



ORISSA ELECTRICITY REGULATORY COMMISSION

Together, let us light up our lives.

MISSION STATEMENT

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

OVERVIEW

2. The Orissa Electricity Reform Act, 1995 (Orissa Act 2 of 1996) was enacted for the purpose of restructuring the electricity industry, for rationalization of Generation, Transmission, Distribution and Supply of Electricity, for opening avenues for participation of private sector entrepreneurs and for establishment of a Regulatory Commission for the State independent of the state government.
3. An important component of power sector reform is establishment of an independent autonomous Regulator, the Orissa Electricity Regulatory Commission for achievement of objectives enshrined in the OER Act, 1995. It became functional on 01.8.96 with the joining of its three members.
4. The property, interest in property, rights and liabilities belonging to the erstwhile OSEB (Orissa State Electricity Board) were vested in the State Government as on 1.4.96. All loans, subventions and obligation of the Board towards the State stood extinguished. The State Government classified the assets, liabilities and proceedings acquired by the State as well as the assets, liabilities and proceedings relating to the undertakings owned by the State Government to (a) Generation Undertaking (b) Transmission Undertaking and those not classified within (a) & (b) to residual assets. The State Government was empowered to vest the Undertakings in GRIDCO & OHPC which the State did but only after upvaluation of assets on the same day and restructured the Balance Sheet of GRIDCO and OHPC.
5. The Grid Corporation of Orissa Limited (GRIDCO) was incorporated under Companies Act, 1956 on 20.4.95. All Transmission and Distribution Undertakings were transferred to

- GRIDCO on 01.4.96 with upvalued cost with a restructured Balance Sheet. It was to engage in the business of procurement, transmission & bulk supply of electric energy apart from planning, co-ordination & load forecast.
6. The Orissa Hydro Power Corporation Limited (OHPC) was incorporated under the Companies Act, 1956 on 21.4.95. All the generating assets of Government as well as OSEB have been transferred to OHPC on 01.4.96. This Corporation takes care of all the operating and ongoing Hydro Power Stations. 49% of the share of the Orissa Power Generation Corporation (OPGC) were disinvested to the US based AES company in January, 1999.
 7. As a sequel to the passing of the Act, the distribution of power was privatized in Orissa and the management of the four subsidiary companies in charge of distribution in the Central Northern, Southern and Western zones of Orissa, namely CESCO, NESCO, SOUTHCO and WESCO was entrusted to private company which took over 51% of the shares. GRIDCO became a deemed trading licensee from 10.6.05. The Orissa Power Transmission Corporation Ltd. (OPTCL) took over intra-state transmission & functions of the state load despatch centre on the same date.
 8. In the year 2003, the Electricity Act, 2003 was enacted by Govt. of India and this came into force w.e.f 10.06.2003. The Electricity Act, 2003 has been modelled mostly on the basis of the various provisions of the erstwhile Orissa Electricity Reform Act, 1995. The Electricity Act, 2003 which came into force on 10th June, 2003, aims to promote competition, protect interest of consumers while supplying electricity to all areas, rationalize electricity tariff, ensure transparent policies regarding subsidies, and provide an enabling regulatory environment. Besides allowing for private investments in all the segments of the electricity supply chain, the Act provides various measures to introduce competition in the electricity industry. Now, the Chairperson and Members of OERC are appointed under section 82(5) of the Electricity Act, 2003 (No 36 of 2003) which is a Central Act.
 9. The OERC completed 12th year of its operation on 01.08.2008. The Commission is operating on a rented building at Bidyut Niyamak Bhavan, Unit- VIII, Bhubaneswar – 751012.

Functions of the State Commission:

10. Section 86 of the Electricity Act, 2003 deals with the functions of the state Commission. As per section 86(1), the State Commission shall discharge the following functions, namely:-
 - (a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the state.

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

13. As per the Section 86(4) in discharge of its functions, the State Commission shall be guided by the National Electricity Policy, 2005, National Electricity Plan and Tariff Policy, 2006 published under sub-section (2) of section 3 of the Electricity Act, 2003.

14. Besides, the other provisions of the Electricity Act, 2003 which have a direct bearing on the functioning of the Commission are extracted below for reference

Section 11 – Directions to generating companies

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

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

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

Section 23 - Directions to Licensees

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

Section 37 – Directions by Appropriate Government

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

Section 108 – Directions by State Government

(1) In the discharge of its functions, the State Commission shall be guided by such directions in matters of policy involving public interest as the State Government may give to it in writing.

