

**ODISHA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN  
PLOT NO. 4, CHUNOKOLI,  
SHAILASHREE VIHAR, BHUBANESWAR-751021  
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**Present : Shri U. N. Behera, Chairperson  
Shri S. K. Parhi, Member**

**CASE NOS. 70, 74, 75 & 76 of 2019**

**DATE OF HEARING : 10.02.2020 at 11.00AM (CESU),  
12.02.2020 at 10.00AM (WESCO Utility)  
07.02.2020 at 11.00AM (NESCO Utility),  
14.02.2020 10.00AM (SOUTHCO Utility)**

**DATE OF ORDER : 22.04.2020**

**IN THE MATTER OF: Applications of Distribution Utilities (CESU, NESCO Utility, WESCO Utility & SOUTHCO Utility) for approval of their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff for the FY 2020-21 under Sections 62 & 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

**AND**

**CASE NOS. 77, 78, 79 & 80 of 2019**

**DATE OF HEARING : 10.02.2020 at 11.00AM (CESU),  
12.02.2020 at 10.00AM (WESCO Utility),  
07.02.2020 at 11.00AM (NESCO Utility),  
14.02.2020 10.00AM (SOUTHCO Utility)**

**IN THE MATTER OF: Applications under Section 42 of the Electricity Act, 2003 read with Regulations 4 (1) (xiv), 2 (vii) & 3 (vi) of the OERC (Determination of Open Access Charges) Regulations, 2006 and other enabling provisions of the OERC (Terms and Conditions of Open Access) Regulations, 2005 of DISCOMs namely CESU, NESCO, WESCO & SOUTHCO for approval of wheeling charges, surcharges and additional surcharges for FY 2020-21.**

**ORDER**

The Distribution Utilities in Odisha namely NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU are carrying out the business of distribution and retail

supply of electricity in their licensed areas as detailed below:

**Table – 1**

<b>Sl. No.</b>	<b>Name of DISCOMS</b>	<b>Licensed Areas (Districts)</b>	<b>% age area of the State</b>
1.	NESCO Utility	Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur.	18.0
2.	WESCO Utility	Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda.	32.3
3.	SOUTHCO Utility	Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri.	30.8
4.	CESU	Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur.	18.9
<b>Odisha Total</b>			<b>100.0</b>

The Commission initiated proceedings on the filing of Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Applications (RST) for FY 2020-21 of these Distribution Utilities under relevant provisions of the Electricity Act, 2003. By this common Order, the Commission considers aforesaid Aggregate Revenue Requirement (ARR), Wheeling Tariff and RST applications of the above mentioned Distribution Utilities and other related tariff matters.

**PROCEDURAL HISTORY (PARA 2 TO 18)**

2. The Commission vide order dated 04.03.2015 in Suo Motu proceeding Case No. 55/2013 have revoked the licenses granted to NESCO, WESCO & SOUTHCO u/Sec. 19 of the Electricity Act, 2003 due to failure in meeting license requirements and have appointed the CMD, GRIDCO Limited as the Administrator under Section 20 (d) of the said Act, 2003 and vests the management and control of NESCO, WESCO & SOUTHCO Utilities along with their assets, interests and rights with the Chairman-cum-Managing Director, GRIDCO Limited in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern Zone in the interest of consumers. Presently another DISCOM CESU is being managed through a Scheme as per Section 22 (1) of the Electricity Act, 2003 due to exit of AES.
3. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 the Distribution Utilities i.e. NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU have filed their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Application (RST) for FY 2020-21 on or before 30<sup>th</sup> November, 2019.

4. The said Aggregate Revenue Requirement (ARR), Wheeling Tariff & Retail Supply Tariff applications were duly scrutinized and registered as Case Nos.70/2019 (CESU), 74/2019 (WESCO Utility), 75//2019 (NESCO Utility), and 76/2019 (SOUTHCO Utility) respectively.
5. As per the direction of the Commission, applicants have published the Aggregate Revenue Requirement (ARR), Wheeling & RST tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspaper in their area of supply in order to invite objections/suggestions from the general public and also posted in the Commission's website [www.orierc.org](http://www.orierc.org) including the website of the Distribution Utilities respectively. *As the proceedings were held in the supply area of the utilities, the Commission had also directed the applicants to make further publications of Public Notice mentioning date, time and the place of hearing to facilitate the consumers of those who have not submit their views earlier for spot registration at the hearing venue and to participate in the tariff proceedings of the distribution utilities for FY 2020-21.* The Commission had also directed the applicants to file their respective rejoinder to the objections filed by the all the objectors.
6. In response to the said public notices, the Commission received objections/ suggestions from the following persons/ associations/ institutions/ organizations as mentioned below against each of the respective distribution licensees:

**On CESU's application:**

7. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha,, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (3) Shri Santosh Kumar agarwal,A/17, Ashok Nagar, Market Building, Bhubaneswar-751009, (4) Principal Chief Electrical Engineer, East Coast Railway Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (5) M/s. Utkal Chamber of Commerce & Industry Ltd., N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (6) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13,(7) M/s. Grinity Power Tech Pvt. Ltd., At-K-8/82,Kalinga Nagar, Ghatikia, Bhubaneswar-751029, (8) M/s. ATC Telecom Infrastructure (P) Ltd., 4<sup>th</sup> Floor, Module-A, Fortune Tower, Chandrasekharpur, Bhubaneswar-23, (9) Shri Prabhakar Dora, Advocate, Vidya

Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001,(10) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel). (11) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 (Consumer Counsel).

All the above named objectors had filed their objections/suggestions and out of the above the following objector Nos. 7, 9, 10 and both the Consumer Counsels namely Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

**On NESCO Utility's application: -**

8. (1) M/s. Ferro Alloys Corporation Limited, GD-02/10, Chandrasekharpur, Bhubaneswar-751023, (2) Er.(Dr) Prasanta Kumar Pradhan, Duplex-244, Monorama Estate, Rasulgarh, Bhubaneswar-751010 (3) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(5) Principal Chief Electrical Engineer, East Coast Railway Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (6) M/s. Balasore Alloys Limited, Balgopalpur, Balasore-756020, (7) M/s. Utkal Chamber of Commerce & Industry Ltd.,N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (8) M/s. Grinity Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751029, (9) M/s. Tata Steel Ltd., Kalinga Nagar Industrial Complex, Duburi, JK Road, Dist.-Jajpur-755026, (10) M/s. North Odisha Chamber of Commerce and Industry (NOCCI), Ganeswarapur Industrial Estate, Januganj, Balasore-756019, (11) M/s. ATC Telcom Infrastructure(P) Ltd., 4<sup>th</sup> Floor, Module-A, Fortune Tower, Chandrasekharpur, Bhubaneswar-23, (12) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (13) M/s. Orissa Consumer Association, Balasore Chapter (Consumer Counsel), At/Po- Rudhunga, Via/Ps-Simulia, Dist-Balasore-756126, (14) Secretary, PRAYAS, Energy Group (Consumer Counsel), Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India, (15) Secretary, PRAYAS, Energy

Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (16) Shri Ramakanta Rout, Bhogarai, Balasore, At/Po-Rudhunga, Via/Ps-Simulia, Dist- Balasore and (17) M/s. Rohit Ferro Tech, Balasore.

All the above named objectors had filed their objections/suggestions and out of the above Objectors, Objector Nos. 4, 5, 13 & both the Consumer Council- PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India and the representative of Government of Odisha, Department of Energy, Bhubaneswar were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Council, Balasore Chapter and those who were present during hearing.

**On WESCO Utility's application: -**

9. (1) Er.(Dr) Prasanta Kumar Pradhan, Duplex-244, Monorama Estate, Rasulgarh, Bhubaneswar-751010, (2) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (3) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(4) Principal Chief Electrical Engineer, East Coast Railway Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (5) M/s. Utkal Chamber of Commerce & Industry Ltd.,N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (6) M/s. D. D. Iron & Steel (P) Limited, H-4/5, Civil Township, Rourkela-769004, Dist- Sundargarh, (7) M/s. Shri Jagannath Alloys Private Ltd., At-Plot No.QQQ-14, Civil Township, Rourkela, Sundargarh-769004, (8) M/s. Ritika Ispat Private Ltd., Plot No.490, Balanda, Kalunga, Sundargarh-770031,(9) M/s. Shri Radha Krishna Ispat(P) Ltd., Plot No.19, Goi Bhangra, Kalunga, Sundargarh-770031, (10) M/s. Top Tech Steels(P) Ltd., Regd. Office at Hatibari Road, Kuamunda, Vedvyas, Rourkela-770039, (11) M/s. Subh Ispat Private Ltd., At-Jiabahal,Kalunga, Sundargarh-770031, (12) M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist-Sundargarh, (13) M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031,(14) M/s. Grinity Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751029,(15) M/s. Dalmia Cement(Bharat) Ltd., At/P.O: Rajgangpur, Sundargarh-770017, (16) M/s. ATC Telcom Infrastructure(P) Ltd., 4<sup>th</sup> Floor, Module-A, Fortune Tower, Chandrasekharpur, Bhubaneswar-23, (17) Shri Prabhakar Dora, Advocate,

Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001,(18) Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003 (Consumer Counsel), (19) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012(Consumer Counsel), (20) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (21) Shri Vinay Goyal, M/s. Scan Steels Ltd.

All the above named objectors had filed their objections/suggestions and out of the above Objectors, Objector Nos.3,4,5,14, 20,21& 23 and the Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003, Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsels and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

**On SOUTHCO Utility's application:**

10. (1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (2) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (3) Principal Chief Electrical Engineer, East Coast Railway Rail Sadan, Chandrasekharpur, Bhubaneswar-751017, (4) All India Weavers Welfare and Charitable Trust, Om Sai Marga, Manik Nagar-5,P.O: Hinjilikatu, Ganjam-761102,(5) M/s. Utkal Chamber of Commerce & Industry Ltd.,N-6, IRC Village, Nayapalli, Bhubaneswar-751015,(6) M/s. Grinity Power Tech Pvt. Ltd., At-K-8/82,Kalinga Nagar, Ghatikia, Bhubaneswar-751029, (7) M/s. ATC Telcom Infrastructure(P) Ltd., 4<sup>th</sup> Floor, Module-A, Fortune Tower, Chandrasekharpur, Bhubaneswar-23, (8) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (9) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati-761200(Consumer Counsel), (10) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India(Consumer Counsel ). *As the proceeding was held at Sandhya Functional Hall, Jeypore, Koraput in the supply area of the utility, the*

*Commission had also directed the applicants to made further publications of Public Notice mentioning date, time and the place of hearing to facilitate the consumers of those who have not submit their views earlier for spot registration at the hearing venue and to participate in the tariff proceedings of the distribution utilities for FY 2020-21. Accordingly, the following persons/ organizations had registered their names on the date of hearing and participate in the proceedings on that date and time*

(1) Shri Prasanta Kumar Bishoyi, Senior Journalist, Jeypore Vikash Manch, Jeypore, Koraput, (2) Shri Bijay Kumar Jenadeo, (3) Dr. Indira Nanda, the representative of Biju Janata Dal, Jeypore, Koraput, (4) Shri Hara Prasad Mishra, (5) Shri Saroj Kumar Das, (6) Shri V.Prabhakar, Secretary Jeypore Chamber of Commerce, (7) Shri Bhikari Charan Behera, (8) Shri Rabindranath Sahu, (9) Shri Akshaya Kumar Sahu, (11) Shri Mahendra Adhikari, (12) Madhumita Adhikari, (13) Shri Madhaba Chandra Mahakud, (14) Shri Siva Sai, (15) Shri Srinivas, (16) Sarita Mishra, (17) Padman Harijan, (18) Shri Pramod Kumar Majhi, (19) Shri Ashutosh Santrapatra, (20) Shri Susanta Kumar Patnaik, (21) Tapaswini Pattanaik, (21) Shri A. Srinibas Rao, (22) Shri Rajendra Gouda, (23) Shri Bishnu Patra, (24) Shri Sahadev Nayak, (25) Shri Rama Nath Mishra, (26) Shri Sashidhar Patnaik, (27) Shri Bijoy Kumar Rao, (28) Shri Ramesh Chandra Nayak, (29) B. Tulasi, President, P.R. Peta, (30) Shri Debasis Hota, (31) Shri Bikram Biswas ray, (32) Shri Santa Kumar Parhi, (33) Shri K. L. Bhat, (34) Sripati Gantayat, (35) Shri Pramod Kumar majhi, (36) Shri Munna Bagh, (37) Shri Gouri Charan das, (38) Shri Santosh kumar Pati, (39) Shri Santosh kumar mahakuda, (40) Shri Simanchal Bisoi, (41)Shri Akshya ku. Patra, (42) Shri santosh Kumar Nayak, (43)Muna Khora, (44) Nalin Patra, (45) Arati Patnaik, (46) Manoj Patnaik, (47) A.Sunil Rao, (48) Manoj KumarSeth, (49) Binit Raj Satman, (50) P.Khora, (51) Lucky Saida, (52) Rasa Padhi, (53) Raj Kumar sahu, (54) P. Shiva Prasad,(SP), Koraput, (55) Padmashree Reddy,(56) Sarita Mishra, (57) Tapaswini Patnaik, (58) G. Bharati, (59) Meenakshi Nayak, (60) Babita Dash and (61) Saroj Kumar Dash, (62) Shri Akshya Kumar Sahu, President of AIWWACT and others .

All the above named objectors were filed their objections/suggestions and both the Consumer Councils were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors those have filed their objections and also those have registered their names on the spot at Sandhya Functional Hall, Jeypore, Koraput on

14.02.2020 along with WISE, the Consumer Council appointed by the Commission for tariff proceedings.

**Table – 2**

<b>Sl. No.</b>	<b>Name of the Organisations/persons with address</b>	<b>Name of the Distribution Utility from where the Consumer Counsel to represent</b>
1	Orissa Consumers' Association, Balasore Chapter, Balasore	NESCO Utility
2	Sambalpur District Consumers' Federation, Balaji Mandir Bhavan, Khetrampur, Sambalpur	WESCO Utility
3	Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela	WESCO Utility
4	Grahak Panchayat, Friends Colony, Parlakhemundi, Dist : Gajapati	SOUTHCO Utility
5	Secretary, Confederation of Citizen Association, 12/A, Forest Park, BBSR-9.	CESU
6	The Secretary, PRAYAS Energy Group, Pune	CESU, NESCO Utility, WESCO Utility, SOUTHCO Utility

11. The dates for hearing were fixed and it was duly notified in the leading English and Odia daily newspaper mentioning the date, place and time of hearing along with the names of the objectors. The Commission issued notice to the Government of Odisha represented by the Department of Energy to send their authorized representative to take part in the hearing of the ensuing tariff proceedings. *As the proceedings were held in the supply area of the utilities, the Commission had also directed the applicants to make further publications of Public Notice mentioning date, time and the place of hearing to facilitate the consumers of those who have not submit their views earlier for spot registration at the hearing venue and to participate in the tariff proceedings of the distribution utilities for FY 2020-21.*

12. In its consultative process, the Commission conducted public hearings in its Premises at Plot No.4, Chunokoli, Shailashree Vihar, Chandrasekharapur, Bhubaneswar-21 for CESU, on 10.02.2020 at 11.00AM, on 07.02. 2020 at 11.00AM for NESCO Utility at DRDA Conference Hall, Fandi Chhak, Balasore, on 12.02.2020 at 10.00AM for WESCO Utility at MCL Auditorium, Jagruti Vihar, Burla and on 14.02.2020 at 10.00AM for SOUTHCO Utility at Sandhya Functional Hall, Jeypore, Koraput. The Commission during hearing heard the Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and the persons/institutions/ organizations who had filed their written views and participated in the hearing, the Objectors present during hearing and the representative of the DoE, Government of Odisha at length. Parties

were directed to file their written note of submission within seven days.

13. Distribution Utilities of Odisha had filed their application for wheeling charges, surcharges and additional surcharges for financial year 2020-21 under Section 42 of the Electricity Act, 2003 read with Regulations 4(1)(xiv), 4(2) (vii) & 4(3)(vi) of the OERC (Determination of Open Access Charges) Regulation 2006 and OERC (Terms and Conditions of Open Access) Regulation 2005 which were registered as Case Nos. 77, 78, 79 & 80/2019. The Commission had directed the DISCOMs to publish the Public Notice regarding their application in widely circulated Odia and English newspaper inviting views/ suggestion of the public. The Commission had also posted a copy of their applications in its website. The following persons have filed their views / objections in response to such public notice.
14. Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, Er.(Dr) Prasanta Kumar Pradhan, Duplex-244, Monorama Estate, Rasulgarh, Bhubaneswar-751010, M/s. Indian Energy Exchange Ltd., 4<sup>th</sup> Floor, TDI Centre, Plot No.-7, Jasola District Centre, New Delhi-110025, M/s. Confederation of Captive Power Plant, N-3-160, IRC Village, Nayapalli, Bhubaneswar-15, M/s. Visa Steel Ltd., Kalinga Nagar Industrial Complex, At/P.O: Jakhapura-755026, M/s. Vedanta Ltd., 1<sup>st</sup> Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar-23. The said filings are also taken on record and duly considered by the Commission.
15. The Commission taken up Case Nos. 77, 78, 79 & 80 /2019 together with the applications of the Distribution Utilities for determination of ARR, Wheeling Tariff & Retail Supply Tariff for FY 2020-21 for analogues hearing as the matter is inter related to fixation of tariff of the utilities and posted the matters for hearing in the Hearing Hall of its premises at Bhubaneswar on 10.02.2020 at 11.00AM for CESU at Plot No.4, Chunokoli, Shailashree Vihar, Chandrasekharpur, Bhubaneswar-21, on 07.02.2020 at 11.00AM for NESCO Utility at DRDA Conference Hall, Fandi Chhak, Balasore, on 12.02.2020 at 10.00AM for WESCO Utility at MCL Auditorium, Jagruti Vihar, Burla and on 14.02.2020 at 10.00AM for SOUTHCO Utility at Sandhya Functional Hall, Jeypore, Koraput with due notice to the applicants and the objectors.
16. During hearing on Open Access Charges the following persons were present on behalf of applicants and the objectors:

The representatives of CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility, OPTCL, Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, Er.(Dr) Prasanta Kumar Pradhan, Duplex-244, Monorama Estate, Rasulgarh, Bhubaneswar-751010, M/s. Indian Energy Exchange Ltd., 4<sup>th</sup> Floor, TDI Centre, Plot No.-7, Jasola District Centre, New Delhi-110025, M/s. Confederation of Captive Power Plant, N-3-160, IRC Village, Nayapalli, Bhubaneswar-15, M/s. Visa Steel Ltd., Kalinga Nagar Industrial Complex, At/P.O: Jakhapura-755026, M/s. Ms. Vedant Ltd., 1<sup>st</sup> Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar-23. The filings made by the parties were taken on record and also considered by the Commission.

17. The Commission heard the applicants, objectors and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.
18. The Commission convened the State Advisory Committee (SAC) meeting on 26.02.2020 at 10.30 AM at its premises to discuss about the Aggregate Revenue Requirement, Wheeling Tariff and Retail Supply Tariff application proposals of the Distribution Utilities. The Members of SAC, Special Invitees, the Representative of DoE, Government of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

### **ARR & RETAIL SUPPLY TARIFF PROPOSAL FOR 2020-21(PARA 19 TO 55)**

#### **Energy Sales and Purchase**

19. A statement of Energy Purchase and Sales by the DISCOM utilities from FY 2018-19 to 2020-21 as submitted by the DISCOMs of Odisha namely Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Ltd.(NESCO), Western Electricity Supply Company of Odisha Ltd. (WESCO) and Southern Electricity Supply Company of Odisha Ltd. (SOUTHCO) are given below:

**Table - 3  
Energy Sales and Purchase**

		<b>EHT</b>	<b>HT</b>	<b>LT</b>	<b>TOTAL</b>
<b>CESU</b>	Actual Sales during 2018-19	1,245.70	1,394.92	3,670.30	6,310.92
	Approved Sales for FY 2019-20	1,171.12	1,529.83	4,798.85	7,499.80
	Estimated Sales for FY 2019-20	974.59	1,462.02	4,221.56	6,658.17
	Proposed Sales for FY 2020-21	937.83	1,559.96	4,713.66	7,211.45
	Proposed rise over FY 2019-20	-3.77%	6.70%	11.66%	8.31%

		<b>EHT</b>	<b>HT</b>	<b>LT</b>	<b>TOTAL</b>
<b>NESCO Utility</b>	Actual Sales during 2018-19	2,179.03	431.34	1,920.55	4,530.92
	Approved Sales for FY 2019-20	2,134.36	428.35	2,589.41	5,152.12
	Estimated Sales for FY 2019-20	2,121.77	436.27	2,369.44	4,927.48
	Proposed Sales for FY 2020-21	2,191.44	439.28	2,714.85	5,345.57
	Proposed rise over FY 2019-20	3.28%	0.69%	14.58%	8.48%
<b>WESCO Utility</b>	Actual Sales during 2018-19	1,556.92	1,808.75	2,606.64	5,972.31
	Approved Sales for FY 2019-20	1,300.00	1,756.31	3,174.69	6,231.00
	Estimated Sales for FY 2019-20	1,400.00	1,756.00	2,804.00	5,960.00
	Proposed Sales for FY 2020-21	1,360.00	1,800.00	3,140.00	6,300.00
	Proposed rise over FY 2019-20	-2.86%	2.51%	11.98%	5.70%
<b>SOUTH CO Utility</b>	Actual Sales during 2018-19	456.116	327.644	1772.12	2555.88
	Approved Sales for FY 2019-20	406.25	312.62	2290.93	3009.8
	Estimated Sales for FY 2019-20	459	318.501	1997.66	2775.16
	Proposed Sales for FY 2020-21	463.888	333.383	2240.43	3037.7
	Proposed rise over FY 2019-20	1.06%	4.67%	12.15%	9.46%
<b>TOTAL</b>	Actual Sales during 2018-19	5,437.77	3,962.65	9,969.61	19,370.03
	Approved Sales for FY 2019-20	5,011.73	4,027.11	12,853.88	21,892.72
	Estimated Sales for FY 2019-20	4,955.36	3,972.79	11,392.66	20,320.81
	Proposed Sales for FY 2020-21	4,953.16	4,132.62	12,808.94	21,894.72
	Proposed rise over FY 2019-20	-0.04%	4.02%	12.43%	7.75%
<b>PURCH ASE</b>	Actual Purchase 2018-19				25,669.75
	Estimated purchase 2019-20				26,847.18
	Proposed Purchase 2020-21				28,167.37

#### Sales analysis for FY 2020-21

20. For projecting the energy sale to different consumer categories, the Licensee had analysed the past trends of consumption pattern for last seventeen years i.e. FY 2001-2002 to FY 2018-19. In addition, the Licensee has relied on the audited accounts for FY 2018-19 and actual sales data for the first six months of FY 2019-20. With this, the four distribution utilities have forecasted their sales figures for the year 2020-21 as detailed below with reasons for sales growth.

**Table - 4**  
**Sales Forecast**

Licensee/ Utility	LT Sales for 2020-21 (Est.)		HT Sales for 2020-21 (Est.)		EHT Sales for 2020-21 (Est.)		Total Sales 2020-21 (Est.) MU
	(MU)	% Rise over FY 19-20	(MU)	% Rise over FY 19-20	(MU)	% Rise over FY 19-20	
<b>CESU</b>	4713.66	11.66	1559.96	6.70	937.83	- 3.77	7211.45
Remarks	Substantial increase in kutir jyoti, domestic and irrigation consumption		Substantial increase in domestic bulk, Irrigation and Allied Agriculture and agro-industrial activity.		Decrease mainly in heavy industry and energy supply to CPP. Also include energy demand by railway traction (372.45 MU)		
<b>NESCO UTILITY</b>	2714.849	14.57%	439.281	0.69%	2191.439	3.28%	<b>5345.569</b>

Licensee/ Utility	LT Sales for 2020-21 (Est.)		HT Sales for 2020-21 (Est.)		EHT Sales for 2020-21 (Est.)		Total Sales 2020-21 (Est.) MU
	(MU)	% Rise over FY 19-20	(MU)	% Rise over FY 19-20	(MU)	% Rise over FY 19-20	
Remarks	Increase in demand is due to electrification under DDUGJY, RGGVY, BSVY & BGJY and growth in domestic category consumers		Due to recession in steel and mining there is no increase in load. Further consumption from one HT consumer has been reduced drastically due to raw material problem and is about to close. HT sales projection is kept at par with 2019-20 HT sales due to some upcoming industries and increasing trend of other category of consumer		Even though there is industry growth and upcoming industries, utility has taken conservative approach as Industries suffering from raw Material crisis and disconnection. This also includes railway traction demand – 413.323 MU		
<b>WESCO UTILITY</b>	3140.00	11.98%	1800.00	2.5%	1360	- 2.85%	<b>6300.00</b>
Remarks	Impact of electrification of new villages under DDUGJY & SAUBHAGYA, growth in domestic category and irrigation consumption		HT Industries who regularly opted to draw power under Open Access in the past has preferred WESCO power due to high prices in IEX.		Reduction in EHT sales because industries are setting their own CPP and purchasing through open access. EHT sales forecast also includes 354.00 MU for railway traction		
<b>SOUTHCO UTILITY</b>	2240.426	12.15%	333.383	4.67%	463.888	1.06%	<b>3037.697</b>
Remarks	Impact of electrification of new villages under RGGVY, BSVY, BGJY & SAUBHAGYA Schemes. Around 23000 nos of BPL & 176000 nos of APL to be added by March 2020.		Nominal addition in consumption considered due drawl of power by TATA STEEL GOPALPUR Project.		Marginal increase as there is neither any proposal of enhancement of load from existing consumers nor any new industry is materialised. The consumption growth during 2018-19 was higher due to increased consumption by M/S Grasim Industries at Ganjam due to non-availability of power from open access sources. Consumption may decrease if EHT consumer draws power from open access.		

## Rise of BPL Consumers in the State

21. During the past years Odisha has seen a substantial rise in BPL consumers which in turn is affecting the revenue of DISCOMs as submitted by them while filing their ARR for FY 2020-21. The trend observed during last year is as given bellow:

**Table - 5**  
**Trend of BPL Consumer and their consumption pattern**

Year	CESU			NESCO			WESCO			SOUTHCO		
	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)
2011-12 (Actual)	42,483	18.58	36.45	1,07,593	18.05	13.98	68,418	37.86	46.12	65,104	40.38	51.69
2012-13 (Actual)	1,01,041	45.88	37.84	1,69,264	38.94	19.17	1,43,740	53.78	31.18	1,50,767	99.34	54.91
2013-14 (Actual)	1,64,864	53.19	26.89	1,69,264	124.31	61.2	2,10,608	62.3	24.65	2,63,345	136.65	43.24
2014-15 (Actual)	1,52,862	62.14	33.88	2,15,528	106.91	41.34	3,18,026	128.45	33.66	3,07,803	186	50.32
2015-16 (Actual)	175671	60.81	28.85	2,09,651	85.07	33.81	2,87,211	143.21	41.55	3,69,028	228	51.46
2016-17 (Actual)	1,80,309	6236	28.91	1,79,336	77.68	36.1	1,73,966	66	32.03	4,04,454	208	43.05
2017-18 (Actual)	152918	48.09	29.81	158,571	48.592	25.54	189,853	59.808	26.25	363,322	140.58	32.24
2018-19 (Actual)	1,15,978	53.41	38.38	1,47,423	46.02	26.01	2,55,369	62.53	20.41	3,26,639	151	38.52
2019-20 (Estimated)	1,03,782	58.39	46.89	1,43,215	48.78	28.38	2,41,157	80	27.64	3,99,506	169	35.25
2020-21 (Projected)	2,04,419	67.15	27.37	1,46,644	48.55	27.59	4,00,478	140	29.13	4,40,162	199	37.68

## Losses

22. The Distribution Loss, Collection Efficiency and AT&C Loss as fixed by OERC and actual attained by the licensees by the four DISCOM Utilities since FY 2013-14 onwards along with their proposal for the ensuing year are given hereunder

**Table - 6**  
**Loss Statement of the DISCOMs (in %)**

	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Approved)	2019-20 (Estd. by the Licensees)	2020-21 (Proposed by the Licensees)
<b>DISTRIBUTION LOSS (%)</b>									
CESU	34.63%	33.90%	33.42%	32.57%	31.72%	28.15%	23.00%	25.99%	24.49%
NESCO	33.84%	31.10%	26.73%	23.50%	22.28%	18.74%	18.35%	18.70%	18.60%
WESCO	36.68%	35.46%	33.76%	31.22%	25.81%	21.32%	19.60%	23.10%	21.25%
SOUTHCO	40.99%	39.00%	36.70%	34.59%	32.70%	29.76%	25.50%	25.50%	25.00%
<b>ALL ODISHA</b>	<b>35.88%</b>	<b>34.46%</b>	<b>32.51%</b>	<b>39.39%</b>	<b>28.03%</b>	<b>24.25%</b>	<b>21.36%</b>		
<b>COLLECTION EFFICIENCY (%)</b>									
CESU	92.56%	94.30%	94.26%	96.56%	96.60%	96.75%	99.00%	99.00%	99.00%
NESCO	96.85%	96.96%	95.72%	96.25%	93.38%	94.10%	99.00%	96.00%	97.00%
WESCO	93.75%	95.37%	93.45%	88.00%	87.87%	86.87%	99.00%	94.00%	96.00%

SOUTHCO	90.85%	90.75%	88.60%	89.90%	91.44%	86.95%	99.00%	91.00%	96.00%
<b>ALL ODISHA</b>	<b>94.02%</b>	<b>94.02%</b>	<b>93.80%</b>	<b>92.91%</b>	<b>93.15%</b>	<b>91.67%</b>	<b>99.00%</b>		
<b>AT &amp; C LOSS (%)</b>									
CESU	39.50%	37.67%	37.25%	34.89%	34.04%	30.49%	23.77%	26.73%	25.25%
NESCO	35.93%	33.19%	29.87%	26.37%	27.43%	23.53%	19.17%	21.95%	21.04%
WESCO	40.64%	38.45%	38.10%	39.38%	34.80%	31.64%	20.40%	27.71%	24.40%
SOUTHCO	46.39%	44.64%	43.92%	41.20%	38.46%	38.93%	20.40%	32.20%	28.00%
<b>ALL ODISHA</b>	<b>36.52%</b>	<b>38.38%</b>	<b>36.70%</b>	<b>35.33%</b>	<b>32.96%</b>	<b>30.57%</b>	<b>22.15%</b>		

### Revenue Gap Proposed by the DISCOMs

23. The Revenue requirement trend in Odisha DISCOMs as observed since FY2018-19is as given bellow:

**Table - 7**  
**Possible Revenue Requirement**

		<b>EHT</b>	<b>HT</b>	<b>LT</b>	<b>TOTAL</b>
<b>CESU</b>	Actual revenue during 2018-19	788.52	1066.95	1440.64	3296.11
	Approved revenue for FY 2019-20	681.57	893.98	2023.19	3598.74
	Estimated revenue for FY 2019-20	605.44	890.38	1893.56	3389.38
	Proposed revenue for FY 2020-21	589.55	936.58	2069.36	3595.48
	Proposed ARR for FY 2020-21				4,313.92
	Proposed gap during FY 2020-21				718.44
<b>NESCO</b>	Actual revenue during 2018-19	1293.23	258.07	740.45	2291.76
	Approved revenue for FY 2019-20	1227.93	246.19	1029.78	2503.90
	Estimated revenue for FY 2019-20	1248.17	256.83	948.24	2453.25
	Proposed revenue for FY 2020-21	1275.50	259.54	1088.13	2623.17
	Proposed ARR for FY 2020-21				2860.45
	Proposed gap during FY 2020-21				237.27
<b>WESCO</b>	Actual revenue during 2018-19	1089.98	1043.19	905.36	3038.53
	Approved revenue for FY 2019-20	748.63	1011.35	1260.70	3020.68
	Estimated revenue for FY 2019-20	903.36	989.11	1168.74	3061.20
	Proposed revenue for FY 2020-21	883.82	1014.08	1251.08	3148.97
	Proposed ARR for FY 2020-21				3326.83
	Proposed gap during FY 2020-21				177.86
<b>SOUTHCO</b>	Actual revenue during 2018-19	211.48	108.71	862.95	1183.14
	Approved revenue for FY 2019-20	234.67	181.69	907.72	1324.08
	Estimated revenue for FY 2019-20	267.87	210.64	817.91	1296.42
	Proposed revenue for FY 2020-21	274.09	221.24	896.57	1391.90
	Proposed ARR for FY 2020-21				1539.59
	Proposed gap during FY 2020-21				147.69
<b>TOTAL</b>	Actual revenue during 2018-19	3383.21	2476.92	3949.40	9809.53
	Approved revenue for FY 2019-20	2892.8	2333.21	5221.39	10447.4
	Estimated revenue for FY 2019-20	3024.85	2346.96	4828.45	10200.25
	Proposed revenue for FY 2020-21	3022.95	2431.43	5305.14	10759.53
	Proposed ARR for FY 2020-21				12040.89
	Proposed gap during FY 2020-21				1281.26

24. **Proposed Inputs in Revenue Requirement for FY 2020-21**

i) **Power Purchase Expenses**

The Licensees have proposed the power purchase costs based on their current BSP, transmission charges and SLDC charges. They have also projected their SMD considering the actual SMD during FY 2019-20 and additional coming in the FY 2020-21 which is as shown in table given below.

**Table - 8**  
**Proposed SMD and Power Purchase Cost for FY 2020-21**

DISCOMs	Est. Power Purchase in (MU)	Estimated Sales (MU)	Distribution Loss (%)	Current BSP (P/U)	Estimated Power Purchase Cost (Rs in Cr.) (Including Transmission and SLDC Charges)	SMD proposed (MVA)
CESU	9550.33	7211.45	24.49%	286.02	2731.54	1957
NESCO Utility	6567.039	5345.569	18.60%	298	2122.13	1150
WESCO Utility	8000.00	6300.00	21.25%	304	2629.52	1400
SOUTHCO Utility	4050.00	3037.697	25.00%	186	786.61	690

ii) **Employees Expenses**

CESU, NESCO, WESCO and SOUTHCO have projected the employee expenses of Rs 915.40 Cr, Rs 392.51 Cr, Rs 432.27 Cr and Rs 398.68 Cr respectively for FY 2020-21. Out of these proposed employee expenses, Rs 402.98 Cr, Rs. 153.81 Cr, Rs 155.74 Cr and Rs 144.66 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2020-21. The above cost has been projected considering the effect of 60 % of 7th Pay commission which is due from 1st January 2016 for Executives and from 1st Apr-2015 for Non-Executives. To arrive at the basic salary for the FY 2020-21, 3% increment over existing basic for the FY 2019-20 has been considered. Similarly, DA has been considered as 17% increment over FY 2019-20 by considering 5% increase from 1st Jan-20 and 1st July-20 respectively. CESU has considered the basic pay on the basis of 3% hike from the Last Year (FY 2019-20) basic pay. Similarly, DA, HRA & MA has been considered @ 22%, 20% & 5% respectively. Also, CESU has considered arrear salary of Rs 135 Cr, considering balance 60% of 7th Pay arrear for regular employees (Rs.84.90 Crore) and balance differential gratuity, differential commutated pension & differential unutilized leave of the retired employees (Rs.50.10 Crores).

iii) **Administrative and General Expenses**

CESU, NESCO, WESCO and SOUTHCO have estimated the A&G expenses of Rs 283.15 Cr, Rs 50.10 Cr, Rs 88.75 Cr and Rs 85.22 Cr respectively based on actual expenses till September 2019. The 7% increase is taken on account of inflation and increase in the growth of consumer and exponential growth of customer service activity on the normal A&G expenses. Apart from this, all the licensees have proposed additional A&G expenses for some of the activities as customer care / call centre, energy audit, IT related expenses / expenditure on SCADA & STPI, compensation for accidents, rooftop solar, DSM & PAT cycle activities etc. CESU has proposed to include distribution franchisees sharing under BOT model. As Franchisees are operating in 10 divisions of CESU Area, so a huge amount of Rs. 157.34 cr. is to be incurred by CESU towards Franchisees expenses for the FY 2020-21. Additional A&G expenses projected by licensees are CESU - Rs. 179.15 Cr., NESCO Utility – Rs. 8.29 Cr., WESCO Utility – Rs. 22.44 Cr., SOUTHCO Utility – Rs. 55.41 Cr.

iv) **Repair and Maintenance (R&M) expenses**

All the DISCOMs have calculated R&M expenses as 5.4% of GFA including the RGGVY, BGJY assets and future assets to be created under SAUBHAGYA scheme at the beginning of the year. With regard to the R&M of the assets created through funding of the RGGVY and BGJY schemes, Commission in Para 350 the RST order for FY 2019-20 had allowed an additional sum of Rs. 5.00 Cr to each of the DISCOMs on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. Licensees have also prayed to allow the R&M on the RGGVY & BGJY assets so that they can maintain the assets. The details of proposal under R&M expenses for ensuing financial year FY 2020-21 are given below:

**Table - 9**  
**R&M Costs (Rs in Cr)**

<b>DISCOMs</b>	<b>GFA as at 1<sup>st</sup> April of Ensuing FY2020-21 (Rs. Crore)</b>	<b>R&amp;M (5.4% of GFA) (Rs. Crore)</b>	<b>Additional R&amp;M Requested for RGGVY and BGJY assets</b>	<b>Total R&amp;M Requested (Rs. Crore)</b>
CESU	2467.14	133.23	10.00	143.23
NESCO	2573.30	138.96	--*	138.96
WESCO	1886.25	101.86	--*	101.86
SOUTHCO	1210.28	66.38	18.63	85.01

(R&M for RGGVY and BGJY assets is included in R&M (5.4% of GFA))

v) **Provision for Bad and Doubtful Debts**

CESU has considered 1% each of LT and HT billing of FY 2020-21 as provision against bad and doubtful debts. While NESCO, WESCO and SOUTHCO stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection in efficiency, therefore they have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2020-21. NESCO, WESCO and SOUTHCO has requested the Commission to consider the mentioned amounts to enable the petitioner to recover its entire costs after duly considering the performance levels.

**Table - 10**  
**Provision for Bad and Doubtful Debt**

<b>DISCOMS</b>	<b>Collection Efficiency (%)</b>	<b>Proposed Bad Debts (Rs in Cr.)</b>
<b>CESU</b>	99%	30.06
<b>NESCO Utility</b>	97%	39.35
<b>WESCO Utility</b>	96%	83.97
<b>SOUTHCO Utility</b>	96%	27.84

vi) **Depreciation**

All the DISCOMs except CESU, have adopted straight-line method for computation of depreciation at pre-92 rate. CESU has considered the rate of depreciation as per Companies Act. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2020-21 is projected at Rs 138.26 Cr for CESU, Rs 92.82 Cr for NESCO Utility, Rs 67.77 Cr for WESCO Utility and Rs 39.60 Cr for SOUTHCO Utility.

vii) **Interest Expenses including Interest on Security Deposit**

CESU, NESCO Utility, WESCO Utility & SOUTHCO Utility have submitted the interest expenses and the interest income for the FY 2020-21. The net total interest expenses proposed by these licensees are Rs 101.68 Cr, Rs 83.23 Cr, Rs 89.13 Cr and Rs 55.19 Cr respectively. The major components of the interest expenses of these licensees are as follows:

viii) **GRIDCO Loan**

The Commission in its Order dated 29.03.2012 and 30.03.2012 resolved the dispute on the Power Bond and the amount arrived after the settlement adjustments issued as New Loan to three DISCOMs. SOUTHCO Utility and

WESCO Utility do not have any outstanding payable to GRIDCO towards New Loan with regard to NTPC power bond while NESCO Utility has liability of Rs. 48.91 Cr payable to GRIDCO. For CESU, no interest has been calculated on Rs.174 Cr cash support provided by GRIDCO.

ix) **World Bank Loan Liabilities**

The Distribution licensees NESCO Utility, WESCO Utility & SOUTHCO Utility have calculated the interest liability of Rs 11.87 Cr, Rs 11.82 Cr and Rs 9.44 Cr respectively against the loan amount at an interest rate of 13% and repayment liability of Rs 9.10 Cr and Rs 7.26 Cr respectively for WESCO Utility & SOUTHCO Utility.

x) **World Bank (IBRD) Loan**

CESU has submitted that the interest on World Bank Loan has been calculated as Rs 26.59 Cr @ 13% as per the subsidiary loan & project implementation agreement with Government of Odisha.

xi) **Interest on CAPEX Loan from Government of Odisha**

WESCO Utility & SOUTHCO Utility have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the Government of Odisha which amounts to Rs 2.70 Cr and Rs 1.92 Cr respectively for the ensuring year. NESCO Utility has also estimated amount of Rs. 1.73 Cr towards interest on Government of Odisha capex plan loan.

CESU has submitted after introduction of IPDS & DDUGJY Scheme by Government Of India, the proposed scopes under CAPEX Ph-II, has already been incorporated in IPDS & DDUGJY schemes. CESU has not proposed any interest expenses in this regard for FY 2020-21, as interest expense projected to be capitalized.

xii) **Interest on APDRP Loan Assistance**

CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt of Odisha and borrowed counterpart funding from PFC for an amount of Rs. 35.52cr. The loan component of the APDRP fund received from Government of Odisha carried an interest rate of 12 % per annum. The 50% of the entire amount received from Government of Odisha is yet to be converted to grant. At current rate of interest applicable to

Government of Odisha loan of 13%, the interest component is projected as Rs 4.89 Cr.

