

INDEX

	Page No.
1. Mission Statement	1
2. Overview	2
3. Profile of the Chairperson and Members	6
4. Activities of the Divisions	9
(i) Tariff	
(ii) Monitoring the Licensees Activities	
(iii) Consumer Interest	
(iv) Dispute Adjudication	
(iv) Administration	
(v) Law	
5. Commission Advisory Committee Meeting	26
7. Annual Accounts of the Commission	27

Annexes

- (i) Organisation Chart
- (ii) List of Officers and Staff
- (iii) Minutes of the CAC Meetings
- (iv) Training attended



Together, let us light up our lives.

MISSION STATEMENT

The Orissa Electricity Regulatory Commission is committed to fulfill its mandate of creating an efficient and economically viable electricity industry in the State. It endeavors to balance the interests of all stakeholders while fulfilling its primary responsibility of safe and reliable supply of power at reasonable rates by the licensees. It is guided by the principles of good governance viz transparency, accountability, predictability, equitability and participation in the discharge of its functions. It seeks to prevent monopolistic behaviour of operators by monitoring their functioning and introduces vertical and horizontal competition to bring in economy and efficiency as well as consumer satisfaction. It safeguards the interests of the state and gives a fair deal to consumers.

OVERVIEW

A new era in Utility Regulation.

Orissa has been a pioneer among States in India in embarking on a comprehensive reform of the electricity industry of the State. The aim of the reform is to address the fundamental issues underlying poor performance of the sector & restructuring it to increase efficiency, bring accountability through an independent transparent regulatory regime. This will meet the needs of a growing economy and develop an economically viable power industry which will enable Orissa to attract private capital while safeguarding the interests of the consumers.

The reform programme was announced by the Chief Minister of Orissa in November, 1993, formally approved by the council of Ministers in April, 1994 and was endorsed by the new state government which took office in March, 1995. On April 20, 1995, the government issued a formal statement of its power policy.

The Orissa Electricity Reform Act, 1995 (Orissa Act 2 of 1996) was enacted for the purpose of restructuring the electricity industry, for taking measures conducive to rationalization of generation, transmission and supply system, for opening avenues for participation of private sector entrepreneurs and for establishment of a Regulatory Commission independent of the state government and power utilities.

Advance clearance of the legislation by the central government was issued by the Ministry of Home Affairs in early November 1995. The legislation was approved by the State Assembly on November 28, 1995. The President gave his assent in January 1996 and the Act became effective in April 1996. The restructuring of the industry became effective from the same date and the Regulatory Commission became functional on 01.08.1996.

HIGHLIGHTS OF THE ACT

The reform legislation contains several fundamental building blocks.

1. **Restructuring** - The former OSEB has been corporatised and is designed to be managed on commercial principles in its new form GRIDCO. While the newly formed GRIDCO has been put in charge of transmission and distribution, the hydro power- generating stations owned by the government has been taken over by the Orissa Hydro Power Corporation (OHPC).
2. **Unbundling** - The reform structure has incorporated principles of functional unbundling with regard to generation, transmission and distribution to be managed by separate corporations/companies.
3. **Privatisation** - The OER Act, 1995 aims at fostering private sector participation in generation and gradual privatisation of transmission and distribution.
4. **Regulatory Commission** - An important component is establishment of the Orissa Electricity Regulatory Commission for ensuring achievement of objectives given in the Orissa Electricity Reform Act, 1995.
5. **Licensing** - Government ownership and direct control has given way to a licensing system in respect of transmission and distribution activities.
6. **Tariff** - Determining tariff, which would ensure commercial rate of return for investment in the electricity industry while protecting rights of all categories of consumers with respect to cost, efficiency and quality of service.

The new regulatory supervision is designed to be qualitatively and structurally different from the command and control exercised by the government so far as the electricity industry is concerned. The Orissa government's objective is to withdraw from the power sector as an operator of utilities and give way to privately managed utilities operating in a competitive and appropriately regulated power market. The Commission is designed to be an autonomous authority responsible for regulation of the power sector while issue of policy directives in matter concerning electricity in the state including overall planning & co-ordination consistent both the Act shall be retained by the State Government. The Commission is a three-member body with the necessary supporting staff.

REGULATORY MECHANISM

The new regulatory regime is designed to insulate the electricity industry from short-term political decisions and rigid bureaucratic control. It aims at ensuring that industry operates on commercial lines so that the scarce resources of the state are available for development. It has been the common place experience that state owned industry is utilised for achieving social and political ends such as creating avenues for employment, and giving subsidy to certain categories of consumers. This becomes detrimental to the industry resulting in non-availability of resources for maintenance and expansion, lack of accountability in performance, poor quality of service, financial sickness of the industry and unwillingness of private sector to invest in any significant manner.

The new regulatory regime was designed to promote an environment of greater transparency by adopting open public hearing process in decision making on all matters concerning generation, transmission and distribution of electricity in the State. Clear cut ground rules and procedures ensure that the Regulatory Commission monitors and controls the essential utility industries effectively while balancing and protecting the interests of all those who participate in it and are served by it. Predictability in decision making wards off external considerations while accountability through transparent functioning guards against regulatory high-handedness.

