fund and renewable energy fund that may be released to the State Govt.”

12.0 Harnessing Renewable Power to meet RPO

12.1 For harnessing Renewable Energy in Odisha, the State is presently under nascent stage of development. OREDA – the State Nodal Agency for Renewable Energy has assessed Renewable Energy potential of about 16230 MW, Science and Technology Dept., Govt. of Odisha has assessed the feasible potential as 11820 MW whereas WISE- engaged as Consultant by OERC has assessed RE potential of the State of about 7874 MW as shown in Table:

Table - 18
Assessment of Renewable Energy Potential

(in MW)

Source	Science & Technology Dept. Govt. of Odisha	OREDA	WISE
Wind	800	1700	2430
Solar	10000	14000	5000
Biomass	900	350	240
Small Hydro	120	160	184
Municipal waste	NIL	20	20
Total	11820	16230	7874

12.2 We have observed that against the above assessed potential the following Renewable Energy Projects have been commissioned in Odisha till date.

Table - 19
Assessment of Renewable Energy Potential

Name of the Plant	Installed Capacity (MW)
Middle Kolab Project by Meenakshi Power	25
Lower Kolab Project by Meenakshi Power	12
Samal Barrage Project by OPCL	20
Solar Power Plant at Sadeipalli, Bolangir	01
Solar Power Plant at Barang, Cuttack	01
Total	59



12.3 National Action Plan on Climate Change (NAPCC) aims at increasing the share of Renewable Sources of Energy from 5% of the total energy mix in 2010 to 15% by 2020. We have, therefore, vide Notification dt.30.09.2010 issued OERC (Renewable & Cogeneration Purchase Obligation and its Compliance) Regulation, 2010 and vide Regulation-3 fixed the year-wise as well as source-wise RPO for compliance by GRIDCO and the obligated entities during the obligated period from FY 2011-12 to 2015-15 as shown in the Table.

Table - 20
Renewable Purchase Obligations from FY 2011-12 to FY 2015-16

Year-wise target	Minimum quantum of Renewable Energy purchase in % of total Energy consumption in the State			
	Renewable		Co-generation	Total
	Solar	Non-solar		
2011-12	0.10	1.20	3.70	5.00
2012-13	0.15	1.40	3.95	5.50
2013-14	0.20	1.60	4.20	6.00
2014-15	0.25	1.80	4.45	6.50
2015-16	0.30	2.00	4.70	7.00

- 12.4 We have observed that Odisha is expected to witness a GSDP growth @ 9% + per annum leading to increase in power requirement @ 10% per annum during the 1st obligated period from FY 2011-12 to 2015-16 simultaneously meeting its annual RPO both Solar and Non-Solar failing which Odisha has to resort to purchase of RECs from Power Exchanges at a market clearing rate burdening the ultimate consumers of the state.
- 12.5 We have further observed that Odisha has 13 nos. of Cogeneration plants having installed capacity of 633.50 MW and Captive Generating Plants having installed capacity of 4912.48 MW. All industries of the State having Captive and Cogeneration Plants are also the obligated entities as per OERC Regulation, 2010 and have to discharge their Solar and Non-Solar Renewable Power Obligation (RPO) during FY 2011-12 to FY 2015-16 (the 1st obligated period approved by OERC).
- 12.6 We have noted that in the States like West Bengal, Rajasthan, A.P., Karnataka, Madhya Pradesh etc. a separate Green Power Corporation has been created to develop Renewable Energy Projects. The Govt. of West Bengal is now planning to form a separate Dept. for Non-conventional Energy divesting from Dept. of Power and NCES.
- 12.7 We have further noted that Gol, MNRE has created a separate Company namely, National Solar Energy Company (NSEC) for the purpose of over seeing the implementation of all Grid connected / off Grid Solar Projects to be undertaken under JNNSM. MNRE felt that NSEC with experts from industries, Govt. and Academicians as Director is believed to drive the solar programme in India better than Govt. doing it by itself.
- 12.8 We have observed that at present, the Renewable Energy Sector in Odisha is in a very complex shape being looked after by multiple Govt. agencies like Science and Technology Dept., OREDA, Dept. of Energy, Engineering-in-Chief (Electricity), Engineering-in-Chief, Water Resources, GRIDCO etc. We have, therefore, sought the opinion / views in the Consultative Paper what would be the appropriate approach whether to create a new Green Power Corporation or to strengthen OREDA or to assign all RE Projects to any of the State Power Sector PSU to execute such projects with scale and speed?
- 12.9 Many respondents during hearing submitted to create the Green Power Corporation under Dept. of Energy whereas a number of respondents also submitted that OREDA should be suitably re-structured as an Engineering Organization with adequate competent technical personnel relating to generation of power from solar, wind, biomass and other RE sources.
- 12.10 OREDA submitted before us during hearing dtd. 08.09.2011 that based on OERC RPO Regulations, 2010 OREDA has assessed the cumulative capacity addition required during the 1st Obligated Period to meet the RPO of the State as shown in table:



Table - 21

FY	Consumption (in MU)	Capacity Addition from different sources (in MW)					
		Solar	Wind	SHEPs	Bio-mass	Co-gen	Total
2011-12	30358	8	0	0	58	267	333
2012-13	36862	27	0	0	24	79	130
2013-14	39912	15	25	0	10	52	102
2014-15	40578	15	25	0	10	41	91
2015-16	43062	16	50	0	0	41	107
Total		81	100	0	102	480	763

12.11 We have observed that OREDA has not taken into consideration the total energy mix required during the 1st Obligated Period. It is estimated that during FY 2011-12 the Grid consumption is about 24000 MU and the consumption of the obligated industries through their captive sources is about 20000 MU. Hence OREDA as the Nodal Agency for Renewable Energy Sources has to arrange Renewable Energy for 5% of 44000 MU during FY 2011-12 and 7% of about 70000 MU during FY 2015-16 and the required capacity addition from RE Sources needs to be substantially increased.

12.12 Science and Technology Dept., Govt. of Odisha vide letter No. 4940 dtd.07.09.2011 submitted before us as under:

- Odisha has great potential to accelerate the use of its renewable sources to meet its energy requirement and enhance economic growth. It is to state that OREDA will be able to fulfill the necessary requirement for harnessing the renewable energy potential in Odisha. OREDA has already taken steps for setting up Renewable Energy Power Plants in the State.
- The renewable energy sources will pick up in a big way in Odisha from FY 2012-13 onwards due to Wind Resource Assessment (with 80 mt. high mast), setting up of Renewable Energy Industrial Parks and Solar Industrial Parks, reduction in capital cost of solar energy and lower cost of generation of electricity resulting into good prospects in the technology for both solar and wind.
- Keeping in view the available potential, continuous improvement in the technology and reduction in cost of electricity generation, **S&T Dept. and OREDA are taking timely action not only for meeting RPO but also harnessing renewable energy potential in a big way in Odisha.**
- In order to enhance the activities of OREDA, **necessary steps will be taken for raising the manpower with requisite expertise in future so that renewable energy is fully tapped for meeting energy requirement for the State.**

13.0 Any other suggestions for strengthening Odisha Power Sector

13.1 Some respondents submitted before us that Govt. of Odisha is forcing OHPC to restrict the minimum reservoir level to 595ft. at Hirakud against the design MDDL of 590 ft. violating the Rule Curve resulting in loss of generation of 32.4 MU/annum which at times giving rise to Power regulation in peak hours. We have noted from the submission of OHPC that the level of Hirakud Reservoir was restricted to RL 595 ft. in view of Khariff Irrigation supply to Hirakud Command Area as directed by DOWR and Working Table for 3 consecutive Water Years reflected the same. Due to such direction of DOWR, there is loss of generation of about 32.4 MU/annum to OHPC since last 3 financial years. This issue may have to be re-looked.