(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the State Government thereon shall be final.

THE MESSAGE

15. This Annual Report is prepared under Section 105 of the Electricity Act, 2003 which states as follows:

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

The Annual Report 2007-08 was laid before the State Legislative Assembly on 16.07.2009. The present Annual Report 2008-09 presents an overview of the Commission's activities for the period April, 2008 to March, 2009. As stated earlier this commission started functioning from 1st of August, 1996. During these years the Commission has carried forward its vision of moving forward to an efficient and economic operation for the power system in the state and constantly endeavoring for improvement of quality of supply and services to the consumer at a reasonable and affordable price. This is despite the fact that while other State Governments continue to provide budgetary assistance to the power sector, Govt. of Orissa has stopped such supports altogether w.e.f. 01.04.1996.

Some of the important items of activities undertaken by the Commission during 2008-09 are given below.

(a) **Need for Capacity Addition.**

Capacity addition has been an area of concern for the Commission for which the govt. has been advised to take appropriate action. The power purchase agreement submitted by GRIDCO in terms of MOUs signed by 13 developers with the govt. of Orissa for setting up of more than 16190 MW of thermal capacity was in the process of hearing during the FY 2008-09. The estimated state share according to the MOU would be 4047 MW (i.e.25%) of the proposed installed capacity. The Commission directed that all the future IPPs having MOUs with the Govt. including the existing ones as well as CPSUs like NTPC, NLC etc. should be advised to set up thermal power plants of unit size 660 MW and above utilizing super critical technology with ultra zero emission as well as clean coal technology. Likewise PPAs between the GRIDCO and 7 private power developers for development of hydro power from mini hydro plants with an estimated installed capacity of 77 MW had been approved by the Commission during the year under report.

(b) **System Demand**

The installed capacity of the state as on 31st March, 2009 comprises of 2084.5 MW of hydro, 420 MW of thermal capacity owned by OPGC and 460 MW from the Talcher thermal power station of NTPC fully dedicated to the state. In addition to the above the state has a share of 189 MW of hydro and 870 MW of thermal power from the central sector. The reported total sale by GRIDCO during 2008-09 was 19360.27 MU out of which 34.88 MU was meant for trading, 393.46 MU meant for UI and 144.42 MU for sales to CPPs leaving the balance of 18787.51 MU for meeting the demand within the state. The highest recorded peak demand was 3020.92 MW during the year 2008-09 in the month of March, 2009.

(c) **Consumer Tariff**

The Commission has been approving the annual revenue requirement and tariff for the various utilities of the state keeping in view the provisions of Electricity Act, 2003, the National Electricity Policy and National Tariff Policy. For development of pisciculture, horticulture, sericulture and other agro based industries a new category styled as “agro industrial” category was created by the Commission. For this category the tariff has been fixed at par with the irrigation, pumping and agriculture. Thus tariff for the agro industrial consumers was reduced by 73% to 75% compared to the tariff paid by them earlier. This category also includes cold storages (temperature controlled storages).

(d) **Improvement of quality of supply and service.**

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

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

- Franchisee in distribution system
- Monitoring of distribution transformer failure division-wise

(e) **Performance of OPTCL**

Continuous up-gradation and regular repairs and maintenance are required to keep the considerably ageing network in a safe & operational condition. Direction has been given to the OPTCL for proper upkeep and maintenance of transmission lines and Grid-sub-stations followed by regular monitoring at Commission's level. OPTCL has been insisted upon for spending the allotted R&M amounts for maintenance of adequate spares to prevent break down of transmission lines and equipments which in turn leads to interruption of power supply to large areas. O&M expenditure approved for 2008-09 was Rs.53.88 crore whereas OPTCL has spent Rs.33.39 crore.

(f) **Technical Audit for improvement of supply**

For carrying out in-depth study on the maintenance of the Transmission & Distribution system and keeping in view the need for quality supply to the consumers, the Commission has engaged a team of professionals comprising of retired senior electrical engineers for auditing maintenance work, quality of supply at various grid sub-stations of transmission licensees as well as 33/11 kV s/s, 11 kV lines through out the state under the distribution licensees. Directions have been given to the licensees to take necessary measure in a time bound manner. The results of the improvement of the system have just started and have brought about an improvement to the quality of supply to some extent. But much remains to be done at a greater speed and urgency.