In the ensuing year, NESCO Utility, WESCO Utility & SOUTHCO Utility have estimated nothing to be expended under APDRP scheme. For the assistance already availed by the licensees previously interest @ 12% per annum has been considered for the ensuing year on the existing loan. NESCO Utility, WESCO Utility and SOUTHCO Utility have estimated an interest of Rs 0.76 Cr, Rs 0.66 Cr and Rs 0.76 Cr, respectively on this account.

xiii) **Interest on R-APDRP Loan**

The sanctioned project cost under R-APDRP for CESU was Rs 133.17 Cr for Part-A IT, Rs 26.57 Cr for Part-A SCADA and Rs 248.12 Cr for Part B. CESU projected the interest on the R-APDRP loan as Rs 49.78 Cr for FY 2020-21, which is not considered as part of ARR, as same is projected to be capitalised.

xiv) **Interest on SI scheme Counterpart funding from REC for GoO CAPEX**

SOUTHCO Utility has existing balance of loan of Rs 7.83 Cr taken from REC for system improvement and counterpart funding against APDRP and the interest on such loan for FY 2020-21 is estimated as Rs 0.86 Cr.

xv) **Interest on Security Deposit**

CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility have submitted that the interest on security deposits for FY 2020-21 have been worked out at 6.50% on the closing balance for FY2019-20 based on the existing approval of the Commission for FY2019-20. This interest on security deposit proposed as Rs.51.89 Cr, Rs.39.10 Cr, Rs.47.14 Cr and Rs.18.48 Cr respectively. However, due to fall in Bank Rate SOUTHCO Utility has proposed to reduce the rate of interest of security deposit as per prevailing Bank rate declared by RBI for FY 2020-21.

25. **Revenue and Truing up of ARR**

i) **Non-Tariff Income**

NESCO Utility, WESCO Utility and SOUTHCO Utility have proposed non-tariff income for FY 2020-21 to the tune of Rs 78.85 Cr, Rs 181.29 Cr and Rs 17.69 Cr respectively. However, NESCO Utility and WESCO Utility have proposed to exclude the income from meter rent as the same is intended to be

used towards replacement of the meters. CESU has proposed miscellaneous income of Rs.118.66 crore.

**ii) Provision for contingency Reserve**

NESCO Utility, WESCO Utility and SOUTHCO Utility have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2020-21. The exposure towards contingency provisions is to the tune of Rs 9.65 Cr, Rs 7.07 Cr and Rs 4.55 Cr respectively.

**iii) Return on Equity/Reasonable Return**

CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three Licensees submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. As it is followed by various Commissions, the Licensees submit that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services. Therefore, NESCO Utility, WESCO Utility, SOUTHCO Utility have assumed reasonable return amounting to Rs. 10.54 Cr, Rs. 7.78 Cr and Rs. 6.03 Cr as calculated @16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

**iv) Truing Up for FY 2018-19**

Based on the actual sales, revenue and expenses for the first half of the current year 2019-20 and based on estimates for next half of current year, the uncovered gap for FY 2019-20 for NESCO Utility, WESCO Utility and SOUTHCO Utility is Rs. 86.87 Cr, Rs. 131.63 Cr and Rs. 112.84 Cr as against the approved surplus of Rs. 0.12 Cr, Rs 0.87 Cr and Rs 0.51 Cr respectively.

**v) Revenue at Existing Tariff**

The Licensees have estimated the revenue from sale of power by considering the sales projected for FY 2020-21 and by applying various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs 3595.48 Cr Rs 2623.17 Cr, Rs 3148.97 Cr

and Rs 1391.90 Cr by CESU, NESCO Utility, WESCO Utility and SOUTHCO Utility respectively.

### Summary of Annual Revenue Requirement and Revenue Gap

26. The proposed revenue requirement of DISCOMs with and without railway have been summarised below:

**Table – 11**  
**Proposed Revenue Requirement of DISCOMs (with railways) for the FY 2020-21 (Rs in Cr)**

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY	Total DISCOMs
Total Power Purchase, Transmission & SLDC	2731.54	2122.13	2629.52	855.18	8338.37
Total Operation & Maintenance and Other Cost	1689.40	796.97	863.75	691.53	4041.65
Return on Equity	11.64	10.54	7.78	6.03	35.99
<b>Total Cost (A)</b>	<b>4432.58</b>	<b>2929.65</b>	<b>3501.05</b>	<b>1552.73</b>	<b>12416.01</b>
Total Special Appropriation (B)	0	9.65	7.07	4.55	21.27
<b>Total expenditure including special appropriation (A+B)</b>	<b>4432.58</b>	<b>2939.30</b>	<b>3508.12</b>	<b>1557.28</b>	<b>12437.28</b>
Less: Miscellaneous Receipt	118.66	78.85	181.29	17.69	396.49
Total Revenue Requirement	4313.92	2860.45	3326.83	1539.59	12040.79
Expected Revenue(Full year )	3595.48	2623.18	3148.97	1391.90	10759.53
<b>GAP at existing(+/-)</b>	<b>(718.44)</b>	<b>(237.27)</b>	<b>(177.86)</b>	<b>(147.69)</b>	<b>(1281.26)</b>

**Table – 12**  
**Proposed Revenue Requirement of DISCOMs (without railways) for the FY 2020-21 (Rs in Cr)**

	CESU	NESCO UTILITY	WESCO UTILITY	SOUTHCO UTILITY
Present traction contract demand (kVA)	120600	142000	126500	86330
Projected railway traction energy consumption for FY 2020-21 (MU)	372.45	413.323	354.000	168.670
Expenditure including Special Appropriation	4314.41	2795.25	3365.33	1521.85
Reasonable return	11.64	10.55	7.78	6.03
<b>Sub Total</b>	<b>4326.05</b>	<b>2805.80</b>	<b>3373.11</b>	<b>1527.87</b>
Revenue from sale of power at existing tariffs	3369.18	2372.57	2901.08	1280.52
Non-Tariff Income	118.66	78.85	181.29	17.69
<b>Total revenue gap without railway</b>	<b>(838.22)</b>	<b>(354.38)</b>	<b>(290.74)</b>	<b>(229.66)</b>

### Tariff Proposal

27. CESU has proposed the change in distribution wheeling tariff from 67.97 Paisa/Unit to 110.47 Paisa/Unit to meet the wheeling business revenue gap of Rs 366.10 Cr. Apart from this CESU has made some proposals on retail tariff. NESCO Utility, WESCO Utility and SOUTHCO Utility have proposed to reduce the revenue gap through revision in Retail Tariff and/or Government Subsidy as the Commission may

deem fit or combination of all above as the commission may deem fit to the extent as given below.

**Table - 13**  
**Revenue Gap for Ensuing Year 2020-21 (Rs in Cr)**

	<b>CESU</b>	<b>NESCO UTILITY</b>	<b>WESCO UTILITY</b>	<b>SOUTHCO UTILITY</b>
Revenue Gap with existing Tariff	718.44	237.27	177.86	147.69
Excess Revenue with Proposed Tariff	0	0	0	0
Proposed Revenue Gap	718.44	237.27	177.86	147.69

**Allocation of Wheeling and Retail Supply Cost**

28. All the licensees have submitted the allocation of wheeling and retail supply cost of their total ARR based on the Commissions Regulations on bifurcation of Wheeling and Retail Supply Business.

**Tariff Rationalization Measures proposed by Licensees:**

**a. Proposal by CESU**

CESU proposed the tariff rationalization measures as per the following proposals:

**Revenue Collection through Android based Mobile**

29. CESU has developed software for CESU collection system (CCS) for collection of revenue through android based mobile in order to replace the present manual money receipt system. For its implementation, CESU has proposed to procure Android based Mobile and Printer and requests to the Commission to approve an amount of Rs. 4.187 crore in this regard.

**Capacity Building Programs of WSHGs/SHG Federation**

30. As per the Government of Odisha Guidelines vide No. 8642 dated 23/10/2019 for “Selection and Functioning of WSHGs/SHG Federation for Electricity Billing and Collection of Electricity Charges under Distribution Companies” CESU is planning to engage around 1000 nos. of GPLFs/ WSHGs during FY2020-21. Hence, CESU has proposed to allow expenditures of Rs. 8 Crore towards training expenses for 1000 WSHGs who will be engaged during 2020-21 and Rs. 1.5 Crore towards procurement of mobile-phones and printer for use of billing and collection activities.

**Special Rebate Pre-Paid Meter**

31. As per Para-273 of RST 2014-15 the Commission allowed a special incentive in the

form of the two times of rebate of the applicable category to those consumers who opted for pre-paid meter. CESU has proposed to allow a special rebate of @5% in the proposed tariff of FY 2020-21 to encouraging the LT consumer on installation of prepaid meters in their premises.

#### **Tariff for Supply of Electricity to Electric Vehicles Public Charging Stations**

32. As para XXV of Annexure-B of RST 2019-20 the Commission fixed the tariff of the charging of electric vehicles as GPS category if vehicle charged is owned by the concerned consumer. CESU has proposed to allow a special rebate to the Electric Vehicle Public Charging stations in the proposed tariff for FY 2020-21. Further, it is proposed before the Commission to fix domestic tariff for domestic consumer charging their own electric vehicle at their own premises.

#### **Creation of Corpus Fund for Victims of Electrical Accidents**

33. On analysis of electrical accidents occurred to Public for the periods from the year 2010 to October 2019, 374 nos. of public have got electrocuted to death. In the year 2018, out of 44 no's electrocution cases (fatal & non-fatal) 29 nos. of victims have been electrocuted due to unauthorized interference with CESU's network and violation of safety provisions. As observed the NOKs of victims are taking shelter before Hon'ble NHRC, OHRC and Civil Courts claiming compensation to them for which CESU bears financial loss for the same. It has been therefore decided in the 5Ts meeting held on 26.10.2019 under the Chairmanship of Commissioner-cum-Secretary, Dept. of Energy, Government of Odisha to form a Corpus Fund in all DISCOMS for giving compensation to victims of electrical accidents. In order to meet such expenses, it has been proposed to collect Rs.1/- from the consumers by claiming in their monthly bills. Hence, it is proposed to include Rs.1/- in the tariff per month per consumer. The above corpus fund shall meet the compensation amount to the victims (public) of electrical accident. The Commission may approve the above proposal.

#### **Perform Achieve and Trade (PAT) Cycle-II**

34. Clauses (i) and (k) of Section 14 of the Energy Conservation Act, 2001 stipulates that every designated consumer (DCs) shall get energy audit conducted by an accredited energy auditor and furnish the same to the concerned designated agency including the details of information on energy consumed and details of the action taken on the recommendation of accredited energy auditor.

35. CESU being a Designated Consumer(DC) under PAT Cycle -II vide S. O. No. 1264(E) dated 31/03/2016, the base line Distribution loss has been fixed as 33.78 % for the FY 2014-15 and the target for reduction of distribution loss is fixed as 30.91% by March' 19. But, CESU has submitted the confirmation of base line Distribution loss as 33.90% to BEE, GoI. The Revised Distribution Loss Target of CESU issued by BEE vide its letter No. 625-68 dated 02.05.2018 and Gazette of India Vide SO 5045 (E) dated 1.10.2018 is 25.99% for 2018-19. CESU has requested BEE not to reduce T&D Loss target and stick to earlier T&D loss target of 30.91% for 2018-19 vide letter dated 16/05/2016, 07/06/2018, 21/02/2019 and 20/09/2019, as the time given to achieve the revised target vide MoP Notification S.O. No. 5045 dated 01/10/2018 is only for 05 months before the completion of PAT cycle-II, which is of 3-year duration.
36. The T&D loss achieved by CESU is 28.16 % for FY 2018-19. As per the M&V audit done by BEE Empanelled Accredited Energy Auditor (EmAEA), if earlier target will be considered by BEE (i.e. 30.91%) then CESU has achieved the target T&D loss in PAT cycle-II and is eligible for 19622 nos. of Energy Saving Certificates (ES Certs). And, if revised target (i.e. 25.99%) will be considered then CESU may be required to purchase around 15484 nos. of ES Certs from Power Exchange.

#### **Distribution Franchisees BOT sharing of Model**

37. The Clause No-7.25 of Odisha Electricity Regulatory Commission (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014 stipulates that, while finalizing the employee cost, the commission shall take into consideration the distribution franchisee expenses. The major share of A & G expenses is contributed to Distribution Franchisees Sharing under BOT model. As Franchisees are operating in 10 divisions of CESU Area, CESU projected the franchisee expenses under A&G expenses for FY 2020-21 as Rs 157.34 Cr. Hence, CESU request to the Commission for consideration of distribution franchisee expenses as additional A&G expenditure and same may be considered for fixation of tariff.

#### **b. Proposal by NESCO Utility, WESCO Utility and SOUTHCO Utility**

##### **Withdrawal of power factor incentives**

38. Presently all the machines used by the industries are BSI or ISO certified, similarly pumps or motors used are energy efficient along with capacitor banks, which are the contributor of higher power factor. Hence, licensees submitted that present scenario

continuance of PF incentives is no longer necessary and may kindly be abolished.

**Withdrawal of TOD benefits (SOUTHCO Utility)**

39. As per RST order TOD benefit is being extended to Three phase consumers except public lighting and Emergency Supply category of consumers having own CGP for the consumption during off peak hour. Off peak hour for this purpose is from night 12.00 PM to morning 6 AM of next day. Now with the introduction of frequency based tariff significance of Off peak hour (TOD) consumption has been lost.
40. Consumers are reaping the benefit of frequency based tariff and intends to use accordingly as a result the load curve of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required. If continuance of TOD benefit is being permitted to the consumers, similarly the Utility's BSP may also be permitted to reduce for TOD consumption during off peak hour. Further, consumers having contract demand more than 110Kva and above are also availing off peak hour benefit towards drawl to the extent of 120% of their contract demand without levy of penalty. So, further continuance of TOD benefit would be a double benefit for the same cause hence licensees have requested to withdraw TOD benefits.

**Demand charges to HT medium category consumers**

41. Due to wide gap in the demand charges, consumers under HT medium category just below 110kVA are always trying to avail demand benefit even though their load is more than 110 kVA. To curb such disparity NESCO Utility, WESCO Utility and SOUTHCO UTILITY have submitted to fix demand charges for HT medium consumer category @Rs. 250 per kVA.

**MMFC for LT category of consumers (NESCO Utility)**

42. In case of Domestic, General purpose, Specified Public Purpose & PWWS the rate is same as for 1st kW as well as additional Kw. However, in case of other category the rate for additional Kw and part thereof is very much lower for which the revenue of the utility is highly affected as well as creating discrimination among LT category of consumers. In this view, Licensees have submitted to rationalized LT consumers with single rate for 1st kW or part thereof as well as additional kw or part thereof

**Billing to Irrigation and Agriculture Category of Consumers (NESCO Utility)**

43. Presently due to difficulty in putting meters in case of irrigation category of

consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same, the licensee NESCO Utility and WESCO Utility requested permission to bill such category of consumers on L.F. basis with L.F. of 30% considering their pump capacity.

#### **Levy of Demand Charges (NESCO Utility)**

44. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual demand and energy consumed. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. In view of the same the licensee has proposed to recover the monthly demand charges on the basis of 85% of the CD or MD whichever is higher instead of 80%.

#### **Additional Rebate of 2% to LT category of Consumers (NESCO Utility AND WESCO Utility)**

45. The Commission has allowed rebate of 2% additional rebate towards digital payment for LT category of consumers. The intention was to promote cash less transaction to avoid pressure on currency notes which is also saving the time of the consumers for depositing cash in various cash collection centres. So, the licensee is intended to continue with the same for the ensuing year. Therefore, the additional rebate of 2% in addition to normal rebate as applicable may be considered for LT Domestic & Kutir jyoti category of consumers who shall make payment through digital mode only. WESCO Utility has suggested for additional 2% instead of presently applicable rebate of 2% in addition to the normal rebate as applicable may be considered by the Commission for LT Domestic & Kutir jyoti category of consumers who shall make payment through digital mode only.

#### **Introduction of kVAh Billing**

46. The Commission in its RST Order dtd. 22.03.2014 for FY-2014-2015 had given the directions to the DISCOMs vide Para-246. As per this para the implementation of kVAh billing was declined due to non readiness of the licensees to implement the kVAh based meter readings. Further, the licensees have submitted that all the 3-phase meters, especially those installed for consumers having Contract Demand 20kW and above are enabled with all the energy parameters and storing dump record of 35 days.

All such meters show instantaneous Power Factor and monthly average Power Factor can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOMs are fully equipped to implement kVAh billing in respect of all those consumers in place of existing kWh Billing. Hence licensees requested to allow kVAh billing from ensuing year.

#### **Applicability of Power Factor Penalty**

47. Licensees submitted that if the kVAh based billing proposal is not accepted by the Commission by any reason, then the licensees have requested continuance of power factor penalty as RST order of 2018-19 for Large Industries, Public Water Works (110 KVA and Above), Railway Traction, Power Intensive Industries, Heavy Industries, General Purpose Supply, Specific Public Purpose (110 KVA and above), Mini Steel Plant, Emergency Power Supply to CGP.

Till such time KVAH billing approach is adopted the Utility proposes for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation.

- **LT Category:** LT industries Medium Supply, Public Water Works and Sewerage Pumping > 22 KVA
- **HT Category:** Specified Public Purpose, General Purpose < 110 KVA, HT Industries (M) Supply.

#### **MMFC/Demand charges to be in kVA only instead of kVA/kW (NESCO Utility)**

48. The HT consumers and LT 3 Phase consumers are paying their demand charges/MMFC in kW and some consumers in other category in kVA. The Regulation also specifies for entering into agreement in kVA. Further, it is the responsibility of the consumers to maintain the power factor. The regulation also provides for levy of power factor penalty to these category of consumers or alternatively to bill the consumers at kVA demand. In view of this, the licensee (SOUTHCO Utility) have submitted that they may be allowed to bill the demand charges on the basis of kVA for all the three phase consumers with static meters to avoid disparity among the consumers.

### **Demand Charges and Monthly Minimum Fixed Charges**

49. The Licensees have submitted that 90% of the distribution costs is fixed cost in nature. The distribution cost of the License which is a fixed cost has increased many folds during the recent years, the said cost normally required to be recovered from the Demand Charges. The fixed cost of the power procurement by way of payment towards capacity charges has also increased during last few years. In view of this, the Licensees proposed to recover the full fixed distribution costs by suitably revising the Demand charges and monthly minimum fixed charges as proposed in earlier section, as applicable to the respectively category during the ensuing year.

### **Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers.**

50. The utilities are having huge outstanding under LT non industrial category consumers. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC). The utility is also suffering from huge financial loss on account of low collection efficiency and coverage in Domestic and Commercial category of consumers. With this the licensees requested the commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly instalments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS and certain percentage of waiver on outstanding amount.

### **Rebate on prompt payment**

51. In the BSP Order for the financial year 2018-19, the Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% is paid within 30 days. Further, the Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

Considering the above, it is prayed before the Commission to approve the rebate of 2% to the Utility for prompt payment towards BST bills including part payments

within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to the extent of payment made within 30th day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

Licenseses have further submitted that the above rebate may kindly be also permitted in case of part payment so that cash flow of the Bulk Supplier will improve and at the same time the utility would be tempted to remit the amount collected to GRIDCO to avail such benefit.

**Over drawal beyond contract demand and charges thereof (NESCO Utility AND WESO Utility)**

52. The Utilities (NESCO Utility & WESCO Utility) in its ARR for the FY-2016-2017, had placed proposal for approval of its action initiated against those consumers indulging in over drawal of energy in excess of their contracted load and also sought clarification with regards to such assessment in addition to payment of over drawal charges by such consumers in terms of the RST Orders of the Commission for FY 2015-16 vide para 335. The Commission had advised the DISCOMs to exercise due diligence while using penal provision like use of Section 126 or Section 135 of the Act. Subsequent to aforesaid observation of the Commission, the Utilities have initiated such assessment proceeding in strict adherence to the parameter set by the Commission.

However, these things are creating complicity in revenue collection. The Utilities have submitted that, many consumers are penalized under Section 126 or 135 due to their over drawal beyond Contract demand for which rather than paying the penalty they used to approach higher forums. For non-clearance of their arrear their application for enhancement of Contract Demand remains pending before the Utility. However, with direction from appellate authority the utilities are forced to enhance the Contract demand even with pending arrear. Utilities submitted that in case Commission allows over drawal penalty both on Fixed Charges and on Energy Charges by suitable direction in the tariff order they would not be prompted to apply Section 126 and 135 on such consumers for a smaller period of over drawal which will also ease the collection of revenue.

### **Recovery of Cost of the Meter (SOUTHCO Utility and WESCO Utility)**

53. Commission has approved recovery of Monthly Meter Rent from various categories of consumers in different rates on the basis of types of meter. Recovery of the same is permitted for a period of 60 months i.e. till the cost of the meter is recovered. Statutory levy required to be collected in addition to meter rent. Statutory levy indicates collection of GST. Now, consumers are being billed on monthly basis along with meter rent, statutory dues i.e. GST also due on the basis of monthly/bi monthly billing.

### **Creation of Accidental Corpus Fund (SOUTHCO Utility AND WESCO Utility)**

54. Sometimes lives of human as well as animal are being lost for electrical accidents. In many cases, the family members of the deceased person are suffering. To protect such unforeseen happening Government of Odisha dept. of energy also suggest for creation of Accidental reserve fund, out of which compensation may be extended to the families of deceased person. It has been discussed on 26th Oct-19 under chairmanship of Commissioner Cum Secretary department of energy under 5 T program. It has been directed that DISCOM should appeal before OERC in tariff for recovery of Re 1 on monthly basis. In view of the above it is humbly submitted before the Commission to approve the same in the RST order.

### **Negative Cash Flow (WESCO Utility)**

55. The Utility is also facing financial crisis in the current year & unless substantial relief is being extended the cash flow position will not improve for the ensuing year.

### **OBJECTIONS & QUERIES RAISED DURING THE HEARING (PARA 56 TO 146)**

56. Public hearing on ARR and Tariff application of all the DISCOMs for the FY 2020-21 was initiated with a Power Point Presentation followed by presentation by World Institute of Sustainable Energy, Pune who was the consumer counsel appointed by the Commission. The consumer counsel presented the summary of the submissions made by the licensee, analysis of the ARR with observations.
57. Consumer associations, individuals in their written submission had raised issues contesting the proposal of the DISCOMs. The Commission has considered all the issues raised by the participants in their written as well as oral submissions made in the public hearing. Many objections were found common in nature. These are summarized and addressed as follows:

## **Performance Related Issues**

### **AT&C Loss and Collection Efficiency**

58. Some of the objectors have submitted that, in spite of AT&C loss targets fixed by the OERC, DISCOMs have not reduced the same and projecting fictitious loss figures at the beginning of a financial year and ending up with increased losses year after year. Further, some of the objectors submitted that the figures related to AT&C losses are fabricated and not realistic as all the feeders and substations are not metered. DISCOMs are not taking action for AT&C loss reduction and its prayer for bridging the revenue gap through increase in RST, decrease in BST, and by truing up exercise may be rejected.
59. Some of the objectors submitted that to show the collection efficiency, the DISCOMs are forcing the consumers to make payments on faulty bills and in some cases the licensee is disconnecting the power supply without giving any notice to the consumers for such faulty bills which is not in line with the provision of law.
60. Some of the objectors submitted that in the absence of actual energy audit, technical and commercial losses cannot be segregated and DISCOMs have failed to achieve the targets set by Hon. Commission and it is the deliberate action of DISCOMs to overstate distribution loss to obtain higher tariff.
61. Some of the objectors submitted that the collection efficiency includes the collection of past arrears. However, the licensee should submit the data related to the collection of past arrears.
62. Some of the objectors submitted that the AT&C loss trajectory set by Hon. Commission is constant since past few years and the same needs to be reduced to a lower level compared to previous years' approval.

### **Energy Audit and Metering**

63. Several objectors submitted that none of the licensees have been able to conduct proper Energy Audit. The DISCOMs have claimed that they have taken serious effort for metering of HT and LT feeders as per direction of the Commission in 2003. However, the data submitted by the DISCOMs suggests that there is substantial absence of metering to carry out "Energy Audit". The Energy Audit data has not been submitted by DISCOMS along with the application for approval of ARR. They further submitted that the DISCOMs should carry out third party verification of energy audits

through the accredited energy auditors.

64. Some of the objectors submitted that all the DTRs are not having energy meters and in such case the energy audit activity will not yield desired results. The Energy audit activity should be carried out only after the implementation of 100% DTR metering.
65. At the hearing, several objectors have pointed out that if Energy Audit is done under a specified time period, then the DISCOM may be levied a penalty by BEE for the delay.
66. Some of the objector raised discrepancy that, under flagship program of APDRP all DTRs are metered however present filings by utilities have shown very less numbers of operative meters.
67. Some of the objectors submitted that there should be third party audit of SOP, verification Audit as per PAT cycle II, audit by BEE accredited energy auditor and detail performance audit
68. One of the objectors submitted that there is need of ABT complainant solar meter

#### **Employees' expenses**

69. Most objectors have requested for prudent check of employee costs for all DISCOMs. They pointed that, major activities like billing and collection are being outsourced and hence the employee cost should come down. The licensees may be directed to submit the audited statement for O&M expenses including the employee cost.
70. Some of the objectors have objected on the proposed manpower recruitment plan of the DISCOMs. As many activities of DSCOM are outsourced or executed through franchisees hence the proposed increased manpower requirement through recruitment is not justified.

#### **Administrative & General expenses**

71. Some of the objectors submitted that prudent check of A&G cost is required and submitted that the additional A&G expenses may not be approved as the Licensees have failed to reduce losses and improve the collection efficiency.
72. Some of the objectors submitted that Intra State ABT and Energy Audit activities are carried out with existing employees and no third party has been engaged by licensees, hence these costs are included in employee costs and should not be allowed under A&G expenses.

73. Some of the objectors submitted that Petitions proposal on A&G cost estimation for the FY 2020-21 is unjustified.

#### **Depreciation cost**

74. Objectors submitted that depreciation should not be allowed on assets funded by consumer contribution and capital subsidy/grants.
75. Objectors submitted that petition's depreciation cost estimation for the FY2020-21 is high.

#### **Repair and Maintenance expenses**

76. Objectors submitted that DISCOMs should furnish details of plan and budget for periodic maintenance of distribution network including emergency repairs and restoration work under each division. Further, DISCOMs should furnish the details of work and expenditure incurred for undertaking critical activities towards loss reduction, energy audit. Also furnish the detailed breakup of gross fixed assets and detailed lists of RGGVY, BGGY assets taken over by the DISCOM.
77. Some of the objectors submitted that since details of RGGVY, BGJY assets taken over by DISCOMs are not furnished, no additional R&M expenses on these assets may be allowed.
78. Some of the objectors submitted that the licensee has failed to execute the proper R&M of distribution infrastructure. Despite of approval of R&M expenses the licensees are not able to spend the budget under the R&M and most of the R&M expenses are incurred in the last six months of the financial year. In such scenario the additional R&M requirement by DISCOMs is unjustified.
79. One of the Objectors also suggested that the Commission may enforce necessary actions and directions over the DISCOMs for development of strong and robust distribution system with proper safety measures considering the changes in weather and climate pattern of the planet and dangers of cyclones and hurricanes with Odisha facing severe climatic issues over the past couple of years.

#### **Provision for Bad and Doubtful Debts**

80. Some of the objectors objected on the higher provision for bad and doubtful debts and submitted that it should not be allowed more than 1% of the LT and HT revenue realisation. They further submitted that Hon. Commission may direct the license to

meet its working capital requirement by recovering the outstanding receivables.

### **Issues Related to HT / EHT Consumers**

#### **Demand Charges for GP > 70 KVA < 110 KVA and HT Industrial (M) Supply**

81. Objectors submitted that proposal of DISCOMs for consumers having contract demand more than 70KVA but less than 110KVA to bill based on contract demand or maximum whichever is higher irrespective of connected load is without any rationale and should not be accepted.
82. Some Objectors submitted that for the bulk supply bill it was noticed that they are not paying towards demand charges as SMD is below the permitted SMD by OERC even though HT & EHT Consumers are paying over drawl penalty. Hence present tariff on MMFC/Demand Charges should continue.

#### **Over Drawl by Existing HT/EHT Category Consumers**

83. Objectors submitted that Commission may reject the submission of DISCOMs for penal demand charges for over drawl beyond contract demand. The objector requested the Commission to determine a period of continuous overdrawal (Beyond 120% of contract demand) which shall be treated as guide line to take action against evading the enhancement of contract demand.

#### **Take or Pay Benefit**

84. Some objector requested to reintroduce the take or pay benefit scheme or special tariff for energy intensive industries /consumers having contract demand of 110 kVA and more and industries should guarantee in writing to pay for minimum load factor of 70%.
85. Some of the consumers proposed to allow special rebate of 50 paise per unit under this scheme.

#### **Withdrawal of Reliability Surcharge on all HT/EHT consumers**

86. Most of the objectors raised issue of reliability surcharge @ 10 paise per unit for all HT & EHT category of consumers and prayed for its withdrawal.
87. Objectors submitted that in obedience to the tariff order of the Commission none of the DISCOMs are providing reliability index calculation as well as voltage variation report along with energy bill in case reliability surcharge is to be assessed and claimed.

88. One of the objector submitted that the reliability surcharge may be deleted. Availability of EHT lines and corresponding voltage of supply is related to performance of Transmission Licensee. Therefore, a second incentive and that too to DISCOM on same parameters is not justifiable.
89. Further, some of the consumers submitted that when reliability surcharge is payable by a consumer to the licensee for achieving a certain level of performance on “availability” and “voltage of supply”, a penalty should also have been imposed for not achieving these standards as per OERC SoP Regulations 2004 and CEA Grid Standards Regulations, 2010.

**Introduction of KVAH Billing (OR) PF Penalty for Three-phase Consumers having CD<110 KVA**

90. One of the objectors submitted that kVAh billing may require huge investment and may not be implemented immediately. Similarly, there is no justification on imposition of PF penalty for HT and LT consumers with CD above 20 kW and less than 110 kVA.
91. One of the objector submitted that if KVAH billing is adopted, the SI, MI & other consumers who are not under PF folder in present tariff system will be affected badly which is not desired for the common ignorant consumers.
92. The objector further submitted that demand for Power Factor penalty itself is absurd when the licensees are insisting for implementation of KVAH billing for consumers.
93. One of the industrial consumer submitted that kVAh billing shouldn't be implemented as there are chances of leading power factor, high voltages and system instability.

**Slab Restructuring for HT & EHT consumers**

94. Some objectors have requested to reintroduce the three slab based graded incentive tariff for HT/EHT as it promotes higher consumption industries. Reintroducing this incentive will have the effect of reduction in tariff for all HT and EHT consumers for higher consumption and in turn will help the licensee.
95. One of the objector has proposed to re-introduce 3 slabs based graded incentive tariff i.e. upto 40% load factor, above 40% and below 50 % load factor, and above 50% load factor. This may help the Industries run and not to be tempted for procuring power from third party through open access.

96. One of the objectors submitted that, mega steel plants are contributing substantially to the revenue and employment generation. Hence objector has petitioned for a separate consumer category for 'Mega Steel Plant' as per the provisions of Regulation 80 of the OERC Distribution (conditions of supply) code, 2004, with tariff slabs of load factor consumption as <40%, 40-50%, 50-60%, 60-70% and >70%.

#### **Interest on Security Deposit and acceptance of Bank Guarantee**

97. The Objectors has stated that The Commission in earlier RST Order of FY 2017-18 and FY 2018-19 had directed the licensees to have a comprehensive audit of the SD and get the figures reconciled and get the SD recouped through enhanced collection and submit the action plan for the same. The DISCOMs has failed to do the same. Other State Electricity Regulatory Commission like Goa, Jharkhand, Karnataka, Kerala, Madhya Pradesh, West Bengal provide SD through Bank Guarantee which is acceptable and that the SD paid in cash may be adjusted against the monthly electricity bills of the consumers.

98. One of the objectors asked details about the month wise receipts of Escrow Escrow Relaxation: payment of E.D

#### **Applicability of MMFC and Fixed Charges in the Tariff design**

99. One of the objectors has suggested that the MMFC for entire load should be Rs. 35/kW for the 1st kW.
100. One of the objectors submitted that MMFC and demand charges are without any basis and should not be taken into consideration. Also, in case of MMFC for Consumers with CD<110kVA & Demand Charges for GP>70 kVA and <110kVA and HT Industrial (M) Supply, the licensee should first revise the bills of such consumers in line with Tariff Orders with regards to MMFC.

#### **Meter Rent**

101. The Objectors has specifically stated that the Meter cost of 1-phase static meters can never exceed Rs.1600/-. DISCOMs are allowed to charge Rs.2400/- as meter rent against Rs.1600/- investment, which is unjust. So is the case of 3-phase meters. The Commission may kindly review their order and allow DISCOMs to collect meter rent till it recovers its costs.
102. As per the Objector, a consumer is paying fixed charges and never ending meter rent

which adds to per unit charges of almost Rs 5.00 per unit for small consumer, which is very high when compared to neighbouring states of country.

103. It is further submitted that the commission may direct the DISCOMs to submit the data related to meter rent collected and may reduce the same thereafter conducting detailed scrutiny.
104. Many objectors asked about the prepaid and smart meter status.

#### **Supply to Captive Power Plants (CPPs)**

105. One of the objector submitted that the CPPs are paying at higher rate than the other category of consumers. CPPs do not avail power regularly & they should not be burdened with paying the demand charge throughout the month. Further Hon. Commission has done detailed examination of the provision in the supply code and tariff structure and the present single part tariff is taking care of the demand charges and energy charges for this category of consumers.

#### **Calculation of Load Factor**

106. One objector submitted that load factor should be calculated based on the actual period of availability of unrestricted power supply during the month and that the demand charges be calculated on prorated basis if the total period of shutdown of the plant due to interruptions and planned shutdowns exceed 30 hours in a month instead of 60 hrs a month.
107. One of the objector submitted that there should be special Tariff for EHT Consumers with High load factor

#### **Power Factor Incentive**

108. The Objector has stated that The Power Factor Incentive introduced by the Commission for FY 2015-16 @ 50% of incentive provided prior to FY 2013-14. This results in an incentive of 0.5% for every 1% increase in PF above 97% (allowable PF of 92%) and penalty for fall in PF from 92% to 70% is @0.5% for 1% fall in PF. Thereafter, upto 30% penalty is @1% for every 1% fall in PF. This incentive should be provided @1% for every 1% increase in PF above 97% and 0.5% for every 1% increase in PF above 92%.
109. Some objectors has stated that the Power Factor Incentive and Penalty Scheme is necessary to promote system efficiency and may be continued.

### **ToD Benefit**

110. One of the objectors submitted that, Present TOD benefit, Demand Charges for HT medium Category consumers MMFC on LT consumers and Levy on demand Charges Should Continue.
111. One of the objectors is of the opinion that the TOD benefit should be extended for day off-peak hours i.e. from 1200 Hours to 1700 Hours to encourage consumers to consume more power from DISCOM instead of procuring power from power exchange through Open Access.
112. The Objector has stated that NESCO has not allowed TOD Benefits on power drawn during the period 12:00am to 6:00am (Off-peak Hours). The commission make look into this and provides necessary directions.
113. Some consumers have also suggested that a differential Tariff for Peak & off Peak hours is necessary to Promote DSM hence the Commission may encourage DISCOM to move toward separate Peak/ off Peak Tariff and ToD benefit should be increased significantly from 20 paisa per unit to 50 Paisa per Unit.

### **Cross Subsidy**

114. Some objectors submitted that the cross subsidy of EHT and HT category are very high and needs reduction at a faster rate in view of the provisions of Electricity Act 2003.
115. Many objectors submitted that Cross subsidy surcharge is very high and it should be within 20% of the tariff applicable. Additional Surcharge should not be levied when the open access consumer is availing power supply through dedicated transmission line constructed at its own cost. If adequate network is available there should not be any ground limit to the quantum of open access power. There is higher CSS & wheeling in Odisha. Review cross subsidy surcharge during peak & off-peak Hours.
116. Many objectors submitted that there is issue regarding determination of CSS extent of 'C' & 'L' component for calculation of CSS, Cross Subsidy Surcharge on Renewable energy, Cross Subsidy Surcharge during power restriction, to subsidise or non-subsidise particular category, Levy on wheeling charges on carry own power from CGP, Restriction of open access up to contract demand, Levy on wheeling charges on carry own power from CGP.

117. The objector further proposed that the cross subsidy may be reduced @ 5% per year and the tariff for a particular consumer may be determined based on the cost to serve the consumer and not based on the “average cost of supply”. Globally, the EHT tariff is the lowest and the LT tariff is the highest, based on cost to serve a consumer of that category.
118. Some of the HT consumers submitted that DISCOMs do project higher purchase and sales of energy intentionally for LT category which ultimately leads to more cross subsidy to be paid by HT / EHT consumers.
119. One of the industrial consumer submitted that Commission may determine a separate tariff for EHT industries assuming 15% cross subsidy or lower and also consider a separate Tariff for the Industry considering the “purpose for which power supply is required”.

### **General Issues related to Retail Supply Tariff of DISCOMs**

#### **Energy Sales Forecast**

120. Many objectors submitted that the sales projections made by the licensees are not realistic and are overestimated; The trend of LT sales, LT sales approved and the power purchase data shows that the LT sales are never been achieved and the same are projected only to procure more power.
121. Many objectors has stated that the DISCOMs has not submitted its Business Plan for the full Control Period with details of Sales/Demand Forecast for each consumer category and sub-category for each year of Business Plan, Distribution Loss Trajectory and collection efficiency trajectory
122. The objectors further submitted that the present practice by DISCOMs of keeping power purchase proposal same and raising LT sales to match it, increases burden of cross subsidy on HT and EHT consumers. A prudent check of projections for LT Sales for FY 19-20 is required to justify the higher figures for LT sales as projected by DISCOMs. The utility needs to provide adequate justification for LT sales with actual sales pattern for last 6 years
123. One of the objectors submitted that detail of the Capex work done should be made available.

### **Review of Inefficient Operations and Quality of Power Supply**

124. The Objector states that the tariff hike in the past few years was based in improvement of power quality, service and operational efficiency. The efforts for curbing thefts are not effective and have led to inconvenience to consumers.
125. One of the objectors requested the Hon. Commission to redress the issues of inefficiencies, corruptions, irregularities' and maladministration of licensees and initiate necessary action as per rules of law so as to decrease the RST.
126. Many objectors have raised the issue where utilities consistently fail to meet the Standard of Performance as per regulation and could not satisfy the consumers.
127. Most of the objectors raised the issue that DISCOMs are delivering false statements that reason for power cuts is because of power scarcity.
128. One of the objector submitted that licensees need to undertake meter ceiling and inspection activities. Further, he submitted that licensees need to maintain meter replacement history.

### **Demand Side Management**

129. Many objectors submitted that NESCO Utility, WESCO Utility, SOUTHCO Utility should submit detailed action taken for implementation of DSM regulations in its area.
130. The Objectors were of the opinion that a differential Tariff for Peak & off Peak hours is necessary to Promote DSM hence the Commission may encourage DISCOM to move toward separate Peak/ off Peak Tariff.

### **Audit of Books of Accounts**

131. Many objectors submitted that, DISCOMs have not submitted the audited account for previous years has requested that he the Commission may direct the DISCOMs to submit Audited balance sheets, Profit and Loss account, Cash Flow Statement along with Auditor Report at the earliest with a copy to respondent(s).
132. Many objectors submitted that, there is failure to separation of wheeling cost and retail cost in the books of accounts.

### **Consumer Awareness and Consumer Grievances**

133. Some Objectors have stated that NESCO has not complied with OERC SoP Regulations 2004 on Guaranteed Standards of Performance and maintaining correct

standards and reasoning by GRF. They have also failed to provide transparency relating to performance and providing compensation. The Objectors have also stated that The Licensee/Petitioner has turned a deaf ear to the complaints through e-Abhijoga (e.g. farmer tortured, misuse an abuse of power, mobile threatening of SDO NESCO Mko, SoP NESCO, illegality of GRF Balasore).

134. Some the objector suggested creation of 'Consumer Awareness Fund' in line with other government acts, where amount collected as penalty or in excess of due to DISCOM should be deposited for the awareness of consumers towards energy conservation and their duties and rights.
135. One of the objectors agreed the adjudication of the cases under section 126 and 135 of the Electricity Act 2003, by GRF and Ombudsman. At the same time he desires that the GRF and Ombudsman such case so that the innocent consumers cannot be harassed taking the plea of provisions of section 126 of the act 2003

### **Other Issues**

#### **Electrical Accidents, Death of Animals and Human beings**

136. Some of the objectors submitted that licensee has to produce the division wise details of death of human beings and animals due to electric shock and compensation paid to them since 2001.
137. Some of the objectors submitted review proposal to be made on creation of corpus funds for victims of Electrical Accidents.
138. One of the objectors asked to produce the status report on the NGT report regarding the issue of death of elephants near Dhenkanal district.
139. Some objector have stated that the introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer is a welcome proposal as the uncollected arrears would appear in the books of accounts and is to be met from future earnings of the Licensee.
140. The Objector has stated that No separate dedicated Pisciculture feeder exists. Also there is no billing for irrigation consumers (as per tariff application). Instead agriculture farmers are converted into commercial consumers.

#### **Regarding effectiveness of tariff exercise design by the Commission**

141. As per the EA 2003, the Commission should gradually move towards rationalized

tariff and the tariff should actually reflect the cost of supply. The Commission should consider a special tariff for Allied Agro Industrial activities and cold storages.

142. The retail electricity tariff of various categories of consumers of Odisha is much higher than that of the other states. Therefore, reasonable, rational, competitive and affordable tariff concepts have not been taken in to consideration during determination of RST.
143. As per these provisions the Commission should make an effort for rationalization of tariff based on voltage level, load factor, power factor, voltage, total consumption from 2019-20.