13.2 We have observed in this Water year 2011-12 that there is flood discharge from Hirakud and Rengali Reservoir but OHPC has failed to maximize seasonal generation of power in Hirakud, Chiplima and Rengali Power Houses due to machine constraint/unit availability. OHPC has submitted before us that they want to undertake Renovation, Modernisation & Uprating (RM&U) of Units 5 & 6 at Hirakud Power House, Unit 3 at Chiplima Power House & 6 Units of Balimela Power House during 12th Plan Period. This is to be attended to on war-footing basis for maximization/optimization of hydel generation in the State which is the urgent need of hour to maintain the requisite Thermal-Hydro mix.



- 13.3 One Respondent submitted before us during hearing on 17.09.2011 that even after repeated direction of the Commission, SLDC has failed to function as an Independent System Operator. He submitted that DoE, Govt. of Odisha may advise to allow a wholly owned subsidiary Odisha Power System Corporation Limited (OPSCL) under OPTCL immediately in the line of POSOCO functioning under POWERGRID since March, 2009.
- 13.4 One Respondent through written submission before us suggested for the complete conversion of the Transmission Network of Odisha into a full-fledged SMARTGRID.
- 13.5 One Respondent through written submission before us suggested that the State Govt. should come up with a Solar Map for Odisha.
- 14.0** In view of our observations from para-8 to para-13 above, we conclude as under:
- ❖ Odisha Power Sector will witness a shortage scenario up to FY 2015-16 and will witness a long term surplus scenario from FY 2016-17 onwards.
 - ❖ OPTCL should prioritize their **Phase-I Evacuation Plan** based on the ground status of IPPs/MPPs for commercial generation of power in the changed scenario mentioned above.
 - ❖ EIC (Electricity), Odisha should be divested of the responsibility as SDA Odisha and GRIDCO may be declared as SDA of Odisha to execute the Energy Conservation and Energy Efficiency Schemes with scale and speed which is the need of the hour so that Odisha can conserve to the tune of 500 MW of power under the 1st PAT cycle period (2011-14).
 - ❖ As both S&T Department and OREDA have submitted before us their strong commitment for adequate generation of Renewable Energy from different RE sources so as to meet Renewable Power Obligation (RPO) required during each Financial Year of the 1st obligated period, we are of the opinion that the existing arrangement of OREDA as the State Nodal Agency for Renewable Energy will continue till further review in the matter in 2012.
- 15.0** In view of our observations in Para-8 to para-14 above, we direct as under:
- 15.1 As Odisha Power Sector is expected to witness the shortage scenario up to FY 2015-16, we hereby direct that Secretary, Dept. of Energy should review the project status of all IPPs/MPPs which have signed MoUs with the State Govt. once every month. It is also desirable that the Chief Secretary should review the status of all such Power Projects once in each quarter so as to ensure coordinated implementation of MoU based Projects and enable commissioning of Projects so that power flow commences to ward off shortages.
- 15.2 GRIDCO is hereby directed to immediately draw an Action Plan to meet the power shortage scenario up to FY 2015-16 and file before us the detailed Action Plan to meet the power demand of the State by 31st December, 2011.
- 15.3 OPTCL is directed to prioritize the **Phase-I Evacuation Plan** prepared considering the power availability from the 16 nos. IPPs and MPPs during 12th Plan period as mentioned in Annexure-B. The revised **Phase-I Evacuation Plan** after discussion with GRIDCO, IPPs and MPPs should be filed before us by 30th November, 2011.
- 15.4 We have missed the bus to participate in 1st Phase of Orange Revolution launched in January, 2011 to usher "Energy Security" and "Energy Independence" in India. Now we have observed that we have also lost the golden chance to reap the benefit under 1st PAT Cycle as due to inaction of SDA of Odisha, only 32 Industries of Odisha have been included as Designated Consumers (the list enclosed at Annexure-C) by BEE. It was also decided in the 4th State Co-ordination Forum Meeting held on 28.06.2011 to handover the works relating to Energy Conservation and Energy Efficiency Schemes to GRIDCO. GRIDCO during hearing on 17.09.2011 submitted before us that GRIDCO is fully geared up to undertake the works of SDA Odisha. We, therefore, direct Govt. of Odisha, Dept. of Energy to declare GRIDCO as State Designated Authority (SDA) of Odisha by 30th November, 2011 and take up with BEE and Ministry of Power immediately to include at least 100 nos. of Industries of Odisha as Designated Consumers under 1st PAT Cycle.