FUNCTIONS OF THE OERC

- to aid and advise, in matters concerning generation, transmission, distribution and supply of electricity in the State;
- to regulate the working of licensees and to promote their working in an efficient, economical and equitable manner;
- to issue licenses in accordance with the provisions of the Reform Act and determine the conditions to be included in the licenses;
- to regulate the purchase, distribution, supply and utilization of electricity, the quality of service, the tariff and charges payable keeping in view both the interest of the consumer as well as the consideration that the supply and distribution cannot be

maintained unless the charges for the electricity supplied are reasonably levied and duly collected;

- to promote competitiveness and progressively involve the participation of the private sector, while ensuring a fair deal for the customers;
- to collect data and forecast on the demand for and use of electricity and to require the licensees to collect such data and make such forecasts;
- to require licensees to formulate perspective plans and schemes in coordination with others for the promotion of generation, transmission, distribution and supply of electricity; and
- to undertake all incidental or ancilliary things.

The Orissa Electricity Regulatory Commission has taken up its role earnestly in the aforesaid historical and legal perspective. The Commission's task is all the more difficult because there has been no precedent of an independent regulatory Commission in electricity industry in any of the developing countries in Asia. The Commission has formulated its own rules, regulations and procedures in a tailor-made manner to suit the economic and industrial development in general, and need of electricity sector in particular, in the state of Orissa while safeguarding the interests of all categories of consumers.

COMMISSIONERS



Dhruba Charan Sahoo, Chairman

Mr D.C.Sahoo, formerly of the Indian Audit & Accounts Service, joined the Orissa Electricity Regulatory Commission as Chairman on 1st November 2001 after taking voluntary retirement as Principal Accountant General, Kerala. Born on 5th November 1944 in the district of Balasore (now Bhadrak), he graduated from Ravenshaw College, Cuttack in 1965. After completing his Masters in Political Science from Utkal University in 1967, he joined the Indian Audit & Accounts Service in 1969.

During his illustrious career, he has served in different capacities in Indian Audit & Accounts Department. He attended Works Audit Workshop in Tokyo (Japan) in 1984 and was promoted as Accountant General in 1986.

He was the Member (Finance & Commercial) in Haryana State Electricity Board from 1989 to 1992 and served as Accountant General (Audit) West Bengal from April 1992 to October 1996.

He conducted audit of OPBAA Organisation of U.N.Headquarters at New York for a period of six weeks in 1997. In the same year in August, he was promoted as Principal Accountant General.

Apart from holding official positions in different capacities, he is a good bridge player and has participated in various tournaments and has won a number of prizes.



Bijoy Chandra Jena, Commissioner

Mr.Bijoy Chandra Jena, formerly Chairman-cum-Managing Director of Grid Corporation of Orissa Ltd., joined the Orissa Electricity Regulatory Commission as Commissioner on 20th August 2001. Born on 10th October 1942, Mr Jena got his education at Ravenshaw College, Cuttack and obtained the Degree in Electrical Engineering from University College of Engineering, Burla in the year 1963.

He joined the Electricity Department of the Govt. of Orissa in 1963 where he served with distinction in various capacities. In December 1991, Mr Jena was posted and joined as General Manager at the Ib Thermal Power Station and was in charge of

construction of 2 X 210 MW thermal units at Banaharpalli. The successful commissioning of the units in December '94 and June '96 saw the end of power cuts in Orissa. He was promoted to the rank of Chief Engineer and was placed in the Orissa Power Generation Corporation as Director (Project) and subsequently took over as Managing Director.

In 1995, Mr Jena was selected to the Indian Administrative Service.

He joined as Chairman-cum-managing Director of GRIDCO on 31.10.1997. He was responsible for reform and restructuring of power sector in Orissa in creation of GRIDCO and OHPC. In the 2nd phase, privatisation of distribution functions were achieved 21 months before schedule. All World Bank funded projects, OECF Projects and REC contracts were awarded. The erratic power supply in Bhubaneswar city was rectified through 54 km. of 33 KV line on NBS towers with zebra conductor and a number of 33/11 KV sub stations in load centres. This was done in a record 18-24 month period under the BEINA scheme funded by DFID.

Mr Jena is a Fellow of the Institution of Engineers India and has been declared as a Chartered Engineer.

Indian Council of management Executives, Mumbai, awarded him Order of Merit SAMAJRSRI for excellence in management in the year 1996.

American Biographical Institute Inc. also honoured Mr Jena by inclusion in the Institute's Governing Body of Equitors for exemplary performance.

Mr Jena was also conferred as a Professional Engineer (PE) by Institute of Engineers, India and retired from Govt. service on 31st October 2000 as CMD, GRIDCO on attaining the age of superannuating at 58 years.



Shital Kumar Jena, Commissioner

Shri Shital Kumar Jena, who was in charge Engineer-in-Chief(Electricity)-cum-Principal Chief Electrical Inspector, Orissa, joined the Orissa Electricity Regulatory Commission as Commissioner on 3rd December, 2003. Born on 13 April 1946, Shri Jena completed his B.Sc Engineering (Electrical) in 1967 and joined the Orissa State Service of Electrical Engineers and served under the Govt. of Orissa in Orissa State Electricity Board (OSEB) and OERC.

Between 1967-87 he was involved in the Generation, Transmission & Distribution aspects of the Power sector. From 1987 to 1995, Shri Jena worked on Commercial and Rural Electrification in the OSEB. Then, as a Member, Metering Working Group and later as a Member, Legal & Regulatory Working Group, Shri Jena was an active participant in the Power Sector Reform Project.

On 1st August 1996, Shri Jena joined the OERC as Dy. Director in charge of Engineering & Tariff preparing the ground for framing of various regulations, tariff guidelines and engineering standards. In September 1997 he joined as Director(Tariff) and continued to work up to November, 2002. During this period, he also obtained a PostGraduate Diploma in Financial Management from the prestigious Indira Gandhi National Open University.