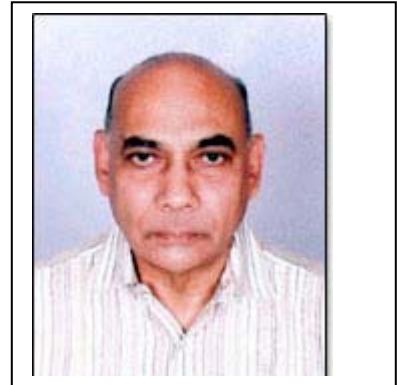
(g) **Consumer awareness**

A public education campaign based on the Commission's consumer booklet (FAQ) covering eight national and local news dailies & All India Radio was undertaken by the Commission during the year. The Commission conducted the Interactive Meeting of the GRFs/Ombudsmen in its office on 30.07.2008. A state level workshop on 'Management and Technology in Billing & Collection' which was held on 24.12.2008, was inaugurated by the Hon'ble Minister of Energy, IT & Culture, Orissa, Shri S.N. Patro at Swosti Plaza, Bhubaneswar. The Commission published annual compendium of Orders on Revenue Requirement & Bulk Supply & Retail Supply Tariff for FY 2008-09 and a comprehensive book on the Orissa power reform titled

“Orissa Power Sector - An Overview-2008” and distributed them among various stakeholders including consumers groups. Copies of the FAQ (Frequently Asked Questions of Electricity Consumers) in English & Oriya were distributed among various consumer groups, local self government bodies, Self Help Groups, all staff of Distcoms for creating greater awareness of rules, regulations and prescribed standards of performance for the distribution licensees.

PROFILES OF THE CHAIRPERSON AND MEMBERS

16. **Bijoy Kumar Das, Chairperson** - Shri B.K. Das, formerly of the Indian Administrative Service, joined the Orissa Electricity Regulatory Commission as Chairperson on 20th November, 2006 after retiring as the Chief Secretary to the Government of Karnataka. Born on 24th September 1946, Shri Das graduated from Loyola College, Chennai and completed his Masters in Economic History of Modern India from Utkal University in 1967. He joined the Indian



Administrative Service in 1969 in the Karnataka cadre. Shri Das took over as the Chief Secretary to the Government of Karnataka on 30th July, 2005, a post which he held till 30th September, 2006 before he joined as Chairman, OERC.

17. **Shital Kumar Jena, Commissioner** - Shri Shital Kumar Jena, formerly the Director (Tariff) of OERC and immediate past 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 Government of Orissa in Orissa State Electricity Board (OSEB) and OERC from 1967 to 2002.(In the mean time he has demitted office on 2.12.2008)

18. **Krushna Chandra Badu, Commissioner** - Shir K. C. Badu, IAS (retired voluntarily on 31.3.2007) formerly Special Secretary to Government, Finance Department, Orissa, joined the Orissa Electricity Regulatory Commission on 4th April, 2007. Born on 18th July, 1947, Shri Badu has done Masters Degree in Chemistry. He joined the Orissa Finance Service (Senior Branch) in 1974 and worked in different capacities before getting selected



to I.A.S. in 1994. He was posted as Collector and District Magistrate, Boudh from 8.5.1995 to 7.8.1996 and Director, Fisheries from August to December 1996. He became Member Secretary, Orissa State Finance Commission on 01.01.1997. In October 1997, he became Additional Secretary, Department of Finance and on 01.09.2004, he assumed the Office of Commissioner-cum-Special Secretary, Department of Finance, and Government of Orissa on promotion to supertime scale of pay in IAS. He was also kept in overall charge of finance department w.e.f. 1.4.2006 to 30.6.2006. During his tenure in the Finance Department in different capacities, he was deeply associated with power sector and fiscal reform in the State. He made a substantial contribution for converting Orissa from a Revenue Deficit to Revenue Surplus State.

ACTIVITIES OF THE COMMISSION IN FURTHER DETAIL DURING 2008-09

TARIFF MATTERS

19. The Commission under Section 86 of Electricity Act, 2003 determines the Tariff for Generation, Supply, Transmission and wheeling of electricity, wholesale, Bulk or Retail, as the case may be within the State of Orissa. Keeping this in view the Commission obtains and analyses the Annual Revenue Requirements of the



Tariff Hearing by the Commission

licensees and determines charges to be levied on various categories of consumers including those seeking open access to the intra-state transmission and distribution systems. It also undertakes scrutiny of power purchase agreements, approval of cost data and business plans etc.