- 15.5 As the state is facing low hydro condition during Water Year 2011-12 and there is a scope of saving of about 400 MW during Evening Peak hours if 100% CFLs are substituted in place of incandescent bulbs in Odisha, we direct Secretary, DoE, Govt. of Odisha to discuss and decide the Financing Model suggested by SDA of Odisha in line with Kerala Model by 30th November, 2011 so that Odisha DISCOMs will be able to implement the scheme to replace all incandescent bulbs with CFLs by March, 2012 and Odisha will be saved the area load restrictions/power cuts during Evening Peak hours in Summer months of 2012.
- 15.6 We appreciate the submission of Dept. of Science and Technology before us that S&T Dept. and OREDA are taking timely action not only for meeting the RPO but also for harnessing Renewable Energy potential in a big way in Odisha. We have also noted the strong commitment of S&T Dept., Govt. of Odisha that in order to enhance the activities of OREDA, necessary steps will be taken for raising the manpower with requisite expertise in future so that Renewable Energy is fully tapped for meeting energy requirement for the State. The Commission wants to see these commitments are converted to actual action.
- 15.7 We direct the S&T Dept., to restructure and revamp OREDA as a Technical Organization drawing the expertise from various Departments of the State Govt., GRIDCO, OHPC and from Private Sectors if required so that RPO of 5-7% of total energy mix of the State can be met and Odisha should not have any occasion to go to Power Exchanges to purchase RECs to meet the requisite RPO during the 1st Obligated Period.
- 15.8 We hereby direct that a High Level Committee under the Chairmanship of CMD, GRIDCO shall be constituted to review the status of all Renewable Energy Projects (excepting Small Hydro) once in each quarter so as to meet the RPO of the State. Director (Commercial), GRIDCO will act as Member Convener of the Committee. Representatives from S&T Dept., Dept. of Energy, OPTCL, OHPC and SLDC should be co-opted by the Chairman of the Committee. The Member Convener of the Committee should file the Resolution of each Meeting for the information of the Commission. The Energy Dept. should issue the resolution/notification constituting this High Level Committee on or before 15.10.2011.
- 15.9 We hereby direct that a High Level Committee under the Chairmanship of Principal Secretary, Water Resources Dept. shall be constituted to review the status of development of all Small/Micro/Mini Hydel Projects once in each quarter. Secretary, Dept. of Energy, EIC (Water Resources), MD OHPC, CE, WAPCOS and EIC (Electricity) will be the Members of the Committee. EIC (Electricity) will act as Member Convener of the Committee and file the Resolution of each Meeting of the Committee for information of the Commission. The Energy Dept. should issue the resolution/notification constituting the said Committee on or before 15.10.2011.
- 15.10 Dept. of Energy, Govt. of Odisha in their letter No.7828 dt.20.09.2011 have asked for another 2 weeks time to give their views/comments on various suggestions of different stakeholders/respondents forwarded to them vide Commission's letter Nos. 1543-47 all dated 23.08.2011. We have now formulated our suggestions/advice based on the feedbacks received from various stakeholders during the course of open hearing held on 08.09.2011 and 17.09.2011. We hereby direct State Govt., GRIDCO, OPTCL, OHPC and OREDA to take the follow up actions on the suggestions, observations and the directions of the Commission contained in para-8 to para 15 above. The Commission would like to review the action taken on various suggestions/observations/directions contained in this order at regular intervals.

In view of the above we direct the copy of this Order may be sent to Principal Secretary, DOWR, Secretary DoE, Secretary S&T Dept. of Govt. of Odisha and all Respondents to the Consultative Paper of the Commission and may be posted in OERC website for information of all concerned.



B. K. DAS
CHAIRPERSON

D.O. No.DIR(T)-351/08(Vol-I)/1765
Dt. : 22.9.2011

Dear Shri

Sub : Separation of SLDC functions from OPTCL – Establishment of wholly owned subsidiary Odisha Power System Corporation Ltd. (OPSCCL) under OPTCL – Regarding.