As the first Director(Tariff) in India, he set the pricing policy for power generators, transmission and distribution companies, giving direction to the Power Sector in Orissa in a Techno-Commercial-Legal environment. Among other duties, he also served as the Chairman of the Commission's Grievance Redressal Forum.

Between November 2002 and December 2003, Shri Jena served as the Engineer-in-Chief-cum- Principal Chief Electrical Inspector under the Department of Energy, Govt. of Orissa. He was in charge of planning & monitoring of Rural Electrification, and in overall charge of the Electrical Inspectorate, collection of Electrical Duty, survey, investigation of micro, mini & small Hydro-Electric Projects in the entire state. He also chaired the State Technical Committee with power to grant Techno-Economic Clearance for projects.

He brings with him his expertise as a Power Engineer with his extensive field experience in the erstwhile OSEB along with his pioneering work in the OERC and hands-on knowledge of Power Sector Reform and training in Regulatory Economics & Economic Reform.

T A R I F F

Determination of tariff and monitoring the performance of the licensees are the two main tasks of the Commission. The Commission is required to obtain and analyse the annual revenue requirements of the licensees and determine the charges to be levied on various categories of consumers. In the process, the Commission determines Bulk Supply Tariff for GRIDCO and Retail Supply Tariff for the four Distribution Companies Viz. CESCO, NESCO, WESCO and SOUTHCO. As required by Chapter-VIII of the OER Act, 1995, the Commission is bound by three parameters while fixing tariff, namely (i) the financial principles enunciated in the Electricity Supply Act, 1948, (ii) the factors promoting efficiency, economy in the use and allocation of resources and good performance etc. and (iii) the overall interest of the consumers.

However, the Commission has been armed with the power to depart from the factors specified in the Sixth Schedule of the Electricity Supply Act, 1948 after recording sufficient reasons. Performance benchmarking and monitoring has been attempted with the help of Regulations and implementation of Codes and Standards. The Commission has issued realistic tariff orders so far based on the principles of a sound trade-off between efficiency and equity considerations of an optimal tariff policy and thereby established balance of interests of various stakeholders including consumers and licensees.

ACTIVITIES FOR THE YEAR 2002-03

Rise in unit cost of power, high depreciation due to up-valuation of assets, non maturing of expected load growth, high T&D loss accompanied by total absence of government subsidy characterised the state of the power sector during the year under review.

The Commission scrutinised two applications of GRIDCO, (1) for determination of Transmission & Bulk Supply Tariff for the FY 2001-02 and (2) for approval of Revenue Requirement for the FY 2002-03. The Commission determined the revenue requirement and tariff for FY 2001-02 and FY 2002-03 by adopting a number of correctives following the broad recommendations of high power committee on power sector reforms. Similarly, the Commission scrutinised the applications for approval of revenue requirements for the FY 2001-02 & FY 2002-03 and for Retail Supply Tariff and

charges for FY 2001-02 of four distribution companies and passed a reasoned order on 19.04.2002.

The Commission undertook an exercise with regard to fixation of tariff for FY 2002-03 pursuant to the direction of the Hon'ble High Court vide its order dated 03.02.2003 & 14.03.2003 and on the basis of the various recommendations accepted by the State Government.

Salient points of the tariff order for FY 2002-03 (Both BST & RST) :-

While determining the revenue requirement and tariff for FY 2001-02 and FY 2002-03, the following correctives and assumptions have been applied.

1. Although up-valuation of assets of GRIDCO and OHPC per se has not been disturbed but its effects like assigning the additional amount as Loan, Debenture, Zero Coupon Bonds have been kept in abeyance.
2. Depreciation after 01.04.2001 has been charged based on plant life at pre-92 norms after adjusting the accelerated depreciation already charged for the period from 01.4.96 to 31.03.01.
3. Securitisation of all liabilities of payables to generators by GRIDCO backed by the State Govt. guarantee at a coupon rate of 8.5% as per Ahluwalia Committee recommendations.
4. To keep in abeyance payment of principal or interest of State Govt. loan from 01.04.2001 except World Bank loan till sectoral turn around.
5. IBRD loan to be passed on to GRIDCO/DISTCOs at the same terms and conditions at which State Govt. has received the loan from Govt. of India i.e. 30% grant and 70% loan at an interest rate of 13% p.a.
6. Swapping of payables and receivables of dues between State Govt. and GRIDCO.
7. Writing off of arrears of OHPC shown as payable by GRIDCO.
8.
 - a) DISTCOs to reduce distribution loss @ %% from an overall level distribution loss of 42.2% in the base year 2001-02.
 - b) GRIDCO to reduce transmission loss @ 0.3% from an overall level transmission loss of 4.18% at base year 2001-02.
9. The collection efficiency of DISTCOs to be achieved to the extent of 87.5% in 2002-03.

10. Export of 1400 MU of power by GRIDCO to power deficit neighboring states.
11. State Govt. to release its arrear energy dues payable to DISTCOs amounting to Rs.230 Crore to meet the revenue gap of Rs.268.7 Crore for FY 2002-03.
12. A) The above correctives and assumptions by and large are in line with Kanungo Committee recommendations with minor modifications and additional correctives as the State Govt. may not be in a position to mobilise the interim financing other than debt a sum of Rs.3240 Crore in 4 years i.e. from 2001-02 to 2004-05.
13. With the above mentioned correctives and assumptions, the BST & RST for 2002-03 were worked out as under :

(1) BST

LICENSEE	EXISTING(P/U)	Tariff[A] (With Correctives) up to 31.7.02(P/U)	Tariff [B] (Without Correctives) w.e.f. 1.8.02 to 31.3.03 (P/U)
CESCO	99.00	92.00	142.13
NESCO	100.00	86.00	135.25
WESCO	101.74	96.50	146.70
SOUTHCO	90.00	84.00	135.75

- (ii) Demand Charge of Rs.200/KVA/month remains unchanged.
- (iii) Transmission charge changed from 31 paise/unit to 32 paise/unit.
- (iv) Transmission loss approved at 3.88%.