### **Franchisee Operation**

144. One of the objectors submitted that the operation of Franchisees in CESU area is inefficient for which T&D and AT&C losses have increased in the franchisee operated zones. Operation of these franchisees is not satisfactory and they are only focusing on collection of revenue and consumers are forced to pay illegal bills for avoiding disconnection.
145. One of the objectors had objected on the poor performance of franchisees in some of the divisions in terms of collection efficiency and proposed to revoke the mandate issued to them. In the case of SUPL and RUPL, the before and after losses clearly shows non-performance. Other franchisees has reduced the losses from benchmark level but have failed to achieve target.

### **Electricity Billing and Payment**

146. There are many complaints related to energy bills. One of the objector requested the information related to bills issues, no of discrepancy of bills complaints received, no of complaints still not complied and pending with reasons etc.

## **REJOINDER BY DISCOMS TOWARDS PERFORMANCE RELATED ISSUES (PARA 147 TO 286)**

### **Business Plan and maintainability of ARR**

147. The comparison made by objectors between RST of EHT & BST of WESCO is not at all relevant. The EHT industries are not witnessing RST increase since last 05 years for which they should be happy. The ARR of the Utility is being approved factoring revenue generated from EHT, HT & LT category of consumers and cost of supply

including power purchase cost, Transmission charges, Employee cost, A&G, R&M, Interest, Depreciation etc. So comparison of only EHT tariff in isolation with BST is not correct.

The sales projection in different category has been made on the basis of past trend, actual till Sep-19 along with proposed addition and deletion of load. The sales projection in LT for the ensuing year has been projected in higher side as the consumer strength and billing would be increased due to addition of consumers under SAUBHAGYA Scheme. As regards to submission of Business Plan it is to state that the same will be submitted separately. It is under preparation.

As explained in earlier paragraphs the entire power i.e. input (excluding EHT) of the Utility moving through HT system. The Utility's distribution cost like employee cost, A&G, R&M, Interest etc are also not being incurred/spent voltage wise. Hence, the proposal of consideration of HT cost is not acceptable.

148. NESCO has submitted that the Utility analyses and relied on the past trends of consumption pattern for last twelve years i.e. FY 2006-2007 to FY 2018-19 and actual sales data for the first six months of FY 2019-20, the impact of electrification of new villages under the DDUGJY, RGGVY, Biju Saharanchal Vidyut Yojana and Biju Grama Jyoti Yojana, SAUBHAGYA, actual addition/reduction of loads and other factors such as global recession, drawl of power through open access along with temporary closure of consumers in HT/EHT Category (steel & mining industries). Expected consumer growth under irrigation category has been envisaged during ensuing year as per Deep bore well scheme of Government of Odisha. Business Plan for the 4th Control period FY 2019-20 upto 2023-24 is under finalisation and will be submitted before the Commission. The audited accounts of the utility for the FY 2018-19 has been submitted before the Commission
149. SOUTHCO Utility submitted that the Business Plan will be submitted separately which is under process. The detail Balance sheet, P/L Account Cash Flow statement is available in the 'F' format of the application of the Utility.
150. CESU as per ARR submitted for the FY 2020-21, the proposed billing efficiency is 75.51% and collection efficiency is 99%. Though the total arrear stands at Rs. 1926.75Cr. (up to Sep'19) the actual collectable arrear is far behind and which is under the scrutiny of the receivable audit. The process for collection from collectable arrear

have been taken up by the CESU which in turn shall improve financial status to provide better service to the consumer.

**Availability of Annual Accounts of the utility**

151. WESCO has submitted that the latest annual account (for FY 2018-19) of the utility which includes balance sheet, profit & loss account, cash flow statement and auditor's report has already been submitted with the Commission. The same has also been uploaded in utility website [www.wescoodisha.com](http://www.wescoodisha.com).
152. CESU has submitted that accounts for Wheeling and Retail basis have not been maintained separately; however as per the decision/guidelines of the OERC, ARR on Wheeling and Retail Business has been submitted considering the same principles which demonstrate its commitment towards a more pragmatic approach towards both the Retail & Wheeling business and supply of power to consumer which is more realistic parameters for accurate and competitive tariff determination in the interest of consumers.
153. NESCO submitted that, the Utility has segregated the ARR as per the assumptive percentage taking into account the scope and business activities. The segregation of accounts can only be possible if the entire business is segregated along with the personnel and assets. Also, the accounts for the period 2014-15 upto 2018-19 has been submitted before the Commission for truing up exercise.
154. SOUTHCO has submitted that the data for FY 2018-19 is actual and audited data. The auditors of utility are appointed in fair and transparent manner as per provisions of various acts. The same also reviewed by Utility and DISCOM monitoring unit at various level. In addition to it, one internal control cum audit wing is functioning under utility to check the functioning of internal control system in the utility.

**Regarding tariff rationalization commensurate with cost of supply:**

155. WESCO Utility submitted that, the objector has certain views regarding very lower tariff to Agriculture, Bulk supply domestic, Kutir Jyoti category of consumers as compared to industrial EHT and HT category of consumers in Odisha. It is up to the Commission to consider the suggestion of the respondent considering economy of the state, paying ability of the LT domestic and agricultural category of consumers and launching of various schemes by Governments (both centre and state) for such category of consumers.

156. The views of the objector are that industrial consumer are paying higher rate and WESCO proposal of substantial increase in demand and energy charges should be out rightly rejected. WESCO Utility submitted that the Utility has not proposed any hike in RST, rather has suggested certain rationalization measures for the interest of the consumer as well as for the Utility.
157. The objector proposed special tariff for Allied Agricultural Industries, cold storage, fisheries etc. In view of the same, WESCO submitted that the present tariff is Rs 1.50 per kWh for irrigation & Rs 1.60 per kWh for allied agro activities which is even less than 50% of the BST cost of the Utility. Similarly, the Allied agro industrial tariff is only Rs 4.20 per kWh which is even less than the average domestic tariff. As regards to SI & MI tariff, the existing is much less as compared to other industrial tariff as well as tariff of neighbouring states.
158. SOUTHCO submitted that Utility has already enumerated vividly in support of tariff rationalisation measures at page no. 60 to 66 and not requires further comments in this regard. Further the meter rent is collected as per the direction of the OERC as per its Tariff Order.

### **Performance related issues**

#### **AT&C Loss and Collection Efficiency**

159. WESCO submitted that the actual AT & C loss for FY 2018-19 was 31.64% not 39.69% as noted by Objector. The proposal for FY 2018-19 was 29.72%. The difference of 2% is due to short payment by an EHT consumer, which has been realized subsequently. Similarly, the Utility projected to achieve 24.40% during ensuring year with collection efficiency of 96%. As per actual till Nov-19 the AT & C loss is 29.04%. So considering balance 5 months' collection of current year which is normally the best for the DISCOM, the targeted AT & C loss may be achieved.
160. The AT&C loss of CESU has reduced from 62.4% in FY 1999-00 to 30.49% in FY 2018-19, resulting AT&C reduction of 31.91%. Similarly, AT&C loss has reduced by 13.11% between FY 2009-10 to FY 2018-19 i.e. from 43.60% to 30.49%. CESU has adopted the following measures on revenue improvement to achieve the AT&C loss target set by the Commission:
- (i) Improving Billing Efficiency

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

161. CESU has also submitted that the division-wise AT&C loss reduction and performance of Distribution Franchisees against CAPEX, O&M works and Metering activities has been described in details in the ARR application (Page No. 32 to 35). The Distribution Franchisees (DFs) have been engaged for a period of five years as a measure for reducing AT&C loss to a greater level, so that the BST cost is recovered from Franchised Divisions. The Present Franchisee Agreement is extended till 31.03.2020 for franchisees divisions to M/S FEDCO (four divisions) and M/S ENZEN (six divisions) as per CESU Management decision in its 57th Meeting dtd. 28.06.2019. The distribution activities of the four division franchised earlier to M/S RUPL & SUPL is now fully under the control of CESU w.e.f. 01.04.2019 as per the order dated 27.03.2019 of Hon'ble High Court of Orissa in the WP(C) No. 10867 of 2018 & 10868 of 2018. The new franchisee model is yet to be finalized. With regard to other ten Divisions under Distribution Franchisee, the new terms and conditions for the franchisee operations has been formulated and is under active considerations for its implementation.
162. CESU has estimated the gap considering AT&C loss level of 25.25% for ensuing year. Retail Tariff during last 10 years was almost static and does not commensurate with increased cost of supply. Tariff for bridging the revenue gap has the impact.
163. NESCO has submitted that it is duty bound to reducing the T & D losses over the years and the ground realities, infusion of subsidised consumers by way of Rural Electrification is mainly attributable to contain the T & D losses. The utility is taking all possible measures to reduce AT&C loss. Vigilance activities have been strengthened. Checking squads have been deployed to arrest unauthorised abstraction of energy. All the consumers have been covered under GPRS based photo –billing. The utility has also provided online cash collection counters. To improve the reach to the consumers, the utility has engaged various service providers for easy payment options. AMRs have been installed for accessing the meter data remotely. Following steps have been taken for reducing losses:
- Daily upload of spot billing data on web server to improve online collection through different mode like RCS, MPOs and other different online gateways.

- Company operated computerized collection centres have been setup facilitating collection from consumers.
- We have engaged 8 online collection Agencies for collection through debit cards, credit cards, net-banking and through different wallets like ICICI Bank, ATOM, Bill desk, ITZ, OXIGEN, CSC, Paytm, Post Offices and Bharat QR.
- Spot Online Mobile Revenue Collection System has been implemented in all Sub-division. 425 nos. Mobile POS machine of HDFC bank have been provided at Division offices, Sub-division offices, collection counters and to billing agencies for collection of revenue through Debit / Credit Card.
- To encourage digital transaction NESCO has already on boarded on Bharat Bill Payment System (BBPS) through NPCI.
- WSHGs are being encouraged to participate in rural electricity distribution management. 101 nos. WSHGS have been engaged in 03 Divisions for Web based Billing and collection.

164. SOUTHCO UTILITY has submitted that it has around 22.21 lakh consumer with around 9.45 lakh are BPL consumers who are billed @ Rs85.00 per month who are located in inaccessible areas of Malakangiri, Koraput, Nawrangpur, Jeypore, Phulbani and Boudh. So, the cost to serve is higher than to the existing consumers in urban pockets. Due to large topographical area with BPL category of consumer the AT&C loss is higher than other utilities. Also, technical loss in SOUTHCO area is around 8% due to vast network area spreading from hills to plane. How over detail study need to be carried out to access the technical loss as it differs from utility to utility. SOUTHCO has also submitted that the No of disconnection squad has increased at the section level to improve the collection and deployment of additional outsources personnel through the agencies to improve the disconnection activity.

However, the Utility has planned special collection drive to boost collection of revenue. Further following steps has been taken for improvement of revenue as well as reduction of loss:

- i. Installation of AMRs in 3-phase consumers having CD more than 20 KW.
- ii. Key Consumer Business Analytic Cell set up to analyse the dump of the meters of 3-phases for taking action at Corporate and Division level.

- iii. Intensification of Vigilance Activities by creating separate vigilance cell at Circle level. Action is being taken to engage more No's of vigilance gangs at Subdivision level.
  - iv. De hooking squad operating at Section level and installation of AB cables in rural and urban areas.
  - v. Commencement of installation of Smart meters and prepaid meters.
  - vi. Analysis of photo billing is taken at the corporate level to find out the areas of leakages and necessary action has been taken on the report of Photo Billing agencies.
  - vii. No of disconnection squad has increased at the section level to improve the collection and deployment of additional outsources personnel through the agencies to improve the disconnection activity.
  - viii. This has already submitted before the commission in ARR & RST application
165. SOUTHCO has reduced the AT&C loss by 13.21% i.e., from 52.14 % to 38.93% during FY 2011-12 to FY 2018-19. SOUTHCO has projected AT & C loss reduction target 6.72 % for FY 2019-20 and 4.21% FY2020-21. In view of above it is submitted to design the tariff on realistic AT&C loss level rather than loss level proposed by the objector which is impossible to achieve in the present circumstances.
166. Regarding AT&C Loss, SOUTHCO has proposed to reduce 6.72% during FY 2019-20& 4.21% during 2020-21. SOUTHCO has taken various measures such as replacement of 4.5 lakh meters for consumer billed under defective category. Further all household is electrified under Soubhagya Yojana.

**Distribution Loss Target:**

167. WESCO with many difficulties has reduced the T&D loss almost by 18% and the AT&C loss by 13%.As regards to compliance to Tariff order, the Utility is duty bound to comply and also adhering strictly to the guidelines. In addition to that, if any consumer is still aggrieved with the nature of compliance they are free to take the shelter of GRF, Ombudsman etc. in this regard as the case may be. The status of actual T&D Loss and AT&C Loss since FY 2010-11 of the Utility is appended below:

**Table - 14**

Financial Year	T&D Loss (%)	AT&C Loss (%)
2010-11	38.89	44.20
2011-12	38.89	42.70
2012-13	38.27	42.72
2013-14	36.68	40.26
2014-15	35.46	38.45
2015-16	33.76	37.79
2016-17	31.00	38.95
2017-18	25.81	34.80
2018-19	21.32	31.64

WESCO Utility's T&D loss was 38.89% during FY 2010-11 whereas with increase of input & consumer growth as well as non-increase of EHT sale, the T&D loss as on FY 2018-19 is 21.32%. The reduction of almost 18% in T&D loss with limited manpower indicates continuous effort of the DISCOM authorities as well as will power of the employees for improvement of power sector. The loss figure of Rs.60,000 Crore in power sector as submitted by objector has not been defined, Utility wise or state wise for which no comment has been offered.

The Commission is approving normative T&D loss in HT system for deriving HT loss of the Utility. However, while deriving wheeling charges, the entire approved loss should be taken, because the entire power (after EHT sale) is moving through HT system for which distribution cost is incurred. In reality the permitted loss should be around 15% instead of 8%.

168. SOUTHCO Utility submitted that the actual T&D loss has been reduced considerably from 48% in 2010-11 to 32.70% in 2017-18 and has requested for reconsideration of the loss level on the basis of actual loss of previous year. The detail information regarding reduction of AT&C loss of each division is submitted on ARR Query reply. The actual T&D loss of SOUTHCO Utility is given below.

**Table - 15**

Sl. No.	Financial Year	Proposed	Actual
1.	2010-11	42.76%	48%
2.	2011-12	42.67%	46%
3.	2012-13	43.72%	43%
4.	2013-14	40.03%	41%
5.	2014-15	39.17%	39%
6.	2015-16	37.74%	36.70%
7	2016-17	35.20%	34.59%
8	2017-18	32.06%	32.70%
9	2018-19	29.37%	29.76%
10	2019-20	25.50%	
11	2020-21	25%	

169. NESCO has submitted many actions have been taken and distribution loss has been reduced from 32.20% in 2010-11 to 18.74% in 2018-19 and AT&C loss from 36.04% to 23.53% in 2018-19. The utility is taking all steps for achieving the target set by the Commission. The year wise loss levels from 2010-11 to 2018-19 is furnished hereunder.

**Table - 16**

<b>Year</b>	<b>T&amp;D Loss</b>	<b>AT &amp; C Loss</b>
FY.2010-11	32.20%	36.04%
FY.2011-12	34.28%	33.91%
FY.2012-13	34.93%	39.47%
FY.2013-14	33.84%	35.93%
FY.2014-15	31.10%	33.19%
FY.2015-16	26.73%	29.87%
FY.2016-17	23.50%	26.37%
FY.2017-18	22.28%	27.43%
FY.2018-19	18.74%	23.53%

### **Energy Audit**

170. WESCO submitted that the metering position of 33 kV has already been completed & metering of 11 kV shall be completed by end of March 2020. As regards to actual expenditure on Energy Audit, the Utility is carrying out the same internally. Presently under IPDS & DDUGY scheme metering and system strengthening is going on. On completion of the same technology based Energy Auditing and consumer indexing activity shall be taken up for which the Utility has estimated Rs. 5 crore to be spent during ensuring year which may kindly be approved. To educate Domestic, BPL & LI consumers, the Utility has already distributed 92 lakh nos. of LED bulb under “Mo ghare LED Scheme” for effective use of electricity.

The Utility is also carrying out energy audit internally with limited resources of manpower. Technology based energy audit shall be carried out on implementation of IPDS project. The details report of Energy audit has already been narrated in ARR & tariff Application vide page 24 to 46 which may kindly be referred. As regards to collection efficiency in FY 2018-19 which was 87% is due to realization of substantial amount of a high value consumer in subsequent month of March-19 as a result collection efficiency fall for the year FY 2018-19.

171. CESU has submitted that all the 182 nos. of 33kV Feeders have been metered. However, in case of 11kV feeder meters, 873 out of 974 have been metered. The energy audit report is being generated by CESU on quarterly basis and is being

submitted to the Commission for their appraisal. Action is being taken to complete 100% metering in case of 11kV Feeders. With regard to PAT, all Divisions have been instructed to achieve the distribution loss target fixed by Bureau of Energy Efficiency (BEE) and the Third Party Auditor engagement is under process. For statutory auditing purpose the auditing firms are being engaged following due procedure. In the process for a financial year auditing activity it starts in the mid of the next financial year and audit report received after the stipulated time for filing of truing up of CESU. For this reason, CESU could not be able to submit the audited figures of previous financial year which has an impact on ARR. However, the Audit & Account has been audited up to FY 2018-19. If the Commission allows to file truing up exercise of Annual Revenue requirement for the past year, the same shall be submitted before due date of the next financial year.

172. Also in case of PAT, CESU has submitted that there is no such energy audit work on CAPEX Schemes. Further, energy audit through Third party has been conducted in the project town under R-APDRP programme and currently action is being taken for engagement of Third Party Auditor under PAT Scheme throughout CESU area.
173. NESCO submitted that it has given in detail the progress so far in the Energy Audit in the ARR application which may kindly be referred. As pointed out by the objector audit is being carried out in 63 nos. of 33kV feeders and 510 nos. of 11kV feeders and audit started in 10 more 11kV feeders. The consumer tagging in the rest feeders added under ODSSP is under progress. Mandatory Energy Audit and M&V audits have been carried out through Accredited Energy Auditors empanelled by BEE.
174. SOUTHCO has submitted that the energy audit is already carried out in 150 no's of 11 kV feeders and submitted before the Commission. During the FY 2018-19, SOUTHCO has meter functioning 170 nos. of 11 kV feeders against total 11 kV feeders of 692 nos. In order to complete metering arrangement at all 33kV feeders, 11kV feeders, Distribution transformers and consumers, an amount of Rs 156.58 Cr & Rs 27.3 Cr has been approved under DDUGJY & IPDS Schemes respectively. The work is being taken up presently under IPDS scheme. The details of EA of 33 kV and 11 kV feeders is enumerated in Para 5.7 of the application. Further as per direction of the Commission the utility has carried energy audit in three loss making feeders of Aska and Nowrangpur Division the detail loss reduced is submitted in Para 5.7 of the application. SOUTHCO Utility has already appointed BEE accredited energy auditor

M/s Swain & Sons Power Tech Pvt. Ltd for taking up energy audit in the utility. After submission of MEA report, SOUTHCO had been carried out for Monitoring and verification Audit as per PAT cycle II, M/s. Swapan K Dutta PE has carried out the M&V Audit of SOUTHCO Utility. The audit team verified the electricity purchased, sold, distribution among all interface points & circle wise distribution and T&D Loss% data to finalize 'Form 1' & Sector Specified Pro-forma. The Utility has implemented some energy conservation measures which were reviewed for their effectiveness and savings potential. As a result, the Utility has been able to reduce its T&D Loss % over a period of time. The Utility has achieved a T&D Loss of 29.76% (For the FY 2018-19) against the target of 30.39%. The total energy savings achieved is equivalent to a fuel savings of 1721 MTOE in the assessment year. As the SOUTHCO Utility surpassed the target under PAT Cycle-2, the SOUTHCO Utility qualifies for receiving positive Energy Saving Certificate. The detail performance audit is already conducted in three divisions of utility and Utility is taking different corrective measures to improve its performance.

#### **Employees' expenses**

175. WESCO has analysed & concluded that the employee cost is a controllable one and it has to be reduced. Regarding detail break up of O&M expenses as per Regulation 7.17, particularly towards employee cost, R&M expenses, A&G expenses etc has already provided in ARR filing in OERC approved formats F-12 (Employee Cost), F-13 (R&M cost) & F-14 (A&G expenses) respectively. The allocation of cost in pursuance to Regulation 7.20 of RST regulation 2014, it is to state that in absence of segregation accounts of the utility as wheeling and retail supply activity, the same has been done on the basis of the Commission's approved normative allocation statement and made available in page 106 of ARR filing. The reason of higher employee cost is also due to implementation of 7th Therefore, the cost as proposed towards employee for FY 2020-21 is quite justified and needs kind consideration of the Commission for approval.
176. CESU has submitted that the projection of employee cost for the FY 2019-20 has been made on the basis of implementation of 7th pay commission which arrived at Rs.865.35. Further an amount of Rs. 123.94 Cr. towards 100% pension as per the 7th pay has been considered in the year 2019-20. So the total amount comes to Rs.865.35 Cr. (i.e. 741.41 Cr. + 123.94 Cr.). For FY 2020-21 the salary comes to Rs. 915.40 Cr.

(i.e. 775.43 Cr. towards annual salary including terminal benefit + 60% of arrear salary of Rs. 84.90Cr. towards 7th pay Arrear salary of both executive and non-executive employees. The expenditure towards employee cost prior to engagement of franchisee has not decreased substantially in comparison to expenditure towards employee cost after engagement of franchisee as the impact due to retirement of employee (Superannuation) is not at par with the employee cost for increase in Basis Pay(Annual Increment), DA. Rather the impact of the employee cost is more in the ensuing year. Also, it is stated that the employees of franchisee operated division has engaged in maintaining lines and substation for the existing network and the vast networks added due to implementation of different Government funded projects.

177. NESCO has submitted that estimated Employee cost to Rs. 392.51 Crs for the FY 2020-21. The man power details along with justifications have been elaborated under para 2.4 of the ARR application, which may please be referred and the utility being duty bound in discharging the employee payments as per the statute and is linked directly with the Central/State Government payment scale viz. implementation of regular increase of DA dose and contribution to the trust for terminal benefits. The contention of the objector being the Employee Cost as controllable doesn't hold good.
178. Employee Cost projected by SOUTHCO for FY 2020-21 is based on the actual employee existing as on Sept-19, actual retirement during FY 2018-19 & 2019-20. As per the format of the Commission, the segregation of employee cost under different heads is also projected in Form-F-12. However, 60% of 7<sup>th</sup> Pay commission is considered for payment during 2019-20 which is Rs.37.13 Cr. SOUTHCO has considered Contractual, Outsourced and other activity outsourced activities for an amount of Rs.57.94 Cr. Presently, SOUTHCO is having 1267 Nos. outsourced man power under different activities and the Cost is about Rs. 22.71 Cr per annum as per new minimum wage rate effective from 1st Nov-18.SOUTHCO has already engaged 8 no's of manpower in each 33/11 kV S/s for operation and maintenance activity against 187 nos. of 33/11 kV S/s during the FY 2019-20 and shall be increased to 245 nos during FY 2020-21. The Total cost for maintaining 33/11 kV S/s comes to Rs.33.24 Cr and the balance of Rs.2.00 Cr is for contractual employees. Further there is requirement of additional manpower for maintenance of 33/11 kV S/s under ODSSP programme. The remuneration benefit is extended to the consumer after submission of bills by the consumer regarding works taken up by the consumer as per Regulation

13(1) and Appendix-1 of OERC Distribution conditions of supply Code 2004., Further, SOUTHCO is following the Remunerative calculation as per Regulation 13, Appendix-1 of old regulation & regulation 29, 30 Appendix-I of new regulation and the remunerative Calculation is attached with the estimate. SOUTHCO has already issued a circular in this regard to its field offices to follow the same strictly. The utility is running with minimum expenditure and escrow relaxation is allowed by GRIDCO for employee costs only and other costs are met from miscellaneous collections.

#### **Expenses to Employee Terminal Fund**

179. WESCO submitted that, presently the Commission is allowing terminal benefit on cash out go basis. The system of cash out go basis continuing since FY 2016-17. The corpus as per yearly RST order approved by the Commission till FY 2015-16 was Rs 704.76 crore. However, the actual fund available as on March-19 in pension trust of the Utility is Rs 219.22 crore and Rs 40.66 crore in gratuity trust. The Utility was sourcing the same from non-escrow amount i.e. cross subsidy surcharge in earlier years. Now other income including substantial amount of cross subsidy surcharge which is also being deposited in escrow account as per direction of the Commission. The Utility has no other source of revenue to fund the trust funds unless a special direction is being given in this regard. As clarified in earlier paragraphs the Utility availing rebate on payment of BST bills & transmission charges. Even during the current year, the Utility has paid seventh pay arrears of retired employees in full amounting to Rs 24.92 crores and 40% of 7th pay arrear amounting to Rs 30.60 crore of the regular staff as approved by the Commission.
180. SOUTHCO submitted that the Utility was allowed an escrow relaxation for an amount of 253.67 Cr during 2018-19 and an amount 248.05 Cr during 2019-20 till Nov towards employees cost, Licence fees and O&M cost.

#### **Administrative & General expenses**

181. WESCO has submitted that the proposed A&G expenses for FY 2020-21 is considering 7% annual hike over previous year actual, which may please be approved.
182. CESU has submitted that the revenue sharing of Distribution Franchisees (IRS Model) is an additional substantial expenditure to reduce the AT&C loss in CESU operated areas. For the FY 2020-21 the expense is estimated as Rs.157.34 Crores. As per the provisional accounts for the FY 2018-19, an amount of Rs. 99.20 Crores has already

been incurred under Franchisee operation expenses. During the year 2019-20 actual expenditure under Franchisee operation up to Nov'2019 is Rs. 73.76 Crore. Further as per regulation 7.25 of OERC (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2014, the Commission shall take into consideration various lawful resources taken for distribution licensee e.g. distribution franchisee, outsourcing and engaging contractual employees to undertake customer care, billing, collection and maintenance activities while finalizing the employee cost. The Summary of Distribution Franchisees (IRS Model) expenses are as follows:

**Table - 17**

<b>Financial Year</b>	<b>Proposed</b>	<b>Actual(Audited)</b>	<b>Approved by the Commission</b>	<b>Amount Paid</b>
2016-17	32.22Cr	85.84Cr	0.00	61.36Cr
2017-18	51.90Cr	89.49Cr	0.00	69.78Cr
2018-19	118.36Cr	118.36Cr	0.00	118.36Cr
2019-20	138.64Cr		0.00	73.76 Cr up to Nov-19

Hence CESU has prayed to the Commission to approve the Distribution franchisee expenditure as expenditure under A&G Expenses.

183. NESCO submitted that the Administration and General expenses for the ensuing year have been forecasted based on estimated expenses during FY 2019-20. In line with the Commission's earlier Orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2019-20 along with additional expenses Rs.8.29cr as detailed under para 2.5 of the ARR application. However, the licensee is managing A&G expenses out of the other non-escrow miscellaneous income like CSS, meter rent, DPS collected, overdrawal penalty etc. Estimation of higher A&G expenses during ensuing year has been made is on account of mass engagement for franchisee, Customer Care, vigilance activity, Disconnection squad expenses etc.
184. SOUTHCO submitted that the Administration and General expenses for the ensuing year have been forecasted based on estimated expenses during FY 2019-20 in line with the Commission's earlier Orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2018-19 along with additional expenses Rs.12.00 Cr as detailed in the application. The 7% increase is taken on account of inflation on the normal A&G expenses. The same has been enumerated in detail in Para 2.5.1 to 2.5.4 of our ARR &

RST application 2020-21. The total A&G expenses projected as 55.41 crores.

### **Depreciation Cost**

185. WESCO has submitted that if depreciation would not be considered on the RGGVY and DDUGJY assets then in case of absence of alternate bearer of the same how the same would be funded. Hence, the same may kindly be approved in the ARR.
186. CESU has submitted that due to increase in the volume of assets under various Schemes like Capex, Deposits Work, System improvement, DESI, Elephant Corridor etc. there is an increase of gross fixed assets to the tune of Rs. 183.71 Crs. during the FY 2020-21. Hence, depreciation comes to Rs.138.26 Crs. for the FY 2020-21.
187. NESCO has submitted that depreciation has been provided only on assets available at the beginning of the year and no depreciation has been provided on assets created during the year. The method adopted for calculating depreciation is Straight Line Method (SLM) at pre-92 rates. The numerical details are given in OERC Form F-19 in the ARR application. The depreciation for FY 2020-21 is projected at Rs.92.82 Crore.
188. SOUTHCO submitted that the proposed depreciation is against the proposed addition of fixed assets during the FY 2019-20. The proposed depreciation is against the proposed addition of fixed assets during the FY 2020-21. The depreciation for FY 2020-21 is projected at Rs.39.60 Crore.

### **Repair and Maintenance expenses**

189. WESCO submitted that, suggestions regarding disallowance of R&M expenses on assets created under RGGVY & BGJY are not correct. They raised the question that without the R&M expenses, how these assets would be maintained. In view of this, WESCO submitted that the R&M expenses as projected by the utility may kindly be approved. It is worth mentioning that the Utility is making regular payment of BST & Transmission bills and availing rebate. There is no outstanding of BST as well as Transmission charges for the Utility period. As regards to less utilization towards R&M expenses, fund is becoming a constraint, but it will improve in the years to come. Previously, the Utility was lagging by 4 months in clearing the monthly BST bill of GRIDCO. Now it is up to date. Barring exceptional cases the utility has created huge network assets to cater quality supply to the consumers. To substantiate the same certain information as desired is appended below:

**Table - 18**

	<b>Status as on 31.03.2012</b>	<b>Status as on 31.03.2017</b>	<b>Status as on 31.03.2019</b>
33 kV line	3206 Ckt. KM	3618 Ckt. KM	4229 Ckt. KM
11 kV line	24506 Ckt. KM	31070 Ckt. KM	36737 Ckt. KM
LT line	14194 Ckt. KM	29885 Ckt. KM	37945 Ckt. KM
11 kV S/s	18971 Nos.	41437 Nos.	52370 Nos.
Power Transformer	131 Nos.	354 Nos.	460 Nos.

190. CESU submitted that the demand for R & M was based on gross assets as on 31.03.2020. There is an increase of gross fixed assets during the year 2020-21, for which the Utility required additional R & M. In the FY 2020-21 it is expected that there will be an increase of expenditure to the tune of Rs. 346.84 cr. under various schemes i.e. BIJU G.J.Y, BIJU S.V.Y & RGGVY-II, DDUGJY, IPDS, ODSSP, ODAF, SCRIPS & OPTCL DTR. Due to the funds flow problem, CESU could not spend the required amount for R&M as per the norms of OERC i.e. 5.4% of GFA (opening). They submitted that, considering expected improvement in performance of CESU during the FY 2020-21, there will have better cash flow for meeting R&M expenses. CESU has engaged Franchise to maintain its Distribution Sub-Station lines and further to reduce AT&C loss. Regarding the allegation that the Utility have not utilized the approved funds for maintenance work for which lines & substations are measurably damaged, CESU has submitted that, the Utility is spending funds for repair and maintenance wherever required on priority basis. Further, the Utility is not able to spent fund for the said purpose as approved in RST Order due to Escrow arrangement.
191. NESCO submitted that the Repair & Maintenance (R&M) expenses for the ensuing year FY 2020-21 has been estimated on the basis of 5.4% of Gross Fixed Assets (GFA) including the RGGVY, BGJY assets and future assets to be created under SAUBHAGYA Scheme at the beginning of the year. The opening GFA works out to be Rs. 2573.30 crores, based on which the proposed R&M expenses is to the tune of Rs 138.96 crores along with R&M on RGGVY assets. The utility is duty bound to carry out proper operation and maintenance of the lines and substations. Required information are furnished hereunder(including works done under various schemes)
- Replacement of old 33kV line =427Km  
Replacement of old 11kV line =2821Km  
Replacement of old LT line with AB cable = 5452Km

Upgradation of 33/11kV substation = 91nos  
Construction of new 33/11kV substation = nos.  
Upgradation of DTR = 2709nos.

NESCO submitted that the Utility deposits the entire amount that is being collected in the escrow account and the amount towards BSP payment, employee cost or R&M can be utilized only after escrow relaxation is made for that amount. The utility is meeting the employee cost after paying the current power purchase bills.

192. SOUTHCO has projected a nominal amount of Rs. 18.63 Cr under RGGVY Assets during FY 2020-21 totalling to Rs. 85.01 Cr. The O&M activities in the Utility's area are carried out and the voltage level has improved a lot and there is no lower voltage problem in Utility's area. The management of the Utility is presently with the Administrator GRIDCO as per the order of the Commission. The detail expenses occurred is submitted in our reply to the Commission. SOUTHCO has 3454 km of 33kV lines, 37,152km of 11 kV lines, 34215 Km of LT lines and there are 2164 Nos. of permanent employees working in SOUTHCO Utility as on 01.10.2019. The other details are available in the website of utility.

#### **Provision for Bad and Doubtful Debts**

193. CESU has submitted that while finalizing the Accounts of CESU, the Bad & Doubtful Debts has been considered at @ 1% of the total revenue billing of last 36 months. The same data has been derived from the database of the consumer. The Commission had also allowed the same in the last ARR.
194. WESCO submitted that, with respect to the suggestion to the extent of carrying out receivable audit of the outstanding of receivables, the audit has already been completed & the comprehensive report is being filed with the Commission separately for necessary perusal.
195. NESCO submitted that, the Commission will decide the matter relating Provision of Bad and doubtful debts on the basis of the report of the independent auditors appointed by the Commission. The collection inefficiency may be considered as bad debt. NESCO is also taking action against the defaulting consumers for disconnection of power supply and collection efficiency at LT level has also increased during FY 2019-20. The details of estimated expenses with regard to provision of Bad & Doubtful debts have been submitted in detail in the ARR &RST application with further

clarification in reply to queries raised. Both are available in NESCO web-site.

196. SOUTHCO submitted that the provisions for bad and doubtful debts are on the basis of collection efficiency of 96% of total revenue. Provision for bad and doubtful debts considered Rs. 27.84 Cr for the FY 2020-21 on the basis of collection efficiency of 96% of total revenue with bad debts equivalent to 50% of billing to collection GAP.

### **Issues Related to HT / EHT Consumers**

#### **Overdrawal by Existing HT/EHT Category Consumers**

197. NESCO and WESCO submitted that, the factors, views of the proposal for overdrawal beyond CD, charges and issues are already dealt with in the petition. The Utility is duty bound to adhere and levy charges as per direction of RST order. As regards to Assessment of unauthorized use and theft of electricity as per new Supply Code, 2019 and it's treatment shall be made as per prescribed norm.

#### **Take or Pay Benefit**

198. SOUTHCO has submitted that, the Commission has withdrawn the "Take or Pay" Tariff during FY 2013-14 and the reason also mentioned in the Tariff Order FY 2013-14. Licensee is not in favor of further introduction of Take or Pay Tariff.
199. WESCO has submitted that it is welcome suggestion for reintroduction of take or pay tariff but reason of failure of earlier take or pay concept has not been analyzed. Earlier during 2012-13 when it was pronounced to avail such benefit most of the industries have reduced their contract demand, which was a major setback of the earlier scheme. So keeping in mind if take or pay scheme would be re-introduced load reduction should not be allowed. The special rebate should be applicable only for the consumption beyond > 60% LF. The minimum assured LF may be made applicable at least 80% or actual whichever is higher. The rebate of 50 paise per kwh as suggested by the objector seems to be in higher side. If the Commission desires to re-introduce take or pay tariff then it may be permitted if guaranteed of take would be 80% and industries should not be allowed load reduction during the financial year. Prior to availing take or pay and also during the period of continuance.
200. CESU submitted that, during the enforcement of 'Take or Pay' tariff, on achieving higher Load Factor, none of the consumers have come forward to avail the tariff. The main reason was long duration annual shut-down of plants by CGP/CPs. Due to this

the consumers didn't perceive to achieve the targeted LF to get the benefit of "Take or Pay" tariff. The licensee has no objection for reintroduction of the "Take or Pay" tariff as this will make optimum utilization of system capacity and guaranteed revenue gain.

201. NESCO submitted that the idea of introduction of "Take or Pay" tariff was to encourage the consumers with low load factor to draw power at higher load factor and thereby avail special rebate. None of the consumers enhanced their consumption to avail this benefit, instead the consumers who were already drawing power at load factor more than 80% in FY 2011-12, availed this benefit in addition to graded slab benefit without any increase in LF load factor. The purpose of take or pay benefit was defeated and accordingly the same was discontinued by the Honourable Commission in Tariff order for FY 2013-14.

#### **Imposition of Reliability Surcharge on all HT/EHT Consumers**

202. WESCO submitted that, levy of reliability surcharge may not be linked with implementation of various Government Schemes for system strengthening. The earlier reliability surcharge for HT & EHT consumers was 20 paise per kWh which is now reduced to 10 paise per kWh. The network strength of entire Odisha in HT & EHT even though increased but not saturated, which may take another couple of years. After comprehensive study discontinuity of Reliability surcharge may be thought up. The Utility is submitting to the consumers when such reliability is being levied. All the HT & EHT consumers are eligible to avail dump data on monthly basis from the licensee by paying Rs 500/- from where they can check all the parameters. Unless 99% reliability index is maintained the licensee is not charging reliability surcharge and at the same time voltage profile is also another precondition which is also being maintained. WESCO submitted that if WESCO is not able to facilitate 99% reliability power, immediately losing revenue of 10 paise per kWh which is an indirect penalty to the Utility. Levy of reliability surcharge is being made by the Utility strictly as per conditions defined by the Commission. Railway is trying to avoid levy of reliability surcharge like of waiver of overdrawal penalty in case of drawl from adjacent TSS in absence of power supply in a particular TSS, which is not correct.
203. NESCO has submitted that the reliability index calculation is being provided to the consumers. For getting uninterrupted power supply in the adverse scenario, the high end consumer must pay reliability surcharge to the Utility, who may otherwise would

have imposed power cuts on those consumers. Reliability surcharge is being claimed to the consumers if reliability index is more than 99% and the voltage profile is maintained. Voltage variation report being voluminous is not attached in bill and is being provided to the consumer through e-mail.

204. SOUTHCO submitted that, the detail Reliability surcharge calculation is attached to every bill served to the consumer. The licensee is enclosing reliability surcharge and voltage variation report every month to the consumer along with the energy bill who are charged with reliability surcharge. SOUTHCO is of the opinion that the Reliability surcharge should continue and standard of performance is the aspect which is to be adhered by the licensee. SOUTHCO is supplying full-fledged dump report on payment of prescribed fees as per direction of the commission in the tariff orders. It is the submission of railway that, Reliability surcharges should not be claimed as it is like enhancement of tariff for SOUTHCO Utility at the cost of others. Rather SOUTHCO should be penalized if 99% reliability is not being maintained. With respect to above, it is submitted that railway is a consumer of SOUTHCO Utility who is the holder of distribution license. OPTCL is the transmission licensee for transmission of energy to the DISCOMs as per approved transmission charges. Levy and recovery of RST is the responsibility of the DISCOM. Consumers are being broadly categorized under EHT, HT & LT category and flow of power also in that manner. Railway has nothing to say SOUTHCO should not levy reliability surcharges having no role to all. If SOUTHCO is not able to facilitate 99% reliability power, immediately losing revenue of 10 paise per kwh which is an indirect penalty to the Utility. Levy of reliability surcharge is being made by the Utility strictly as per conditions defined by the Commission. Railway is trying to avoid levy of reliability surcharge as like of waive of overdrawl penalty when drawl from adjacent TSS in absence of power supply in a particular adjacent TSS which is not correct.
205. CESU submitted that the supply network consists of EHT, HT and LT consumers. More than 95% of the consumers are availing supply in LT and rest 5% are only availing supply in HT and EHT. Reliable surcharge is levied to customers who draw load in HT or EHT satisfying the reliability condition. The Petitioner always intends to maintain reliable supply by adequate maintenance of the network and timely capacity addition. When HT and EHT supply network is maintained efficiently, then only more reliable power will be available in the LT. So, a consumer availing supply in such

condition enjoys quality and reliable power. This surcharge is levied only when the required reliability index is achieved by the Petitioner. Under power deficit situations LT consumers, being large in number are subjected to situational black outs whereas HT/EHT supplied consumers are excluded from black outs getting reliable supply. The reliability surcharge collection from FY 2015-16, to FY 2019-20 (Upto Sept'19) is very low as compared to the collection made during FY 2014-15 on this account. This is mainly due to 50% reduction of reliability surcharge rate and reduced EHT sales. Reliability surcharge is presently levied on HT/EHT consumers availing reliable and quality power supply through feeders from the EHT Grid Substations or Primary Substations of the Utility. But, the reliability surcharge levied in the RST Order of FY 2015-16 & 2016-17 i.e. 10 paise per unit is quite low and the revenue earned is not sufficient to maintain a vast HT & EHT network. The Utility is spending substantial amount in maintaining such infrastructure to extend for such reliable and quality supply to the consumer. Hence, the proposal of the Objectors for withdrawal of reliability surcharge should not be considered by the commission.