20. The important orders passed by the Commission during 2008-09 relating to Tariff matters are as follows:
- i. Finalization of Annual Revenue Requirement & Bulk Supply Price of GRIDCO for FY 2009-10 (Case No. 62 of 2008);
 - ii. Annual Revenue Requirement & Transmission Tariff of OPTCL for the FY 2009-10 (Case No. 63 of 2008);
 - iii. Finalization of Annual Revenue Requirement & Generation Tariff of OHPC for FY 2009-10 (Case No. 64 of 2008);
 - iv. Order on Annual fee and operating charges of State Load Despatch Centre for the FY 2009-10 (Case No. 65 of 2008);
 - v. Finalization of Annual Revenue Requirement & Retail Supply Tariff of four DISTCOs for the FY 2009-10 (Case Nos. 66, 67, 68 and 69 of 2008);

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

- a. Pricing of CGP power including Co-generation

Commission in Order to tide over the difficult situation of deficit power scenario and recession in the economy has come up with the CGP pricing including Co-generation in the following manner w.e.f. 01.03.2009.

The GRIDCO can buy the CGP power at the rate of :-

- i. Rs.3.00/KWh of firm power from CGP meant for consumption by Consumers in State
 - ii. Rs.3.10/KWh for power generated by Co-generation
 - iii. Rs.3.50/Kwh for procuring surplus power meant for trading.
- b. Truing Up Exercise of WESCO, NESCO, SOUTHCO and GRIDCO upto the year 2007-08 and CESU upto the year 2006-07 on the basis of availability audited actuals.
- c. The Commission has also passed around 67 nos. of other Orders pertaining to various cases which came up before it for hearing.

Commission has awarded consultancy services to World Institute of Sustainable Energy (WISE), Pune on Development of Renewable Energy Policy in the State of Orissa and Determination of Tariff for Renewable Sources of Energy including co-generation.

MONITORING THE ACTIVITIES OF THE LICENSEES

22. **Performance Review During the FY 2007-08** – The Commission monitors the performance of the utilities under various financial & technical parameters, including distribution loss, AT&C loss, collection efficiency, license conditions and performance standards, respectively. Interruptions in Distribution System are measured in terms of Reliability Indices.
23. **Monitoring performance under tariff parameters** - Reviews of performance of licensees (GRIDCO, OPTCL, WESCO, NESCO SOUTHCO and CESU) were taken up by the

Commission at regular intervals during the year 2008-09. Annual Review for the FY 2007-08 and the first six months of the FY 2008-09 were also taken up on 21.11.2008. The performance of DISCOMs are summarized as under:-