Govt. of Orissa, Department of Energy vide Order No.6892 dated 09.6.2005 has notified a Transfer Scheme i.e. the Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005 effective from 1st April, 2005 and vested all the transmission related activities of Grid Corporation of Orissa Ltd. (GRIDCO) with the Orissa Power Transmission Corporation Ltd. (OPTCL). In Para 10(2) of the said Notification, the State Government has notified OPTCL as the State Transmission Utility (STU) and has also assigned the activities of the State Load Despatch functions to OPTCL till further orders of the State Govt.

2. The Govt. of India, Ministry of Power (MOP) vide Order dated 04.02.2008 constituted a Committee under the Chairmanship of Shri Gireesh B. Pradhan, Additional Secretary to MOP to examine the issues for ring-fencing the Load Despatch Centres to ensure their functional autonomy and give recommendation. The Committee constituted by Govt. of India went into the details of the functioning of Load Despatch Centres and submitted the Report in August, 2008. The Recommendations of the Committee have been accepted by the MOP. The relevant portions of the Recommendations are reproduced below for your kind reference:

Recommendation 1

The Committee recommends that the LDCs should be ring-fenced suitably to ensure their functional autonomy by taking the following steps:

- (i) ***The Appropriate Government should take suitable steps to facilitate independent functioning of the Load Despatch Centres in line with the Electricity Act, 2003 and National Electricity Policy. To begin with, the State Governments are urged to create a separate representative board structure for governance of LDCs on the lines of wholly owned subsidiary being created for the independent System Operation of RLDCs and NLDC.***
 - (ii) ***The financial accounts should be separated for all LDCs by 31st March 2009 with the appropriate Electricity Regulatory Commissions (ERC) specifying the fees and charges payable.***
3. The Commission vide order dated 20.3.2009 approved ARR of Rs.9.66 Crore for FY 2009-10 for SLDC and had separated the Operating Charges @ Rs.2000/MW/Month from the Transmission Charges of OPTCL w.e.f. 01.4.2009 for collection from four DISCOMs and other LTOA & STOA customers of the State under OERC (Determination of Open Access Charges) Regulations, 2006 so as to enable SLDC to function as an Independent System Operator as recommended by the Gireesh B. Pradhan Committee of the MOP. The Commission while approving ARR and separate Fees & Charges for SLDC for FY 2009-10 vide Para-201 to 207 of the Order dated 20.03.2009 directed OPTCL to take some specific actions to make SLDC self-reliant which are mentioned hereunder:
 201. *SLDC is to submit the status to the Commission on the milestones mentioned in the Road Map prepared by the Commission at the end of each quarter during FY 2009-10.*
 202. *SLDC is to submit Monthly Report on STOA transactions viz. No. of Applications Received, Quantum and period of STOA transactions, No. of Applications permitted for STOA, No. of Applications denied STOA with reasons thereof for information of the Commission.*