(2) RST

No change in retail supply tariff was envisaged. The existing rates of tariff for all classes of consumers would continue upto 31.7.2002. Revised tariff without correctives were also finalised. However, the revised tariff orders were subject to orders of the Hon'ble High Court of Orissa.

The Commission scrutinised the Annual Revenue Requirement (ARR) applications for the FY 2003-04 submitted by GRIDCO and the four distribution companies namely, CESCO, NESCO, WESCO and SOUTHCO.

The Commission took up an exercise for assessment of impact of revaluation of Fixed Assets on Tariff pursuant to the Order passed by the Honourable High Court in OJC No 6751 of 2001. The Commission also examined the financial aspect of the business plan submitted by the licensees. The State Government was advised by the Commission to undertake necessary action at its end on the recommendations of the Expert Committee constituted by Government of India under the Chairmanship of Sri Deepak S Parekh.

The Commission arbitrated the case of securitisation of dues from various distribution companies filed by GRIDCO arising out of violation of Escrow Agreement.

The Commission approved a procedure for materials procurement and tendering to be followed by GRIDCO while outsourcing the jobs involving investment of Rs.10 crore or more.

The Commission examined the long-term load forecasts for the period of 2002-11 submitted by the licensees and approved the forecasts, which were considered to be most appropriate.

Bi-monthly Performance Review Meetings of GRIDCO & Distribution companies were conducted to assess the financial performance of the licensees. Besides assessing financial performance, the Commission also looked into the various operational parameters and supply-side issues related to the licensees' performance. Due to bi-monthly performance reviews conducted by the Commission, the performance of the licensees has been remarkably improved.

- The distribution companies barring CESCO have been able to pay the entire BST bill of GRIDCO
- The distribution loss has been gradually reducing
- Quality of supply to the consumers has also been improved to a noticeable extent
- DISTCOS are approaching towards completion of 100% feeder, transformer and consumer metering.

- Prompt disposal of consumer grievances has been attempted by the licensees and time lags between applying and receiving new connections have been reduced.
- Number of transformers burnt and accidents occurring have been reduced substantially.
- The inter-relationship between consumers and the licensees has been improved significantly.

Several Directors' level meetings on review of performance of Licensees were conducted during the year under review.

The Commission continued to review quarterly submission of metering data, data relating to consumers' commercial information including loss reduction activities on a regular basis. Direct Inspection of Records of distribution companies was conducted at site in a number of cases. The Commission also made a routine appraisal of various tariff orders passed by the Regulatory Commissions of the neighbouring states. This provided some inputs to strengthen the tariff design and structure in the State of Orissa.

Another crown added to the history of power sector reform was the Pilot Study conduct in respect of four feeders for determination of technical and non-technical losses in the system. Earlier in the tariff order, the Commission had directed the DISTCOs to conduct independent Pilot Studies to measure the distribution loss levels, in response to which, some licensees conducted Pilot Studies and submitted the same to the Commission. The Commission has been laying stress on the loss reduction programmes by the DISTCOs and on subsequent substantial achievement on that front.

LONG TERM TARIFF STRATEGY

THE BACKGROUND

- The Commission in its Tariff Order of 2002-2003 dated 19 April 2002 committed to adopt a multi-year tariff regime with effect from 1st April 2003.
The Commission has taken note of the oral and written observations and suggestions made by the Commission Advisory Committee, participants in the Workshop and in the hearing on 27.01.2003. The Commission views the general support for the LTTS and its principles by the various representatives as a positive step.
The Commission also appreciates specific and detailed suggestions made by some participants on the LTTS design and has taken due note of the relevant suggestions in designing these LTTS principles.

OBJECTIVES OF LONG TERM TARIFF STRATEGY (LTTS)

- The LTTS aims to promote sustainable and meaningful efficiency improvements, help the Licensees and the power sector in Orissa to achieve financial stability and safeguard the consumers' interests through better quality of service and competitive tariffs.
- The LTTS is viewed as providing a transition from annual cost plus regulation to competition in electricity markets.

LTTS PRINCIPLES

- After public hearing on 27.01.2003, the Commission decided as under:-
- The Control Period, has been set as the period from FY 2003-'04 to FY 2006-'07.
 - The LTTS seeks to incentivise licensees to reduce "**Controllable Costs**". For the purpose of the LTTS, network and financing costs and Aggregate Technical & Commercial (AT&C) losses are considered as "Controllable".
 - The gains or losses arising from factors that are not under the control of the Licensees shall be deemed as "**Uncontrollable**" and will be a pass through in tariffs.
 - (i) The uncontrollable cost primarily relate to fuel cost changes, inflation, exchange rate variations, etc that may affect the power purchase cost.
 - (ii) There are also a number of uncontrollable risk events arising out of *force majeure* conditions. These too will be recoverable through tariff of future year(s), to the extent they are not covered by Governmental subventions.

PERFORMANCE TARGETS

- The Commission proposes to establish performance improvement as the focus of LTTS and develop Performance Targets for the Control Period through a consultative process.
For the Control Period, the Performance Targets inter alia will take care of :
- the Quality of Supply and Consumer Service Standards

AGGREGATE TECHNICAL & COMMERCIAL LOSS

- The Commission has decided to use AT&C losses as on 31.03.03 as **the benchmark** to assess the performance of the licensees during the Control Period (from 1 April 2003 to 31 March 2007).