**Introduction of kVAh Billing (OR) PF Penalty for Three-phase Consumers having CD<110 kVA**

206. WESCO submitted that in almost all the neighbouring state of Odisha i.e. West Bengal for DVC power, Jharkhand, Chhattisgarh, Madhya Pradesh, Andhra Pradesh in same category, kVAh billing has already been implemented. The licensee is submitting the proposal since FY 2010-11. The Commission may kindly look into it. The licensee is fully prepared to implement the same. In 1st phase it may be implemented for all HT & EHT consumers.
207. NESCO submitted that adoption of kVAh billing will help in maintaining the power factor and hence in system stability from technical point of view. It is further submitted that, by adopting kVAh billing in place of kWh billing, the present pattern of Power Factor penalty imposed on the consumers will be abolished. The objective of introduction of kVAh billing is to ensure reduction in losses which occurs due to low power factor and for encouraging the consumers to maintain their power factor near to unity Power factor. In compliance to the direction of the Commission in the Tariff order 2014-15, the Utility had submitted the above required data before the Commission during month of Nov'2014. In almost all the neighbouring state of Odisha i.e. West Bengal for DVC power, Jharkhand, Chhattisgarh, Madhya Pradesh,

Andhra Pradesh in same category, kVAh billing has already been implemented. The licensee is submitting the proposal since FY 2010-11.

208. SOUTHCO submitted that Railway has vehemently objected introduction of kVAh billing with an apprehension that levy of P.F. penalty below 0.92 may increase the burden. With regards to the same it is to submit that in almost all the States across the country kVAh billing has already been introduced barring few states. Even the neighbouring states like Chhattisgarh, Andhra Pradesh, Jharkhand, and West Bengal (DVC) have already introduced kVAh billing. The Madhya Pradesh who has not introduced kVAh billing & continuing with Odisha type is levying higher charges both in Demand & Energy as compared to Odisha. If kVAh billing would be introduced, rather railway would be benefited for the P.F. penalty as now bearing. So railway should support for introduction of kVAh billing for overall gain.

**Reintroduction of Third Slab for HT & EHT Consumers**

209. CESU submitted that, the graded slab tariff is intended for optimum utilization of system capacity. Lowering the ceiling will lead to stranding of capacity. The objector should optimize their utilization to get the benefit of graded slab rates which is available for consumption >60% LF.
210. WESCO has submitted that the Commission has given more incentive to the industries as compared to past years when three slab tariffs was in force but still then there is no such significance improvement in consumption pattern. Here it is clearly envisaged that the Commission is providing more & more tariff incentive for higher consumption year after year but the licensee is not experiencing any marginal increase in consumption pattern of the industries rather than downsizing. So the Utility is in the opinion that re-introduction of 3-slab graded tariff will not fetch the desired result.
211. Presently 2 slab Graded slab tariff is in force which is more beneficial rather than 3 slabs Graded slab. The % of load factor benefit both in 3 slabs & 2 slabs is appended below.

	<b>3 Slab</b>		<b>2 Slab</b>
Up to 50%	Nil	Up to 60%	Nil
50% to 60%	9%	> 60%	21%
60% & above	12%		

Operating in higher load factor in case of 3 slab will yield 12% benefit, where as it will fetch 21% in case of 2 slab.

212. SOUTHCO submitted that the Commission has modified the Graded slab tariff during FY 2013-14 considering more and more industries are running in higher load factor. So, further reintroduction of 3 slabs graded incentive tariff during FY 2019-20 is not at all correct.
213. NESCO has submitted that as more and more industries are running in higher load factors, the graded slab structure has been modified by the Commission

#### **Interest on Security Deposit**

214. NESCO has submitted that the Security Deposit other than the cash is not acceptable with the introduction of awarding interest on the Security Deposit to the consumers. Deposit is the normal mechanism applied in every retail business other than electricity. The proposal of Deposit other than cash by the respondent should not be accepted. Payment of security deposit and refund of excess security deposit or surcharge for delay payment are as per the provisions of OERC Distribution (Condition of Supply) Code, 2004.

#### **Mode of security deposit**

215. CESU has submitted the security deposit of the consumer shall be accepted as per the regulation 52 of OERC distribution (condition of supply) code 2019.
216. NESCO has submitted that That, in para 249 of RST order dated 21.3.2016 for FY 2016-17, the Commission has disposed off the issue with observation that the issue of charging SD in form of Bank Guarantee has been dealt by the Commission in Para 326 of RST order 2010-11. Under para 326, the Commission has said that the issue of SD has been dealt with in regulation 19, 20, 21 and other provisions of OERC Distribution code, 2004.
217. WESCO has submitted the submission of objector regarding acceptability of Bank Guarantee instead of cash is being repeatedly denied by the Commission in all the tariff orders with justification. The new distribution conditions of Supply Code, 2019 which is effective from 11th Oct 2019 has also mandated security deposit amount should be in cash/DD. That means Bank Guarantee has not been permitted for SD amount in lieu of cash/DD.

#### **Applicability of MMFC and Fixed Charges in the Tariff Design**

218. NESCO has submitted that, the railway tariff here in Odisha is much cheaper as

compared to other states. Hence the suggestion regarding reduction of slab rate may not be accepted. Further, in Odisha all the distribution companies are operating in different geographical area with different consumer strength & different socio economic conditions of the people, as well as with different BST rates. Suggestion of railway to consider the railway load at OPTCL grid end with simultaneous metering is not justified.

#### **Waiver of penalty for occasional consumption beyond CD**

219. WESCO has submitted that presently all the consumers having CD >110 kVA and above are eligible to draw power upto 120% of their CD during off peak hour (12 AM to morning 6 AM) without levy of penalty, which is an adequate level of relaxation. The suggestion of objector to increase the time period is not an ideal suggestion, because now days' demand in other hours are as like of peak hours due to change of living habit of the consumers.
220. NESCO submitted that the Utility is duty bound to adhere and levy charges as per direction of RST order. Assessment of unauthorized use and theft of electricity as per new supply code 2019 and it's treatment shall be made as per prescribed norm.
221. SOUTHCO once again reiterated that the Utility's distribution network is meant for all the consumers including open access customers. When the incumbent open access consumer draws beyond CD under open access, system constraint invites disruption of supply to other consumers who are availing power supply from the Utility. So, it is quite justified to limit the drawal of the open access customer to the extent of CD only. The Utility is projecting it's input as well as sales considering the drawal pattern of all the consumers. Based on the same the Commission is approving the RST as well as BST of the DISCOMs. Without giving annual plan, if a customer draws power under open access, the power which was projected for the consumer remains un-utilised as a result the revenue of the licensee affected. At the same time, if annual plan would have been provided the utility would not have plan it's purchase and it's input would have reduced for which the BST might have fixed in lower rate. So, it must be made mandatory to give annual plan.

#### **Meter Rent**

222. WESCO has submitted the Utility has proposed to rename the head "monthly meter rent" as "monthly recovery of meter cost", as Utility is not providing the meter on

lease basis which would also attract GST. The Commission is allowing recovery of cost in 60 months' period amounting to Rs. 2400/- is justified. Putting all the incidental expenses including cost of meter & installation charges cost to Utility would be around the same.

223. NESCO submitted that justification for levy of meter rent has been elaborated in the ARR application.
224. SOUTHCO has submitted that is has been collecting meter rent as per directions of the Commission in the Tariff Order.

### **Metering**

225. WESCO has submitted that the defective position of meter as shown in p-13 as on end of Sep-19 is 3,81,722 which includes the cases of average billing & house lock. Subsequently the Average & lock cases has been taken out and actual defective is 2,68,000 (Capex). Out of the above the Utility has already replaced around 60,000 during October to December 2019. So balance defective shall be replaced by March-20 as per target given by OERC. We have placed order in favour of M/s L&T & HPL for procurement of around 1.5 lakh meters. Defective meters are also being replaced under DDUGJY scheme which will compensate the balance defective meters. The licensee has already started in Rourkela and Sambalpur area through Secure Meters on pilot basis. The result is not encouraging and the consumers are tempted to involve with unauthorised use after exhausting existing balance. Some are not charging at all, indicates improper use of electricity. It is very difficult to visit each and every consumer on daily basis to protect misuse of prepaid meters as well as electricity with limited manpower of the Utility.
226. NESCO submitted that the defective position of meter as shown in p-13 as on end of Sep-19 is 2,39,488. Out of the above the Utility has already replaced around 92,963 meters during October to December 2019. So balance defective shall be replaced by March-20 as per target given by OERC. Order has been placed for procurement of around ninety thousand meters. Defective meters are also being replaced under DDUGJY scheme which will compensate the balance defective meters. Billing of defective meters and unmetered consumers are being done assessing their consumption on the basis of regulation 19 of Supply Code and the bills are subsequently revised as per actual consumption after installing a correct meter. On

pilot basis 1 lakh consumers will be covered under Smart Metering, details for which has been furnished under para 2.5.2 of ARR application of the utility

227. SOUTHCO submitted that a proposal for installation of smart meters in 1, 00,000 consumers of utility on trial basis. The detail study in regards to its technology and its installation status in India was taken by DMU which has already submitted report to the Commission. In regard to installation of static meters, out of 9.31 Lakhs procured for the replacement around 4.50 Lakh meters installed till today. There was target to complete the same by 31st March.

#### **Emergency Power Supply to Captive Generating Plants (CGPs)**

228. WESCO submitted that, the reason of two-part tariff in case of emergency power supply has been clearly given in ARR application. The Utility has made comprehensive submission for adoption of two-part tariff of CGP's So, the view of objector is not correct & not acceptable.
229. NESCO submitted that the quantum of power is kept reserved for the industry both in normal industrial supply as well as emergency supply. However, in case one 'Emergency supply industry will not draw power in a month it will not be charged any energy charge or demand charge, even though the quantum of power may be in terms of MWs are kept reserved for them. The tariff fixed for emergency supply may take care of the demand charge component, in case the unit draws above a threshold quantum of power. But in case of no drawl or drawl below this quantum the charges, the marginal charges that are billed are very insufficient to cover any charge. Therefore, provision of demand charge must be done for Emergency supply category, which the consumer must pay irrespective of its drawl.

#### **Power Factor Incentive**

230. SOUTHCO submitted that, the power factor is related with the load factor. The Commission has already reintroduced Power Factor Incentive during FY 2015-16.
231. WESCO submitted that the Commission has rightly withdrawn the power factor incentive during FY 2014-15 and again reintroduced from FY 2015-16 which is a bonus for the industries. Maintaining adequate power factor by the industries is the basic necessity for safety and stability of the grid along with safety and stability of the electrical installations at the premises of the consumer. So for better Grid discipline there should be levy of PF penalty but there should not be any incentive for the same.

Now, levy of reactive energy charges (now being under mock stage) would also increase the burden of utilities, hence power factor incentive should be discouraged. The present level of PF incentive is quite higher which needs to be maintained or it may be abolished with introduction of kVAh billing. The present level of Power Factor Incentive is adequate enough. Enhancement in PF incentive as suggest by the objector would affect the finances of the Utility. The Utility has submitted for introduction of KVAH billing which may kindly be approved. The KVAH billing will automatically protect the consumer from levy of PF penalty as well as dissatisfaction from receipt of lesser amount of PF incentive.

232. CESU has submitted that achieving the normative power factor by installing in-house capacitor banks to compensate reactive energy drawl is a healthy sign for benefit of all stakeholders. Higher power factor incentive outgo is much higher than realization from low power factor penalty burdening the licensee with unreasonable expenses. So, the proposal to increase the percentage of higher power factor incentive may not be allowed but should be either reduced or the incentive may be stopped as only high value consumers are getting such benefit. So the proposal for increasing the higher power factor incentive percentage along with admissibility of power factor incentive for the band 92% to 97% may not be allowed.
233. NESCO submitted that, the Commission has already clarified in the RST order of FY 2013-14 that by maintaining power factor close to unity the consumers are able to keep their KVA demand at lower side and have become conscious of keeping their PF high for their own benefit. Hence incentive for maintaining higher power factor is not justified.

#### **ToD Benefit**

234. WESCO submitted that, the existing TOD benefits is being extended to all the eligible 3 phase consumers as per para 429 of the RST order. Present level of TOD @ 20 paise per unit is adequate. The proposal of 50 paise per unit would affect the revenue of the Utility. Further, the necessity of extending TOD benefit at present scenario, when load curves of the industries are almost flat may kindly be looked into.
235. CESU has submitted that the meters installed at the 3-Phase consumer premises having the facility to record peak & off-peak consumption as well as the facility to download data from meter Non Volatile memory (NVM), TOD rebate is allowed by

the Petitioner. Presently, the entire process is carried out manually, which makes it cumbersome to extend the facility to all 3-Phase consumers to avail TOD rebate. Further the view of the Commission regarding TOD rebate may be continue.

236. NESCO submitted that, with the introduction of frequency based tariff significance of TOD consumption has been lost and the load curve of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required. Further, consumers having contract demand more than 110KVA and above are also availing off peak hour benefit towards drawal to the extent of 120% of their contract demand without levy of penalty. So, further continuance of TOD benefit would be a double benefit for the same cause which may kindly be abolished. The existing TOD benefits is being extended to all the eligible 3 phase consumers as per para 429 of the RST order.
237. SOUTHCO submitted that the present TOD benefit is appropriate so the utility is in adverse position to the view of increasing TOD benefit to the consumer.
238. SOUTHCO submitted that the OYT scheme is extended to the applicant as per their application. TOD benefit is given to the eligible consumers.

### **Cross Subsidy**

239. WESCO submitted that the Commission is repeatedly explaining Cross Subsidy in tariff and Cross Subsidy Surcharge payable under open access are two different things and should not be confused. Para 293 to 300 of RST Order for FY 2019-20 may please be referred in this regard. In case of EHT category the licensee is not entitled for wheeling charges as OPTCL is the separate entity who is the beneficiary for transmission charges. So, while deriving CSS for EHT category, in cost component the cost of power purchase includes per unit BSP & Transmission charges. If per unit Transmission charges would be removed the CSS for EHT category would be increased. Similar practice has also been adopted for HT, but loss component after EHT sale is being factor in 'L'. As regards to limiting of CSS within 20% of average billing, the Commission is keeping the level of 20% limit as prescribed in National Tariff Policy. The same may be perused from RST order for FY 2019-20 vide para 293 & 299. The Utility is projecting it's input as well as sales considering the drawal pattern of all the consumers. Based on the same the Commission is approving the RST as well as BST of the DISCOMs. Without giving annual plan, if a customer draws

power under open access the power which was projected for the consumer remains unutilised as a result the revenue of the licensee affected. At the same time, if annual plan would have been provided the utility would not have plan its purchase and its input would have reduced for which the BST might have fixed in lower rate. The CSS of EHT category as approved by the Commission vide para 299(table-32) is Rs 1.23 p/kWh and for HT CSS and wheeling is Rs 1.29 p/kWh. So, an intending open access customer factoring the above open access charges with respect to average tariff can create gap of Rs4.54 p/kWh (Rs 5.77-Rs 1.23) for EHT and in case of HT Rs4.50p/kWh (Rs 5.79- Rs1.29). With such huge margin of Rs4.54 p/kWh &Rs4.50p/kWh respectively for EHT and HT category, the intending open access customer has ample opportunity to deal with the CGP who is selling surplus power to GRIDCO @ Rs2.75 per unit. Every year the levy of cross subsidy surcharge is being reduced. The Commission while approving open access charges is allowing certain percentage (%) of the derived Gap. During the current year Commission has approved only 63% of the loss margin as against 65% of previous year. So the per unit charges of Cross Subsidy Surcharge depends on Average tariff and cost to serve the consumers as a whole, where BST plays important role. Therefore, in absolute term Cross Subsidy Surcharge may decrease or increase but the Commission is allowing the Gap to certain % in reducing trend previously it was 75%, 70% etc. Presently there is no cross subsidy surcharge is leviable when power drawn from renewable sources. Every year the levy of cross subsidy surcharge is being reduced. The Commission while approving open access charges is allowing certain percentage (%) of the derived Gap. During the current year Commission has approved only 63% of the loss margin as against 65% of previous year. So the per unit charges of Cross Subsidy Surcharge depends on Average tariff and cost to serve the consumers as a whole, where BST plays important role. Therefore, in absolute term Cross Subsidy Surcharge may decrease or increase but the Commission is allowing the Gap to certain % in reducing trend previously it was 75%, 70% etc. As regards to wheeling charges the same also under goes changes i.e. increase or decrease depending on the distribution cost and quantum of power wheeled through 33 KV & below. If distribution cost is more and quantum of power wheeled in distribution system is less then per unit wheeling price will increase. As such the Utility is not getting CSS or wheeling charges during breakdown or power interruption.

240. SOUTHCO submitted that, the Commission is determining the Cross Subsidy on the basis of average cost of supply to the all consumers of the State as there is uniform RST. It is the prerogative of the commission to subsidize or non-subsidize a particular category of consumers taking into various aspect of economy and prospective plan for development of particular sector. In case of EHT category the licensee is not entitled for wheeling charges as OPTCL is the separate entity who is the beneficiary for transmission charges. So, while deriving CSS for EHT category, in cost component the cost of power purchase includes per unit BSP & Transmission charges. If per unit Transmission charges would be removed the CSS for EHT category would be increased. Similar practice has also been adopted for HT, but loss component after EHT sale is being factor in 'L'. As regards to limiting of CSS within 20% of average billing, the Commission is keeping the level of 20% limit as prescribed in National Tariff Policy. The same may be perused from RST order for FY 2019-20 vide para 293 & 299. Every year the levy of cross subsidy surcharge is being reduced. The Commission while approving open access charges is allowing certain percentage (%) of the derived Gap. During the current year Commission has approved only 63% of the loss margin as against 65% of previous year. So the per unit charges of Cross Subsidy Surcharge depends on Average tariff and cost to serve the consumers as a whole, where BST plays important role. Therefore, in absolute term Cross Subsidy Surcharge may decrease or increase but the Commission is allowing the Gap to certain % in reducing trend previously it was 75%, 70% etc. Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. In conformity to para 8.3.2 of Tariff Policy and para 5.5.2 of National Electricity Policy the Commission has framed Regulation 7(c)(iii) of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004. Presently there is no cross subsidy surcharge is leviable when power drawn from renewable sources.
241. CESU submitted cross subsidy and wheeling charges considering reduction as per section 42 of the Electricity Act 2003. The Commission has reduced cross subsidy surcharge for EHT & HT up to 63% of the actual calculated value for the Financial Year 2019-20. CESU submitted cross subsidy surcharge calculation has been made using the formula pertaining to tariff policy as cited by the commission in its order dt.

22.03.18 case No. 79, 80, 81, 82, 83, 84, 85, 86 of 2018 and basing on the proposed data in the ARR. The Average cost of supply depends upon the no. of consumer, consumer mix, applicable tariff, voltage class and consumption variance etc. It will not be proper and justified to take average cost of supply of the state to determine the open access charges for the class of consumers of a DISCOM.

242. CESU has submitted that the case of limit to the quantum of open access power is congestion may arise in the network when the consumer applies for excess demand. CESU has not encountered power regulation or shortage of power over the year and in case of deficit situation the guidelines issued by the Commission is followed. There is no relevance in the present context where objector stated high cross subsidy surcharge for open access or errors while calculating cross subsidy surcharge.

#### **Additional Surcharge**

243. CESU submitted as per clause-3 OERC (determination of open access charges) Regulation-2006, additional surcharge is payable by open access consumers to meet the fixed cost of the distribution licensee. At present two numbers of EHT consumers are availing open access power under CESU area of supply from their CGP share without paying any charges for the open access. It has been prayed at least certain amount to be paid by these types of consumer to share the fixed cost of the petitioner.

#### **Special Tariff Measures**

244. NESCO submitted that the idea of introduction of 'Take or Pay' tariff was to encourage the consumers with low load factor to draw power at higher load factor and thereby avail special rebate. This would have been win-win situation for both the consumers and NESCO. Whereas in actual none of the consumer enhanced their consumption to avail the said benefit, instead the consumers who were already drawing power at load factor more than 80% in the FY 2011-12 got this benefit in addition to graded slab benefit without any increase in their load factor. As per introduction of 'Assured Energy' concept no such industries are coming forward to avail the same. That means in the previous method there was no such efficiency gain, but they were benefited because of Commission's order only. The purpose of take or pay tariff was defeated and accordingly the same was discontinued by the Commission in the Tariff order for FY 13-14.
245. NESCO, WESCO and SOUTHCO submitted it is the contention of Railway that they

are being highly charged here in Odisha as compared to other neighboring States & other States. For kind perusal Railway tariff in few of the States as alleged by railway is cheaper, in comparison to Odisha is appended below.

States	Demand Charges	Energy Charges
1) Chhatisgarh	Rs.350/-per KVA per month	Rs. 4.20 per KVAh
2) Andhrapardesh	Rs.350/-per KVA per month	Rs. 3.75 per KVAh
3) Jharkhand	Rs.350/-per KVA per month	Rs. 4.60 per KVAh
4) Madhyapradesh	Rs.310/-per KVA per month	Rs. 5.90 per KWH
(Precondition of minimum off take of 1500 unit Per KVA per annum)		
5) Odisha	Rs.250/-per KVA per month	HT(kWh) EHT(kWh)
		Upto 60% L.F. 5.35 5.30
		>60% L.F. 4.25 4.20

So, claim of Railway regarding they are highly charged in Odisha is not appropriate.

Railway is also being separately categorized under HT & EHT as “Railway Traction”.

#### **Amnesty Arrear Clearance Scheme**

246. NESCO submitted that the Amnesty Arrear Clearance has been proposed to go for financial gap filling measures and the licensee is open and always promote for financial scrutiny through third party audit.

#### **Tariff for Industrial Consumers**

247. NESCO and WESCO submitted that the Industrial tariff of Odisha vs Other neighboring states for FY 2019-20 is furnished below.

##### Demand charges (per kVA per month)

<u>Odisha</u>	<u>Jharkhand</u>	<u>Chhattisgarh</u>	<u>Andhra Pradesh</u>
Rs. 250	Rs. 350	Rs.350	Rs. 475

##### Energy Charges

<u>Odisha</u> (per kWh)	<u>Jharkhand</u> (per kVAh)	<u>Chhattisgarh</u> (per kVAh)	<u>Andhra Pradesh</u> (per kWh)

##### HT/EHT

Upto 60%	5.35	5.30	Rs. 5.50	Rs. 5.91 to Rs. 6.91	Rs. 4.95 to Rs. 6.30
> 60%	4.25	4.20			
(in different LF & voltage		(different voltage supply)		Supply)	

So comparison of Odisha industrial tariff with other neighbouring states indicates that Odisha is cheapest. Hence, the view of objector regarding other neighbouring state's

industrial tariff is lower which is not correct. Similarly, in case of West Bengal the tariff for DVC is Rs. 600/- per kva per month for demand charges with off peak allowance of 110% beyond C.D. where as in Odisha it is Rs. 250 per kva per month with off peak allowance till 120% of C.D. No doubt the Energy charge is Rs.2.95 per unit which is also in kvah. While other levy like monthly DPS is also higher which is 1.50% per month of DVC as compared 1.25% per month in Odisha.

### **General Issues related to Retail Supply Tariff of DISCOMs**

#### **Energy Sales Forecast and Addition of BPL & LT Consumers**

248. CESU submitted that, the LT sales projections by the licensee were based on the past trend. Detailed category wise sales projection under LT is available in ARR document. But in case of BPL category the sales projection seems to be very high as around 3.00 lacs BPL consumers consuming at @ 30units/month and the consumption also includes the cases where BPL kit is charged but not included in billing fold. Hence, as compared to actual billing, the projection will be high for this category due to non-billing sales. CESU further submitted that if they do not propose the higher sales under LT category then they will not get power purchase approvals for the non-billing loss under LT category. The licensee's power purchase cost be ultimately passed on to the consumer. Hence, with the interest of LT consumers, the CESU is projecting higher LT sales to pass on within the approved power purchase and reduce the BSP expenditure. Further, the Commission is allowing power purchase at normative loss level instead of actual and hence, the Commission may consider the proposal of the petitioner.
249. WESCO has submitted that the LT sales have been projected for FY 2020-21 considering past trend. Hence the projected sale under LT category for ensuing year quite justified which may please be considered. Further, due to massive village electrification during current year under SAUBHAGYA scheme LT sale (particularly under BPL & Kutir Jyoti) would significantly increase.
250. NESCO has submitted that the justification regarding sales forecast has already been elaborated under para 2.2 of ARR application along with the actual category wise sales figures of the previous years. From the past trend, it can be seen that the projection submitted by the licensee is justified. NESCO Utility has projected LT sales of 2714.849MU in view of the electrification done under SAUBHAGYA scheme.

251. SOUTHCO has submitted that the projected LT sales are realistic factoring the growth under Saubhagya scheme and loss reduction measures to be undertaken Actual Sales of EHT, HT and LT during FY 2018-19 also available in the ARR application.

### **Review of Inefficient Operations and Quality of Power Supply**

252. WESCO submitted that all the DISCOMs are operating in different geographical area & having different distribution license. The benefit of feed extension is being extended within the same DISCOM as per mutual agreement. But the same benefit cannot be extended across the DISCOM. Each DISCOM have different BSP even though single RST is in force across the state. Each DISCOM ARR also being individually approved. If railway would try to avail such benefit, then each DISCOM's revenue would be affected. Hence proposal of railway in this regard may not be considered.
253. WESCO submitted that, the issue regarding low voltage and blackout/brownout in licensee area as complained is no more exist. Due to massive system strengthening work under various Government schemes like CAPEX, ODSSP, IPDS, RGGVY, DDUGJY, DESI, RLTAP the network assets and capacity building has increased in may fold. It is pertinent to mention here that during privatization in 1999 the consumer strength was 2.29 lakh with employee strength of 5000 nos. Now as on date the consumer strength has increased by 10 times with reduction of employee strength by 50%. So the improvement of providing quality supply is only due to introduction of various technology based infrastructure as well as continuous effort of the management as well as employees of the organization. Therefore, the allegation regarding adequate step is not being taken by the licensee as objected is not proper

The amount spent on Capex work, Scheme wise is as under: -

#### **(Provisional)**

ODSSP:-	Rs 67.18 crore (Apr-19 to Dec-19) total exp from FY 14-15 onwards Rs.980.97 crs out of Rs.1145 crs.
Capex GoO:-	Rs 166.97 crore till Nov-19 out of which Rs.113.08 crs would be capitalized during the current year as the project scheduled to be closed by March-20.
SAUBHAGYA	Rs. 52.27 crore (for current yr till Nov-19) Total disbursement till Nov-19 Rs 121.05 crore against project cost of Rs 240 crore.
DDUGJY	Rs. 30.38 crore (for current yr till Nov-19) Total disbursement till Nov-19 Rs 1083.11 crore against sanctioned cost of Rs 1384.77 crore.

IPDS	Rs. 20.23 crore (for current yr till Nov-19) Total disbursement till Nov-19 Rs 185.49 crore against sanctioned cost of Rs 224.45 crore.
RLTAP	Rs. 15.50 crore (for current yr till Nov-19) Total disbursement till Nov-19 Rs 68.11 crore against allotted cost of Rs 90.71 crore.

254. NESCO submitted that the Quality of power supply has been substantially improved as compared to past period. Voltage condition has improved due to upgradation of Sub-stations and replacement of old conductors. Augmentation in system network has also been made due to capacity addition on account of DDUGJY, IPDS, ODSSP, CAPEX etc. The details of expenditure on various schemes are:

**Table- 19**

<b>Capital Expenditure and addition of Fixed Assets</b>		
	<b>Capital Exp.</b>	<b>Addition to Asset</b>
SOUBHAGYA	68.67	110.00
Deposit work /EL/School & Anganwadi & Others	86.83	52.88
RGGVY-II	603.79	211.33
DDUGJY	371.42	185.71
Biju Gram Jyoti	7.00	3.50
Biju Sahar BY	2.01	1.00
DESI	0	27.29
Capex (GoO)	0	92.10
IPDS	169.70	84.85
ODSSP	592.80	207.48
ODAFF	47.23	23.61
Total	1949.46	999.77

Quality of power supply has been substantially improved as compared to past period. Voltage condition has improved due to upgradation of Sub-stations and replacement of old conductors. Augmentation in system network has also been made due to capacity addition on account of DDUGJY, IPDS, ODSSP, CAPEX etc.

255. SOUTHCO has submitted that it is committed to provide quality power supply and better consumer services to its consumers. SOUTHCO has taken many steps for improving the voltage by way of augmentation of conductors, Installation of new S/s, up gradation of existing S/s and Power Transformers. SOUTHCO has installed good no's of new transformer and up gradation of transformer of different capacity in its area of operation and power transformer capacity have already been upgraded to provide reliable and uninterrupted power supply. SOUTHCO has added additional

transformers into the system to cater the needs of the consumers and to overcome the low voltage. Under various schemes of GoO like ODSSP, the asset addition is being taken to improve the voltage level in addition to the addition of new GRIDs at OPTCL level. The voltage problem is not an issue in SOUTHCO Utility area. The power cut without any notice is not being implemented in SOUTHCO. Further, as per the drawl schedule of SLDC and grid constraints the power restriction is being imposed at SLDC/OPTCL level. The detail of additional works under taken and going to be undertaken under various schemes is submitted in Para3.1 to 3.8.2 of our ARR & RST application. The O& M activities in the Utility's area are carried out and the voltage level has improved a lot and there is no lower voltage problem in Utility's area. The management of the Utility is presently with the Administrator GRIDCO as per the order of the Commission.

The detail of govt schemes with amount spent is given below for information of the petitioner

**Table - 20**

<b>Name of the Scheme</b>	<b>Budgeted amount</b>	<b>Amount spent up to Oct 2019</b>	<b>Likely date of completion of the project</b>
CAPEX	196.97	141.89	FY 2020-21
RGGVY (12 <sup>th</sup> Plan)	979.24	783.00	FY 2020-21
RAPDRP-A	0.00	0.00	NA
RAPDRP-B	0.00	0.00	NA
DDUGJY	440.74	289.00	FY 2020-21
IPDS	259.09	131.21	FY 2020-21
ODSSP	772.15	627.55	FY 2020-21
BGJY	216.66	150.04	FY 2018-19
BSVY	32.39	15.67	FY 2018-19
RLTAP	34.03	20.39	FY 2018-19

#### **Audit of Books of Accounts**

256. Regarding audited accounts the data relating to Balance Sheet, Profit/Loss Account, Cash Flow statement & Auditors report for FY 2018-19 will be submitted to the Commission after duly approved by Management Board.
257. WESCO has submitted the accounts of the Utility has not yet been segregated as wheeling & retail business as per OERC tariff regulation, 2014. In absence of the same, various cost components has been segregated considering certain standard/assumptions which may kindly be approved.

### **Creation of corpus fund for victims of Electrical Accident**

258. CESU is already in the financial crunch due to non-realization of the outstanding from the consumer further the fund creation out of the arrear to be collected from the consumer will worsen the financial health of the organization. So the proposal for the creation of corpus fund for the victims of the electrical accident is justified.

### **Death of Elephant in Dhenkanal District**

259. CESU submitted for the death of the elephant one original application No. 844 of 2018 of the Green Tribunal (NGT) on 30.10.2018 pending final disposal of the case, directed CEU to deposit 1.00 crore with the Chief Wildlife Warden, Odisha and the same has been deposited by CESU on 08.11.2018. The Hon'ble NGT by order dtd. 20.12.2018 to pay further amount of Rs. 4.00 Crore has stayed by interim order dtd. 05.08.2019 and the case is pending before the Hon'ble Supreme court of India.

### **NGT compensation**

260. CESU has submitted as per information available CESU has already paid NGT compensation Rs. 55,16,290 in 2015, Rs. 54,42,234 in 2016 Rs. 32,21,841 in 2017 Rs. 43,62,734 in 2018 and Rs. 33,94,016 (excluding 1 Crore which is under subjudice) in 2019.

### **GRF and Ombudsman**

261. CESU submitted if the consumer is aggrieved, he can approach the Appellate Authority under section 127 of the Electricity Act 2003.

### **Regarding compliance to directives and provisions under the Act.**

262. NESCO Utility is complying to all the provisions laws laid under Electricity Act'2003. NESCO Utility operates under the purview of all the Regulations framed by OERC. Hence NESCO follows each and every Regulation framed by the OERC in order to satisfy all its consumers. The required details regarding division wise consumer and network details and regular employees engaged for O&M are available.
263. NESCO submitted that the utility has followed the directions given by the Commission in the RST order. Compliances to the directions have been furnished in the ARR application of the utility which may please be referred. The utility is raising bills and supplying power to the consumers observing the provisions of the Regulations of Supply Code and other applicable rules and regulations.

264. SOUTHCO has submitted that it is complying with the directions of the Commission from time to time.

**Standards of Performance**

265. Guaranteed Standard of Performance Reported by NESCO Utility was published in the OERC Web Site in a regular basis for the ready reference and information of general public. Also, in compliance to the direction of the Commission the utility has conducted third party audit of SOP for the FY 2016-17 as well as 2017-18 and report submitted before the Commission. Third party audit for 2018-19 is going on.

**BSP & Transmission Charges over the years**

266. NESCO submitted that the Objector's contention of unprecedented increase in tariff to EHT consumers from the year 2010-11 has relevance to the equal increase of BST Bills during the even periods. The transactions of BSP for the period from April'19 to Nov'19 are available.

**Safety of Animal & Human life and Vigilance Activities.**

267. NESCO submitted that, the it is taking all possible steps to check the electrocution of animals as well as electrical accidents of both humans and animals. The details of accidents in the prescribed format are being furnished before the Commission in ARR application in Performance Format P-2 which may kindly be referred. Vigilance activities have been strengthened with deployment of 73nos of vigilance squads. Vigilance activities are being reinforced in high loss prone area considering Section / Feeder wise analysis of Input Vs Billing. Special emphasis has been given to checking in Irrigation consumer in Basta and Jaleswar area. Each circle has a Manger Vigilance and one at corporate office to monitor vigilance activities under the supervision of Chief Vigilance Officer at Corporate Office.04 Nos AVO (retired police Officers) have been appointed to boost the vigilance activities under supervision of Chief Vigilance Officer. 19928 nos. of disconnections made and an amount of Rs.9.6Cr realized till Sep'19. Vigilance activities have been strengthened. Checking squads have been deployed to arrest unauthorized abstraction of energy. All the consumers have been covered under GPRS based photo –billing. The utility has also provided online cash collection counters. To improve the reach to the consumers, the utility has engaged various service providers for easy payment options. AMRs have been installed for accessing the meter data remotely.

268. SOUTHCO submitted that the electrical inspector time to time directs the Utility to carry out modification of lines and substation as per requirement of safety. The same was rectified immediately. The utility is also of the opinion of waiver of annual inspection fees of lines and substation. SOUTHCO also submitted that the utility has appointed dedicated safety officer at Headquarter who is looking into the aspect of safety. Further there are one training institute at Ambagada, Berhampur who is imparting in house safety training to our employees. There has been intensification of Vigilance Activities by creating separate vigilance cell at Circle level and action is being taken to engage more nos. of vigilance gangs at Subdivision level. Death of animals and human both fatal and nonfatal are provided in the P-2 format of the Commission which may kindly looked into. Due to inadequate cash flow of revenue from consumers the utility not able to pay the BSP bills to GRIDCO on monthly basis.
269. WESCO has submitted that the presently there are 25 nos. of vigilance squad is being operative in WESCO. The penal amount raised and amount collected till Dec-19 is Rs.10.82 crore and Rs.3.96 crore respectively.

#### **Undue enrichment of DISCOMs**

270. NESCO submitted that, the issue has been addressed in detail in the Distribution Code, 2019. The utility is taking all steps to create awareness among the consumers through its website and social media accounts. Various steps have been taken for creating consumer awareness like painting of different facilities available for consumers on walls of substations and offices, Street plays, painting and debate competitions in schools. Matter is being taken up for displaying short documentaries on electricity in places of entertainment like movie halls. For creating such fund, the utility has prayed before the Commission in the ARR application.

#### **Performance details**

271. SOUTHCO has submitted that performance details are based upon accounts and facts. The detailed power purchase bills of GRIDCO, Transmission tariff bills of OPTCL and SLDC charges bills are submitted before the commission which is part of the tariff filing.

#### **Extending benefits to Industries of Seasonal Nature**

272. SOUTHCO has submitted that the benefits are for industries which are under statutory restrictions of state where fishing is banned in the breeding season. So, it the duty of

the state to compensate for such restriction accordingly tariff was fixed for those who are dependent on them. So, the claim of the objector for extending above benefits to seasonal industries is not acceptable.

#### **Telecom Sector Infrastructure**

273. NESCO submitted that the consumer categorization is being done as per the provisions of OERC Distribution (Condition of Supply) Code, 2019 basing on the purpose of supply. The purpose of power supply for telecom infrastructure is not used as a motive force and therefore is not complying to the requirement as envisaged under the OERC Distribution Code and hence cannot be grouped under Industrial category.
274. WESCO has submitted if the Objector can bring their plan for installation of more towers across WESCO & SOUTHCO license area in the ensuring year then their proposal of single flat tariff may be considered by the Commission.
275. SOUTHCO submitted that the telecom towers are billed appropriately as per the OERC distribution code 2019.

#### **Security mechanism for open access.**

276. WESCO has submitted the commission has already mandated one-month security mechanism vide open access regulation (clause 14(4)). As per the above regulation the consumer has to ensure one-month security for availing power supply under open access. SLDC is the nodal agency for STOA should enforce the same and the consumer would institute appropriate security mechanism with SLDC or with Discom as the case may be.

All the consumers having CD 1 MW & above are permitted to avail power under STOA subject to adequate system corridor. If system constraints persist, it is the responsibility of the consumer to incur additional cost for availing open access. In that scenario it is not the obligation of the licensee to invest for the consumer to facilitate open access.

277. SOUTHCO submitted that the commission has already mandated one-month security mechanism vide open access regulation (clause 14(4)). As per the above regulation the consumer has to ensure one-month security for availing power supply under open access. SLDC is the nodal agency for STOA should enforce the same and the consumer would institute appropriate security mechanism with SLDC or with

DISCOM as the case may be.

**Power loom motor ranging from 2HP to 10HP**

278. SOUTHCO submitted that The weavers of Hinjilicatu is having power loom using motor ranging from 2HP to 10 HP supplied with three phase supply in SI category. As they are small power loom units they are billed appropriately under SI category as per existing tariff. The Commission may examine the submission of petitioner and pass appropriate orders.

**Demand charges for ICE factories**

279. The fishing department of Government of Odisha has introduced a seasonal prohibition on the fishing of trawlers for distance of 20 km seashore of the Devi (Jatadhari river mouth to Devi river mouth) and Rusikulya (Chilika Lake Mouth to Rusikulya river mouth). The annual ban was for turtle season from January to May. Considering this ban we have allowed some concession to ice factories dependant on fishing in terms of demand charges in FY 2012-13 vide para 250to 257 in our RST order of that year. We direct that same concession shall continue for FY 2015-16 also. Accordingly, during the statutory restriction imposed by the fisheries department, the ice factory located at a distance of not more than 5 Km towards land from the seashore of restricted zone will pay demand charges based on actual maximum demand recorded during the billing period. There will be no changes in the energy charges and other charges payable to DISCOMS as per existing tariff order and regulations. If we analyse the Para it is well understood that this concession was extended to the industries due to compensate the loss in case of statutory restriction but in no other cases. In the instant case no statutory restriction was imposed by the state. Further it is open for the industry to diversify and run its business on profitable lines. So, the claim of the objector for extending above benefits to seasonal industries like cotton industries is not acceptable.

**Other Issues**

**Electricity Billing and Payment.**

280. WESCO submitted that Odisha all the distribution companies are operating in different geographical area with different consumer strength & different socio economic conditions of the people, as well as with different BST rates. Suggestion of railway to consider the railway load at OPTCL grid end with simultaneous metering is not justified.

### **Solar Roof Top Net Metering System**

281. CESU has submitted that as per Clause no 10 "Metering Arrangement" of OERC Order No. OERC-Engg. 02/2010/(Vol-IV)/1131 dated 19.08.2016 as amended up to 17.01.2018 on Net metering / bidirectional metering and their connectivity with respect to solar pv.

### **Monopolistic Attitude**

282. NESCO submitted that the contention of the objector regarding the attitude of the utility is not correct. The utility is taking all possible measures to provide as much as facility that it can to its consumers, like spot billing, spot collection where on the spot they can get the money receipt, payment through MPOS, creation of 1912 cell, creation of consumer complaint cell, social media accounts for consumer awareness as well as consumer complaint redressal etc.

### **6% on Service Connection estimate**

283. NESCO submitted that the service connection estimate is framed as per the approved rate of cost data and as per the approved procedure in the regulation. The 6% charge as cited by the objector is not for construction of infrastructure, rather it is for supervising the work as per the provisions of OERC regulation.

### **Judgment of Hon'ble ATE**

284. WESCO has submitted as regards to Appeal no.283 of 214, 141 of 215,30 of 2016 & 31 of 2016 of Hon'ble ATE, the court has already given verdict in favour of the utility. The objector has moved to Hon'ble Apex court against the decision of Hon'ble ATE vide civil appeal no.11090 of 2018 Vedanta Vrs OERC and others.

### **Auction of scrap**

285. SOUTHCO submitted that the detail of action of scrap is submitted in our ARR & RST application 2020-21. The valuation and auction of scrap takes place of the utility time to time.

### **SMD demand charges**

286. SOUTHCO submitted that submitted that the Commission has already built up the SMD demand charges while determining the BSP of the Licensee.