203. *The Commission directs OPTCL that Sub-LDCs at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar should be transferred to the control of SLDC immediately.*
204. *SLDC has to bear all the expenses related to Sub-LDCs w.e.f. 01.04.2009 and maintain records of such expenses under financial control of SLDC.*
205. *OPTCL is to ensure that SLDC should be headed by a Chief Load Despatcher in the rank of Director and should have three distinct Wings for Grid Operation, Commercial and Telecommunication with other support services in the pattern of Executives and staff deployed in ERLDC.*
206. *The Commission further directs that the exact number of technical and support Executives required on par with ERLDC (81 nos.) should be in place within four (4) months of this order enabling the SLDC to function as an Independent System Operator as recommended by the Girish Pradhan Committee of the MoP.*
207. *The Commission directs that SLDC should have its own website in place within a period of two months of this order.*
4. The Commission vide order dated 20.03.2010 had approved ARR of Rs.7.76 crore for FY 2010-11 in favour of SLDC to recover through System Operation Charges(SOC) & Market Operation Charges (MOC) from Generators and Sellers, DISCOMs & Buyers and from Intra-state Transmission Licensee OPTCL. The Commission while approving ARR and separate Fees & Charges for SLDC for FY 2010-11 vide Para 229 to 234 of the Order dated 20.03.2010 directed OPTCL to initiate urgent steps to revamp SLDC so as to play the role of an Independent System Operator which are reproduced for ready reference:
229. *As OPTCL has failed to appoint a Director even after lapse of one year of the Commission's Order, CMD OPTCL is hereby directed to post the existing Director (Tech.) as Director SLDC by 31st May, 2010.*
230. *The Commission directs that a separate fund styled as "SLDC Development Fund" under a separate head of account under SLDC should be established w.e.f. 01.4.2010 and the amount remained unspent as on 31.03.2010 of SLDC should be deposited in the aforesaid newly created fund.*
231. *The Commission directs that Energy Accounting & Settlement System Centre (EASSC) of SLDC should function from 01.04.2010 without fail and should prepare & issue the monthly Energy Account, weekly UI Account & weekly Reactive Energy Account to all the stakeholders.*
232. *The Commission directs that SLDC should submit Monthly Report on STOA transactions viz. No. of Applications Received, Quantum and period of STOA transactions, No. of Applications permitted for STOA, No. of Applications denied STOA with reasons thereof for information of the Commission. These information should be displayed in SLDC website for the information of all the stake-holders as well as for the information of general public.*
233. *The Commission further directs CMD, OPTCL that the exact number of Technical and Support Executives required at par with ERLDC (81 nos.) should be in place within four months of this order enabling the SLDC to function as an Independent System Operator as recommended by the Girish B. Pradhan Committee of the MoP.*
234. *The Commission directs Chief Load Despatcher, SLDC to submit quarterly performance of SLDC by end of each Quarter for Performance Review of SLDC at the Commission at the end of each Quarter during FY 2010-11.*
5. In spite of the Commission's specific directions vide Order dtd. 20.3.2009 and again vide order dtd. 20.3.2010, OPTCL did not take the following actions since last two and half years to revamp SLDC:
- Assets of SLDC and that of Sub-LDCs have not been transferred from OPTCL to the control of SLDC so far.
 - A Director has not been posted to man the post of Chief Load Despatcher, SLDC till date.
 - Against Commission's approval of the Executives and staff strength of 81 nos. at par with ERLDC, the Executive and staff strength of SLDC has been reduced from 53 nos. in FY 2009-10 to 48 nos. in FY 2011-12.



- The Energy Accounting and Settlement System Centre (EASSC) has not yet been established under SLDC to prepare and issue monthly State Energy Account (SEA), weekly UI and Reactive Energy Account which is very essential in Intra-State Open Access and Intra-State ABT regime in spite of approval of specific funding by the Commission for EASSC during last three Financial Years.
- 6. Girish B Pradhan Committee of MOP vide Recommendation-1 suggested that the State Govt. should take suitable steps to facilitate independent functioning of the State Load Despatch Centre (SLDC) in line with Electricity Act, 2003 and National Electricity Policy. The Committee further recommended that to begin with, the State Govt.'s are urged to create a separate representative board structure for governance of SLDC on the lines of wholly owned subsidiary being created for the independent system operation of RLDCs and NLDC.
- 7. Based on the above recommendation, a wholly owned subsidiary Power System Corporation of India (POSOCO) has already been created under POWERGRID for the Independent System Operation of 5 nos. RLDCs & NLDC. POSOCO has been functioning since March, 2009 headed by a CEO.
- 8. The Commission vide Lr. No. 2173 dtd. 10.10.2008 advised the Department of Energy for reorganization and restructuring of SLDC in line with recommendation of Girish B. Pradhan Committee MOP, GOI by 31.12.2008. Thereafter three reminders were sent to Secretary, Dept. of Energy on the aforesaid subject but no action was taken. The copies of OERC letters dated 10.10.2008, dated 10.12.2008, dated 27.07.2009 and dated 31.10.2009 are enclosed as Annexure-A Series for your kind reference.
- 9. The Commission under Section 86 (2) (iii) of the Act has, therefore, again issued the advice to the Dept. of Energy, GOI for reorganization and restructuring of SLDC notifying the establishment of Odisha Power System Corporation Ltd. (OPSCL) as a wholly owned subsidiary under OPTCL by 31.07.2011 positively vide OERC Lr. No. 887, dtd. 23.05.2011, a copy of the same is enclosed as Annexure B for your kind reference.
- 10. In spite of the Commission's repeated advice to the Dept. of Energy, no action has been taken since last three years either to revamp SLDC as an Independent System Operator or to establish a wholly owned subsidiary under OPTCL for independent functioning of SLDC as per Section 31 and 32 of Electricity Act, 2003.