CONTROL REVIEW

- The control period will be from **01.04.03 to 31.03.07** with a **truing period of one year i.e. from 1.4.03 to 31.03.04.**

MONITORING THE LICENSEE'S ACTIVITIES

The Engineering Division monitors performance of the utilities under various technical parameters, including license conditions and performance standards. It consists of one Director, one Joint Director and one Deputy Director. The Division provides vital technical input for grant, revocation, amendment or exemption from license under Section 15 of the OER Act.

U/s 44 of the OER Act, the Engineering Division grants permission for installation of Diesel Generating sets and Captive and Co-generation Power Plants. It also vets applications for permission for permission/license for sale of surplus power to third party consumers. It monitors quality of power supply and number of outages through Distribution System Interruption Reliability Indices known as SAIFI, CAIDI and SAIDI. It also keeps track of disposal of consumer complaints through quarterly reports and Bijuli Adalats conducted by DISTCOS.

ACTIVITIES FOR THE YEAR 2002-03

The following jobs relating to Engineering Division were taken up by the Commission during 2002-03:

1. Grant of consent to generating stations under Section 21(3) of OER Act, 1995 read with Section 44 of the supply Act, 1948.

- a) The Commission issued consent to 99 nos. DG sets.
- b) The Commission issued consent to M/s Shree Metaliks Ltd., Loidapada, Keonjhar for 8 MW Co-Generation plant and to M/s IMFA for 2x60 MW Thermal Plant.

2. Inspection of DISTCO.

The Commission staff visited the corporate offices including circle, division, sub-division and section offices of SOUTHCO, CESCO and NESCO, respectively. It was noticed that the fuse call registers, which are the vital source of some information for their annual overall performance reports, were not recorded properly. It was further observed that supporting documents did not authenticate some information recorded by the field offices.

Similarly, the information for system reliability indices in terms of SAIDI, SAIFI, and CAIDI, submitted by those three licensees were also examined at their division and sub-division levels. The anomalies/irregularities found out in the course of inspection were pointed out for necessary compliance in future submissions. The inspection reports with various observations were sent to them for compliance.

3. Review of Orissa Distribution (Planning and Operation) Code.

Section 1.4.4 of the above code was amended by the Commission in 7.11.2002. Instead of once in three months, the panel has to meet at least once a year after this amendment.

4. Publication of system performance of GRIDCO for 2001-02.

The system performance of GRIDCO was examined, and processed for publication in 6.9.2002.

The annual peak demand of GRIDCO during 2001-02 was 2028MW (where as it was 1993 MW during 2000-01). GRIDCO has drawn 11613.37 MU from the state sector and 821.773 MU from the central sector. The total drawl being 12435.143MU, it exported 866.441 MU while the state consumed 11568.702 MU during the year.

During this period, Gridco made capacity addition of 4 Km of 220KV lines, 1998.6Km of 132 KV lines and 7 nos. 132/33KV sub-stations.

5. Approval of Grid Code version-9.

Clauses 3.4, 4.5.1 and 4.5.2 of State Grid Code were amended. As per clause 3.4, one representative of OERC has to attend the Grid Code Review Panel Meeting as an observer.

6. Draft policy guideline on matters relating to promotion and fiscal incentive for power generation from Non-conventional Energy Sources.

The Commission communicated to Govt. of Orissa vide letter no. 2017 dt. 26.12.02, the policy guideline on the above subject. This is mainly on sale of power by the developers to the Bulk Supplier/ Distribution Licensee.

7. Monitoring of planning and implementation of various Transmission lines and Sub-station

Vital lines and Sub-stations such as, Meramundali-Mendhasal 400 KV line, Chandaka-Bidanasi 220 KV line, Meramundali 400/220/132KV Sub-stations, Burla 220/132/33KV S/S etc were closely monitored by the Commission through a number of meetings with GRIDCO Offices.

The Commission staff earlier visited Meramundali Sub-station on 13.11.2001 and ensured early Commissioning of 220KV & 400 KV bays.

8. Annual overall performance of DISTCOs.

While CESCO, WESCO and SOUTHCO submitted their Annual Overall Performance Report for 2001-02, NESCO did not do so in spite of repeated reminders. The Commission decided not to publish the information submitted by the DISTCOs till they comply with OERC's requirements.

9. Long Term load forecast for the period 2002-07.

The Commission approved load forecast for the period 2002-03 to 2006-07 vide letter no. 247 dtd. 09.02.03.

Peak demand for the year 2002-03 was 1975 MW while the same for 2006-07 was forecast as 2405 MW. Energy requirement was forecast at 11816 MU and 14388 MU respectively for this period. These approved figures are an amendment to GRIDCO's submitted figures and are based on business plans submitted by DISTCOs. The compound annual growth rate for energy and peak load requirement was taken to be 4.5%.

CONSUMER INTEREST

Under Sections 11(1)(f), 26(2)(c), 33(1) of the Orissa Electricity Reform Act, 1995, the Orissa Regulatory Commission is statutorily required to protect the rights of the Electricity Consumers in the State while promoting development of the sector and encouraging competition and private participation. In order to fulfil its mandate, the Commission set up a three-tier procedure to dispose consumer complaints addressed to it. This was done by constituting a Grievance Cell in the Commission through a practice direction on January 1, 1998. The practice direction was further amended to create a

Grievance Redressal Forum (GRF) which resolved complaints that could not be addressed by the Cell through mutual conciliation. Those complaints that were not redressed at these two levels were registered as Consumer Cases with the Secretary and disposed through hearing by the Commission.