**OBSERVATION, ANALYSIS AND RECOMMENDATIONS OF CONSUMER COUNSEL “WISE” ON ARR, WHEELING AND RETAIL SUPPLY APPLICATION OF DISCOMS (PARA 287 TO 305)**

287. The licensees have over projected the LT demand and the demand of BPL categories which is not as per the norms of consumption allowed for this category. The overconsumption due to unmetered / unbilled consumption or defective meters cannot be permitted and requested for review.
288. The BPL domestic category should be restricted for consumption upto 30 units per month and the same should be converted to APL after crossing 30 units consumption on annual basis.
289. Increase in LT sales require more cross subsidy from HT & EHT consumers or this needs to be recovered from the Government through tariff subsidy. SOUTHCO is the most affected as their HT & EHT consumer base is very less compared to other DISCOMs of Odisha
290. In NESCO, large industry under both HT and EHT has increased consumption per kW in FY 2019-20. HT General purpose and Power intensive industry consumption per KW has reduced in FY 2019-20.
291. It is observed form the past data that all the DISCOMs have consistently failed to realize LT revenue per input fixed by the Commission.
292. It is observed that EHT consumption is coming down significantly in many cases.
293. The collection efficiency, though improved, has not much improved against the target set on year on year basis which challenges the involvement of franchise operation and cost involved in it. Franchisee expenses should be tallied with the benefits received.
294. The trend of metering is unsatisfactory; any unmetered supply or defective meter supply should be immediately acted for correction with metered supply.
295. AT&C and Distribution loss have been reducing over the period of time however in most of the cases it has not matched the target yet which has been set consistently over the years. Even though the reduction in losses is welcome in terms of efforts much more is needed to reduce the losses and the target losses further.
296. Impact of A&G expenses should be assessed, especially of energy auditing. IT automation expense is welcomed, though schedule for implementation should be

strictly followed, and details should be in public domain Energy. Audit and other additional expenses was not segregated by Utility. Normal A&G expenses should be approved with 7% escalation. Additional A&G expenses should be considered viewing its long term impact on performance.

297. There is a huge gap between actual and approved R&M expenses. Distribution line maintenance has increase many folds. In every year's ARR submission a very common practice by DISCOMs is the cost for last six months of current FY shoots up exorbitantly. Actual spending is very less than proposed and approved R&M costs. If repairs and maintenance is not done as proposed then it may increase operational cost.
298. Debtors outstanding must be recovered in time bound manner. In most of the cases over 24months outstanding forms a significant amount which should be recovered in priority.
299. In case of employees costs all the licensees have projected an increase in technical and non technical employees by way of new recruitments. Apart from that, the licensees have also outsourced many of the activities like meter reading, billing and distribution, collection, energy auditing etc which has been included in A&G expenditure. Due to inclusion of franchisee operations and outsourcing activities the actual manpower requirement should go down and hence the licensee's submission towards additional manpower requirement and consequential increase in employee cost is not justified. As per the Commission's decision in last year and also at present there should not be new induction. Further, the impact of 7th pay commission may be considered only after implementation of the pay commission and effect can be realized during true-up exercise.
300. It is observed that the DISCOM's are not utilizing the approved expenses by the Commission for proper R&M of the network due to shortage of funds.
301. In the case of bad and doubtful debts all the licensees have increased requirement for making provision for bad and doubtful debt. Further, despite appointing various collection franchisees, outsourcing of the billing and collection activities and imposition of DPS to domestic category consumers the billing and collection efficiency of the licensees have not shown any sign of improvement. The licensees have also failed to recover the arrears which are pending for more than a year. It has been observed that more than 50% bad debts across all the licensees are more than 24

months old. This shows that the licensees are not putting enough effort to recover the old bad debts. The arrears older than 2 years are piling up and DISCOMs need to recover the same to meet their working capital requirements. Further, the proposal of the licensee to introduce the amnesty arrear clearance scheme for LT non industrial category of consumer to recover such old debts if introduced could help to improve the recovery of such bad debts. Also, the Licensees, seem to project the provision for bad debt considering 4% collection inefficiency. It is suggested that this should be computed @1% of the total annual revenue billing in HT and LT sales only.

302. It is observed that all the DTRs and feeders are not yet metered. Hence, a 100% energy audit from DISCOMs point of view means audit of only metered DTRs and feeders. This is inefficient practice as it does not reflect the true picture of energy efficiency of the utilities. In case of SOUTHCO, the Nuagan College Square is in semi-urban area, but still it has around 64% losses. Energy audit is like diagnosis, which requires concrete action to improve the situation. Despite utmost thrust imparted by the Utilities, the Energy Audit has failed to bring any conclusive results. Energy audit is like diagnosis and needs to be backed by concrete action plan to reduce losses. Very less chances of survival, if such scenario continues.
303. All DISCOMs should target and commit to the collection efficiency to reach 99% which set by the Commission and has been quite distant for DISCOMs. The Utility needs to focus a lot on collection efficiency SOUTHCO has remarkable decrease increase in collection efficiency
304. The utility has submitted that consumers with Emergency category are always remaining in synchronization mode and drawing power regularly which may be due to their low generation as compared to their requirement for which they have requested a two part tariff of CGP's. The Regulation has specified the provisions related to maximum demand while adopting the tariff to CGP. However, the Regulation is silent in the case of load factor condition while adopting tariff to CGP. Hence, the licensee should submit the data related to the LF achieved by the CGP to analyse the issue further.
305. The operation of Franchisees particularly in CESU area has been inefficient as a result of which T&D and AT&C losses have increased in the franchisee operated zones. Operation of these franchisees is not satisfactory and focused only on collection of

revenue. Franchisees have managed to reduce the losses considering base year losses but have failed miserably to achieve their target level losses. So, Commission may review the performance of the franchisees and direct CESU accordingly to continue with the model.

### **OBJECTIONS ON PROPOSALS OF THE UTILITIES ON OPEN ACCESS CHARGES (PARA 306)**

306. The respondents/ objectors have submitted the following points on the proposed Open Access Charges before the Commission for consideration.

- The existing open access charges and proposed open access charges of DISCOM Utilities in Odisha is high compared to the other states, due to which consumer is generally disinterested to purchase power from other sources, therefore, very purpose of open access is defeated.
- The purpose of Open Access was to provide the consumer non-discriminatory Open Access, so that the consumer will be able to procure power from cheaper source and the operation of its industry will be commercially viable. While purchasing power from other source, the consumer has to pay energy charges to the Power Exchange/ Seller/ IPP/ Other generators. Due to high Cross subsidy surcharge in NESCO Utility, the total cost of the energy is very high and it is becoming difficult for consumer in NESCO utility to purchase REC power through Open Access.
- That for the purpose of computing cross-subsidy payable by a certain category of consumer, the difference between average cost-to-serve all consumers of the state taken together and average tariff applicable to such consumers has been considered by the Commission. Therefore same principle should be adopted while calculating the cross subsidy surcharge for EHT consumer. Or else computation of cross subsidy should be carried out as per computation methodology of cross subsidy surcharge. It is not prudent on the part of the DISCOM and Commission to take two different approach and methodology for deciding cross subsidy and cross subsidy surcharge. If the cross subsidy has been calculated considering cost-to-serve all consumers of the state taken together, then cross subsidy surcharge should have been calculated considering average cost-to-serve all consumers of the state taken together.

- No precise and clear formula has been approved by the Commission for determination of cross subsidy and cross subsidy surcharge. That there is no difference between cross subsidy and cross subsidy surcharge. The value of cross subsidy should be equal to cross subsidy surcharge which is collected to compensate the distribution licensee for financial loss incurred by them due to loss of cross subsidy. It is submitted that the levy of cross subsidy surcharge is to compensate the distribution company for the loss of a customer and was never intended to be a source of revenue for it.
- The Act, the Tariff Policy and the Model Terms and Conditions of Intra-State Open Access Regulations given by the Forum of Regulators emphasise that cross subsidy surcharge should be computed as the difference between the applicable tariff and the cost of supply and should be utilised to meet the current level of cross subsidy paid by the category of consumers.
- The cross subsidy surcharge is found to be not reducing progressively. The cross-subsidy is very high, particularly in case of EHT consumers considering that the cost of power supply to such consumers by the distribution licensee is the lowest. Therefore, it is necessary to reduce the cross subsidy payable by EHT consumers at a faster rate, particularly in view of Section 61(g) of the Electricity Act, 2003.
- The Commission has been determining the cross subsidy based on the average tariff applicable for EHT, HT & LT category of consumers, based on Clause 7.77 of the OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 which provides that “The Commission, while determining the tariff, shall see that the tariff progressively reflects the cost of supply of electricity and the cross-subsidy is reduced. For the purpose of computing cross-subsidy payable by a certain category of consumers the difference between average cost of supply to all consumers of the state taken together and average voltage wise tariff applicable to such consumers shall be considered.
- The cross-subsidy in tariff may be reduced @5% per year and the tariff for a particular consumer may be determined based on the cost to serve that category of consumer and not based on the “average cost of supply”. It is further

submitted that globally, the EHT tariff is the lowest and the LT tariff is the highest, based on the cost to serve a consumer of that category.

#### **OBSERVATION OF STATE ADVISORY COMMITTEE (SAC) (PARA 307 TO 315)**

307. The State Advisory Committee (SAC) was convened on 26.02.2020 to discuss the proposed ARR and Tariff Applications of different utilities in the state for FY 2020-21. The members of the SAC deliberated on the various issues and gave following observations /suggestions to the Commission.

##### **MYT Regulations**

308. Implementation of MYT framework is crucial for the sector due to the increasing sales migration, increasing cost of supply and expected increase in household electrification. With increase in renewables and possibilities of storage, it is important for the regulatory body to provide regulatory certainty for the investors and consumers. ARR filings of all distribution companies are without the long-term business plans. This may be due to the absence of the MYT regulations. Absence of MYT regulations increases uncertainty to the entire tariff setting process. Regulatory process should not be contingent upon the impending changes in the ownership structure.

##### **Impact of the change in ownership on ARR**

309. As per the publicly available reports, the business of CESU will be owned and managed by a SPV which will be partly owned by Tata Power. The capital structure of the new SPV will have impact on the ARR.

##### **Performance of Franchisees**

310. We are the first in the country to experiment with the concept of franchisee in different forms but till now we are not able to stabilize. We are still struggling and looking for a stable franchisee model. We appointed franchisee to improve the performance and the price of the electricity.

##### **Revised ARR**

311. Revisit the calculation of Power Purchase, rethink on allowing expenses for bad debt, discounts to customers, franchisee fee, excess interest & excess depreciation. Recalculate the ARR to be recovered through tariff. In revised ARR the subsidy towards the subsidized consumers should come from the GoO and the balance ARR to

be recovered through tariff.

**Other relevant issues**

312. Distribution companies should be advised to prepare the financial statements of each function and share the same with all stakeholders. Significant part of debt is more than 2 years old and includes dues from Government. Status of the ED collected should be shared with the stakeholders. Corpus for victims of electrical accidents is a good decision but it need not be a part of the ARR.
313. Some SAC members complimented the Commission on conducting hearings NESCO, WESCO & SOUTHCO Utilities areas. Performance oriented tariff must be implemented. Directions given by the Commission over the years should be compiled and implemented. Members pointed out that management of the utilities are changing every six months and should be stabilised on a long term basis. The success of an institution depends not on change of ownership but on the involvement of all the stakeholders. Instead of organising disconnection drives just before the end of the financial year, it can be done every month.
314. Rooftop solar power projects have not been allowed subsidy. Members requested for tariff reduction for MSMEs and steel units. 80 paise per unit concession is being given by Chhattisgarh government to these units and OERC should write to the Energy and Industry Department for granting the same. They pointed out that bills are being issued to industrial consumers for 35 days without mentioning date of meter reading.
315. Some members suggested that the HT and EHT tariff in the state is quite high and it needs to be reduced for survival of the industries. The reliability surcharge is a bonus to the DISCOM Utilities for their non-performance and should be waived out. They suggested that Commission should re-introduce three slab based EHT tariff and take or pay scheme for industrial consumers. The ToD benefit presently available to the industries is quite negligible to attract the industries to swap their load from peak to off-peak hours and hence needs to be increased further.

**OBSERVATION AND DIRECTION OF THE COMMISSION**

**(PARA 316 TO 506)**

**Tariff Design**

316. All the DISCOM Utilities of Odisha have filed their Aggregate Revenue Requirement (ARR), Wheeling and Retail Supply Tariff (RST) applications for the financial year

2020-21 in pursuance to Regulation 6 (1) of (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 within 30th November, 2019. The DISCOM Utilities have proposed segregation methodology for segregating their cost and revenue into wheeling business and retail supply business for approval of the Commission under Regulation 4.4 of said Regulations. As in the previous year's Commission has approved the cost allocation matrix provisionally for FY 2020-21 consistent with the Regulations (paras 385 to 393 of RST order 2016-17).

317. In accordance with Regulation 5.1 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 utilities will submit the Business Plan for fourth control period 2019-20 to 2020-24 which will be approved by the Commission. The Commission had segregated the different cost components of the DISCOM Utilities in their earlier Long Term Tariff Strategy (LTTS) Principle in the first control period and also in the MYT orders for successive three control periods ending in 2018-19. Since none of the DISCOM Utilities have submitted their Business plan till now, the Commission intends to continue with the same normative distribution loss and collection efficiency targets as fixed for FY 2019-20 for FY 2020-21 except SOUTHCO utility which projects lower distribution target than approved for FY 2019-20. This approach does not allow the additional losses incurred by the DISCOM Utilities due to inefficiency in their operation. The Commission has ordered all DISCOM Utilities to submit their Business plan.
318. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that voltage-wise tariff remains within  $\pm 20\%$  of the average cost of supply as per Clause 8.3 of National Tariff Policy. In the present State of Odisha power sector, EHT and HT consumers are cross subsidizing consumers, whereas the LT consumers are the subsidized consumers. Like in the previous years, the Commission has adopted Top Down Approach to calculate sales of ensuing year by applying normative loss approved in the Business Plan Order vide Case Nos. 58/2016, 53, 56 and 57 of 2017.

**Table – 21**  
**Proposed and Approved Loss of DISCOM Utilities**

	<b>FY 2018-19 (Actual)</b>	<b>FY 2019-20 Approved</b>	<b>FY 2019-20 Estimated by licensees</b>	<b>FY 2020-21 Proposed by licensees</b>	<b>FY 2020-21 (Approved) by the Commission</b>
<b>CESU</b>					
Distribution Loss	28.15%	23.00%	25.99%	24.49%	23.00%
Collection Efficiency	96.75%	99.00%	99.00%	99.00%	99.00%
AT and C Loss	30.49%	23.77%	26.73%	25.25%	23.77%
<b>NESCO Utility</b>					
Distribution Loss	18.74%	18.35%	18.70%	18.60%	18.35%
Collection Efficiency	94.10%	99.00%	96.00%	97.00%	99.00%
AT and C Loss	23.53%	19.17%	21.95%	21.04%	19.17%
<b>WESCO Utility</b>					
Distribution Loss	21.32%	19.60%	23.10%	21.25%	19.60%
Collection Efficiency	86.87%	99.00%	94.00%	96.00%	99.00%
AT and C Loss	31.64%	20.40%	27.71%	24.40%	20.40%
<b>SOUTHCO Utility</b>					
Distribution Loss	29.76%	25.50%	25.50%	25.00%	25.00%
Collection Efficiency	86.95%	99.00%	91.00%	96.00%	99.00%
AT and C Loss	38.93%	26.25%	32.20%	28.00%	25.75%
<b>ODISHA</b>					
Distribution Loss	24.30%	21.36%	23.41%	22.27%	21.23%
Collection Efficiency	91.79%	99.00%	95.71%	97.23%	99.00%
AT and C Loss	30.52%	22.15%	26.69%	24.42%	22.02%

**Assessment of Power Purchase Requirement of DISCOM Utilities for FY 2020-21**

319. The monthly quantity of power purchase of Utilities from April, 2019 to December, 2019 is available with the Commission. For all the four DISCOM utilities the average power purchase of the financial year up to December 2019 is extrapolated for the whole year for arriving at estimated power purchase for the 2019-20. The details are given below.

CESU	-	8593.84 MU
NESCO Utility	-	5662.41 MU
WESCO Utility	-	7710.40 MU
SOUTHCO Utility	-	3561.42 MU

320. The Commission has estimated sales for EHT and HT for FY 2019-20 by averaging sales of first nine months and extrapolating the same for the whole year. The Commission also took note of the estimate made by DISCOM Utilities for FY 2020-21. From both the figures, Commission accepts the figure of DISCOMs except that of EHT sales by WESCO Utility. In case of that utility, it is found that the EHT Industry-wise additional sales estimated by WESCO Utility is more than utility level sales in

EHT estimated by them. Therefore, the Commission accepts EHT sales of WESCO Utility at 1450 MU (estimated Industry-wise) instead of 1360 MU estimated by them for whole of WESCO Utility. Similarly, following the above procedure, the Commission has accepted the HT sales estimate of DISCOMs for FY 2020-21. In case of LT, the Commission scrutinized the trend of sales basing on the information available upto nine months of FY 2019-20 and prorate the same for the whole year. It is found that in case of all the DISCOMs, the sales estimated by them for FY 2020-21 is more than what has been estimated by OERC for FY 2019-20. Therefore, the Commission accepts the sales estimate in LT by DISCOM Utilities for FY 2020-21.

**Table – 22**  
**Additional Sales in FY 2020-21**

	<b>LT Sales (In MU)</b>	<b>HT Sales (In MU)</b>	<b>EHT Sales (In MU)</b>
CESU	618.45	98.25	(-) 107.11
NESCO	736.99	-3.65	6.99
WESCO	443.52	(-)135.73	(-) 193.30
SOUTHCO	369.27	20.05	(-) 20.03

321. For the above additional sales, the Commission found out the additional power purchase requirement by factoring in Voltage-wise loss level which is 8% in HT and 0% in EHT. This is because DISCOMs do not bear the EHT loss, which is allocated to OPTCL. The normative LT loss which is utilized for finding out power purchase requirement is derived from the normative Distribution Loss allocated by the Commission to DISCOMs.
322. Therefore, power purchase requirement for the Utilities in the year 2020-21 is estimated as follows:

**Table – 23**  
**Power Purchase Requirement**

	<b>CESU</b>	<b>NESCO Utility</b>	<b>WESCO Utility</b>	<b>SOUTHCO Utility</b>
Estimated annual power purchase for 2019-20	8593.84	5662.41	7710.40	3561.42
Additional estimated power purchase requirement for 2020-21	872.70	1043.38	285.26	523.04
Total power purchase for 2020-21 estimated by OERC	9466.54	6705.79	7995.66	4084.45
Total Power purchase estimated for 2020-21 (Rounded)	9470.00	*6570.00	8000.00	*4050.00

\* In case of NESCO and SOUTHCO Utilities, the Commission has accepted the power purchase requirement projected by these utilities since they are at lesser level from the estimated level of OERC.

### Estimation of Sales of DISCOM Utilities for FY 2020-21

323. Now we will determine sales at different voltage level basing on the Topdown Approach prescribed in the Tariff Regulation. In case of EHT and HT sales, we accept the sales projected by DISCOM Utilities for FY 2020-21 except in case of EHT sales of WESCO Utility. In case of WESCO Utility, we have accepted the EHT sales as 1450 MU instead of 1360 MU projected by them for FY 2020-21. The LT sales of different DISCOM Utilities have been arrived by applying gross normative loss level of DISCOM approved by the Commission in the Business Plan and 8% HT normative loss.
324. Therefore, the purchase and sales estimation of DISCOM Utilities for FY 2020-21 are approved as follows:

**Table – 24**

(In MU)

All ODISHA PURCHASE and SALES PROPOSED and APPROVED BY THE COMMISSION FOR FY 2020-21										
	CESU		NESCO		WESCO		SOUTHCO		ODISHA	
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
<b>Purchase</b>	9550.33	9470.00	6567.04	6570.00	8000.00	8000.00	4050.00	4050.00	28167.37	28090.00
<b>Sales</b>										
EHT	937.83	937.83	2191.44	2191.44	1360.00	1450.00	463.89	463.89	4953.16	5043.16
HT	1559.96	1559.96	439.28	439.28	1800.00	1800.00	333.38	333.38	4132.62	4132.62
LT	4713.67	4794.11	2714.85	2733.69	3140.00	3182.00	2240.43	2240.23	12808.94	12950.02
<b>Total Sales</b>	<b>7211.46</b>	<b>7291.90</b>	<b>5345.57</b>	<b>5364.41</b>	<b>6300.00</b>	<b>6432.00</b>	<b>3037.70</b>	<b>3037.50</b>	<b>21894.72</b>	<b>22125.81</b>

### Revenue Assessment

325. Basing on normative parameters like distribution loss, AT & C loss and collection efficiency as approved in this Retail Supply Tariff order of the Commission, we proceed to determine the revenue on the following principles.

### EHT and HT Category

326. The average revenue billed per unit (P/Kwh) category-wise by DISCOM Utilities for the first nine months of current financial year (in T-6 Format) after normalization has been multiplied by the category wise estimated sales for FY 2020-21 to arrive at the revised revenue in the respective category of each licensee.

### LT Category

327. The Commission has approved the sales of DISCOM Utilities at LT level by considering normative losses both at HT and EHT and applying the same on the estimated power purchase for 2019-20. This estimated sales approved by the

Commission are apportioned among domestic categories of consumers basing on the sales ratio among them.

328. Therefore, relying on the above principle we approve the expected revenue of DISCOM Utilities for FY 2020-21 as given in the table below:

**Table – 25**  
**Revenue of DISCOM Utilities for FY 2020-21 (Rs. Crs.)**

	<b>CESU</b>	<b>NESCO Utility</b>	<b>WESCO Utility</b>	<b>SOUTHCO Utility</b>
<b>EHT</b>	544.15	1,258.24	834.17	267.14
<b>HT</b>	914.64	253.73	1,024.45	191.48
<b>LT</b>	2,110.79	1,114.04	1,270.29	887.34
<b>Total</b>	<b>3,569.58</b>	<b>2,626.01</b>	<b>3,128.91</b>	<b>1,345.96</b>

**Tariff Related Issues**

**DISCOM Utilities have raised certain issues which are discussed below:-**

**Withdrawal of power factor incentives**

329. The Odisha power system is still not operating in unity power factor which is the ideal power factor. This has happened in spite of consumers using energy efficient appliances along with capacitor banks as stated by DISCOM Utilities. As long as this is not achieved there is scope for improvement of power factor. Therefore, withdrawal of incentive for improvement of power factor at this stage is not desirable.

**Withdrawal of ToD benefit**

330. DISCOM Utilities have stated that due to introduction of ABT, the industries are drawing power as per the prevailing frequency. The industries having CD > 110 KVA are also availing 120% over drawal facility during off peak hours. Therefore, they have requested the Commission to withdraw the ToD benefit. It is to be stated that the ABT is still to be implemented in Odisha for consumers. Rather it has been implemented for DISCOM Utilities and they are supposed to get the benefit out of it. Over drawal facility is available to make the load curve flat during off peak hours. ToD benefit is implemented in Odisha for the consumers who are capable of segregating their load drawal into peak and off-peak hours. Therefore, there is no necessity of abolishing the ToD tariff. This matter has already been discussed in Para 310 of RST order for FY 2018-19.

**Demand Charges for HT Medium category consumers.**

331. The demand charges for HT medium category of consumers are a separate category of

consumers who have CD<110 KVA. They are small industrial consumers. Their viability cannot be compared with large industry consumer. Therefore, the Commission have been consciously keeping demand charges lower for this category than that of large industry category.

#### **MMFC for LT category of consumers**

332. Some DISCOM Utilities want that the additional KW in all LT categories should have uniform MMFC. It is to be stated that this has been done to give some relief to agriculture, public lighting and small industry consumers. The revenue from this section of consumers is as such very low. It is expected that differential KW charges have minimal impact on the revenue in flow from this category of consumers.

#### **Billing to Irrigation and agriculture category of consumers**

333. Some DISCOM Utilities want that since the meters of agricultural consumers gets defective frequently due to site condition; load factor billing should be permitted. It is clarified that load factor billing is prohibited under the Act. Billing should be done through correct meter only. Therefore, request of DISCOM Utilities cannot be accepted.

#### **Levy of Demand Charges**

334. Some DISCOM Utilities state that the principle of “80% of CD or MD whichever is higher” principle for computation of demand charges should be revisited by making it 85% of CD or MD whichever is higher. The present principle has been kept keeping in view the drawal pattern of industries. For revision of the same, the DISCOM Utilities must show that drawal pattern of industries have changed upward considerably.

#### **Additional Rebate of 2% to LT category of consumers for Digital Payment**

335. Some DISCOM Utilities want that for encouraging digital payment, the additional rebate of 2% should be granted to the LT domestic and Kutir Jyoti consumers. Therefore, after consideration of convenience of payment by the consumers, the Commission decides that 2% rebate over and above normal rebate shall be allowed on the bill to the LT domestic and single phase General purpose category of consumers only over and above all the rebates who pay through digital means. This rebate shall be applicable on the current month bill if paid in full.

### **Introduction of KVAH Billing or Applicability of power factor penalty**

336. DISCOM Utilities request the Commission that KVAH billing should be introduced or alternatively power factor penalty should be imposed on some LT and HT categories of consumers. The DISCOMs have submitted that they are ready for KVAH billing for consumer having a load of 20 KW and above. This matter has been discussed by the Commission in the past several Tariff order. KVAH billing should not be utilized as a revenue generation model rather for correct recording of energy. In appropriate time when infrastructures are fully ready for all the consumers this can be introduced.

### **MMFC/Demand Charges to be in KVA only instead of KVA/KW**

337. Some DISCOM Utilities request the Commission for computation of demand charges basing on KVA instead of KW. This option was allowed by the Commission when there were electro mechanical meters which cannot read KVA. Now, in most of the cases static meters have been introduced. Therefore, the Commission has no objection if meter readings are captured in KVA for computation of demand charges provided it is mentioned in the agreement.

### **Meter Rent**

338. The existing monthly meter rent will continue as follows:

**Table - 26**

<b>Type of Meter</b>	<b>Monthly Meter Rent (Rs.)</b>
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOM Utilities shall be collected for a period of 60 months only. After it is collected for sixty months, meter rent collection should be discontinued and excess collected, if any, shall be adjusted in subsequent energy charges. In addition to Meter rent any other applicable taxes and duties levied by Government shall also be payable by consumers to the Utilities.

339. Some objectors representing Mini Steel Plant category of consumers connected at 33

KV voltage level having induction furnaces have approached the Commission to reduce their tariff. They state that the tariff of similar industries in neighbouring States like Chhattisgarh, West Bengal, Andhra Pradesh are comparatively lower than that of Odisha. Thus steel production costs in those States have become low. These industries in neighbouring States procure iron ore, sponge iron, pellets etc. from Odisha and process the same in their induction furnace and supply them again back to Odisha at cheaper rate which makes the product of Odisha unviable in the market. Hon'ble JSERC in their Retail Supply Tariff order has directed that the industrial tariff of HT consumers under DVC licensee area shall be Rs.2.95 per unit. The Commission analysed the tariff order of those states. It is found that the tariff of Mini Steel Plant category has become lower in the above cited neighbouring States due to subsidy from the respective State Governments and not by lower tariff fixation by the State Commissions. This problem is not limited to only small steel plants but also has ramification for other industries. Therefore, the Commission considering surplus power situation of the State at present desires to allow incentive in tariff at higher load factor to the industries. Accordingly, it is directed that all the industrial consumers having CD of 1 MW and above and drawing power in 33 KV shall be allowed a rebate of 10 paise per unit for the units consumed in excess of 70% of load factor and up to 80% of load factor and 20 paise per unit for the units consumed in excess of 80% of the load factor per month. This shall be in addition to all other rebate the consumer is otherwise eligible. Similarly all the industrial consumers drawing power in EHT shall be eligible for a rebate of 10 paise per unit for all the units consumed in excess of 80% of load factor.

### **Reliability Surcharge**

340. Many Industrial consumers have objected the levy of Reliability Surcharge payable to the DISCOM Utilities which they are getting without any contribution. The Commission feels that the EHT network has been reasonably strengthened in the meantime and DISCOMs have no role to play in this matter now. Therefore, a Reliability surcharge @ 10 paise per unit will continue only for HT consumers availing power irrespective of nature of feeder. This surcharge @ 10 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit.
341. The Commission reviewed the new connection charges and directed that it should be as per Regulation 22 (vi) of OERC (Condition of Supply) Code, 2019 which is as follows:

LT Single Phase consumers of all categories having CD upto 5 KW with pole within 30 meters from the consumer premises

Upto 2 KW : Rs.1,500/-

Beyond 2 KW upto 5 KW : Rs.2,500/-

Provided that if the line extension is required beyond 30 meters, the licensee/supplier shall charge @ Rs.5,000/- for every span of line extension in addition to the above charges.

#### **Tatkal Scheme for New Connection**

342. The Tatkal Scheme for consumers availing LT supply for Domestic, Agricultural and General Purpose shall continue as directed vide para 293 of the RST order for FY 2017-18. The Tatkal charges will continue to be applied as given below:

**Table - 27**

<b>Category of Consumers</b>	<b>Tatkal charges</b>
LT Single phase upto 5 kW load	<b>Rs.2000/-</b>
LT three phase 5 kW and above	<b>Rs.2500/-</b>
LT Agricultural consumers	<b>Rs.1000/-</b>
LT General Purpose single phase and three phase consumers	<b>Rs.4000/-</b>

The above Tatkal charges do not include meter cost and over and above the charges mentioned for the respective category in OERC Supply Code, 2019.

#### **No cost to be recovered from consumer upto 5 KW for transformer upgradation**

343. During hearing of the views of objectors and consumers and on many occasions the Commission has come across the complaints of small consumers who are denied service connection by DISCOM Utilities on the pretext of overloading of area transformer. On the other hand it is learnt from Government of Odisha that a large number of distribution transformers have been supplied to DISCOM Utilities. Therefore, there is no shortage of transformers at any DISCOM Utilities. DISCOM Utilities have also concurred this view in the SAC Meeting where this issue was discussed. Therefore, it is directed that while providing new LT supply upto 5 KW, the cost of upgradation of transformer or installation of new transformer shall not be insisted upon or recovered from the consumers in the context of remunerativeness of the connection.

#### **Cross-subsidy in Tariff**

344. Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail

sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. Cross Subsidy has been defined in Reg.7.77 of OERC (Terms and Conditions of Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 which is in conformity with para 8.3.2 of Tariff Policy and para 5.5.2 of National Electricity Policy. This is reproduced below:

*“7.77 For the purpose of computing Cross-subsidy payable by a certain category of consumers, the difference between average cost of supply to all consumers of the State taken together and average voltage-wise tariff applicable to such consumers shall be considered.”*

According to that Regulation, cross subsidy is to be worked out basing on the average cost of supply to all consumers of the State taken together and average voltage-wise tariff applicable to such consumers. The average cost of supply for Odisha for FY 2020-21 is follows:

**Table – 28**  
**Average Cost of Supply (per Unit) FY 2020-21**

Expenditure	2020-21 (Approved)
Cost of Power Purchase	7614.83
Transmission Cost	702.25
SLDC Cost	4.28
<b>Total Power Purchase, Transmission and SLDC Cost (A)</b>	<b>8321.36</b>
Net Employee costs	1,687.49
Repair and Maintenance	372.91
Administrative and General Expenses	198.40
Provision for Bad and Doubtful Debts	77.67
Depreciation	248.57
Interest Chargeable to Revenue including Interest on S.D	195.34
Sub-Total	2,780.38
Less: Expenses capitalised	-
Total Operation and Maintenance and Other Cost	<b>2780.38</b>
Return on equity	36.00
<b>Total Distribution Cost (B)</b>	<b>2,816.38</b>
Amortisation of Regulatory Asset	
True up of Past Losses	-
Contingency reserve	-
<b>Total Special Appropriation (C)</b>	Nil
<b>Total Cost (A+B+C)</b>	<b>11,137.74</b>
Approved Saleable Units (MU)	22,125.81
<b>Average Cost (paisa per unit)</b>	<b>503.38</b>

For the purpose of calculating average tariff, the estimated revenue realization from a voltage category and total sales to that category have been taken into consideration.

Average Tariff realization = Total expected revenue to be realized from a category for a category as per ARR/ Total anticipated sales to that category as per ARR

The cross-subsidy calculated as per the above methodology is given in the table below:

**Table - 29**  
**Cross Subsidy Table for FY 2020-21**

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Average Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below of cost of supply	Remarks
1	2	3	4	5= (4) – (3)	6= (5 / 3)	7
2016-17	EHT	480.40	572.36	91.96	19.14%	The tariff for HT and EHT category has been calculated based on average tariff.
	HT		575.86	95.46	19.87%	
	LT		393.36	-87.04	-18.12%	
2017-18	EHT	488.26	580.45	92.19	18.88%	
	HT		581.60	93.34	19.12%	
	LT		398.95	-89.31	-18.29%	
2018-19	EHT	489.47	576.88	87.41	17.86%	
	HT		579.18	89.71	18.33%	
	LT		398.72	-90.76	-18.54%	
2019-20	EHT	499.71	577.21	77.49	15.51%	
	HT		579.38	79.67	15.94%	
	LT		406.21	-93.50	-18.71%	
2020-21	EHT	503.38	575.77	72.39	14.38%	
	HT		576.94	73.56	14.61%	
	LT		415.63	-87.75	-17.43%	

345. It would be noted from the above that Commission, in line with the mandate of the National Electricity Policy and Tariff Policy, has managed to keep cross-subsidy among the subsidised and subsidising category of consumers in the State within  $\pm 20\%$ . The Commission makes it clear that the above cross subsidy is meant only for Retail Supply Tariff fixation in the state applicable to all consumers (except BPL and agriculture) and not to be confused with cross subsidy surcharge payable by open access consumers to the DISCOM. The cross subsidy surcharge is applicable only to open access consumers which is discussed hereinafter.

### **Open Access Charges (Cross Subsidy Surcharge and Wheeling Charges)**

346. The tariff for HT and EHT consumers for determination of cross subsidy surcharge has been assumed at 100% load factor since open access drawal is made to utilise the full quantum of the power so availed. The formula prescribed in Tariff Policy in Para 8.5.1 for determination of cross subsidy surcharge is as follows:

#### **Surcharge formula:**

$$S = T - [C / (1 - L/100) + D + R]$$

Where:

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

347. As in the previous year Commission accepts 'C' equal to BSP of respective DISCOM Utilities as explained above. Similarly 'T' is the tariff at 100% load factor including demand charges for the respective voltage level. The wheeling charges 'D' is as determined from the distribution cost approved for the FY 2020-21 and 'L' is assumed 8% at HT and nil for EHT since EHT loss is accommodated in transmission charges.
348. Commission does not differentiate between 11 KV and 33 KV in determination of wheeling charges. The wheeling as per our Wheeling Tariff and Retail Supply Tariff Regulations, 2014 includes distribution system and associated facilities of a distribution licensee, therefore, includes the network both at 33 KV and 11 KV. Therefore, the Commission determines a single wheeling charge for 11 KV and 33 KV.
349. Basing on the above the wheeling charges and cross subsidy surcharges have been determined as follows:

**Table – 30**  
**Wheeling Charges Approved for FY 2020-21**

	<b>CESU</b>	<b>NESCO Utility</b>	<b>WESCO Utility</b>	<b>SOUTHCO Utility</b>
Energy Handled at HT (MU)	8,532.17	4,378.56	6,550.00	3,586.11
Net Distribution Cost (Rs. Crs.)	616.99	382.45	379.29	318.96
<b>Wheeling Charge calculated for 2020-21 (Paise per unit)</b>	<b>72.31</b>	<b>87.35</b>	<b>57.91</b>	<b>88.94</b>

**Table - 31**  
**Computed Surcharge for Open access consumer 1MW and above**

<b>DISCOM</b>	<b>CESU</b>	<b>NESCO Utility</b>	<b>WESCO Utility</b>	<b>SOUTHCO Utility</b>
<b>Surcharge for EHT Consumer (P/U)</b>	237.90	200.90	194.90	312.90
<b>Surcharge for HT Consumer (P/U )</b>	145.70	90.45	113.37	210.60

350. As per mandate of the Electricity Act, 2003 under Section 42 the cross subsidy surcharge is to be reduced progressively. The Commission is authorized to evolve a methodology for such reduction. Basing on the suggestions during the hearing in the last year so also in the current proceeding, the Commission have fixed leviable surcharge at 63% of the computed value of the same for this year as against 65% of computed value of FY 2018-19.

**Table – 32**  
**Leviable Surcharge, Wheeling Charge and Transmission Charge for Open access consumer 1MW and above for FY 2020-21**

<b>Name of the licensee</b>	<b>Cross Subsidy Surcharge (P/U)</b>		<b>Wheeling Charge P/U applicable to HT consumers only</b>	<b>Transmission Charges for Short Term Open access Customer (applicable for HT and EHT consumers)</b>
	<b>EHT</b>	<b>HT</b>		
<b>CESU</b>	149.88	91.79	72.31	As per prevailing Regulation
<b>NESCO Utility</b>	126.57	56.99	87.35	
<b>WESCO Utility</b>	122.79	71.42	57.91	
<b>SOUTHCO Utility</b>	197.13	132.67	88.94	

As per Clause 8.5.1 the cross subsidy surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. For the state as a whole, the above cross subsidy surcharge works out to 15.88% in case of HT and 27.39% in case of EHT consumers as against 16.28% for HT and 27.46% for EHT consumers for FY 2019-20.

### **Additional Surcharge**

351. As per principle followed in the previous order, we have not determined additional surcharge over and above the surcharge to be paid to the DISCOM Utilities to meet the fixed cost of licensee arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act. This is because no such case has been brought before us by the DISCOM Utilities.

In summary,

- (i) The wheeling charge and surcharge as indicated in Table above shall be applicable from 01.05.2020.
- (ii) The normative transmission loss at EHT (3%) and normative wheeling loss for HT level (8%) shall be applicable for the year 2020-21.
- (iii) Additional Surcharge: No additional surcharge over and above the Cross-Subsidy Surcharge needs to be given at present.
- (iv) No Cross-subsidy surcharge is payable by the consumers availing Renewable power through open access.
- (v) 20% Transmission & Wheeling charge is payable by the consumers drawing power through open access from Renewable source excluding Co-generation and Bio mass power plant.

These charges as notified for FY 2020-21 will remain in force until further orders.

### **FINANCIAL ISSUES FY 2020-21**

#### **Employees Cost**

352. The four DISCOMs WESCO, NESCO, SOUTHCO and CESU in their ARR and tariff petition for the FY 2020-21 have projected employees cost at an enhanced amount compared to what was approved during the year 2019-20. A comparison of the approved Employees cost for FY 2019-20 and proposed by DISCOMS for FY 2020-21 is shown in the following table.

**Table – 33**  
**Employee Cost**

**(Rs. in Cr.)**

Sl. No	Particulars	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
		Approv.	Prop.								
1	Basic Pay + GP	120.72	143.93	106.95	109.33	102.05	101.74	208.34	229.76	538.06	584.76
2	DA	15.69	38.86	13.90	29.52	13.27	27.47	27.08	50.55	69.95	146.40
3	Reimbursement of HR	16.93	25.91	15.62	19.68	14.80	19.33	32.27	45.95	79.62	110.87
4	Other allowance	3.28	3.07	3.94	0.39	1.71	1.60	4.87	5.50	13.80	10.56

Sl. No	Particulars	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
		Approv.	Prop.	Approv.	Prop.	Approv.	Prop.	Approv.	Prop.	Approv.	Prop.
5	Arrear of 7th Pay commission of regular employees	30.66	45.98	23.784	35.67	19.15	37.13	57.78	84.90	131.38	203.68
	7th Pay arrear of retired employees towards differential gratuities, commuted pension and unutilised leave								50.10		
6	Bonus	0.80	0.80				0.08	1.06	0.64	1.86	1.52
7	Outsource and contractual employee cost	34.62	39.70	29.49	32.81	43.56	57.94	16.67	43.17	124.34	173.62
8	Total Emoluments (1 to 8)	<b>222.70</b>	<b>298.25</b>	<b>193.68</b>	<b>227.40</b>	<b>194.54</b>	<b>245.29</b>	<b>348.08</b>	<b>510.57</b>	959.00	1281.51
9	Med. Allowance/ Reimbu. of medical expenses	4.96	7.20	4.37	5.46	4.74	5.09	8.49	11.49	22.56	29.24
10	Leave Travel Concession	0.17	0.17	0.30	0.15	0.17	0.15	0.12	0.01	0.76	0.48
11	Honorarium	0.20	0.20			0.01	0.02			0.21	0.22
12	Payment under workmen compensation Act	0.07	0.07		0.09	0.29	0.29	0.69	0.53	1.05	0.98
13	Expenses towards uniform to Employees								2.65		2.65
14	Ex-gratia	0.10	0.10	3.34	2.12	2.12				5.56	2.22
15	Other Staff Costs	0.75	0.60	1.37	1.00	0.99	0.35	2.50	1.26	5.61	3.21
16	Total Other Staff Costs (9 to 15)	6.25	8.34	9.38	8.82	5.66	5.90	11.80	15.94	33.09	39.00
17	Staff Welfare Expenses	1.00	1.00	2.41	2.61	1.96	4.04	2.86	1.32	8.23	8.97
18	Terminal Benefits (Pension + Gratuity + Leave+ PF + Commuted+ NPS/CPS)	133.70	127.05	122.05	153.82	156.63	144.66	217.52	402.98	629.90	828.51
19	Total (8+ 16+17+18)	<b>363.65</b>	<b>434.64</b>	<b>327.53</b>	<b>392.65</b>	<b>358.78</b>	<b>399.89</b>	<b>580.27</b>	<b>930.81</b>	1630.23	<b>2157.98</b>
20	Less : Employees cost capitalized	4.85	2.37	0.40	0.14	1.20	1.20	19.44	15.40	25.89	19.11
21	Total Employees Cost	<b>358.80</b>	<b>432.27</b>	<b>327.13</b>	<b>392.51</b>	<b>357.58</b>	<b>398.69</b>	<b>560.83</b>	<b>915.41</b>	1604.34	<b>2138.88</b>
	% rise over approved 2019-20	<b>20.47</b>		<b>19.99</b>		<b>11.50</b>		<b>63.22</b>		<b>33.32</b>	

353. The above table reveals that for the ensuing year all the licensees have proposed a rise in employee's cost compared to the approval for the FY 2019-20. WESCO, NESCO, SOUTHCO and CESU have projected an increase over the approval of FY 2019-20 at 20.47%, 19.99%, 11.50% and 63.22% respectively. The overall projection for all DISCOMs together is 33.32% more than the previous year approval.