I, therefore, want to request your personal intervention in the matter so that expeditious actions are taken for establishment of Odisha Power System Corporation Ltd. (OPSCL) as a wholly owned subsidiary under OPTCL by 31.12.2011 to allow Odisha SLDC to function as an Independent System Operator as the Commission has issued the order to implement Intra-State ABT in the State w.e.f. 1st January, 2012.

Yours sincerely,

Sd/-
(B. K. Das)

To,

Shri B. K. Patnaik, IAS
Chief Secretary to Govt. of Odisha,
Bhubaneswar.



Justice Sri M.K. Vinayagam, Chairperson of ATE, New Delhi addressing at the inaugural function of 16th Foundation Day of OERC and seminar on Technology: Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



Sri A.S. Nayak, Minister Energy, Odisha addressing at the inaugural function of 16th Foundation Day of OERC and seminar on Technology: Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



A view of State Advisory Committee Meeting



Sri B.K. Das, Chairman, OERC delivering presidential address at the inaugural function of 16th Foundation Day of OERC and seminar on Technology: Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



Sri A.S. Nayak, Minister, Energy, Odisha addressing the Closing ceremony of 16th Foundation Day of OERC and seminar on 1st-2nd August, 2011 at Hotel May Fair with Sri P.C. Ghadai, Minister, Finance, Odisha, Sri B.K. Das, Chairman, OERC, Sri J.K. Mohapatra, Principal Secretary, Finance, Odisha, Sri K.C. Badu, Member, OERC, Sri B.K. Misra, Member, OERC and Sri B.C. Jena, Chairman, CESU on the dias



Sri Naveen Patnaik, Chief Minister, Odisha inaugurating 16th Foundation Day of OERC and Seminar on Technology : Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



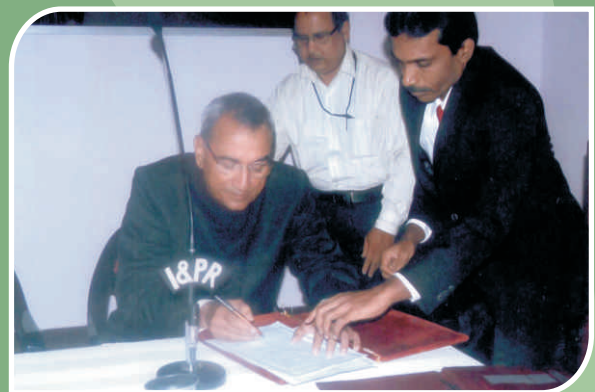
Sri S.P. Nanda with Sri Murlidhar Chandrakant Bhandare, His-Excellency, Governor of Odisha, Sri A.S. Nayak, Minister Energy, Odisha and Sri B.K. Patnaik, Chief Secretary, Odisha in his swearing in ceremony as Chairman OERC at Raj Bhawan, Bhubaneswar



OERC celebrating its 16th Foundation Day and Seminar on Technology : Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



Sri Naveen Patnaik, Chief Minister addressing at the inaugural function of 16th Foundation Day of OERC and Seminar on Technology : Enabling the Transformation of the Power Distribution on 1st-2nd August, 2011 at Hotel May Fair, Bhubaneswar



Sri S.P. Nanda signing the oath form after being administered the oath of office as Chairman, OERC at Raj Bhawan, Bhubaneswar