This three-tier system proved highly effective and by the end of March 2003, the OERC had registered 1012 consumer complaints of which only 16 remained pending. Each complaint was docketed at the Grievance Cell by the Information Officer and referred to the utilities for disposal. A monthly meeting of Nodal Officers of licensees' dealing with consumer complaints presided by Director Law ensured proper monitoring of the process. The Commission also monitored the disposal of consumer complaints through monthly progress reports submitted by the Information Officer.

The Engineering department separately monitored disposal of consumer complaints through quarterly reports submitted by licensees as provided under License conditions. Performance standards were strictly monitored and date submitted by distcos published widely in the media for public knowledge.

The Commission undertook various activities to increase awareness regarding good practices by electricity consumers. The commission's website was upgraded to make it more interactive and consumer friendly. A number of publications outlining rights and duties of electricity consumers in both Oriya and English were distributed through print media and by various agencies. A street theatre programme was taken up in rural areas to educate the public regarding reform. Video films, radio programmes and a documentary film were also prepared.

DISPUTE ADJUDICATION

The Secretariat is the pivot of the Commission's activities and the post of Secretary is statutory. U/s 8(1) of the OER Act, 1995 the Secretary is required to assist the Commission to carry out its functions. The OERC (Conduct of Business) Regulations, 1996 further defines the role of Secretary as the spokesman and representative of the Commission in all matters pertaining to proceedings/hearings of the Commission. The Secretary is the repository of the Commission orders and records and carries out all correspondence of the Commission. He issues certified copies of

orders/documents/notifications on behalf of the Commission. The Secretary also conducts important meetings of the Commission such as, the Commission Advisory Committee meeting, Directors Level Meeting of OERC & utilities and other internal meetings.

During the year under review, 74 cases were registered with the Commission and 40 were disposed of. Of these, the major cases related to filing of Annual Revenue Requirement and Bulk Supply Tariff for the FY 2003-04 by GRIDCO (Case No.61/2002), Annual Revenue Requirement & Retail Supply Tariff for the FY 2003-04 by the four distribution companies namely, SOUTHCO (Case No.62/2002), NESCO (Case No.63/2002), WESCO (Case No.64/2003 & CESCO (Case 9/2003).

Other important cases registered include applications by the NTPC (Case No.25/2002) & OHPC (Case No.26/2002) for direction to GRIDCO for payment of outstanding power purchase bill as well as current dues of GRIDCO to the generating companies. The Commission also took up cases regarding payment of interest on loan due from CESCO to GRIDCO (Case No.31/2002) and permission for banking and purchase of surplus power from CPPs by NESCO (Case No.1/2003). In public interest, the Commission conducted an inquiry under Sec.18 1(b) of the OER Act, 1995 into an incident of clash between students and WESCO authorities at Burla on 17.07.2002. The Commission also instituted sou-motu proceeding on Long-Term Tariff Strategy.

The major orders of the Commission in 2002-03 pertained to the Annual Revenue Requirement/ Transmission & Bulk Supply Tariff of GRIDCO and Revenue Requirement/ Retail Supply Tariff of four DISTCOs which were, however, not implemented in concurrence with the orders of the Hon'ble High Court.

ADMINISTRATION

The Administration Division provides vital support to the Commission in recruitment of executive and non-executive staff and overseeing operational needs such as fiscal services, budget, Information Technology support, purchase and procurement, maintenance and care taking, training and performance appraisal.

1) Retirements

Col. Retd. S K Misra, Director (Admn) retired on superannuation on 30.11.2002.

Col. Misra was the first permanent employee of the Commission to retire from the Commission after serving for more than five years.

2) **Reversions**

- a) Shri S.K. Jena, Director (Tariff) reverted back to his parent cadre on 11.11.2002 to join as Engineer-in-Chief in the Govt. of Orissa. Shri Jena served Commission for more than six year on deputation from Govt. of Orissa.
- b) Shri Biswajit Mishra, OAS (I) reverted back to his parent cadre on 16.04.2002 to join as Joint Secretary, Panchayati Raj Department, Govt. of Orissa after completing his deputation period of about one year.

3) **New Entrants**

No new officer or staff joined during this year

4) **Assets acquisition**

This year there was a major thrust towards improving infrastructural facilities of the Commission. Few Softwares were also acquired during this year to enable Commission become E-Commission and paperless office.

- a) The major infrastructural acquisitions were installation of Phillips Public address system in the Conference and Hearing Hall. The other such acquisitions were replacement of existing lighting system with the Asian Energy Efficient Light System of 14 W sets. This has resulted in dramatic reduction of the connected load of the office from 110 to 97 KW. Fire extinguishing systems were also overhauled by replacing old Extinguishes with new Extinguishers (Carbon dioxide and water carbon dioxide based). Besides these other notable procurements were CVT, Wall mounted fans, EPBX phones, water cooler etc.
- b) Towards computerization of the Commission the major acquisitions were Lotus Notes with Domino Server, Norton-Anti virus 2003, Data security software, Crystal Report and Tally Package.

5) **Training**

Training and seminars are an integral part of a knowledge based organization like OERC. A computer training programme was conducted by SQL for the officers of the Commission to strengthen their technical skills. A training programme for officers of the Commission was also arranged under the auspices of Price

Waterhouse Coopers. The staff of the Commission presented papers on issues related to finance, accounts and tariff applicable to Generation, Transmission & Distribution.