354. The Commission allows Employees cost in terms of the MYT principles enunciated in its order dated 20.3.2013. The relevant portion of said order is reproduced below:

### **“ 16.1 Employee Cost**

*The three DISCOMs, WESCO, NESCO & SOUTHCO submitted to provide employee cost through indexation mechanism linked to CPI during the control period in line with the model FOR MYT Regulations. CESU submitted to take into account the employee cost due to massive RGGVY expansion of network. DISCOMs also submitted that incentive and dis-incentive scheme may be introduced to improve productivity level.*

*The Commission after considering the submissions has decided to continue with the employee cost allocation in the ARR on the same principles as adopted during the second control period.*

*Wages and salaries during this control period would include the base year values of Basic pay and Grade Pay escalated for annual salary increments and inflation based on Govt. of Odisha notification. The sixth pay recommendation notified by Govt. of Odisha recommends annual increment @ 3% of the Basic and grade pay. The annual increment would be approved as per such recommendation. Basic Pay and grade pay are to be taken from annual audited accounts of the Licensee. However if as per the Commission’s assessment the figures shown in the audited accounts cannot be relied upon, the Commission may take into account the actual payment outgo during the last six months of the year to arrive upon the pay for the ensuing year. Dearness Allowance, HRA and other allowance would be calculated as per rates notified by Govt. of Odisha. Terminal liabilities would be provided based on a periodic actuarial valuation to be made by OERC in line with the prevailing Indian accounting standards. The financial impact of any award by Govt. of India/Govt. of Orissa shall be taken care of in subsequent year in truing up. XXXXXX”*

355. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the number of employees as on 31.3.2019, 31.03.2020 and 31.03.2021 from the submissions are ascertained. The position of the employees up to the year ending 2020-21 as proposed by the Licensees is shown in the following table :

**Table – 34**  
**Employees Proposed (2020-21)**

<b>Employees Proposed (2020-21)</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
No. of employees as on 01.04.2019	2771	2453	2240	5188
Add: Addition during 2019-20	0	0	5	0
Less: Retirement/Expired Resignation during 2019-20	213	144	119	184
No. of employees as on 31.03.2020	2558	2309	2126	5004
Add: Addition during 2020-21	881	0	0	609
Less: Retirement/Expired/ Resignation during year 2020-21	173	133	124	211
No. of employees as on 31.03.2021	3266	2176	2002	5402

356. The utilities have submitted that the DISCOMS were created after unbundling of GRIDCO as per 2<sup>nd</sup> Transfer Scheme, 1998 and thereby all the personnel deployed in Distribution business were transferred from erstwhile GRIDCO. Subsequently, by way of retirement, resignation death etc, there has been drastically reduction of manpower. In view of the large scale electrification of new areas either through rural electrification or due to addition of new consumers, the Utility restructured and reorganized by creation of new Divisions, sub-division and Sections with reinforcement of allied activities such as MRT , Energy Audit , maintenance of distribution transformers and vigilance activities. Main objective was to improve the 100 % of consumer coverage, reduction in Distribution losses and to meet the Revenue collection target. At present the Utilities have less number of employees on the roll than number of pensioners including family pensioners who are being paid out of revenue due to transfer under the Transfer Scheme.
357. Commission in the previous RST orders observed that the efficiency of the employees in all DISCOMs is below national average. In other words the capacity of the employees have not been fully utilised by the DISCOMs and performance has shown a downward trend. Therefore the Commission in the previous RST orders observed that ‘Increase in number of employees may not be a solution for better efficiency as observed in CESU. Moreover, the draft /proposed change in Act and new tariff policy specify renewed direction and purpose to the DISCOM organisation with possibility of restructuring in future. Therefore, adding more employees at a transition point is not prudent.
358. The Commission in continuation to the previous tariff orders decides that at present no new induction shall take place during the current financial year 2019-20 and also during the ensuing year 2020-21. Any addition thereafter shall be based on efficiency audit of each employee, formulation of service condition, market & efficiency based performance. Accordingly Commission approves following number of employees for the DISCOMs for FY 2020-21.

**Table – 35**  
**Employees Strength Approved (2020-21)**

<b>Employees Approved (2019-20)</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
No. of employees as on 01.04.2019	2771	2453	2240	5188
Add: Addition during 2019-20	0	0	0	0
Less: Retirement/Expired Resignation during 2019-20	213	144	119	184
No. of employees as on 31.03.2020	2558	2309	2121	5004

<b>Employees Approved (2019-20)</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Add: Addition during 2020-21	0	0	0	0
Less: Retirement/Expired/ Resignation during year 2020-21	173	133	124	211
No. of employees as on 31.03.2021	2385	2176	1997	4793
Average no. of employees for FY 2019-20	2665	2381	2181	5096
Average no. of employees for FY 2020-21	<b>2472</b>	<b>2243</b>	<b>2059</b>	<b>4899</b>

359. All the Licensees have projected their employee cost for FY 2020-21 taking into account the impact of 7th pay commission recommendations including arrears for previous years. The DISCOMs in the reply to queries of the Commission furnished the actual cash outflow on Basic Pay + GP from April 2019 to November 2019 (for a period of 8 months). It is observed from the reply to the queries that all the DISCOMS have started paying the salaries as per the 7<sup>th</sup> pay commission recommendations from the month of August 2018 onwards. Accordingly the Basic pay and GP for FY 2019-20 as given in the reply to query has been extrapolated to arrive at Basic pay for FY 2020-21. The Commission in accordance with the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, allows 3% escalation on Basic Pay and Grade Pay (based on Govt of Odisha notification on the escalation of annual salary increments) towards normal annual increment on year to year basis and the same principle shall also continue for estimation of Basic pay and GP for this ARR also. The actual Basic pay and GP drawn for the period April 2019 to November 2019 was prorated for the entire year and the quantum of Basic pay and GP for FY 2020-21 was estimated by factoring the average no of employees for 2019-20 and 2020-21.
360. The DA as per the 7<sup>th</sup> pay commission recommendations and the projected DA thereof for FY 2020-21 is shown in the following table:.

**Table – 36**

<b>Effective Date</b>	<b>Rate</b>	<b>Status</b>
01.01.2016	nil	Approved By GoO
01.07.2016	2%	Approved By GoO
01.01.2017	4%	Approved By GoO
01.07.2017	5%	Approved By GoO
01.01.2018	7%	Approved By GoO
01.07.2018	9%	Approved By GoO
01.01.2019	12%	Approved By GoO
01.07.2019	17%	Projected
01.01.2020	22%	Projected
01.07.2020	27%	Projected
01.01.2021	32%	Projected

As per the above table the DA rate for FY 2020-21 is assumed to be 27%.

## House Rent Allowance and Medical Allowance

361. House rent allowance and Medical Allowances have been allowed for FY 2020-21 as a proportion of the basic pay after implementation of 7<sup>th</sup> pay commission recommendations as submitted by the DISCOMs.
362. As regards engagement of manpower, DISCOMs have submitted in the ARR that since no recruitment has been permitted by the Commission there has been drastic reduction in the manpower. In view of the large scale electrification through rural electrification, addition of new consumers, reorganisation, and to carry out MRT, Energy Audit, maintenance of DTRs and vigilance activities present manpower is inadequate. Consequently in order to improve 100% coverage, reduction of distribution loss and to improve collection they have engaged contractual personnel and outsource agencies for maintenance of existing Grid substations, sub stations under ODSSP, watch and ward activity, vigilance activities etc. DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2019-20. The commission after scrutiny allows the expenses on Contractual and outsource employees for the ensuing year 2020-21 on the basis of the submission of DISCOMs and actual cash outgo for the current year 2019-20.

## Analysis of LT Division-wise Performance and Employee Performance

363. The Commission have analysed the LT loss level of various divisions of DISCOMs as submitted by the DISCOMs. This reveals the performance of the Divisions for FY 2018-19 on the various parameters as given in the following tables:-

**Table – 37**  
**LT Division-wise Performance (2018-19) – WESCO**

SL. NO.	Name Of Division	No of Consumers	Energy Input (MU) (Assuming HT Loss 8%)	Energy Sold (MU)	Loss % (Assuming HT Loss 8%)	Billing Efficiency (%)	Billing To Consumers (Rs.Crs.)	Collection Received (Rs. IN Crs.)	Collection Efficiency (%)	AT & C Loss (%)	LT P/U Realisation
OERC TARGET FOR 2018-19			4080	3174.48	22.2%	77.8%	1217.37	1190.5	97.8%	23.9%	291.8
1	Bargarh (W)	146860	431	237	45%	55%	72	27	38%	79%	64
2	Bargarh	109357	446	270	39%	61%	112	55	49%	70%	123
8	Sonepur	119006	235	177	25%	75%	57	27	47%	65%	115
6	Nuapada	98592	197	100	49%	51%	38	27	71%	64%	138
9	Bolangir	119006	305	166	46%	54%	64	43	68%	63%	142
3	Titilagarh	170192	311	193	38%	62%	70	42	59%	63%	134
5	Sambalpur (East)	104400	264	163	38%	62%	71	47	66%	59%	177
4	Kwed	118804	152	103	32%	68%	40	26	64%	56%	169
10	Sambalpur	56291	252	183	27%	73%	87	64	74%	46%	255
11	Keed	131817	184	172	7%	93%	63	38	61%	43%	207
13	Deogarh	58060	64	56	13%	87%	23	15	67%	42%	239
	Sundergarh	93115	144	120	17%	83%	52	38	73%	39%	266

SL. NO.	Name Of Division	No of Consumers	Energy Input (MU) (Assuming HT Loss 8%)	Energy Sold (MU)	Loss % (Assuming HT Loss 8%)	Billing Efficiency (%)	Billing To Consumers (Rs.Crs.)	Collection Received (Rs. IN Crs.)	Collect ion Efficiency (%)	AT & C Loss (%)	LT P/U Realisation
7	Jharsuguda	109607	209	172	18%	82%	77	58	75%	38%	276
12	Brajrajnagar	48051	95	85	11%	89%	36	28	78%	31%	296
15	Rourkela-Sadar	93265	153	142	8%	92%	64	53	84%	23%	349
16	Rourkela	68051	146	134	8%	92%	62	54	87%	20%	371
17	Rajgangpur	105886	138	135	2%	98%	59	52	87%	14%	376
<b>TOTAL WESCO</b>		<b>1750360</b>	<b>3726.304</b>	<b>2606.642</b>	<b>30.0%</b>	<b>70.0%</b>	<b>1048.63</b>	<b>695.54</b>	<b>66%</b>	<b>53.6%</b>	<b>187</b>

**Table – 38**  
**LT Division-wise Performance (2018-19) – NESCO**

Sl. No.	Name of Division	No. of Consumers	Energy Input (MU) (Assuming HT Loss 8%)	Energy Sold (MU)	T & D Loss (%) (Assuming HT Loss 8%)	Billing Efficiency (%)	Billing to Consumer (Rs. in Crs.)	Collection Received (Rs. in Crs.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realization Per LT Input P/U
<b>OERC TARGET / APPROVAL</b>			3361.547	2562.780	23.76%	76.24%	1009.47	999.38	99.00%	24.52%	
<b>ACTUAL</b>											
1	BED, Balasore	55010	145.343	123.084	15.31%	84.69%	59.43	58.86	99.03%	16.14%	405
2	BTED, Basta	77183	114.388	78.009	31.80%	68.20%	25.77	21.69	84.15%	42.61%	190
3	JED, Jaleswar	97638	153.290	104.595	31.77%	68.23%	34.18	32.69	95.64%	34.74%	213
4	CED, Balasore	98452	186.933	106.179	43.20%	56.80%	40.93	36.36	88.83%	49.54%	195
5	SED, Soro	128286	152.026	123.053	19.06%	80.94%	47.17	44.79	94.95%	23.14%	295
6	BNED, Bhadrak (N)	156877	279.561	207.978	25.61%	74.39%	78.81	68.32	86.69%	35.51%	244
7	BSED, Bhadrak (S)	92162	143.144	100.347	29.90%	70.10%	33.26	28.84	86.71%	39.22%	201
8	BPED, Baripada	199365	278.740	202.568	27.33%	72.67%	88.69	75.42	85.04%	38.20%	271
9	UED, Udala	87853	86.061	70.442	18.15%	81.85%	27.75	19.96	71.93%	41.12%	232
10	RED, Rairangpur	164210	187.160	130.745	30.14%	69.86%	55.67	40.02	71.90%	49.78%	214
11	JRED, Jajpur Road	89138	226.377	150.827	33.37%	66.63%	62.62	59.65	95.25%	36.54%	263
12	JTED, Jajpur Town	95536	182.895	108.148	40.87%	59.13%	40.60	36.42	89.70%	46.96%	199
13	KUED, Kuakhia	109037	204.054	119.054	41.66%	58.34%	45.94	38.95	84.79%	50.53%	191
14	KED, Keonjhar	84280	93.213	86.714	6.97%	93.03%	40.29	37.64	93.40%	13.11%	404
15	JOED, Joda	73377	119.713	107.644	10.08%	89.92%	46.87	45.60	97.29%	12.52%	381
16	AED, Anandapur	107593	140.769	101.163	28.14%	71.86%	32.48	32.36	99.61%	28.42%	230
<b>NESCO TOTAL</b>		<b>1715903</b>	<b>2693.667</b>	<b>1920.550</b>	<b>28.70%</b>	<b>71.30%</b>	<b>760.48</b>	<b>677.55</b>	<b>89.10%</b>	<b>36.48%</b>	<b>252</b>

**Table – 39**  
**LT Division-wise Performance (2018-19) – SOUTHCO**

Sl. No.	Name of Division	No. of Consumer	Energy Input(MU)	Energy Sold (MU)	Billing Efficiency (%)	Collection Received (Cr.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realisation per LT Input p/u
<b>OERC TARGET /APPROVED FOR 2017-18</b>			2,706.00	2,123.78	78.5%	810.0	98.6%	22.6%	2.99
<b>ACTUAL</b>									
1	Nabarangapur	226144	229	145	64%	53.69	47%	70%	1.11
2	Aska-I	61268	126	50	40%	17.38	83%	67%	1.38
3	Koraput	123871	160	79	50%	23.19	68%	66%	1.45
4	Malkangiri	133394	131	116	89%	19.59	43%	61%	1.50

Sl. No.	Name of Division	No. of Consumer	Energy Input(MU)	Energy Sold (MU)	Billing Efficiency (%)	Collection Received (Cr.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realisation per LT Input p/u
5	Aska-Ii	61428	104	50	48%	20.72	81%	61%	1.62
6	Purusottampur	111572	168	91	54%	36.36	76%	59%	1.65
7	Boudh	100608	106	74	70%	13.88	62%	57%	1.31
8	Hinjilikatu	83536	145	76	52%	26.19	85%	56%	1.81
9	Phulbani	137506	147	87	59%	32.88	81%	53%	1.80
10	Chatrapur	108792	166	107	65%	35.71	80%	48%	2.15
11	Bhanjanagar	118028	160	96	60%	34.97	90%	46%	2.18
12	Jeypore	139170	176	130	74%	38.18	76%	44%	2.17
13	Digapahandi	95533	110	76	70%	27.97	94%	35%	2.55
14	Rayagada	162043	158	138	87%	47.79	83%	27%	3.03
15	Paralakhemundi	129376	116	92	80%	36.07	94%	25%	3.11
16	Gunupur	75325	71	59	82%	21.29	95%	22%	2.98
17	Berhampur- III	70639	89	76	85%	32.84	99%	16%	3.68
18	Berhampur- II	57410	142	126	89%	60.56	99%	13%	4.26
19	Berhampur- I	67576	150	143	95%	68.88	101%	4.02%	4.58
20	Berhampur- I	72936	151	146	96%	67.22	96%	7.78%	4.45
TOTAL SOUTHCO		2,068,579	2,643.0	1,814.6	69%	599.22	81%	45%	2.27

**Table – 40**  
**LT Division-wise Performance (2017-18) – CESU**

Sl. No.	Name of Division	No. of Consumer	Energy Input (MU)	Energy Sold (MU)	LOSS (%) (Assuming HT Loss 8%)	Billing to Consumers (Cr.)	Collection Received (Cr.)	Collection Efficiency (%)	AT & C LOSS (%)	LT Billing to Input P/U	Overall Realization Per total Input p/u	LT Realization Per LT Input
OERC TARGET /APPROVED FOR 2018-19			5,984.9	4,587.6	23.3%	1917.26	1898.09	99.0%	23.77%		3.60	3.17
ACTUAL												
1	BCDD-1	58,907	232.7	234.14	-0.6%	131.51	136.02	103.4%	5.4%		5.64	5.84
2	BCDD-2	157,458	434.2	428.31	1.4%	223.09	229.30	102.8%	8.9%		5.13	5.28
3	BED	117,570	408.7	359.57	12.0%	188.03	193.95	103.1%	16.0%		4.61	4.75
4	NEDN	153,687	367.3	167.63	54.4%	74.91	54.97	73.4%	66.7%		1.52	1.50
5	PED	163,556	400.7	269.26	32.8%	119.72	107.08	89.4%	40.5%		2.76	2.67
6	NED	169,956	198.7	166.92	16.0%	65.60	62.52	95.3%	25.2%		3.03	3.15
7	KED	102,391	365.7	244.76	33.1%	104.83	103.91	99.1%	24.0%		3.98	2.84
8	BEDB	194,892	170.1	121.68	28.5%	46.44	43.39	93.4%	29.2%		3.26	2.55
9	CED	143,670	368.5	185.60	49.6%	88.07	62.86	71.4%	51.4%		2.57	1.71
10	CDD-I	72,334	280.0	252.40	9.9%	129.75	137.97	106.3%	12.9%		4.76	4.93
11	CDD-II	69,589	254.0	207.73	18.2%	108.90	116.57	107.0%	16.3%		4.77	4.59
12	AED	105,806	247.8	103.92	58.1%	46.79	32.54	69.5%	59.2%		2.13	1.31
13	SED	114,699	198.2	109.97	44.5%	49.58	27.09	54.6%	71.8%		1.28	1.37
14	KED-I	176,417	258.2	172.70	33.1%	76.19	73.15	96.0%	39.5%		2.71	2.83
15	KED-II	82,258	96.4	58.86	38.9%	24.46	22.99	94.0%	47.0%		2.22	2.39
16	PDP	101,354	179.1	111.86	37.5%	48.28	38.53	79.8%	23.9%		4.41	2.15
17	JED	117,849	179.1	113.02	36.9%	48.98	47.28	96.5%	43.9%		2.44	2.64
18	DED	171,796	437.7	209.64	52.1%	95.15	89.54	94.1%	43.5%		2.91	2.05
19	ANED	124,474	277.7	143.16	48.5%	67.06	63.73	95.0%	52.6%		2.35	2.29
20	TED	131,538	325.8	149.39	54.1%	69.86	62.10	88.9%	19.7%		4.73	1.91
CESU			2,530,201	5,680.6	3,810.5	32.9%	1807.21	1705.49	94.4%	30.49%	3.71	3.00

364. The Commission in the last few tariff orders expressed concern regarding high losses at LT level. The losses though have reduced but very marginally and continue to be quite high in many divisions. Consequently the ‘Realisation per LT input’ of these divisions is dimly low and much lower than the Bulk supply price and Average cost of supply. Almost all divisions have therefore been spending more on establishment cost than the revenue realisation.

365. The Commission in previous RST order observed regarding average performance of

Odisha DISCOMs which is much lower than the national average and also lower than other states Gujarat, Karnataka, Maharashtra, Tamil Nadu, West Bengal and Haryana. The average of employees per thousands of consumers in Odisha is higher than the national average. The Commission observed that the most important reason for this shoddy performance is the complete lack of accountability on the part of employees. This is probably due to the misplaced generosity of the DISCOMs in granting the same benefit and condition of service to employees who joined after the unbundling process in 1995. The DISCOMs were not bound to extend such liberal terms to the employees recruited after the unbundling. This appears to be the major reason for the present crisis.” From the present filing of the DISCOMs it is analysed that things have not changed as desired in the DISCOMs and there is lot to be done to improve the performance in terms of billing, collection and reduction of losses.

366. The Commission is of the view that any financial benefit extended by DISCOMs in shape of increment or promotion to its officers, as a whole need to consider the growth in revenue, improvement in O&M performance, reduction in losses, consumer satisfaction, achievement of organization goals and other parameters outlined by management.

#### **Terminal Liability**

367. All the DISCOMs have projected their terminal liability for the ensuing year. A comparative position of the approved terminal liability in ARR of FY 2019-20 vis-a-vis projection made by the DISCOMs for FY 2020-21 is given in the following table:

**Table – 41**

**(Rs. Cr.)**

<b>Terminal Liability</b>	<b>Approved FY 2019-20</b>	<b>Proposed FY 2020-21</b>	<b>Percentage increase (in %)</b>
WESCO	133.70	127.05	-4.97%
NESCO	122.05	153.82	26.03%
SOUTHCO	156.63	144.66	-7.64%
CESU	217.52	402.98	85.26%
<b>Total</b>	<b>629.90</b>	<b>828.51</b>	<b>31.53%</b>

368. WESCO, NESCO and SOUTHCO in their submission have stated that the contribution to the Pension Fund and Gratuity Fund and Leave Encashment has been proposed for the year 2020-21 based on the actuarial valuation done by M/s. Bhudev Chatterjee as on 31.03.2019 and the projections provided for 2019-20 and 2020-21. CESU in their submission have stated that the terminal liability for the FY 2018-19 is

Rs. 379.85 cr. as per the provisional accounts. 3% hike has been considered for FY 2019-20 and for FY 2020-21

369. The commission has been analysing the expected corpus fund available with the DISCOMs taking into the provision allowed in the successive tariff orders of the Commission. The expected corpus fund as per funds approved in the ARR from FY 1999-00 onwards till FY 2018-19 is stated in the table given below:

**Table - 42**

**(Rs. in Cr.)**

<b>Expected Corpus Fund Availability</b>				
	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
OB as on 01.04.99/Fund transfer from GRIDCO to DISCOM	70.77	68.00	67.39	138.56
Allowed by the Commission				
1999-00	6.71	5.62	7.78	0.00
2000-01	6.27	7.07	7.07	0.00
2001-02	7.92	7.00	6.63	6.09
2002-03	8.08	7.21	6.81	6.27
2003-04	8.96	7.56	7.57	6.90
2004-05	11.30	8.35	9.40	3.25
2005-06	12.06	8.92	10.03	3.51
2006-07	12.07	9.55	9.73	13.19
2007-08	16.36	15.30	13.97	18.28
2008-09	37.02	25.16	24.49	48.10
2009-10	37.04	27.19	20.53	49.68
2010-11	51.81	51.13	58.22	75.84
2011-12	55.91	59.86	60.78	131.39
2012-13	66.13	67.88	68.81	149.84
2013-14	93.21	71.21	55.66	210.50
2014-15	95.38	96.53	77.73	122.89
2015-16	107.76	90.96	96.95	135.30
2016-17	73.16	87.06	61.46	135.24
2017-18	77.70	78.69	66.68	133.54
2018-19	133.70	122.05	156.63	217.52
Sub-Total	918.55	854.30	826.93	1467.33
<b>Grand Total</b>	<b>989.32</b>	<b>922.30</b>	<b>894.32</b>	<b>1605.89</b>

370. The DISCOMs were asked to submit the actual Corpus fund available up to 31st March 2019. As per the submission by the DISCOMs the actual corpus fund available is far less than what actually should have been by 31.3.2019. The following table shows the actual corpus fund availability:

**Table – 43****(Rs. in Cr.)**

DISCOM	As on 31.3.2018			As on 31.3.2019		
	Pension Fund	Gratuity Fund	Total	Pension Fund	Gratuity Fund	Total
WESCO	210.45	39.14	249.59	219.22	40.66	259.88
NESCO	131.45	23.75	155.20	145.95	23.75	169.70
SOUTHCO	25.05	6.40	31.45	30.25	6.40	36.65
CESU	232.16	33.89	266.05	248.37	37.12	285.49

371. The Commission on analysis found that the actual corpus fund available is much less than the expected and required corpus. The Commission in previous RST orders observed that the Licensees have failed to transfer the amounts to corpus fund which were allowed in the previous successive tariff orders for the purpose. Licensees have also failed to submit any plan of action to recoup the corpus fund through enhanced collection. Commission is therefore not inclined to allow the full amount of Terminal liability projected and instead allow only the liability on the actual cash out go basis for the ensuing year. The DISCOMs during the present ARR analysis were asked to submit actual cash outgo on terminal liability up to Nov 2019. On the basis of their submission the actual liability paid up to Nov 2019 was extrapolated to full year of 2019-20 and then further increased by 10% to arrive at expected liability of 2020-21.
372. The DISCOMs implemented the recommendation of the 7<sup>th</sup> pay commission during August 2018. The 7<sup>th</sup> pay commission envisages revision of pay and pension with effect from January 2016. The DISCOMs were asked to submit the arrear amount due to retired employees consequent upon the 7<sup>th</sup> pay commission recommendation. Accordingly the DISCOMs submitted the arrear amount due and the commission has considered the same to be allowed in the ARR. The details of terminal liability and approval for FY 2020-21 are given in the table below:

**Table – 44****Terminal Liability (Approved)****(Rs. in Crore)**

Cash out go	WESCO	NESCO	SOUTHCO	CESU
04/2019	9.17	8.24	7.01	15.64
05/2019	7.12	8.70	7.79	15.48
06/2019	8.54	11.68	10.14	30.83
07/2019	16.95	25.04	6.65	16.03
08/2019	19.42	11.57	11.83	16.43
09/2019	21.53	16.96	9.42	17.05

<b>Cash out go</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
10/2019	12.35	16.80	10.00	17.94
11/2019	16.02	11.49	11.52	16.44
Total for 8 months	111.10	110.48	74.36	145.84
Less: 7th pay arrear	25.36	24.32	-	-
Total terminal dues after 7th pay arrear taken out	85.74	86.16	74.36	145.84
Average	10.72	10.77	9.30	18.23
Pro-rated for FY 2019-20	128.61	129.24	111.54	218.76
<b>Approved for FY 2020-21 (with 10% hike over 2019-20)</b>	<b>141.47</b>	<b>142.16</b>	<b>122.69</b>	<b>240.64</b>

373. DISCOMs have proposed 7th pay commission arrear dues of unpaid balance of 60%. The commission allows 10% of the arrears as declared by the GoO.

374. In light of the discussions in the foregone paragraphs, the Employee cost proposed by the DISCOMs vis-à-vis approval by the Commission for FY 2020-21 is shown in the following table:

**Table – 45**  
**Employee Cost (Approved 2020-21)**

(Rs. in Cr.)

Sl. No	Particulars	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
		Proposed	Approved								
1	Basic Pay + GP	143.93	115.98	109.33	104.41	101.74	100.94	229.76	206.49	584.76	527.82
2	DA	38.86	31.31	29.52	28.19	27.47	27.25	50.55	55.75	146.40	142.51
3	Reimbursement of HR	25.91	16.38	19.68	15.06	19.33	14.30	45.95	41.29	110.87	87.02
4	Other allowance	3.07	3.07	0.39	0.39	1.60	1.60	5.50	5.50	10.56	10.56
5	Arrear of 7th Pay commission of regular employees	45.98	7.66	35.67	5.95	37.13	6.19	135.00	22.50	253.78	42.30
6	Bonus	0.80	0.80			0.08	0.08	0.64	0.64	1.52	1.52
7	Outsource and contractual employee cost	39.70	39.70	32.81	32.81	57.94	77.94	43.17	43.17	173.62	193.62
8	Total Emoluments (1 to 8)	298.25	214.91	227.40	186.80	245.29	228.30	510.57	375.34	1281.51	1005.35
9	Med. Allowance/ Reimbu. of medical expenses	7.20	4.87	5.46	4.15	5.09	4.03	11.49	10.31	29.24	23.35
10	Leave Travel Concession	0.17	0.17	0.15	0.15	0.15	0.15	0.01	0.01	0.48	0.48
11	Honorarium	0.20	0.20			0.02	0.02			0.22	0.22
12	Payment under workmen compensation Act	0.07	0.07	0.09	0.09	0.29	0.29	0.53	0.53	0.98	0.98
13	Expenses towards uniform to Employees							2.65	2.65	2.65	2.65
14	Ex-gratia	0.10	0.10	2.12	2.12					2.22	2.22
15	Other Staff Costs	0.60	0.60	1.00	1.00	0.35	0.35	1.26	1.26	3.21	3.21
16	Total Other Staff Costs (9 to 15)	8.34	6.01	8.82	7.50	5.90	4.84	15.94	14.76	39.00	33.11
17	Staff Welfare Expenses	1.00	1.00	2.61	2.61	4.04	4.04	1.32	1.32	8.97	8.97
18	Terminal Benefits (Pension + Gratuity)	127.05	141.47	153.82	152.06	144.66	134.90	402.98	230.74	828.51	659.17

Sl. No	Particulars	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
	+ Leave+ PF + Commuted +NPS/CPS)										
19	Total (8+16+17+18)	434.64	363.39	392.65	348.98	399.89	372.08	930.81	622.15	2157.98	1706.60
20	Less : Empl. cost capitalized	2.37	2.37	0.14	0.14	1.20	1.20	15.40	15.40	19.11	19.11
21	Total Employees Cost (19-20)	432.27	361.02	392.51	348.84	398.69	370.88	915.41	606.75	2138.88	1687.49

375. It is directed that any rise in employee cost other than that approved shall require prior approval of the Commission.

#### **Administrative and General Expenses**

376. The Administrative and General Expenses covers property related expenses, Licence Fees to OERC, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The DISCOMs have projected their estimates for FY 2020-21 in their ARR in the following manner which are compared with approved A&G expenses for previous FY 2019-20.

**Table - 46**

**(Rs. in Cr.)**

A&G Expenses	Approved 2019-20			Proposed FY 2020-21		
	Normal A&G	Additional A&G	Total A&G	Normal A&G	Additional A&G	Total A&G
<b>DISCOM</b>						
<b>WESCO</b>	38.13	12.00	50.13	66.31	22.44	88.75
<b>NESCO</b>	25.50	12.00	37.50	41.81	8.29	50.10
<b>SOUTHCO</b>	21.95	12.00	33.95	29.80	55.42	85.22
<b>CESU</b>	54.97	12.00	66.97	103.93	179.22	283.15

377. WESCO, NESCO & SOUTHCO have submitted that they have estimated the A&G expenses for FY 2020-21 based on actual expenses till September, 2019.

DISCOMs further submitted that the commission approved A&G expenses including contractual obligation and outsourced employee cost. But, the licensees are not able to avail the same as because GRIDCO is only relaxing escrow to the extent of employee cost. However, the licensee is managing A&G expenses out of the other non escrow miscellaneous income like meter rent, DPS collected, over drawl penalty etc. Estimation of higher A&G expenses during ensuing year has been made is account of mass engagement of franchisee, Customer Care, inspection fees towards SI work,

vigilance activity, Disconnection squad expenses and compensation towards electrical accidents etc.

In addition to normal A&G expenses, following additional expenses for aforesaid initiatives has been considered while projecting the total A&G expenses for FY 2020-21. The collection of arrears and current bills is assumed to be used to meet cash deficits during the year 2019-20, to the extent of collected amounts. The Utilities therefore proposed to recover the operational expenses as stated in few heads of ARR for the FY 2020-21 and the required capital expenditure to be made initially shall be capitalised.

The Administration and General expenses for the ensuing year FY 2020-21 have been estimated based on expenses made during FY 2019-20. The increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2019-20 along with additional expenses. The 7% increase is taken on account of inflation on the normal A&G expenses.

#### **CESU**

378. CESU has submitted that the major share of A & G expenses is contributed to Distribution Franchisees Sharing of IBF-IRS model. As Franchisees are operating in 10 divisions of CESU Area, so a huge amount of Rs.138.64 crore & Rs. 157.34 crore is to be incurred by CESU towards Franchisees expenses for the FY 2019-20 & FY 2020-21 respectively. CESU has submitted to consider the Franchisees expenses as additional A & G expenses. In addition to that Customer care/call centre, Energy Audit, IT related expenses/expenditure on SCADA & STPI, Compensation for accidents, Safety equipment & Training, Rooftop Solar, Market Research & DSM(PATCA) & Uniform Allowance are claimed as additional A & G expenses.
379. As per the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, Administrative & General (A&G) Expenses would be allowed *as follows*:

*“7.27 The A&G expenses for each subsequent year will be determined by escalating the A&G expenses for the previous year at the escalation factor of 7% to arrive at permissible A&G expenses for each year of the control period.*

*7.78 The Commission may, in addition to the normal A&G Expenses, actually incurred during the previous year under this head for special measures to be undertaken by the distribution licensees towards reduction of AT&C losses and improving collection efficiency, provided the commission will undertake a prudence check before allowing such expenditure.”*

380. The Commission observes that A&G expenses is a controllable cost as defined in the MYT order and the DISCOMs would not be allowed more than the approvals in the truing up exercise. The DISCOMs should make efforts to spend A&G expenses prudently and put efforts to curb wasteful and avoidable expenses. The Commission further observes that with the declining employee base, computerized and IT automation, the A&G expenses should be declining over the years. Moreover, the sales have come down in recent years hindering growth in business and restricting further expenditures. Commission in previous ARR approvals have been allowing additional expense towards Customer Care, AT&C loss reduction activities including energy audit, Expenses on IT automation, inspection fees towards SI Works and compensation for electrical accidents.
381. Commission scrutinised the proposal towards A&G and Additional A&G expenses for the ensuing year i.e. FY 2020-2. An escalation of 7% over the normal A&G expenditure has been considered subject to condition that this shall not be used for payment of salary in any form. All activities should be outsourced. Conveyance expenses need to be brought down till situations improve. Restrictions need to be in place in form of austerity measures to control conveyance and other avoidable expenses.

#### **Intra State ABT & Energy Audit**

382. In spite of severe financial constraints to the extent that the Utility is unable to make timely payment of bulk power purchase bills and employee salaries, to improve customer services, initiatives proposed by the Utility under the above head during the ensuing year as under:-
- a. Installation of (Remote Visual Display Unit) RVDU
  - b. Creation of infrastructure to carryout Enterprise wide Energy Audit exercise has been factored in the Capex programme.

#### **jala Scheme**

383. The utilities are facilitating EESL for sale of energy efficient equipments to the consumers of its area under UJALA Scheme for saving energy. As per the scheme 09 Watt LED bulb, LED tube light and star rated energy efficient ceiling fans are being distributed among the consumers of which has ultimately helped in saving energy during last financial year.

384. The Commission is of the opinion that intervention of IT should be strengthened which is an important aspect to increase efficiency and speed with quality. Commission in the successive tariff orders is allocating amounts towards improvement IT infrastructure. Attaching much emphasis on this area, Commission allows Rs.4.00 crore each to all DISCOMs for undertaking various automation programmes, IT initiatives and to implement the SAP based MBC application for FY 2020-21

**AT&C loss reduction activities, pole scheduling, consumer indexing, distribution network mapping including Energy Audit**

385. The Commission is of the opinion that Energy Audit is a techno commercial activity required to be implemented by DISCOMs so that the financial condition shall be viable. It is observed that the loss reduction performance of the all the DISCOMs is poor. During the review of performance of the DISCOMs it is seen that none of the licensees have taken energy auditing seriously and lack metering of the feeders, DTRs and consumers as a major pre-requisite to the Energy audit exercise. The overall AT&C losses are stated to be still hovering around 37%. The performance of DISCOMs on Energy Audit front needs closer involvement of the Management/Staff's for making the functioning of company viable. As directed in the last RST order, the Commission directs that the achievement in energy audit shall be a part of performance indicators of all officers and employees and recorded in personal reports for extension of service related benefits. HR wing of the DISCOMs are to act accordingly. The Commission may monitor progress.

386. In order to have an appropriate energy accounting procedure and plug the leakages, Commission has been directing DISCOMs to conduct energy audit in the past orders. In spite of repeated directions to conduct energy audit, the progress of all the four DISCOMs on this account is not up to the mark. It is more severe in SOUTHCO and WESCO. The Commission allowed Rs.5.00 crore to each DISCOMs towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses in the last RST order for FY 2019-20. This amount should have been utilized to undertake metering of the feeders and DTRs. The Commission in view of such a lackadaisical approach to conduct energy audit expresses displeasure on the management. The financial viability and quality of supply as mandated under the Act and Tariff Policy of Government of India are frustrated due to inaction of the licensees to implement the orders.

387. The Commission in the performance review have directed DISCOMs to carry out the Energy Audit in complete shape of at least 5 feeders. This exercise should be further escalated and replicated to other feeders. The Commission further directs that the DISCOMs should complete pole scheduling, consumer indexing, distribution network mapping linking with indexed consumer and also ensure that reliable & correct meters are installed at all points of consumption for the purpose of Energy Audit to identify revenue leakage. Commission shall also review progress aggressively and pass suitable directions from time to time if orders are not complied.

388. The Commission had asked the DISCOMs to submit the status of energy audit The same as on September 2019 furnished by the Licensees is given in the table below:

**Table – 47**

<b>FEEDER METERING</b>	<b>CESU</b>	<b>NESCO</b>	<b>WESCO</b>	<b>SOUTHCO</b>	<b>ODISHA</b>
No. of 33 KV feeders (excluding GRIDCO interface)	182	91	148	105	526
No. of 33 KV feeder metering	182	91	147	74	494
No. of 11 KV feeders	935	696	866	695	3192
No. of 11 KV feeder metering	802	696	827	156	2481
No. of 33 / 11 kv transformers	627	420	511	420	1978
No. of 33/11 kv transformer metering position	232	196	196	0	624
No. of distribution transformers (11/0.4 & 33/ 0.4 kv)	70663	63563	55359	50604	240189
No. of distribution transformer metering position	8743	1662	5601	0	16006
MVA Capacity of DTRs	4622.45	2159.00	2589.02	1775.00	11145.47
<b>ENERGY AUDIT</b>					
Energy Audit Carried Out-33 KV	113	63	118	64	358
Energy Audit Carried Out-11 KV	608	510	462	140	1720
Energy Audit Carried out- No of DTRs covered	535	52242	699	0	53476

389. The above table reveals that no progress has been made towards Energy audit. The Commission hereby directs again to DISCOMs to submit plan of action for the following energy audit activities during the year 2020-21:

1. Metering of all the 33 KV feeders, 11 KV feeders and Distribution transformers.
2. Energy Audit of balance 33 KV and 11 KV feeders, for which energy audit has not been carried out.
3. Energy audit of all the DTRs and consumers.
4. Consumer and pole indexing.

5. Energy audit of all consumers starting from 33 KV feeders to the end user consumer.
390. The licensee must provide specific timelines division and feeder wise plan for each of the above activity. It must be noted that while devising the plan, the thrust must be given to complete the audit of Industrial feeders and loss making urban feeders first, gradually focusing on other feeders and DTRs. In view of the importance of energy audit activity Commission allows Rs.5 crore each to all the DISCOMs towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses for FY 2020-21. Besides, the commission has also allowed allocation under the head Additional A&G towards Inspection Fee towards SI works and Compensation for Electrical Accidents.
391. **Training of Personnel out of normal A&G expenditure** - The Commission has laid emphasis on the Capacity building of employees and officers for development of the organization. This is more important in view of the fact that knowledge on evolving technologies and best practices being used by the other organizations are efficiency accelerators. Commission, therefore, gives importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities should have a calendar of training schedule for their employees to take their task efficiently. In spite of past orders, no visible action has been taken. Organising training and efficiency improvement of employees' measurement should be an indicator of HR performance. Commission, therefore, provided Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses previous years. Commission in line with previous RST order directs Licensees to earmark Rs.50 lakh towards training programme for FY 2020-21. The copy of training calendar for the year 2020-21 shall be submitted to the Commission by 31st May, 2020. Failures need to be recorded in the performance of HR Head.
392. In view of the observations as above, the total A&G expenses allowed for FY 2020-21 to the DISCOMs are summarized below:

**Table – 48**  
**A & G Expenses Approved for FY 2020-21**

<b>(Rs. in Crore)</b>				
<b>A &amp; G Expenses Approved for FY 2020-21</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Normal A&G expenses (Escalated @7% over FY 2019-20) (A)	40.80	27.29	23.49	58.82
Additional expenses:				

<b>A &amp; G Expenses Approved for FY 2020-21</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Expenses for Customer Care Centres/ Call Centres	2.00	2.00	2.00	2.00
AT&C loss reduction activities, pole indexing including Energy Audit	5.00	5.00	5.00	5.00
Automation/IT expenses	4.00	4.00	4.00	4.00
Expenses towards training program	0.50	0.50	0.50	0.50
Inspection Fee towards SI works	0.25	0.25	0.25	0.25
Compensation for Electrical Accidents	0.25	0.25	0.25	0.25
Total Additional Expenses (B)	12.00	12.00	12.00	12.00
Total A&G expenses (A+B)	52.80	39.29	35.49	70.82

### Repair and Maintenance Expenses

393. The distribution companies in their ARR and tariff petition for FY 2020-21 have proposed higher requirement for R&M over the previous year's approved expenses as follows:

**Table – 49**  
**R & M Proposal for FY 2020-21**

(Rs. in Cr.)