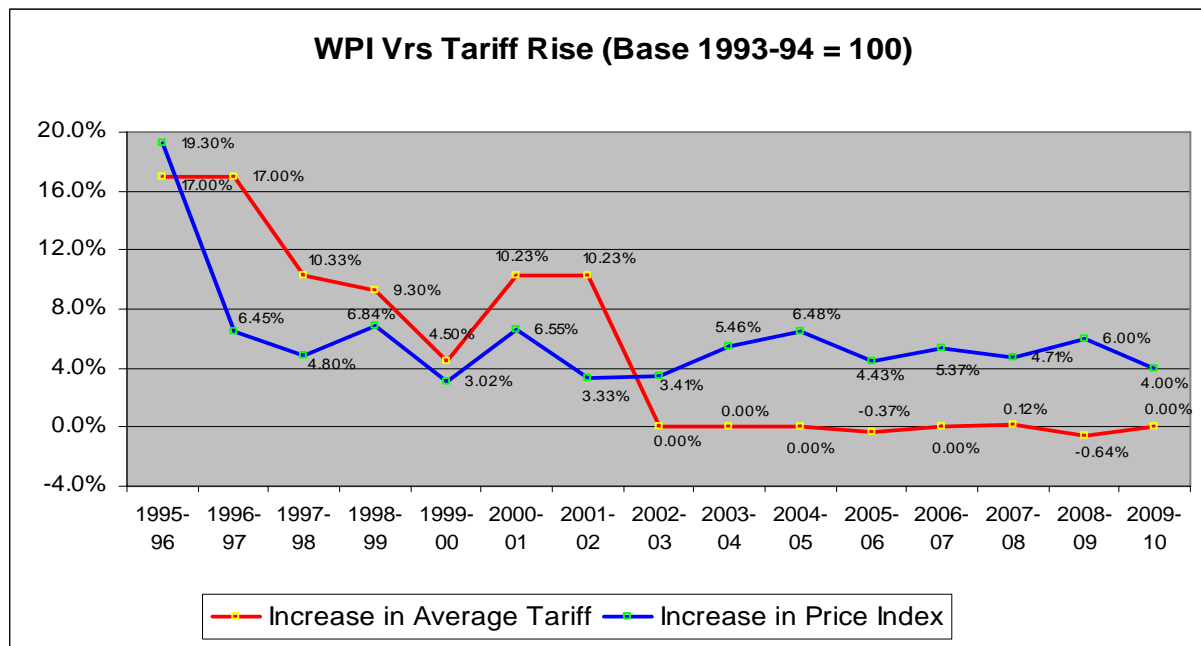
PERFORMANCE OF LICENSEES

	1999-2000	2006-07		2007-08		2008-09		2009-10
		OERC Approval	Actual (Aud)	OERC Approval	Actual (Aud)	OERC Approval	As per Performance Review	OERC Approval
A. OVERALL DISTRIBUTION LOSS (%)								
CESU	44.89	33.00%	43.52%	29.30%	41.48%	29.30%	40.3%	26.30
NESCO	43.35	31.51%	33.22%	26.00%	31.17%	25.50%	34.6%	23.00
WESCO	44.17	33.75%	36.36%	25.00%	36.13%	25.00%	33.6%	22.50
SOUTHCO	41.84	33.00%	43.39%	30.40%	45.49%	30.40%	47.8%	27.92
ALL ORISSA	43.91	32.81%	38.57%	27.10%	37.48%	27.00%	37.5%	24.45
B. LT LOSS (%)								
CESU		37.30%	53.20%	34.40%	53.18%	36.00%	52.00%	35.04
NESCO		52.90%	59.50%	51.10%	59.30%	44.50%	59.40%	33.19
WESCO		62.40%	65.00%	52.00%	65.30%	46.70%	65.60%	35.86
SOUTHCO		38.20%	52.20%	33.20%	54.40%	33.40%	57.10%	29.50
ALL ORISSA		47.60%	57.50%	42.30%	57.90%	40.30%	58.10%	34.04
C. OVERALL COLLECTION EFFICIENCY (%)								
CESU		89.00%	92.81%	92.00%	92.39%	95.00%	91.80%	98.00%
NESCO		94.00%	88.74%	94.00%	93.16%	95.00%	93.80%	98.00%
WESCO		94.00%	94.29%	96.00%	92.91%	96.60%	95.50%	98.00%
SOUTHCO		93.00%	94.31%	94.00%	94.05%	94.00%	93.90%	98.00%
ALL ORISSA		92.45%	92.37%	94.10%	92.94%	95.40%	93.90%	98.00%
D. COLLECTION EFFICIENCY IN LT (%)								
CESU			89.00%		88.00%		85.00%	
NESCO			69.00%		73.00%		73.00%	
WESCO			77.00%		78.00%		73.00%	
SOUTHCO			87.00%		88.00%		89.00%	
ALL ORISSA			82.00%		83.00%		81.00%	
E. OVER ALL AT & C LOSS (%)								
CESU	61.58	40.37%	47.58%	34.96%	45.93%	32.84%	45.23%	27.80
NESCO	55.04	35.62%	40.75%	30.44%	35.88%	29.23%	38.60%	24.50
WESCO	53.46	37.73%	39.99%	28.00%	40.65%	27.55%	36.51%	24.00
SOUTHCO	54.20	37.69%	46.61%	34.58%	48.73%	34.58%	50.97%	29.40
ALL ORISSA	56.71	37.88%	43.26%	31.40%	41.89%	30.36%	41.31%	26.00
F. AT & C LOSS FOR LT (%)								
CESU		44.20%	58.35%	39.65%	58.80%	39.20%	59.38%	36.30
NESCO		55.73%	72.06%	54.03%	70.29%	47.28%	70.52%	34.50
WESCO		64.66%	73.05%	53.92%	72.93%	48.51%	74.78%	37.10
SOUTHCO		42.53%	58.41%	37.21%	59.87%	37.40%	61.80%	30.90
ALL ORISSA		51.56%	65.15%	45.70%	65.06%	43.05%	66.18%	35.40

NB : Based on overall collection efficiency, AT& C Loss for LT(OERC approval) has been calculated.