LAW DIVISION, OERC

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

ACTIVITIES OF THE DIVISION DURING THE YEAR, 2002-2003

1. Case matters before the High Court

During the year 2002 (January to December), the Commission had received notice in 14 cases from the Hon'ble High Court of Orissa (5 Misc. Appeals + 8 Writ Petitions + 1 A.H.O. Application). Out of these, Commission decided to appear and contest in 8 cases.

2. Legal drafting and vetting

During the year 2002-03, the Division had aided and advised the other Divisions for preparation and drafting of show-cause notices, public notices, orders and circulars.

3. E-Commission

The Law Division has initiated the proposal for implementation of E-Governance procedure in the functioning of the Commission. The detailed plan of action and the phases of implementation of the said programme have been chalked out.

4. Scrutiny of applications filed before the Commission

It has examined and scrutinised petitions/replies/objections referred to it for initiation of proceedings before the Commission. The division advised and rendered its legal opinion on the matters referred to it by the Engineering, Tariff, Secretarial and Administrative Divisions.

5. **Oath Commissioner**

Joint Director (Law) administered oath & affirmation of the deponents for the purpose of affidavits used in proceedings before the Commission.

6. **Grievances Redressal Forum (GRF)**

During the year 4 Consumer Complaints were referred to GRF for disposal through conciliation. Out of the same one consumer complaint was settled at licensee's level and another consumer complaint was referred to the Secretary for disposal through a proceeding of the Commission. Two consumer complaints were settled by the GRF through conciliation.

7. **Legal Information**

The Division subscribed law journals/reports for up-to-date information on latest judicial precedents and gathered relevant information on Acts and Regulations on legal and regulatory matters. The division initiated the in-house process of scrutinization and evaluation of forth coming Electricity Bill by the Parliament.

8. **Human Resources**

(1) As the post of Secretary was vacant, the Director (Law) remained in-charge of the Secretary through out the year. During the year the post of Assistant Legal Advisor was vacant. The Commission renewed the engagement period of legal counsel Shri Samareswar Mohanty for a further period of one year.

(2) (i) The Director (Law), Joint Director (Law) and Information Officer attended the PWC Training Programme for regulatory professionals. (1st January, 2002 – 31st January, 2003)

(ii) The Director (Law), Joint Director (Law) and Information Officer attended the Computer Training Programme on Internet, E-mail and Power Point conducted by SQL (2.12.2003 – 7.12.2003).

(iii) The Joint Director (Law) attended the following training/other programmes:-

(a) Lead Auditor Training Course (Quality Management)
(3-7, September, 2002)

- (b) Lotus Notes – Domino – The End User. (SQL)
(18 – 21 December, 2002)
- (c) Visited SEBI & SAT (Mumbai) to gain practical field knowledge on the functioning of the regulatory and quasi-judicial authorities.
- (d) ‘Contracting and Arbitration’ conducted by Gopabandhu Academy of Administration, Bhubaneswar. (3 –5 February, 2003)
- (e) ‘Effective Administration in e-Age’ conducted by National Productivity Council.
- (f) ‘Legal Aspects of Power Utilities’ conducted by Central Institute of Rural Electrification. (6.1.2003 – 9.1.2003)

9. **Other activities**

The Joint Director (Law) along with Director (Tariff) participated in All India Radio, Cuttack ‘Phone-in-programme’ to answer the queries made by the electricity consumers.

10. **Consumer complaints**

The Information Officer who reports to the Director (Law) heads the Grievance Cell of the Commission and attends to all publicity matters. 151 consumer complaints were pending with the Cell as on 01.04.2002, 101 more were registered and 236 resolved by the end of March 2003. Regular monthly nodal officers meetings on consumer complaints were held between OERC and the licensees throughout the year to expedite disposal of complaints.

11. **Press Clipping Service**

In order to keep the Commission abreast of developments in the power sector inside and outside the state, a Press Clipping service is maintained by the Information Officer. Articles and news items published in the media are scanned and put up to the Commission for perusal. The Commission sometimes takes suo motu action based on these reports.

12. **Publicity**

The Information Officer coordinated the public awareness campaign of the Commission including issue of press releases, publications and audio-visual programmes.

13. **Library**

As usual books, journals and magazines were acquired by the library this year. Software for streamlining acquisition, cataloguing and issue of library books was installed.

COMMISSION ADVISORY COMMITTEE MEETING (CAC)

Under the OER Act, the Commission is statutorily required to constitute a committee known as the Commission Advisory Committee consisting of at least 15 representatives of various stake-holders in the energy sector in consultation with the State Govt. The number of Members should not exceed 21 and the Chairman & Members of the Commission are ex-officio Chairman and members of the CAC. The CAC meets once in 3 months to advise the Commission on major policy matter and matters relating to the quality, continuity and extent of service provided by licensees and their compliance with the licence conditions and requirements.

In the year 2002-03, the CAC met on three occasions in July, 2002, October, 2002 and January, 2003 respectively. The topics of discussion were (1) Performance of the Licensees in the year under review, (2) Long-term Tariff Strategy and Demand Forecast and (3) Installation of China meters by CESCO, respectively.