	<b>Approved for FY 2019-20</b>	<b>Proposed for FY 2020-21</b>	<b>% rise proposed over FY 2019-20 approved</b>
<b>WESCO</b>	86.33	101.86	15.24%
<b>NESCO</b>	89.48	138.96	35.61%
<b>SOUTHCO</b>	44.00	85.01	48.24%
<b>CESU</b>	134.63	143.23	6.01%
<b>TOTAL</b>	354.44	469.06	24.44%

394. The Commission has been analyzing the spending in R&M by the Licensees, through the information available in the audited accounts of the companies. Audited account for the FY 2018-19 is available for all the DISCOMs. The approved and audited figures under R&M expenses over the years are given in the following table:

**Table – 50**  
**R & M Expenses**

(Rs. in Cr.)

<b>R&amp;M Expenses</b>	<b>WESCO</b>		<b>NESCO</b>		<b>SOUTHCO</b>		<b>CESU</b>	
	<b>Approved</b>	<b>Audited</b>	<b>Approved</b>	<b>Audited</b>	<b>Approved</b>	<b>Audited</b>	<b>Approved</b>	<b>Audited</b>
<b>FY</b>								
99-00	14.43	15.90	14.22	16.19	12.63	13.39	19.05	24.01
00-01	14.43	10.25	14.22	11.02	12.63	7.31	19.57	19.92
01-02	13.62	10.12	16.32	7.02	15.57	9.29	23.43	15.6
02-03	15.33	8.04	14.62	5.65	16.82	6.43	22.11	25.04
03-04	16.89	16.27	17.59	8.84	16.38	9.93	24.12	21.22
04-05	17.28	12.85	17.66	11.13	13.25	8.43	31.95	20.27
05-06	21.30	9.61	22.63	11.21	18.55	6.07	33.67	12.26
06-07	24.25	12.44	24.48	12.88	17.35	5.54	41.31	22.09
07-08	23.82	12.37	24.43	13.00	18.38	5.50	43.64	25.11

R&M Expenses	WESCO		NESCO		SOUTHCO		CESU	
08-09	25.66	17.90	25.87	20.86	19.08	7.79	41.87	34.79
09-10	27.01	18.01	27.88	22.79	20.73	11.59	40.46	28.45
10-11	34.77	16.56	37.22	19.26	26.11	13.09	51.19	29.38
11-12	36.81	18.04	47.46	16.39	28.47	8.28	56.77	28.92
12-13	40.06	14.71	51.17	17.52	28.28	8.97	57.78	27.12
13-14	51.30	19.73	56.73	16.16	43.53	15.02	81.87	52.55
14-15	64.28	17.74	84.92	19.90	39.19	12.02	116.78	33.14
15-16	44.24	17.71	61.05	27.70	31.93	16.82	79.64	33.85
16-17	55.55	19.37	70.54	18.62	33.18	9.74	92.43	45.52
17-18	68.48	18.40	87.97	13.77	34.91	6.74	110.85	26.52
18-19	64.28	17.36	84.92	17.02	39.19	6.78	116.78	23.10

395. The above table reveals that the trend of spending of DISCOMs in R&M activities is much less than what is being approved by the Commission in the ARR which is mostly less than 50% of the amount approved by the Commission. Timely and efficient R&M activities are the essential prerequisites to the viability of the distribution network. Commission expects a better system through higher allocations but the activities have to be monitored at field level.

396. As per the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, Repair and Maintenance expenses shall be allowed as follows:

*“7.29 Repair and Maintenance expenses would be allowed at the rate of 5.4% of Gross Fixed Assets (GFA) only on the assets owned by the distribution company for each year of the control period.*

*7.30 The licensee shall prepare a plan and budget for periodic preventive maintenance of distribution network including emergency repairs and restoration works under each division.*

*7.31 The Commission may provisionally allow an amount for maintenance of assets added under RGGVY, BGJY programme etc.. The licensee is required to submit to the commission along with ARR the details of assets taken into service under these programmes.*

*7.32 The commission may also allow special R&M actually incurred during the previous year, in order to enable DISCOMs to undertake critical activities such as loss reduction, energy audit, consumer indexing, pole scheduling etc. provided the commission will undertake a prudence check before allowing such expenditure.”*

397. In order to calculate Repair and Maintenance allocation, which is a percentage of fixed assets, the commission analyses the fixed assets of the DISCOMs and subsequent additions during the year. In the tariff submission for FY 2020-21 the DISCOMs have proposed capital expenditure and addition of fixed assets scheme wise for FY 2019-20 which is shown in the following table.

**Table – 51**  
**Proposed addition of Fixed Assets FY 2019-20**

(Rs. in Cr.)

Proposed Capital expenditure and addition of Fixed Assets for FY 2019-20	WESCO		NESCO		SOUTHCO		CESU	
	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition	Capital Exp.	Addition
Land Building Furniture and Fixtures	1.25	1.25	0.96	0.96	2.66	2.66		
RAPDRP(A)							65.45	48.48
RAPDRP(B)							65.73	75.25
SCRIPS							75.36	156.67
APDRP					0	0.55		
REMNP					0	1.87		
S.I. Scheme	0.40	6.96						
Deposit work	56.69	65.81	86.83	52.88	10.22	6.13		
RGVY-II							120.60	94.72
DDUGJY	94.07	37.63	371.42	185.71			13.11	112.9
DDUGJY (12th Plan)	3.02	1.21	603.79	211.33				
PMU					0.00	7.72		
Biju Gram Jyoti			7.00	3.50			0.00	10.54
Biju Sahar VY			2.01	1.00			0.00	2.48
SOUBHAGYA	118.95	81.29	68.67	110.00	189.55	127.32	136.46	0.00
DESI (GoO)			0.00	27.29				
RLTAP	38.10	19.05			2.19	2.19		
Capex Plan (GoO)	10.17	115.67	0.00	92.10	36.39	64.08	47.88	30.56
IPDS	42.32	16.93	169.70	84.85	141.21	42.36	87.11	85.48
ODSSP	85.29	34.12	592.80	207.48	627.55	125.51	229.64	123.59
School/Anganwadi							5.50	7.16
NH					1.50	0.95		
District Mineral Fund								
ODAFF			47.23	23.68			13.95	10.85
Elephant corridor					9.04	4.52	30.00	21.23
<b>Other works</b>	3.67	1.84			98.49	73.00	1.15	0.48
<b>Total</b>	<b>453.93</b>	<b>381.76</b>	<b>1950.41</b>	<b>1000.78</b>	<b>1118.80</b>	<b>458.86</b>	<b>891.94</b>	<b>780.39</b>

398. The Commission analysed the proposed CAPEX and the proposed addition to the fixed assets. The scheme wise asset addition already made till date and the assets which are likely to be added within the FY 2019-20 is considered by the Commission after prudence check. The assets owned by Government of India and Government of Odisha schemes which are not handed over to DISCOMs have not been considered as addition to fixed assets. Accordingly the approved addition of fixed assets during FY 2019-20 is given in the following table.

**Table – 52**  
**Approved addition of Fixed Assets for FY 2019-20**

(Rs. in Cr.)

<b>Approved addition of Fixed Assets FY 2019-20</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Land Building Furniture and Fixtures	1.25	0.96	2.66	
APDRP			0.55	
S.I. Scheme	6.96			
Deposit work	65.81	52.88	6.13	
Capex Plan (GoO)	115.67	92.10	64.08	30.56
NH			0.95	
Elephant corridor			4.52	
<b>Other works</b>	1.84			0.48
<b>Total</b>	<b>191.53</b>	<b>145.94</b>	<b>78.89</b>	<b>31.04</b>

399. The Gross Fixed Assets as on 01.04.2020 has been computed based on the audited accounts for 2018-19 and the approved addition for the FY 2019-20. The approved Gross Fixed Assets as on 01.04.2020 so arrived is shown in the following table.

**Table – 53**  
**Gross Fixed Assets as on 31.03.2020 (Approved)**

(Rs. in Cr.)

<b>Gross Book Value</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
As on 01.04.1996	139.87	137.89	122.41	188.70
Addition of Fixed Assets (Audited)				
1996-97	13.74	13.54	12.02	18.53
1997-98	16.84	16.60	14.74	22.72
1998-99	0	0	0	0
1999-00	53.32	41.11	37.53	87.16
2000-01	19.90	26.83	13.80	85.09
2001-02	19.58	30.63	20.72	67.25
2002-03	21.31	30.55	7.64	127.01
2003-04	35.14	28.63	12.60	88.42
2004-05	71.74	55.09	39.78	66.26
2005-06	23.52	30.20	13.89	-95.95
2006-07	22.21	30.73	11.10	22.57
2007-08	24.79	32.49	18.91	35.52
2008-09	35.16	92.14	31.85	38.68
2009-10	38.07	101.33	10.70	52.29
2010-11	42.46	64.65	11.46	71.59
2011-12	31.01	59.71	7.32	112.29
2012-13	37.04	75.44	9.00	137.17
2013-14	57.79	60.81	7.58	176.63
2014-15	93.41	76.31	63.57	273.02
2015-16	11.77	120.14	5.08	224.18
2016-17	247.36	107.34	15.00	159.54
2017-18	195.22	157.73	128.48	147.96
2018-19	172.85	132.57	64.48	355.31

<b>Gross Book Value</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
2019-20 (Approved)	191.53	145.94	78.89	31.04
<b>Total up to FY 2019-20</b>	<b>1615.63</b>	<b>1668.40</b>	<b>758.55</b>	<b>2492.98</b>

400. The R&M for FY 2020-21 is calculated as the 5.4% of the GFA as on 1.04.2020 in terms of the OERC Tariff Determination Regulation 2014. The Commission in order to ensure maintenance of the assets under RGGVY, DDUGVY & Biju Gram Jyoti Scheme, which continue to be with the Government of Odisha, also allows Rs.5.00 crore to each DISCOMs subject to detailed scrutiny in next tariff proceedings. The approved R&M for FY 2020-21 is accordingly shown in the following table:

**Table – 54**  
**R&M Approved for FY 2020-21**

**(Rs. in Cr.)**

<b>R&amp;M for FY 2020-21</b>	<b>WESCO</b>		<b>NESCO</b>		<b>SOUTHCO</b>		<b>CESU</b>	
	<b>Proposed</b>	<b>Approved</b>	<b>Proposed</b>	<b>Approved</b>	<b>Proposed</b>	<b>Approved</b>	<b>Proposed</b>	<b>Approved</b>
Gross fixed asset as on 01.04.2020	1886.25	1615.63	2573.30	1668.40	1210.28	758.55	2467.14	2492.98
% of GFA	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
R&M on GFA	101.86	<b>87.24</b>	138.96	<b>90.09</b>	66.38	<b>40.96</b>	133.23	<b>134.62</b>
Special R&M for addition of RGGVY and BJGY assets		5.00		5.00	18.63	5.00	10.00	5.00
Total R & M incl Spl R & M	<b>101.86</b>	<b>92.24</b>	<b>138.96</b>	<b>95.09</b>	<b>85.01</b>	<b>45.96</b>	<b>143.23</b>	<b>139.62</b>

**Interest on Loan**

401. The source-wise loans and interest burden as proposed by the four DISCOMs for FY 2020-21 is given in the following table:

**Table – 55**

**(Rs. in Cr.)**

<b>Source</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
World Bank loan	11.82	11.87	9.44	26.59
Gridco New Loan			11.20	
APDRP Net of 50% grant (GoO)	0.66	0.76	0.76	4.89
SI Scheme	0	0	0.10	0
Interest on security deposit	47.14	39.10	18.48	51.89
Government of Orissa Capex loan	2.70	1.73	1.92	
Other interest including SOD interest and finance charges	26.81	29.77	13.28	18.31
Total interest before capitalization	89.13	83.23	55.18	101.68
Less: Interest Capitalized	0	0	0	0
Total Interest proposed	89.13	83.23	55.18	101.68

### World Bank Loan

402. In line with the Commission's previous order, the licensees have calculated the interest on World Bank Loan @ 13%, considering 30% of loan as grant and balance 70% as loan. The loan balance (Net of 30% grant) as projected by the DISCOMs along with the approved interest for the FY 2020-21 is as follows:

**Table – 56**

(Rs. in Cr.)

World Bank Loan	Loan as on 01.04.2019	Receipt during 2019-20	Repayment Due in 2019-20	Loan as on 31.3.2020	Receipt during 2020-21	Repayment Due in 2020-21	Loan as on 31.3.2021	Interest for FY 2020-21 (Approved)
<b>WESCO</b>	90.96			90.96		9.10	81.86	11.23
<b>NESCO</b>	91.27			91.27			91.27	11.87
<b>SOUTHCO</b>	72.59			72.59		7.26	65.33	8.96
<b>CESU</b>	204.51			204.51			204.51	26.59
<b>Total</b>	459.33			459.33		16.36	442.97	58.65

### Accelerated Power Development Reform Programme (APDRP)

403. Licensees in their filing have submitted the interest impact of the loan taken under APDRP scheme for the ensuing year FY 2020-21. The interest liability on APDRP has been considered on the adjusting loan only @ 12% for Government of Odisha loan.
404. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2019-20 are given in the following table:

**Table - 57**

(Rs. in Cr.)

APDRP (GoO)	Balance as on 01.04.2019	Receipt during FY 2019-20 & 2020-21	Repayment during FY 2019-20 & 2020-21	Balance as on 31.03.2021	Interest for FY 2020-21 (Approved)
<b>WESCO</b>	5.47			5.47	0.65
<b>NESCO</b>	6.37			6.37	0.76
<b>SOUTHCO</b>	6.63		0.33	6.30	0.76
<b>CESU</b>	37.09			37.09	4.45

### System Improvement Scheme

405. SOUTHCO has loan outstanding under the SI scheme as submitted in its filing. Commission allows the interest on the continuing loan under the System Improvement Scheme to SOUTHCO to be included in the revenue requirement for FY 2020-21 as given in the following table:

**Table - 58**

**(Rs. in Cr.)**

System Improvement scheme	Opening Balance as on 01.04.2019	Proposed loans for FY 2019-20	Proposed repayment during 2019-20	Balance as on 31.03.2020	Proposed Loan for FY 2020-21	Proposed repayment during 2020-21	Balance as on 31.03.2021	Interest for FY 2020-21 (Approved)
SOUTHCO	1.20		0.17	1.03		0.17	0.86	0.10

**CAPEX loan from Government of Odisha (4% interest)**

406. WESCO, NESCO and SOUTHCO have projected the interest on the Loan in this account during the current FY 2020-21. The Commission allows the interest on the continuing loan under the CAPEX loan from Government of Odisha (4% interest) to DISCOMs to be included in the revenue requirement for FY 2020-21 as given in the following table.

**Table - 59**

**(Rs. in Cr.)**

Capex (GOo Loan 4%)	Opening Balance as on 01.04.2019	Proposed receipts for FY 2019-20	Proposed repayment during 2019-20	Balance as on 31.03.2020	Proposed Loan for FY 2020-21	Proposed repayment during 2020-21	Balance as on 31.03.2021	Interest for FY 2020-21 (Approved)
WESCO	57.82	9.68		67.50			67.50	2.70
NESCO	43.35			43.35			43.35	1.73
SOUTHCO	48.04			48.04			48.04	1.92

**Interest on Security Deposit**

407. The Commission in its query asked DISCOMs to furnish the details of the investments made out of the Consumer's security deposits. Accordingly DISCOMs furnished the details which has been tabulated as below:

**Table - 60  
Security Deposit**

Licensee	Security Deposit as on 31.03.2019 as per audited balance sheet	Security Deposit physically available as on 31.03.2019	Remarks
WESCO	Rs.682.12 cr.	Rs.666.74 cr.	Rs. 390.71 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.276.03 cr. is free from any lien.
NESCO	Rs.574.60cr.	Rs. 589.20 cr.	Rs. 392.87 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.196.33 cr. is free from any lien.
SOUTHCO	Rs.237.52cr	Rs. 131.55 cr.	Rs. 65.03 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.66.52 cr. is free from any lien.
CESU	Rs.717.88cr.	Rs.352.11 cr.	The entire amount is pledged in UBI for availing loan towards payment of power purchase bill.

408. In view of the large gap as per audited accounts and physical availability, we direct the DISCOMs to have a comprehensive audit of the SD and get the figures reconciled. Commission therefore directs the DISCOMs to maintain the security deposit intact so as to meet this liability. Commission further directs the DISCOMs to recoup the deficit of the security deposit through enhanced collection and submit a plan of action by 30.06.2020 for such a programme.
409. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code), 2019. The prevailing bank rate during March 2020 as notified by RBI is 5.40% per annum as ascertained from the RBI website. The Commission accordingly allows the interest at the rate of 5.40% on the closing balance on consumer's security deposit as on 31.3.2020 as shown in the table below:

**Table - 61**  
**Interest on Security Deposit approved (2020-21)**

	(Rs. in Cr.)		
<b>Interest on Consumer's Security Deposit</b>	<b>Proposed interest on Consumer's SD for FY 2020-21</b>	<b>Consumer's Security deposit as on 31.03.2020 (Proposed)</b>	<b>Approved interest on Consumer's SD @ 5.40% for FY 2020-21</b>
<b>WESCO</b>	47.14	715.26	38.62
<b>NESCO</b>	39.10	601.60	32.49
<b>SOUTHCO</b>	18.48	254.30	13.73
<b>CESU</b>	51.89	718.01	38.77

410. Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2020-21 is summarized below:

**Table - 62**  
**Total Annual Interest approved**

<b>Interest on Loans of DISCOMs</b>	<b>WESCO</b>		<b>NESCO</b>		<b>SOUTHCO</b>		<b>CESU</b>	
	<b>Proposed 2020-21</b>	<b>Approved 2020-21</b>						
World Bank loan	11.82	11.23	11.87	11.87	9.44	8.96	26.59	26.59
Gridco New Loan					11.20	0.00		
APDRP Net of 50% grant (GoO)	0.66	0.65	0.76	0.76	0.76	0.76	4.89	4.45
SI Scheme	-		-	-	0.10	0.10		
Interest on security deposit	47.14	38.62	39.10	32.49	18.48	13.73	51.89	38.77
Gov of Orissa Capex Loan	2.70	2.70	1.73	1.73	1.92	1.92		
SOD interest and finance charges	26.81	-	29.77	-	13.28	-	18.31	-
Total interest chargeable to revenue	89.13	53.20	83.23	46.85	55.18	25.48	101.68	69.81

### **Financing costs of short term loans/cash credits for working capital**

411. As per the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, Interest on Working capital shall be allowed as follows:

*“7.49 Interest on Working Capital: Working capital shall include –*

- (a) Operation and maintenance expenses for one month;*
- (b) Receivables for one month;*
- (c) Maintenance spares @ 40% of R&M expenses for one month.*

*7.50 The rate of interest for working capital shall be equal to the SBI Base Rate plus 300 basis points as on 1<sup>st</sup> January of the preceding year for which tariff is determined:*

*Provided that the commission while determining the working capital requirement, shall take into account the outstanding receivables with the consumers as per the annual audited accounts of the licensees, and may direct the licensee to fund the requirement of working capital by collection from the outstanding receivables.*

412. In view of the fact that all the DISCOMs have huge outstanding receivables from the consumers the commission as per such provision of the Regulation directs the Licensees to fund the requirement of working capital by collection from the outstanding receivables. Therefore no financing on working capital is allowed to the DISCOMs in the ARR for FY 2020-21.

### **Depreciation**

413. DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base for FY 2020-21. The depreciation amounts claimed by the four DISCOMs are given as under.

**Table – 63**

	<b>(Rs. in Cr.)</b>			
	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Proposed	67.76	92.82	39.60	138.26

414. Hon’ble High Court of Odisha in their judgement dated 28/02/2003 and 14/03/2003 in Misc Case No. 7410 and 8953 of 2002 have directed to calculate the depreciation on the pre-up valued cost of assets at pre-92 rate on the Transmission and Distribution assets as on 01.4.96 apportioned amongst GRIDCO and DISCOMs. Regarding calculation of depreciation, the Commission observed following in the RST order for FY 2009-10:

*“388. The Commission has extensively dealt with the matter of calculation of depreciation in successive tariff orders and in the last tariff order for FY 2008-09 (Para*

399 to 406) considering the book value of the fixed asset as on 01.4.1996 at the pre-up valued cost and subsequent asset additions thereof in later years. The Commission adopts the same principle for determination of depreciation for FY 2009-10.”

415. The asset addition from 01.4.1999 has been based on the audited annual accounts of the DISCOMs.
416. The gross book value as on 01.4.1996 and year wise asset addition have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.04.2020 has been depicted in the table under R&M expenses.
417. The depreciation is calculated on the approved asset base as on 1.04.2020 at Pre-92 rate in pursuance to the directive of the Hon’ble High Court. The classification of assets has been done proportionately based on the audited accounts and tariff filing submitted by DISCOMs. Accordingly, the Commission approves the following amount towards depreciation for the year 2020-21.

**Table – 64**

(Rs. Cr.)

<b>Approved Depreciation (2020-21)</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
GFA as on 01.04.2020	1615.63	1668.40	758.55	2492.98
Depreciation for FY 2020-21	<b>26.39</b>	<b>24.40</b>	<b>16.81</b>	<b>27.14</b>

**Provision for Bad & doubtful debts**

418. The WESCO, NESCO, SOUTHCO and CESU have proposed Bad and doubtful debts for the ARR for FY 2020-21 which is shown in the table below:

**Table – 65**

**Bad & doubtful debts (Proposed 2020-21)**

(Rs. cr)

<b>DISCOMs</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>CESU</b>
Proposed revenue billed	3148.97	2,623.18	1391.90	3595.48
Proposed Bad and Doubtful debt	83.97	39.35	27.84	30.06

419. The commission in its Order dated 20.3.2013 on MYT principles have set out principle for allowing bad and doubtful debt in the following manner:

*“17. The Business Plan order of the Commission dated 20.03.2010 approved collection efficiency of 99% for FY 2011-12 and FY 2012-13. The benchmark of collection efficiency would continue to be at the level of 99% during the third control period also. Accordingly the Bad and Doubtful debt during the third control period would also be allowed @ 1% of the total annual revenue billing in HT and LT sales only.”*

420. The Commission in line with the above Order on MYT principles allows on Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only on

normative basis. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2020-21 is summarized below. Commission directs that the procedure for classification of an amount under bad and doubtful debt have to be in place prior to implementation.

**Table – 66**  
**Bad & Doubtful Debt FY2020-21 (Approved)**

(Rs. in Crore)

Bad & Doubtful Debt FY2020-21	Proposed		Approved				
	Revenue	Bad debt	Total Revenue	Revenue from EHT sales	Revenue at HT	Revenue at LT	Bad debt (1% of LT & HT revenue)
WESCO	3148.97	83.97	3,128.91	834.17	1024.45	1270.29	22.95
NESCO	2623.18	39.35	2,626.01	1258.24	253.73	1114.04	13.68
SOUTHCO	1391.90	27.84	1,345.96	267.14	191.48	887.34	10.79
CESU	3595.48	30.06	3,569.58	544.15	914.64	2110.79	30.25

#### **Truing up of DISCOMs**

421. The OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 at Regulation 8 provides for the procedure for Truing up. Reg.8.1 provides that “The Distribution Licensee shall file an application each year for Truing up separately by 1st week of October every year along with the audited accounts of the relevant year. The Commission shall pass the Truing up order by 1st week of November. The Licensee shall duly consider the Truing up order up to the previous financial year while filing ARR for the ensuing year.”
422. The licensees have not filed any truing up application within the scheduled time therefore, no Truing up is allowed for ensuing year ARR for FY 2020-21.

#### **Return on Equity**

423. WESCO, NESCO and SOUTHCO in their ARR filing have submitted that due to negative returns( gaps) in their ARR and carry forward of huge Regulatory Assets in previous years, the Licensee could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. They have further submitted that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous years.
424. The Commission in its Order towards approval of MYT in its order dated 20.3.2013 have enunciated the return all share holder equity in the following manner:

“22. The Commission allowed 16% return on equity on the approved equity capital infusion during the first and second control period. The Commission had observed that return on equity incentivises the investor for the equity infusion to the business. A return of 16% suitably covers the risk associated with the distribution business. The Commission would continue to allow 16% return on equity on the approved equity capital infusion during the third control period also. Adjustments on account for variations between the actual and approved values of equity capital shall be made in the ARR subsequently in truing up”.

425. The Commission examined the audited annual accounts of the DISCOMs for FY 2018-19. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

**Table – 67**  
**Return on Equity**

(Rs. in cr.)

Name of the Company	Share Capital (Equity Base)
WESCO	48.65
SOUTHCO	37.66
NESCO	65.91
CESU	72.72

426. From the audited accounts, it is revealed that there has been no infusion of owner’s capital by the DISCOMs and the share capital initially invested while acquiring the distribution Licence by the Licensees remaining unchanged. The Commission thus allows a return of 16% on the equity base (share capital) in terms of MYT principles and approves following amounts against the proposed ROE:

**Table - 68**

(Rs. in cr.)

Particulars	WESCO	NESCO	SOUTHCO	CESU
Amount proposed by DISCOMs	7.78	10.55	6.03	11.64
Amount approved by the Commission	7.78	10.55	6.03	11.64

427. It may be noted that though accumulated loss of all the DISCOMs have far exceeded the equity base but as per the provision in the MYT, the Commission has been allowing return on actual infusion of equity at time of taking over the management of the DISCOMs.

**Miscellaneous receipts**

428. The miscellaneous receipts proposed by the licensees for the FY 2020-21 against the approved for FY 2019-20 are given in the table below:

**Table – 69**  
**Miscellaneous Receipts**

	(Rs. in cr.)			
	WESCO	NESCO	SOUTHCO	CESU
Amount approved for FY 2019-20	173.99	123.33	36.15	162.71
Amount proposed for FY 2020-21	181.29	78.85	17.69	118.66

429. The miscellaneous receipt of the DISCOMS is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and Reliability surcharge, open access charges, and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOMs is much more than the proposed receipts in the ARR. The audited accounts of DISCOMs are available up to the year 2018-19.
430. Commission observes that the receipts under miscellaneous receipts are of fluctuating nature and the reasonable estimate of future receipts would be on the basis of the analysis of actual past trends. The Commission after scrutiny and analysis allows the ten percent escalation over the miscellaneous receipt approved for the last year RST order of 2019-20. The approved miscellaneous receipts for FY 2020-21 is shown in the following table:

**Table - 70**

	(Rs. in cr.)			
Miscellaneous Receipt approved for 2020-21	WESCO	NESCO	SOUTHCO	CESU
	191.39	135.66	39.77	178.98

**Receivables from DISCOMs and Others**

**Securitized Dues**

431. GRIDCO in its filing submitted that the DISCOMs have defaulted payment of Rs.2117.45 crore by 31.03.2019 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOMs wise default is given below:-

**Table – 71**  
**Outstanding Securitized Dues payable by DISCOMs to GRIDCO**

(Rs. Crore)	
Particulars	Unpaid as on 31-03-2019
WESCO	285.41
NESCO	294.87
SOUTHCO	259.98
CESU	1277.19
<b>Total</b>	<b>2117.45</b>

The Commission directs DISCOMs to pay the dues during the ensuing year.

**Rs. 400 Crore NTPC Bond dues**

432. GRIDCO submitted that apart from securitize dues, the DISCOMs have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 on the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the erstwhile REL managed DISCOMs to pay Rs.50 Crore by the end of April 2012 and at least @ Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The erstwhile R-Infra managed DISCOMs paid Rs.62 Crore by 31-10-2014, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.195.36 Crore as on 31.03.2019.
433. On this issue the Commission have given direction to both GRIDCO and DISCOMs several times for compliance of the order. The Commission reiterates the same and directs both GRIDCO and DISCOMs to comply the order dtd.29.03.2012 in case No.107 of 2011. GRIDCO take all necessary actions to collect the above arrear dues.

**Non-payment of BSP dues and Year End Adjustment Bills of DISCOMs**

434. GRIDCO in the ARR has further submitted that besides the default in securitised dues and Rs.400 crore of bond the DISCOMs have made default in payment of BSP dues and year-end bill (except for the FY 2016-17). The details of which is given below.

**Table- 72**  
**Outstanding Dues relating to Current BSP and Year end Adjustment bills of DISCOMs payable to GRIDCO**

Particulars	WESCO Utility	NESCO Utility	SOUTHCO Utility	Sub- Total	CESU	TOTAL
BSP Bills as on 31.03.2019	982.58	734.00	579.97	2296.55	804.13	3100.68
Year-end Adj.Bills-2007-08 to FY 2010-11	137.67	99.16	134.15	370.98	271.79	642.77
BSP of FY 2019-20 ( Bills served for April' 19 to Sept' 2019)	1229.17	905.65	358.45	2493.27	1215.98	3709.25
<b>Sub Total</b>	<b>2349.42</b>	<b>1738.81</b>	<b>1072.57</b>	<b>5160.80</b>	<b>2291.90</b>	<b>7452.70</b>
Less: Payment received including rebate during 01.04.2019 to 21.11.2019	1718.29	1185.35	388.24	3291.88	1343.32	4635.20
<b>BSP outstanding up to Nov'2019</b>	<b>631.13</b>	<b>553.46</b>	<b>684.33</b>	<b>1868.92</b>	<b>948.58</b>	<b>2817.50</b>

435. The Commission directs both GRIDCO and DISCOMs to file a reply before the Commission regarding action plan taken for liquidation of the arrears as stated above by 31.05.2020.

### Revenue Requirement

436. In the light of above discussion, the Commission approves the revenue requirement of 2020-21 of four DISCOMs, as shown in Annexure-A.
437. A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2020-21 by the Commission is given below:

**Table - 73**

(Rs. in Cr.)

DISCOM	Revenue Requirement FY 2020-21		Expected Revenue FY 2020-21		Gap (-)/Surplus(+)	
	Proposed	Approved	Proposed	Approved	Proposed	Approved
WESCO	3326.81	3093.23	3148.97	3128.91	-177.84	35.68
NESCO	2860.44	2605.32	2623.18	2626.01	-237.26	20.69
SOUTHCO	1539.60	1339.06	1391.90	1345.96	-147.70	6.90
CESU	4313.93	3554.33	3595.48	3569.58	-718.45	15.25
<b>Total</b>	<b>12040.78</b>	<b>10591.94</b>	<b>10759.53</b>	<b>10670.46</b>	<b>-1281.25</b>	<b>78.52</b>

### Segregation of wheeling and retail supply business

438. OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014 at Reg. 3.1 mandates that “In accordance with the principles laid out in these Regulations, the Commission shall determine the tariff for : (a) wheeling of electricity, i.e. Wheeling Tariff, (b) Retail sale of electricity i.e., Retail Supply Tariff”. Further, Reg. 3.2 provides that the Commission shall determine the Aggregate Revenue Requirement (ARR) and Tariff for (a) Wheeling Business and (b) Retail Supply Business. The Reg.4.3 further provides that “the distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business.
439. The proviso to the Reg.4.4 states that “provided that for such period until accounts are segregated, the licensee shall prepare an allocation statement to apportion cost and revenues to wheeling business and retail supply business and submit it along with its ARR for approval of the Commission.

The DISCOMs in their ARR submissions have proposed allocation statement of wheeling and retail supply cost.

**Table - 74**  
**Allocation of Wheeling and Retail Supply Cost**

<b>Sl No.</b>	<b>Cost/Income Component</b>	<b>Ratio for consideration in Wheeling Business</b>	<b>Ratio for consideration in Retail Supply Business</b>
1	Cost of Power	0%	100%
2	Transmission Charges	0%	100%
3	SLDC Charges	0%	100%
	<b>Total power purchase cost *</b>		
	<b>O&amp;M</b>		
4	Employee Cost	60%	40%
5	Repair & Maintenance Cost	90%	10%
6	Administrative & General Expenses	40%	60%
7	Bad & Doubtful Debt including Rebate	0%	100%
8	Depreciation	90%	10%
	<b>Interest on Loans</b>		
9	for Capital loan	90%	10%
10	for Working capital	10%	90%
11	Interest on Security Deposits	0%	100%
12	Return on Equity	90%	10%
	<b>Special Appropriation</b>		
13	Amortization of Regulator Assets	25%	75%
14	True Up of Current year GAP 1/3rd	25%	75%
15	Other, if any-Contingency Reserve	90%	10%
	<b>Grand Total</b>		
	<b>Miscellaneous Receipt</b>		
16	Non-Tariff Income - Wheeling	as per actual/assumption	as per actual/assumption
17	Non-Tariff Income - Retail Business	as per actual/assumption	as per actual/assumption

440. The distribution licensees are yet to segregate the accounts of their licensed business into wheeling and retail supply business as provided in the OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission therefore, based on the above uniform allocation matrix allows cost towards Retail Supply business and Wheeling business in the following manner. The Commission shall monitor this later.

#### **Wheeling Business**

441. As per the OERC Tariff Regulation “Wheeling Business” means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of Distribution Licensee. As such the apportioned cost towards wheeling business has been considered while determining Aggregate Revenue Requirement and wheeling charges. The Miscellaneous receipts for the wheeling

business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals are considered out of the total approved Miscellaneous receipts in this order from the Annual accounts. However such segregation is not available in the audited accounts of the DISCOMs for the FY 2018-19. Therefore in order to arrive at the segregated Miscellaneous receipts for FY 2020-21 the approved proportion of the wheeling and retail business of FY 2018-19 is applied. This has been shown in the following table:

**Table - 75**  
**Miscellaneous Receipts**

	(Rs. Cr.)			
	WESCO	NESCO	SOUTHCO	CESU
Total Miscellaneous Receipts Approved for FY 2019-20	173.99	123.33	36.15	162.71
Approved Miscellaneous Receipt for Wheeling Business- FY 2019-20	15.32	7.08	1.14	22.33
Approved %age of wheeling business for FY 2019-20	8.81%	5.74%	3.15%	13.72%
Total Miscellaneous Receipts Approved for FY 2020-21	191.39	135.66	39.77	178.98
Approved Miscellaneous Receipt for FY 2020-21 Wheeling Business applying same percentage as in FY 2020-21	16.85	7.79	1.25	24.56
Approved Miscellaneous Receipt for FY 2020-21 Retail Business	174.54	127.88	38.51	154.42

442. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the ARR for wheeling business for WESCO, NESCO, SOUTHCO and CESU is approved at Rs.379.29 cr, Rs. 382.45 cr, Rs. 319.33 cr and Rs. 616.99 respectively. The wheeling charges (per unit) for WESCO, NESCO, SOUTHCO and for CESU has been accordingly determined at 57.91 paise/unit, 87.35 p/u, 89.05 p/u and 72.31 p/u. The details of the Wheeling Business cost allocation and determination of wheeling charges is shown in the following table:

**Table – 76**  
**Allocation of cost towards Wheeling Business – FY 2020-21**

	Ratio out of Total approval (%)	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
		Approved Total	Approved Wheeling								
Employee costs	60	361.02	216.61	348.84	209.31	370.88	222.53	606.75	364.05	1,687.49	1012.50
Repair & Maintenance	90	92.24	83.02	95.09	85.58	45.96	41.37	139.62	125.66	372.92	335.63

Expenditure	Ratio out of Total approval (%)	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
		Approved Total	Approved Wheeling								
A & G Expenses	40	52.80	21.12	39.29	15.71	35.49	14.19	70.82	28.33	198.39	79.36
Depreciation	90	61.40	55.26	63.58	57.22	29.03	26.13	94.56	85.10	248.58	223.72
Interest on capital Loan (Excluding SD)	90	14.58	13.12	14.36	12.93	11.75	10.57	31.04	27.93	71.73	64.55
Return on equity	90	7.78	7.00	10.54	9.49	6.03	5.43	11.64	10.48	35.99	32.39
<b>Gross Total</b>		<b>589.83</b>	<b>396.14</b>	<b>571.71</b>	<b>390.24</b>	<b>499.13</b>	<b>320.21</b>	<b>954.43</b>	<b>641.55</b>	<b>2615.09</b>	<b>1748.14</b>
Less: Miscellaneous receipts			<b>16.85</b>		<b>7.79</b>		<b>1.25</b>		<b>24.56</b>		<b>50.46</b>
Less: Expenses capitalised			<b>0.00</b>				<b>0.00</b>				<b>0.00</b>
<b>Total wheeling Cost</b>			<b>379.29</b>		<b>382.45</b>		<b>318.96</b>		<b>616.99</b>		<b>1697.69</b>
Total MU approved for LT & HT consumers			6550.00		4378.56		3586.11		8532.17		23046.84
<b>Wheeling charges (P/U)</b>			<b>57.91</b>		<b>87.35</b>		<b>88.94</b>		<b>72.31</b>		<b>73.66</b>

### Retail Supply Business

443. As per the OERC Tariff Regulation “Retail Supply Business” means the business of sale of electricity by Distribution Licensee to the category of consumers within its area of supply in accordance with the terms of the Licence for distribution of electricity. The apportioned cost towards Retail Supply business has been considered while determining Aggregate Revenue Requirement. While considering the Miscellaneous receipts for the retail business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals have been excluded from the total approved Miscellaneous receipts. This has been shown in the given table:

**Table - 77**  
**Miscellaneous Receipts- Retail Supply Business 2020-21 (Approved)**  
**(Rs. in cr.)**

WESCO	NESCO	SOUTHCO	CESU
174.54	127.88	38.51	154.42

444. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the net retail supply cost for WESCO, NESCO, SOUTHCO and for CESU are shown in the following table:

**Table – 78**  
**Revenue Requirement of DISCOMs for the FY 2020-21 – Retail Business**

(Rs. in Cr.)

Expenditure	Ratio out of Total approval (%)	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
		Approved Total	Approved Retail	Approved Total	Approved Retail	Approved Total	Approved Retail	Approved Total	Approved Retail	Approved Total	Approved Retail
Cost of power purchase	100	2432.00	2432.00	1957.86	1957.86	753.30	753.30	2471.67	2471.67	7,614.83	7614.83
Transmission Charges	100	200.00	200.00	164.25	164.25	101.25	101.25	236.75	236.75	702.25	702.25
SLDC Charges	100	1.22	1.22	1.00	1.00	0.62	0.62	1.44	1.44	4.28	4.28
Employee costs	40	361.02	144.41	348.84	139.54	370.88	148.35	606.75	242.70	1,687.49	675.00
Repair & Maintenance	10	92.24	9.22	95.09	9.51	45.96	4.60	139.62	13.96	372.92	37.29
A & G Expenses	60	52.80	31.68	39.29	23.57	35.49	21.29	70.82	42.49	198.39	119.03
Bad and Doubtful debt	100	22.95	22.95	13.68	13.68	10.79	10.79	30.25	30.25	77.67	77.67
Depreciation	10	61.40	6.14	63.58	6.36	29.03	2.90	94.56	9.46	248.58	24.86
Interest on Capital Loan (Excluding SD)	10	14.58	1.46	14.36	1.44	11.75	1.17	31.04	3.10	71.73	7.17
Interest on security deposit	100	38.62	38.62	32.49	32.49	13.73	13.73	38.77	38.77	123.62	123.62
Return on equity	10	7.78	0.78	10.54	1.05	6.03	0.60	11.64	1.16	35.99	3.60
<b>Gross Retail Supply Cost</b>		<b>3284.62</b>	<b>2888.48</b>	<b>2740.98</b>	<b>2350.74</b>	<b>1378.82</b>	<b>1058.61</b>	<b>3733.31</b>	<b>3091.76</b>	<b>11137.74</b>	<b>9389.59</b>
Less: Miscellaneous Receipts		191.39	174.54	135.66	127.88	39.77	38.51	178.98	154.42	545.80	495.34
<b>Net Retail Supply Cost</b>		<b>3,093.23</b>	<b>2,713.94</b>	<b>2,605.32</b>	<b>2,222.87</b>	<b>1,339.06</b>	<b>1,020.10</b>	<b>3554.33</b>	<b>2937.35</b>	<b>10,591.94</b>	<b>8,894.25</b>

445. The Commission in the last RST order directed to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission asked for compliance in this regard by the Licensee shall be submitted by 31st July 2018 however no compliance was submitted by any of the DISCOMs. The Commission therefore again directs DISCOMs to take necessary steps in order to segregate their accounts for wheeling business and retail supply business in terms of the said OERC Regulation. The compliance on this account must be furnished by 31st July 2020.

#### **TARIFF DESIGN**

446. The Commission has been determining Retail Supply Tariffs after examination of all details on the usage and consumption pattern of the different categories of consumers and factors ensuring efficient use of resources. Prudency of licensees' expenses on cost of supply has been checked based on the ARR filings, queries for additional information and subsequent records submitted by the licensees. It is found that Licensees would be able to recover their cost without any Tariff rise for FY 2020-21.

### **The present tariff structure**

447. In line with the prevailing practice of tariff design, the Commission has decided to continue with the prevailing practice of single part, two part and three part tariffs for the ensuing year. While single part tariff is applicable to consumers covered under Kutir Jyoti, the other categories of consumers are covered under two part and three part tariffs.
448. Two part tariff under LT supply covers consumers with connected load/contract demand less than 110 kVA are having MMFC (based on Rs. /kW or KVA) and energy charges (Rs. /kWh).
449. Three part tariff under HT and EHT supply is applicable to consumers with contract demand of 110 kVA and above having demand charges (based on Rs./kVA), energy charges (Rs./kWh) and customer service charge (Rs./month).

### **Single Part Tariff**

Kutir Jyoti consumers: Fixed Monthly Charge (Rs./Month) for consumption upto 30 units per month.

### **Two Part Tariff - LT Supply less than 100 KW / 110 kVA**

All classes of consumers other than Kutir Jyoti

- (a) Energy Charge (Paise/unit)
- (b) Monthly Minimum Fixed Charge (MMFC) (Rs./KW/Month)

### **Three Part Tariff - LT consumers with connected load 110 kVA and above**

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/unit)
- (c) Customer Service Charge (Rs./Month)

### **HT Consumers**

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/Unit)
- (c) Customer Service Charge (Rs./Month)

### **EHT Consumers**

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/Unit)
- (c) Customer Service Charge (Rs./Month)

450. In addition, certain other charges like power factor penalty, prompt payment rebate, meter rent, delayed payment surcharge, over drawal penalty/incentive, other miscellaneous charges, etc. are payable in cases and circumstances mentioned in the

later part of this order.

451. The details of charges applicable to various categories of consumers classified under OERC Distribution (Conditions of Supply) Code, 2019 are discussed hereafter.

(a) **Tariff for Consumers availing Power Supply at LT**

452. The consumers availing power supply at LT with CD less than 110 kVA or 100 KW have to pay MMFC and energy charges as described below:

- (a) The MMFC is payable by the consumers with contract demand less than 110 kVA who are supplied power at LT.
- (b) The Commission decides that rate of MMFC determined for FY 2019-20 shall continue to apply for FY 2020-2021.

**Table – 79**  
**MMFC for LT consumers**

Sl. No	Category of Consumers	Monthly Minimum Fixed Charge for first KW or part (Rs.)*	Monthly Fixed Charge for any additional KW or part (Rs.)
		<b>Approved For FY 2020-21</b>	
	<b>LT Category</b>		
1.	Domestic (other than Kutir Jyoti)	20	20
2.	General Purpose LT (<110 kVA)	30	30
3.	Irrigation Pumping and Agriculture	20	10
4.	Allied Agricultural Activities	20	10
5.	Allied Agro-Industrial Activities	80	50
6.	Public Lighting	20	15
7.	LT Industrial (S) Supply	80	35
8.	LT Industrial (M) Supply	100	80
9.	Specified Public Purpose	50	50
10.	Public Water Works and Sewerage Pumping <110 kVA	50	50

\* When agreement stipulates supply in kVA this shall be converted to kW by multiplying with a power factor of 0.9 as per Regulation 2 (20) of OERC Distribution (Conditions of Supply) Code, 2019.

453. Some consumers with connected load of less than 110 kVA might have been provided with simple energy meters which record energy consumption and not the maximum demand. But the OERC Distribution (Conditions of Supply) Code, 2019, provides that “contract demand for loads of 110 kVA and above shall be as stipulated in the agreement and may be different from the connected load. Contract Demand for a connected load below 110 kVA shall be the same as connected load. However, in case of installation with static meter/meter with provision of recording demand, the

recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 kVA or 100 KW, the above shall form the basis. The licensees are directed to follow the above provision of Regulation strictly.

**Energy Charge (Consumers with Connected Load less than 110 kVA)**

**Domestic**

454. The Commission is aware of the paying capability of our BPL consumers. Therefore, the Kutir Jyoti consumers will only pay the monthly minimum fixed charge @ Rs.80/- per month for consumption upto 30 units per month. In case these consumers consume in excess of 30 units per month, they will be billed like any other domestic consumers depending on their consumption and will lose their BPL status from that month onward.
455. The Commission is also conscious of affordability of non-Kutir Jyoti consumers. Keeping this in view the Energy Charge for supply to domestic consumers availing low tension supply is determined for FY 2020-21 which are given below:

<u>Domestic consumption slab per month</u>	<u>Energy charge</u>
Upto and including 50 Units	250 paise per unit
From 51 to 200 units	430 paise per unit
From 201 to 400 units	530 paise per unit
Balance units of consumption	570 paise per unit

456. In accordance with the provision under the OERC Distribution (Condition of Supply) Code, 2019, initial power supply shall not be given without a correct meter. Load factor billing has been done away w.e.f. 1st April, 2004, as stipulated in the Commission’s RST order for FY 2003-04. As such licensees are directed not to bill any consumer on load factor basis.

**General Purpose LT (<110 kVA)**

457. The Commission reviewed the existing tariff structure and also decided to continue with existing rates for GP LT category of consumers.

**Table - 80**

<b>Slab</b>	<b>Energy charge (P/U)</b>
First 100 units	540
Next 200 units	650
Balance units	710

### **Irrigation Pumping and Agriculture**

458. The Commission decides that the Energy Charge for this category shall continue to be 150 paise per unit for supply at LT. Consumers in the irrigation pumping and agriculture category availing power supply at HT will pay 140 paise per unit as usual.

### **Allied Agricultural Activities**

459. The Commission decides not to modify the tariff of this category which will continue as 160 paise per unit at LT and 150 paise per unit at HT.

### **Allied Agro-Industrial Activities**

460. The Commission decides not to modify the tariff of this category allow it to continue at 420 paise per unit at LT and 410 paise per unit at HT.

### **Energy Charges for Other LT Consumers**

461. The Commission, in keeping with its objective of rationalisation of tariff structure by progressive introduction of a cost-based tariff, has linked the Energy Charge at different voltage levels to reflect the cost of supply. The following tariff structure is determined for FY 2020-21 for all loads at LT except domestic, Kutir Jyoti, general purpose, irrigation pumping, allied agricultural activities and allied agro-industrial activities.

#### **Voltage of Supply**

LT

#### **Energy Charge**

570 paise per unit

#### **The above rate shall apply to the following categories:**

- 1) Public lighting
- 2) LT industrial(S) supply <22 KVA
- 3) LT industrial(M) supply  $\geq$ 22 KVA <110 KVA
- 4) Specified Public Purpose
- 5) Public Water works and Sewerage pumping < 110 KVA
- 6) Public Water works and Sewerage pumping  $\geq$  110 KVA
- 7) General Purpose  $\geq$  110 KVA
- 8) Large Industries  $\geq$ 110 KVA

**Tariff for consumers availing power supply at LT with contract demand of 110 kVA and above are given hereunder.**

#### **Customer Service Charge at LT**

462. As explained earlier these categories of consumers are required to pay three part tariff.

The existing customer service charge for consumers with connected load of 110 kVA and above shall continue for FY 2020-21.

**Table - 81**

Category	Voltage of Supply	Customer Service Charge (Rs. per Month)
Public Water Works (=>110kVA)	LT	30
General Purpose (=>110kVA)	LT	30
Large Industry	LT	30

**Demand charges at LT**

463. The Commission examined the existing level of Demand Charge of Rs.200/kVA/month payable by the consumers with a contract demand of 110 kVA and above and decides not to revise it. This shall include Public Water Works and Sewerage Pumping, General Purpose Supply and Large Industry of contract demand of 110 kVA or more.

**Voltage of Supply**

LT (110 kVA & above)

**Demand charge**

Rs.200/ kVA/month

**(b) Tariff For HT & EHT Consumers**

**(i) Customer Service Charge for consumers with contract demand of 110 kVA and above at HT & EHT**

464. All the consumers at HT and EHT having CD of 110 kVA and above are liable to pay customer service charge. This charge is meant for meeting the expenditure of the licensees on account of meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts etc. The licensee is bound to meet these expenses irrespective of the level of consumption of the consumer. The customer service charges as existing shall continue as per details in the table below:

**Table – 82**

Category	Voltage of Supply	Customer service charge (Rs./month)
Bulk Supply (Domestic)	HT	Rs.250/- for all categories
Irrigation Pumping and Agriculture	HT	
Allied Agricultural Activities	HT	
Allied Agro-Industrial Activities	HT	
Specified Public Purpose	HT	
General Purpose (HT >70 kVA <110kVA)	HT	
HT Industrial (M) Supply	HT	
General Purpose (=>110kVA)	HT	

Category	Voltage of Supply	Customer service charge (Rs./month)
Public Water Works and Sewerage Pumping	HT	
Large Industry	HT	
Power Intensive Industry	HT	
Mini Steel Plant	HT	
Emergency Supply to CGPs	HT	
Railway Traction	HT	
General Purpose	EHT	
Large Industry	EHT	
Railway Traction	EHT	
Heavy Industry	EHT	
Power Intensive Industry	EHT	
Mini Steel Plant	EHT	
Emergency Supply to CGPs	EHT	

**(ii) Demand charge for HT & EHT consumers**

465. The Commission examined the existing level of Demand Charge of Rs.250/kVA/month payable by the HT and EHT consumers and Rs.150 for HT Industrial (M) Supply consumers only ( $\geq 22$  kVA and less than 110 kVA) and decides not to revise the same. The class of consumers and the voltage of supply to whom this charge shall be applicable are listed below.

**HT Category**

Specified Public Purpose

General Purpose ( $>70$  kVA  $<110$  kVA)

General Purpose ( $\geq 110$  kVA)

Public Water Works and Sewerage Pumping

Large Industry

Power Intensive Industry

Mini Steel Plant

Railway Traction

HT Industrial (M) Supply ( $\geq 22$  kVA and less than 110 kVA)

**EHT Category**

General Purpose

Large Industry

Railway Traction

Heavy Industry

Power Intensive Industry

Mini Steel Plant

466. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. To arrive at that cost the Commission studied the pattern of demand recorded by the demand meters of all such consumers of the licensee for the period from April, 2019 to September, 2019. After taking into consideration this aspect the Commission has decided that the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue. The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2019. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.
467. As per the OERC Distribution (Conditions of Supply) Code, 2019, for contract demand above 70 kVA but below 555 kVA, supply shall be at 3-phase, 3-wire, 11 kV. However, these consumers connected prior to 01.10.95 may be allowed to continue to receive power at LT. But there are many consumers in the categories of Bulk Supply Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities, who have been availing power supply at HT as per Regulation. For such types of consumers the Commission have decided to allow the existing Demand Charges to continue. Accordingly, the rates applicable to all such consumers who are to pay demand charges are given below:

**Table - 83**

<b>Category</b>	<b>(Rs./KVA/month)</b>
Bulk Supply Domestic	20
Irrigation pumping	30
Allied Agricultural Activities	30
Allied Agro-Industrial Activities	50

468. However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA for all category of consumers having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected

Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.

**(iii) Energy Charge for HT and EHT consumers**

469. The Commission, aiming at rationalisation of tariff structure by progressive introduction of a cost-based tariff, has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining Energy Charge, the principle of higher rate for supply at low voltage and gradually reduced rate as the voltage level goes up has been adopted. However, the Commission has made certain exceptions to the above provisions in respect of Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities consumers availing power at HT.
470. For domestic HT bulk supply consumers the energy charges has been fixed at 440 paise per unit.

**Graded Slab Tariff for HT/EHT Consumers**

471. Considering more and more industries are running in higher load factor the Commission has decided to modify the present Graded slab tariff for HT and EHT consumers where the Demand charges are billed on kVA basis as given below:

**Table – 84  
Slab rate of energy charges for HT & EHT (Paise per unit)**

<b>Load Factor (%)</b>	<b>HT</b>	<b>EHT</b>
= < 60%	535	530
> 60%	425	420

472. All the industrial consumers having CD of 1 MW and above and drawing power in 33 KV shall be allowed a rebate of 10 paise per unit for the units consumed in excess of 70% of load factor and up to 80% of load factor and 20 paise per unit for the units consumed in excess of 80% of the load factor per month. This shall be in addition to all other rebate the consumer is otherwise eligible. All the industrial consumers drawing power in EHT shall be eligible for a rebate of 10 paise per unit for all the units consumed in excess of 80% of load factor.
473. Load factor has to be calculated as per Regulation 2 (42) of OERC Distribution Code, 2019. However, in calculation of load factor, the actual power factor of the consumer and power-on-hours during billing period shall be taken into consideration.
474. Power on hours is defined as total hours in the billing period minus allowable power

interruption hour. The allowable power interruption hours should be calculated by deducting 60 hours in a month from the total interruption hour. In case power interruption is 60 hours or less in a month then no deduction shall be made.

**HT Supply for Irrigation pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities Consumers**

475. The Commission has decided to continue with the present tariff structure in respect of Irrigation pumping, Allied Agricultural/Agro-Industrial Activities availing power at HT. The Energy Charge applicable to them has been fixed as follows:

<u>Category</u>		<u>Energy Charge</u>
Irrigation Pumping	-	140 paise per unit
Allied Agricultural Activities	-	150 paise per unit
Allied Agro-Industrial Activities	-	410 paise per unit

**Industrial Colony Consumption**

476. Since the purpose of incentive scheme is to encourage higher consumption by the EHT and HT consumers, the Commission after reviewing the scheme, directs that, the units consumed for the colony shall be separately metered and the total consumption shall be deducted from the main meter reading and billed at 440 paise per unit for supply at HT and 435 paise per unit at EHT. For the energy consumed in colony in excess of 10% of the total consumption, the same shall be billed at the rate of Energy Charge applicable to the appropriate class of industry.

**Colony / Hostel consumption**

477. The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in bulk supply domestic category @ 440 paise per unit.

**Emergency power supply to CGPs/Generating stations**

478. Industries owning CGPs/ Generating Stations have to enter into an agreement with the concerned DISCOM Utilities subject to technical feasibility and availability of required quantum of power/energy in the system as per the provision under the OERC Distribution (Condition of Supply) Code, 2019. For them, (i) a flat rate of 730 paise/kwh at HT and (ii) 720 paise/kwh at EHT would apply. The industry owning CGP and having zero contract demand can draw power supply for its CGP from the

Grid maximum upto the electrical energy in KWh limited to 10% load factor of the highest capacity of the Captive Generating unit. Overdrawal of energy beyond 10% of load factor of highest capacity of generating unit for consecutively three months shall attract and shall be billed on two part tariff with ceasing of emergency power supply status.

### **Peak and Off-Peak Tariff**

479. Section 62(3) of the Electricity Act, 2003 mandates as follows:

*“The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”*

480. Accordingly, the Commission decides to continue 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 20 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

- i) Public Lighting Consumers
- ii) Emergency supply to captive power plants

### **Charges for Overdrawal**

#### **Penalty for overdrawal**

481. Demand charge shall be calculated on the basis of 80% CD or actual MD whichever is higher during period other than off peak hour. The overdrawal penalty shall be charged on the excess of drawal over the 120% CD during the off-peak hours. The penalty rate is Rs.250/KVA.

No off peak overdrawal benefit will be available if one overdraws beyond off peak hours. In such circumstances, the overdrawal penalty @ Rs.250/KVA shall be levied on the drawal in excess of the CD irrespective of the hours it occurs.

This penalty for overdrawal in all the above cases shall be over and above the normal demand charges.

482. When Maximum Demand is less than the Contract Demand during hours other than off peak hours then the consumer is entitled for over drawal benefit limited to 120% of Contract Demand during off peak hours. If MD exceeds 120% of CD during off peak hours then the consumer is liable for overdrawal penalty only on the excess demand recorded over 120% of CD @ Rs.250/- per KVA per month provided no other penalty due to overdrawal is levied. If Maximum Demand exceeds the Contract Demand beyond the off peak hours then the consumer is not entitled to get off peak hour over drawal benefit even if the drawal during off peak hours is within 120% of CD.

**Incentive for Overdrawal during off peak hours**

483. As per the existing Commission's Order all the consumers who pay two-part tariff with > 110 KVA CD are allowed to draw upto 120% of contract demand during off peak hours on payment of demand charge as per the 80% of the contract demand or maximum demand drawn during other than off peak hours whichever is higher where drawal of maximum demand is within CD.
484. The Commission has decided to continue with the existing tariff provisions wherein there is no penalty for overdrawal during off-peak hours upto 120% of the contract demand. The off-peak hours is defined as 12 Midnight to 6 AM of the next day. However, any consumer overdrawing during hours other than off-peak hours shall not be eligible for overdrawal benefit during off-peak hours. In case of Statutory Load Regulation deemed contract demand shall be the restricted contract demand.

**Eligibility for availing over drawal benefit during off peak hours**

485. HT and EHT consumers are allowed for 120% over drawal benefit only if, their maximum demand drawn during other than off peak hours remains within the contract demand. In case the consumer overdraws than contract demand during other than off peak hours, but within 120% of contract demand during off-peak hours, no overdrawal benefit shall be allowed to such consumer. In that case the demand charge will be calculated as per the recorded maximum demand, irrespective of hours of its drawal.

**Charges for Power Factor**

486. The charges for power factor penalty and incentive as decided by the Commission for FY 2019-20 shall continue for FY 2020-21.

### **Power Factor Penalty**

487. The Commission also orders for continuance of the power factor penalty as a percentage of monthly Demand Charge and Energy Charge on the following HT/EHT categories of consumers:

- (i) Large Industries
- (ii) Public Water Works (110 KVA and above)
- (iii) Railway Traction
- (iv) Power Intensive Industries
- (v) Heavy Industries
- (vi) General Purpose Supply
- (vii) Specified Public Purpose (110 KVA and above)
- (viii) Mini Steel Plants
- (ix) Emergency supply to CGP

488. The penalty for Power Factor below 92% is given as under:

**Table - 85**

Below 92% upto and including 70%	0.5% penalty for every 1% fall from 92% upto and including 70% plus
Below 70% upto and including 30%	1% penalty for every 1% fall below 70% upto and including 30% plus
Below 30%	2% for every 1% fall below 30%

(Pro-rata penalty shall be calculated and the power factor shall be calculated upto four decimal points). The penalty shall be on monthly demand charge and energy charge of the HT and EHT industries as prescribed above.

However, the licensees shall give a 3 months' notice to install capacitor for reduction of reactive drawl failing which licensee may disconnect the power supply if the power factor falls below 30% as provided in the Regulations.

There shall be no power factor penalty for leading power factor recorded in the meter. In case of doubt the licensees are directed to verify the dump report of the meter to ascertain the leading power factor.

### **Power Factor Incentive**

489. Similarly, the power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

#### **Metering on LT side of Consumers Transformer**

490. As per Regulation 151 (ix) of OERC Distribution (Conditions of Supply) Code, 2019 Transformer loss, as computed below has to be added to the consumption as per meter reading.

Energy loss =  $(730 \times \text{rating of the transformer KVA}) / 200$ .

Demand Loss in the transformer in KVA = Rating of the transformer in KVA / 200

#### **Incentive for prompt payment**

491. The Commission examined the existing method of incentive and its financial implications. The Commission has decided to grant incentive for early and prompt payment as below:

- a) A rebate of 10 paise/unit shall be allowed on energy charges if the payment of the bill (excluding all arrears) is made by the due date indicated in the bill in respect of the following categories of consumers.

**LT:** Domestic, General purpose <110 KVA, Irrigation Pumping and Agriculture, Allied Agricultural Activities and LT Industrial (S), Public Water Works and Sewerage Pumping.

**HT:** Bulk supply Domestic, Irrigation Pumping and Agriculture, Allied Agricultural Activities, General purpose >70 <110 KVA, Public Water Works and Sewerage Pumping.

- b) Consumers other than those mentioned at Para 'a' above shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding all arrears), if payment is made within 3 working days of presentation of the bill.

#### **492. Special Rebates**

- a. Hostels attached to the Schools run by SC/ST Dept. of Government of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT/HT).
- b. All Swajala Dhara consumers shall get 10% special rebate on total bill (except electricity duty and meter rent) in addition to other rebates they are otherwise

eligible if the electricity bill is paid within the prescribed due date of normal rebate.

- c. All rural LT domestic consumers availing power through correct meter shall avail 5 paise per unit additional rebate over and above the 10 paise prompt payment rebate if they pay the bill in time.
- d. 2% rebate over and above normal rebate shall be allowed on the bill to the LT domestic and single phase general purpose category of consumers only over and above all the rebates who pay through digital means (cash less).
- e. Own Your Transformer – “OYT Scheme” is intended for the existing individual LT domestic, individual / Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. They will continue to be LT consumers with appropriate tariff category. In addition licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the ‘OYT’ transformer shall be made by DISCOM Utilities. For removal of doubt it is clarified that the “OYT Scheme” is not applicable to any existing or new HT/EHT consumer.

### **Reconnection Charge**

493. The Commission decided that existing re-connection charges shall continue as follows:

**Table - 86**

<b>Category of Consumers</b>	<b>Rate Applicable</b>
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
HT and EHT consumers	Rs.3000/-

### **Delayed Payment Surcharge**

494. The Commission has examined the present method and rate of DPS and has decided that if payment is not made within the due date, Delayed Payment Surcharge shall be charged for every day of delay @ 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as

mentioned below:

- i. Large industries
- ii. LT/HT Industrial (M) Supply
- iii. Railway Traction
- iv. Public Lighting
- v. Power Intensive Industries
- vi. Heavy Industries
- vii. General Purpose Supply  $\geq 110$  KVA
- viii. Specified Public Purpose
- ix. Mini Steel Plants
- x. Emergency supply to CGP
- xi. Allied Agro-Industrial Activities
- xii. Colony Consumption

495. There is a tendency among the category of LT Domestic, General Purpose and HT Bulk Supply Domestic etc. consumers who don't pay delayed payment surcharge to be negligent towards bill payment once the due date is over. But the licensees are to disconnect those consumers after giving them required notice.

**The tariff as determined above is reflected in Annexure-B. For any discrepancy Annexure-B is final.**

**Rounding off of consumers billed amount to nearest rupee**

496. The Commission directs for rounding off of the electricity bills to the nearest rupee and at the same time directs that the money actually collected should be properly accounted for.

**Charges for Temporary Supply**

497. The tariff for the period of temporary connection shall be at the rate applicable to the relevant consumer category with the exception that Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection. Connections, temporary in nature, shall be provided as far as possible with pre-paid meters to avoid accumulation of arrears in the event of dismantling of the temporary connection etc.

**New Connection Charges for LT**

498. Prospective small consumers requiring new LT single phase connection upto and including 2 kW load shall only pay a flat charge of Rs.1500/- and beyond 2 KW upto 5

KW a flat charge of Rs.2500/- as service connection charges and a processing fees of Rs.50/- excluding security deposit and cost of meter as applicable. The service connection charges include the cost of material and supervision charges. In case of Single phase LT new or load enhancement consumers upto 5 KW shall not be asked to bear the cost of transformer or any other related additional cost for system improvement.

### **Meter Rent**

499. The existing meter rent for consumer during FY 2019-20 shall continue as follows:

**Table - 87**

<b>Type of Meter</b>	<b>Monthly Meter Rent (Rs.)</b>
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

*Note: Meter rent for meter supplied by DISCOM Utilities henceforward shall be collected for a period of 60 months only.*

500. Many objectors raised the issue of meters being declared defective arbitrarily by the DISCOM Utilities. We instruct licensees/ Utilities to address this issue while purchasing the meters themselves or asking the consumers to buy it. Brands of meters having high malfunctioning rate should not be used. If any meter becomes defective for any reason, a notice shall be served on the consumer in writing mentioning, make of the meter, Sl. No of the meter, date of installation, nature of defect, the authority verifying the same (not below the rank of Junior Manager), date of verification, witnesses, if any, and advice to the consumer as per law for further action. All records of meters shall be maintained.

### **Disconnection of Supply**

501. Objectors also raised the issue of supply disconnection arbitrarily without adequate notice and without providing any opportunity of hearing on any temporary relief. The Commission consider it serious infringement of consumer rights. Any abrupt action is likely to affect the life of citizen adversely. Therefore, licensees/ Utilities are directed to provide adequate clear time as provided under the law to the consumer duly

acknowledged before proceeding for disconnection. All requests by the consumer to the licensees must be disposed of by the appropriate officer of the licensee as per law and the decision communicated to the consumer before proceeding for disconnection. The relief, if any, from GRF/ Ombudsman/ Appellate Authority on temporary reconnection shall be promptly complied with by the Licensees.

**Effective date of Tariff**

502. The tariff schedule attached to this order shall be made effective from 01.05.2020.
503. Erstwhile Licensees such as WESCO, NESCO and SOUTHCO in Appeal Nos. 77, 78 and 79 of 2006 in respect of RST Order for FY 2006-07, Appeal Nos. 52, 53 and 54 of 2007 in respect of RST Order for FY 2007-08, Appeal Nos. 26, 27 and 28 of 2009 in respect of RST Order for FY 2008-09, Appeal Nos. 160, 161 and 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149/2011 for RST Order of FY 2011-12, Appeal Nos. 193, 194 and 195 of 2012 for RST Order of FY 2012-13 before the Hon'ble APTEL raised several issues such as those concerning distribution loss, mode of calculation of estimated sales and income and truing exercises etc. The three DISCOM Utilities challenged the Truing up Order dated 19.03.2012 of the Commission passed in Case Nos. 29, 30, 31 of 2007 and 6, 7 and 8 of 2012 before the Hon'ble APTEL in Appeal No. 196 of 2012. The Hon'ble APTEL has set-aside the said Orders of the Commission vide its Judgment dated 03.07.2013 passed in Appeal Nos.160,161,162 of 2010 in respect of RST Order for FY 2010-11,Appeal Nos. 147, 148, 149 of 2011 for RST Order of FY 2011-12 and also Appeal Nos. 193, 194 and 195 of 2012 for RST Order for FY 2012-13. The Hon'ble APTEL has also set-aside both the Truing up Orders dated 19.03.2012 of the OERC passed in Case Nos. 29, 30, 31 of 2007 and 6, 7 and 8 of 2012 in Appeal No. 196 of 2012 preferred by the R-Infra Managed DISCOM Utilities. The Hon'ble APTEL vide their order dated 30.11.2014 has set aside the RST order for FY 2014-15 and has directed the Commission to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15). The Commission has filed an appeal against this order before the Hon'ble Apex Court in CA Nos. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Hon'ble Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter. The above Civil Appeals are now sub-judice before the Hon'ble Supreme Court of India.

In the meanwhile, the Commission has revoked the Licences of erstwhile DISCOM Utilities such as NESCO, WESCO and SOUTHCO vide its order dated 04.03.2015 passed in Case No. 55/2013. The said order of revocation of licences of the Commission was upheld by the Hon'ble APTEL in Appeal No. 64 of 2015 and also has been confirmed by the Hon'ble Apex Court vide their Order dated 24.11.2017 in Civil Appeal No. 18500 of 2017. Now the distribution utilities are being managed through the Administrator appointed by the Commission under Section 20 (1) (d) of the Electricity Act, 2003.

504. The Open Access Charges (Wheeling Charge, Transmission Charge and Cross Subsidy Surcharge) decided in this order (in Case Nos. 77, 78, 79 & 80 of 2019) shall be made effective from 1<sup>st</sup> May, 2020 and shall be in force until further order. The cases are disposed of accordingly.
505. The applications of, CESU, WESCO, NESCO and SOUTHCO Utilities and vide Case Nos. 70/2019 (CESU), 74/2019 (WESCO Utility), 75//2019 (NESCO Utility) and 76/2019 (SOUTHCO Utility) for approval of Aggregate Revenue Requirement for FY 2020-21 are disposed of accordingly.
506. The Retail Supply Tariff as stipulated in the order shall be effective from 1st May, 2020 and shall be in force until further orders.

**(S. K. PARHI)**  
**MEMBER**

**(U. N. BEHERA)**  
**CHAIRPERSON**

## ANNEXURE- A

## REVENUE REQUIREMENT OF DISCOMS FOR THE FY 2020-21

Expenditure	WESCO		NESCO		SOUTHCO		CESU		TOTAL	
	Proposed 2020-21	Approved 2020-21	Proposed 2020-21	Approved 2020-21						
Cost of Power Purchase	2428.69	2432.00	1956.98	1957.86	753.30	753.30	2505.61	2471.67	7,644.58	7,614.83
Transmission Cost	199.62	200.00	164.17	164.25	101.25	101.25	224.48	236.75	689.52	702.25
SLDC Cost	1.20	1.22	0.98	1.00	0.63	0.62	1.45	1.44	4.26	4.28
<b>Total Power Purchase, Transmission &amp; SLDC Cost(A)</b>	<b>2,629.51</b>	<b>2,633.22</b>	<b>2,122.13</b>	<b>2,123.11</b>	<b>855.18</b>	<b>855.17</b>	<b>2,731.54</b>	<b>2,709.86</b>	8,338.36	8,321.36
Employee costs	432.27	361.02	392.51	348.84	398.68	370.88	915.40	606.75	2,138.86	1,687.49
Repair & Maintenance	101.86	92.24	138.96	95.09	85.01	45.96	143.23	139.62	469.06	372.92
Discount to consumers							77.63			
Administrative and General Expenses	88.75	52.80	50.10	39.29	85.22	35.49	283.15	70.82	507.22	198.39
Provision for Bad & Doubtful Debts	83.97	22.95	39.35	13.68	27.84	10.79	30.06	30.25	181.22	77.67
Depreciation	67.76	61.40	92.82	63.58	39.60	29.03	138.26	94.56	338.44	248.58
Interest Chargeable to Revenue including Interest on S.D	89.13	53.20	83.23	46.85	55.18	25.48	101.68	69.81	329.22	195.34
<b>Total Operation &amp; Maintenance and Other Cost</b>	<b>863.74</b>	<b>643.62</b>	<b>796.97</b>	<b>607.33</b>	<b>691.53</b>	<b>517.62</b>	<b>1,689.41</b>	<b>1,011.81</b>	<b>4,041.65</b>	<b>2,780.39</b>
Return on equity	7.78	7.78	10.54	10.54	6.03	6.03	11.64	11.64	35.99	35.99
<b>Total Distribution Cost</b>	<b>871.52</b>	<b>651.40</b>	<b>807.51</b>	<b>617.87</b>	<b>697.56</b>	<b>523.65</b>	<b>1,701.05</b>	<b>1,023.45</b>	<b>4,077.64</b>	<b>2,816.38</b>
Less: Miscellaneous Receipt	181.29	191.39	78.85	135.66	17.69	39.77	118.66	178.98	396.49	545.80
<b>Net Distribution Cost (B)</b>	<b>690.23</b>	<b>460.01</b>	<b>728.66</b>	<b>482.21</b>	<b>679.87</b>	<b>483.89</b>	<b>1,582.39</b>	<b>844.47</b>	<b>3,681.15</b>	<b>2,270.58</b>
<b>Special Appropriation</b>										
True up of Past Losses									-	-
Contingency reserve	7.07	-	9.65	-	4.55	-			21.27	-
<b>Total Special Appropriation (C)</b>	<b>7.07</b>	<b>-</b>	<b>9.65</b>	<b>-</b>	<b>4.55</b>	<b>-</b>			21.27	-
<b>Total Revenue Requirement (A+B+C)</b>	<b>3,326.81</b>	<b>3,093.23</b>	<b>2,860.44</b>	<b>2,605.32</b>	<b>1,539.60</b>	<b>1,339.06</b>	<b>4,313.93</b>	<b>3,554.33</b>	<b>12,040.78</b>	<b>10,591.94</b>
Expected Revenue(Full year )	3148.97	3128.91	2,623.18	2,626.01	1391.90	1345.96	3595.48	3569.58	10,759.53	10,670.46
<b>GAP at existing(+/-)</b>	<b>(177.84)</b>	<b>35.68</b>	<b>(237.26)</b>	<b>20.69</b>	<b>(147.70)</b>	<b>6.90</b>	<b>(718.45)</b>	<b>15.25</b>	(1,281.25)	78.52
								<b>Saleable Units</b>	<b>Avg. cost (paisa/unit)</b>	
	Proposed	2020-21	22,125.80	562.12						
	Approved	2019-20	21,892.72	499.71						
	Approved	2020-21	22,125.81	<b>503.38</b>						

## ANNEXURE- B

RETAIL SUPPLY TARIFF EFFECTIVE FROM 1<sup>ST</sup> MAY, 2020

Sl. No.	Category of Consumers	Voltage of Supply	Demand Charge (Rs./KW/ Month)/ (Rs./KVA/ Month)	Energy Charge (P/kWh)	Customer Service Charge (Rs./Month)	Monthly Minimum Fixed Charge for first KW or part (Rs.)	Monthly Fixed Charge for any additional KW or part (Rs.)	Rebate (P/kWh)/ DPS
	<b>LT Category</b>							
1	Domestic							
1.a	Kutir Jyoti <= 30 Units/month	LT	FIXED MONTHLY CHARGE-->			80		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		250.00				
	(Consumption >50, <=200 units/month)	LT		430.00		20	20	
	(Consumption >200, <=400 units/month)	LT		530.00				
	Consumption >400 units/month)	LT		570.00				
2	General Purpose < 110 KVA							10
	Consumption <=100 units/month	LT		540.00				
	Consumption >100, <=300 units/month	LT		650.00		30	30	
	(Consumption >300 units/month)	LT		710.00				
3	Irrigation Pumping and Agriculture	LT		150.00		20	10	10
4	Allied Agricultural Activities	LT		160.00		20	10	10
5	Allied Agro-Industrial Activities	LT		420.00		80	50	DPS/Rebate
6	Public Lighting	LT		570.00		20	15	DPS/Rebate
7	L.T. Industrial (S) Supply <22 KVA	LT		570.00		80	35	10
8	L.T. Industrial (M) Supply >=22 KVA <110 KVA	LT		570.00		100	80	DPS/Rebate
9	Specified Public Purpose	LT		570.00		50	50	DPS/Rebate
10	Public Water Works and Sewerage Pumping <110 KVA	LT		570.00		50	50	10
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	570.00	30			10
12	General Purpose >= 110 KVA	LT	200	570.00	30			DPS/Rebate
13	Large Industry	LT	200	570.00	30			DPS/Rebate
	<b>HT Category</b>							
14	Bulk Supply - Domestic	HT	20	440.00	250			10
15	Irrigation Pumping and Agriculture	HT	30	140.00	250			10
16	Allied Agricultural Activities	HT	30	150.00	250			10
17	Allied Agro-Industrial Activities	HT	50	410.00	250			DPS/Rebate
18	Specified Public Purpose	HT	250		250			DPS/Rebate
19	General Purpose >70 KVA < 110 KVA	HT	250		250			10
20	H.T Industrial (M) Supply	HT	150		250			DPS/Rebate
21	General Purpose >= 110 KVA	HT	250		250			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	250		250			10
23	Large Industry	HT	250		250			DPS/Rebate
24	Power Intensive Industry	HT	250		250			DPS/Rebate
25	Mini Steel Plant	HT	250		250			DPS/Rebate
26	Railway Traction	HT	250		250			DPS/Rebate
27	Emergency Supply to CGP	HT	0	730.00	250			DPS/Rebate
28	Colony Consumption (Both SPP & Industrial)	HT	0	440.00	0			DPS/Rebate
	<b>EHT Category</b>							
29	General Purpose	EHT	250		700			DPS/Rebate
30	Large Industry	EHT	250		700			DPS/Rebate
31	Railway Traction	EHT	250		700			DPS/Rebate
32	Heavy Industry	EHT	250		700			DPS/Rebate
33	Power Intensive Industry	EHT	250		700			DPS/Rebate
34	Mini Steel Plant	EHT	250		700			DPS/Rebate
35	Emergency Supply to CGP	EHT	0	720.00	700			DPS/Rebate
36	Colony Consumption	EHT	0	435.00	0			DPS/Rebate

**Note:**

**Slab rate of energy charges for HT & EHT (Paise/unit)**

<b>Load Factor (%)</b>	<b>HT</b>	<b>EHT</b>
= < 60%	535	530
> 60%	425	420

- (i) The reconnection charges w.e.f. 01.04.2015 shall continue unaltered

<b>Category of Consumers</b>	<b>Rate Applicable</b>
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
All HT & EHT consumers	Rs.3000/-

- (ii) Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection in respective categories.

- (iii) The meter rent w.e.f. 01.04.2017 shall remain unaltered as follows:

<b>Type of Meter</b>	<b>Monthly Meter Rent (Rs.)</b>
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

**Note:** Meter rent for meter supplied by DISCOMs shall be collected for a period of 60 months only. Once it is collected for sixty months meter rent collection should stop. **All statutory levies shall be collected in addition to meter rent.**

- (iv) A Reliability surcharge @ 10 paise per unit will continue only for HT consumers availing power irrespective of nature of feeder. This surcharge @ 10 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit. (For details see the order)
- (v) All the industrial consumers having CD of 1 MW and above and drawing power in 33 KV shall be allowed a rebate of 10 paise per unit for the units consumed in excess of 70% of load factor and up to 80% of load factor and 20 paise per unit for the units consumed in excess of 80% of the load factor per month. This shall be in addition to all other rebate the consumer is otherwise eligible.
- (vi) All the industrial consumers drawing power in EHT shall be eligible for a rebate of 10 paise per unit for all the units consumed in excess of 80% of load factor.

- (vii) LT Single Phase consumers of all categories having CD upto 5 KW with pole within 30 meters from the consumer premises

Upto 2 KW : Rs.1,500/-

Beyond 2 KW upto 5 KW : Rs.2,500/-

Provided that if the line extension is required beyond 30 meters, the licensee/supplier shall charge @ Rs.5,000/- for every span of line extension in addition to the above charges.

- (viii) A “Tatkal Scheme” for new connection is applicable to LT Domestic, Agricultural and General Purpose consumers.
- (ix) In case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis.
- (x) The billing demand in respect of consumer with Contract Demand of less than 110 KVA should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification.
- (xi) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @ 20 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as 12 Midnight to 6 AM of next day.
- (xii) Hostels attached to the Schools recognised and run by SC/ST Dept., Government of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT / HT) which shall be over and above the normal rebate for which they are eligible.
- (xiii) Swajala Dhara consumers under Public Water Works and Sewerage Pumping Installation category shall get special 10% rebate if electricity bills are paid within due date over and above normal rebate.
- (xiv) During the statutory restriction imposed by the Fisheries Department, the Ice Factories located at a distance not more than 5 Km. towards the land from the sea shore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period.
- (xv) Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. If the connected load of the attached feed

unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be.

- (xvi) The food processing unit attached with cold storage shall be charged at Agro-Industrial tariff if cold storage load is not less than 80% of the entire connected load. If the load of the food processing unit other than cold storage unit exceeds 20% of the connected load, then the entire consumption by the cold storage and the food processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be.
- (xvii) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from 12 Midnight to 6.00 A.M. of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged on the drawal over and above the 120% of contract demand (for details refer Tariff Order). When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.
- (xviii) General purpose consumers with Contract Demand (CD) < 70 KVA shall be treated as LT consumers for tariff purposes irrespective of level of supply voltage. As per Regulation 134 (I) of OERC Distribution (Conditions of Supply) Code, 2019 the supply for load above 5 KW upto and including 70 KVA shall be in 3-phase, 3 or 4 wires at 400 volts between phases.
- (xix) Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual/Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. In such a case licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOM utilities. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.
- (xx) Power factor penalty shall be
  - i) 0.5% for every 1% fall from 92% upto and including 70% plus
  - ii) 1% for every 1% fall below 70% upto and including 30% plus
  - iii) 2% for every 1% fall below 30%

The penalty shall be on the monthly demand charges and energy charges

There shall not be any power factor penalty for leading power factor. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

- (xxi) The power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

- (xxii) The rural LT domestic consumers shall get 5 paise per unit rebate in addition to existing prompt payment rebate who draw their power through correct meter and pay the bill in time.

- (xxiii) 2% rebate over and above normal rebate shall be allowed on the bill to the LT domestic and single phase general purpose category of consumers only over and above all the rebates who pay through digital means. This rebate shall be applicable on the current month bill if paid in full.

- (xxiv) 2% rebate shall be allowed to all pre-paid consumers on pre-paid amount.

- (xxv) A Special rebate to the LT single phase consumers in addition to any other rebate he is otherwise eligible for shall be allowed at the end of the financial year (the bill for month of March) if he has paid the bill for all the 12 months of the financial year consistently without fail within due date during the relevant financial year. The amount of rebate shall be equal to the rebate of the month of March for timely payment of bill.

- (xxvi) The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in HT bulk supply domestic category.

- (xxvii) The printout of the record of the static meter relating to MD, PF, number and period of interruption shall be supplied to the consumer wherever possible with a payment of Rs.500/- by the consumer for monthly record.

- (xxviii) Charging of electric vehicles shall be treated as GP category.

- (xxix) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.05.2020.

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Annexure - C

**Wheeling, Transmission Charges and Cross Subsidy Surcharge From 1st May, 2020 as determined by the Commission in Case Nos. 77, 78, 79 & 80 of 2019 in accordance to OERC (Terms and Conditions for Open Access) Regulations, 2005 and OERC (Determination of Open Access Charges) Regulations, 2006**

1. The Open Access Charges i.e. Cross Subsidy Surcharge, Wheeling and Transmission Charge for Open Access consumer of 1MW and above for FY 2020-21 as determined by the Commission are given in the table below:

Name of the licensee	Cross Subsidy Surcharge (P/U)		Wheeling Charge P/U applicable to HT consumers only	Transmission Charges for Open Access Customer (applicable for HT & EHT consumers)
	EHT	HT		
<b>CESU</b>	149.88	91.79	72.31	The Long Term Open Access customer availing Open Access shall pay Rs.6000/MW/ Day (Rs.250/MWh) and Short Term Open Access Customer shall pay charges as per applicable Regulations.
<b>NESCO Utility</b>	126.57	56.99	87.35	
<b>WESCO Utility</b>	122.79	71.42	57.91	
<b>SOUTHCO Utility</b>	197.13	132.67	88.94	

2. The normative transmission loss at EHT (3.0%) and normative wheeling loss for HT level (8%) are applicable for the year 2020-21.
3. Additional Surcharge: No additional surcharge over and above the Cross-Subsidy Surcharge needs to be given at present.
4. No Cross-subsidy surcharge are payable by the consumers availing Renewable power.
5. 20% Transmission & Wheeling charge is payable by the consumer drawing power from Renewable source excluding Co-generation & Bio mass power plant.
6. These charges as notified for the FY 2020-21 will remain in force until further order.

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