ANNUAL ACCOUNTS OF THE COMMISSION

Finance and Accounts

- a) **Budget:** Commission approved a demand of Rs.2.20 crore towards budgetary allocation from Govt. of Orissa. Against such a demand Govt. of Orissa approved budget of Rs.1.40 crore for the FY 2002-03.
- b) **Expenditure:** The total expenditure for the FY 2002-03 was Rs.1.18 crore out of which Rs.0.80 crore was only towards salaries and the balance amount of Rs.0.38 crore was towards all other expenses such as TA, Electricity Charges, Consultants, Vehicle, purchase of equipment, training etc.
- c) **The OERC Accounting Regulation, 2003** was redrafted and sent to the Govt. for approval and notification. The Annual Accounts of the Commission in the lines of Commercial Accounting format viz., Balance Sheet, Income and Expenditure Statement and Receipt and Expenditure Statement are yet to be prepared in the absence of the notification of this regulation by the Govt.

Annex - ii

OFFICERS AND STAFF

The Commission being the oldest in the country has a committed strength of officers and staff providing a healthy mix of permanent and Deputation and staff.

The persons in position as on 31.03.2003 is detailed in the table below: -

Sl No.	Name	Designation	Whether Permanent/ Deputation/ Contract	If Deputation Details
1	Shri B.K. Sahoo	Director (Engg.)	Permanent	
2	Shri M.C. Rath	Director (Law)	On Deputation	From Home Dept. Govt. of Orissa.
3	Shri J.C. Mohanty	Director (Admn) I/c	Permanent	
4	Shri S.N. Ghosh	Jt. Director (T/Engg)	Permanent	
5	Shri D.K. Satapathy	Jt. Director (Engg.)	Permanent	
6	Dr. M.S. Panigrahi	Sr. Economic Analyst	Permanent	
7	Shri Kulamani Biswal	Sr. Financial Analyst	Permanent	
8	Shri N.C. Mahapatra	Jt. Director (Law)	Permanent	
9	Dr.(Mrs.) Anupama Dash	Jt. Director (T/Econ)	Permanent	
10	Ms. Purabi Das	Information Officer	Permanent	
11	Shri S.M. Pattnaik	Jr. Financial Analyst	Permanent	
12	Shri K.L. Panda	Dy. Director (Engg.)	Permanent	
13	Shri A.K. Panda	Dy. Director (T/Engg)	On Deputation	From Gridco
14	Shri S.C. Biswal	Dy. Director (IT)	Permanent	
15	Shri Ajoy Sahu	Accounts Officer	Permanent	
16	Smt. Lilibala Pattnaik	Jr. Supporting Staff	Permanent	
17	Shri Manoranjan Moharana	Jr. Supporting Staff	Permanent	
18	Shri Laxmi Narayan Padhi	Jr. Supporting Staff	Permanent	

19	Shri Pramod Kumar Sahoo	Jr. Supporting Staff	Permanent	
20	Shri Susanta Kumar Bhoi	Jr. Supporting Staff	Permanent	
21	Shri Kalicharan Tudu	Jr. Supporting Staff	Permanent	
22	Smt. Sanghamitra Mishra	Jr. Supporting Staff	Permanent	
23	Shri Susil Kumar Sahoo	Jr. Supporting Staff	Permanent	
24	Smt. Mamatarani Nanda	Receptionist/Caretaker	Permanent	
25	Shri Jalandhara Khuntia	Driver	Permanent	
26	Shri Jadunath Barik	Driver	Permanent	
27	Shri Ramesh Chandra Majhi	Driver	Permanent	
28	Shri Ashok Kumar Digal	Driver	Permanent	
29	Shri Pitambar Behera	Peon	Permanent	
30	Shri Sudarshana Behera	Peon	Permanent	
31	Shri Umesh Chandra Rout	Peon	Permanent	
32	Shri Ramchandra Hansdah	Peon	Permanent	

(ii)

Annex - iv**Seminar/Workshops/Training Programmes**

Sl No.	Name and Designation	Particulars of Programme	Duration	Place	Programme Conducted by
1	Shri D.C. Sahoo, Chairman	Fourth SAFIR Core Training Course on Infrastructure Regulation & Reforms	15.09.02 to 23.09.02	Goa	SAFIR
2	Shri D.C. Sahoo, Chairman	APERC & Dist. Companies	27.09.02 to 28.09.02	Hyderabad	APERC
3	Shri A.K. Panda, Dy. Director (T/Engg)	Computer Applications for Management of Power Utilities	21.10.02 to 25.10.02	Hyderabad	CIRE
4	Shri D.C. Sahoo, Chairman	11 th General Body Meeting of FOIR	15.11.02 to 16.11.02	Bangalore	FOIR
5	Shri B.C. Jena, Member	To attend to 11 th General Body Meeting of FOIR	15.11.02 to 16.11.02	Bangalore	FOIR
6	Shri S.N. Ghosh, Jt. Director (T/Engg)	National Workshop on 100% Metering – Implications & Challenges	18.12.02 to 19.12.02	Hyderabad	CIRE
7	Shri N.C. Mohapatra, Jt. Director (Law)	Training Programme on Legal Aspects for Power Utilities	06.01.03 to 09.01.03	Hyderabad	CIRE
8	Shri J.C. Mohanty, Director (Admn) I/c	Effective Administration & Management in the e-Age	18.02.03 to 21.02.03	Goa	NPC
9.	Shri N.C. Mohapatra, Jt. Director (Law)	Effective Administration & Management in the e-Age	18.02.03 to 21.02.03	Goa	NPC
10.	Shri Ajoy Sahu, Accounts Officer	Effective Administration & Management in the e-Age	18.02.03 to 21.02.03	Goa	NPC
11	Shri H.S. Sahu, Member	12 th General Body Meeting of FOIR	03.03.03 to 04.03.03	Jaipur	FOIR
12	Shri B.C. Jena, Member	12 th General Body Meeting of FOIR	03.03.03 to 04.03.03	Jaipur	FOIR