24. Commission after the review of the performance of DISCOMs observed that although overall distribution loss has reduced marginally in case of some DISCOMs there has not been proportional reduction in LT distribution loss. There is need to vigorously undertake Distribution transformer metering and metering of LI point. Consumer indexing as a part of energy audit should also be completed early. Commission also reviewed the performance of franchisees in the licensee's area of operation. Commission emphasized fixing up of responsibility and accountability at each level for improvement in collection, timely maintenance and to meet Grievances of the consumers. The focus of the licensees should be on enhancing LT level efficiency.
25. In the days immediately following the reform there was frequent revision of tariff from the year 1996-97 to 2000-01. The overall tariff rise in 1996-97 was 17%, in 1997-98 10.33%, in 1998-99 9.3%, in 1999-2000 4.5% and 2000-01 10.23%. After 2000-01, the retail tariff has remained more or less constant with minor changes here and there. The retail tariff has been rationalized on the basis of voltage. Abolition of minimum charge for all categories of consumers was another step towards tariff rationalization.
26. During the period between 1996-97 and 2009-10, the effective real rise (inflation adjusted) in tariff has been of the order of minus 26.24%. This means the tariff rise as approved by the Commission is much less as compared to the rise in general prices. The constancy in retail tariff after 2000-01 and the continuous rise in the general price indices has meant negative rise in the real tariff in the State by 26.24%.

Tariff rise vis-à-vis inflation (Whole Sale Price Index)



- i. A new category, namely 'Agro-Industrial Consumers' has been introduced vide OERC Distribution (Condition of Supply)(4th Amendment) Code, 2007. As per Regulation 80 (5)(1) of the said Supply Code, this category relates to supply of power for Pisciculture, Horticulture, Floriculture, Sericulture and other allied agricultural activities including animal husbandry, poultry & cold storage (i.e. a temperature controlled storage where flowers, fruits, vegetables, meat, fish and food, etc. can be kept fresh or frozen until it is needed). The tariff for said category has been equalized with that of Irrigation pumping and agriculture which is Rs.1.10/Unit and Rs.1.00/Unit at LT and HT respectively excluding monthly minimum fixed charge.
 - ii. While the tariffs have been a great source of comfort to the consumers, the continued losses in AT&C have had a rather serious impact on the revenues and cash flow of the DISCOMs. There is hardly any cash available for effective repair and maintenance of the distribution network and the general health of the distribution system network.
 - iii. The consequent and resultant state of the quality of supply too is not in a happy state of affairs. Constant interruptions in supply, coupled with low voltage are the order of the day. The AT&C losses, poor repair and maintenance, inability to make investments on system upgradation, tight cash flow have all brought the distribution system network into a state of near collapse. The vicious cycle of losses and poor cash flow needs to be systematically broken by systematic investments in system upgradation and proper maintenance of existing assets. The State Govt. has a 49% equity stake in the DISCOMs and, therefore, needs to take the lead in stepping into the breach and plug the leaks, losses and general deterioration in the system, to ensure efficient and continued stable supply of energy.
27. The Engineering Division provides vital technical input for grant, revocation, amendment or exemption from license. It monitors the performance of the utilities [i.e. Bulk Supply (Trading) Licensee, Transmission Licensee and Distribution Licensees) under various technical parameters, including license conditions and performance standards. Interruptions in Distribution System are measured in term of Interruption Reliability Indices (known as SAIFI, SAIDI and MAIFI), for which the Distribution Licensees submit their monthly, quarterly and annual performance report including the interruption ones in a report every quarter and a consolidated annual report in every financial year. This Division also looks into general complaints of technical nature affecting large areas / industrial / group of consumers.

28. Based on the various complaints received from the consumers, media reports and field visits, the Commission wanted to know the status of maintenance of power house, Grid substations, distribution substations, transformers, distribution/transmission lines and the actual state of interruption in various areas of the State. Timely maintenance of equipment can prolong the longevity of the equipments, reduce downtime and provide quality supply. With the aforesaid objective & in accordance with Para 282 of the OPTCL's Transmission Tariff order for the FY 2008-09 & Para 221 of the annual Distribution Tariff order for the FY 2008-09, the Commission entrusted the job of enquiry into the deficiencies of the systems of OPTCL, DISTCOs, SLDC & OHPC to various independent expert groups. The Commission has given direction to the utilities to rectify the deficiencies after receiving the reports from the teams. The utilities have also completed/started compliance against the deficiencies pointed out.
29. Also the Commission is engaging the teams to audit the compliances and rectifications made by the licensees. The present unsatisfactory conditions of the power supply have arisen because of poor maintenance and lack of monitoring of performance of various elements of system. The inspection is also continuing in the FY 2009-10. List of divisions already inspected in the licensees area of operation and presented by the enquiry teams in presence of the officials of utilities are shown as below:

List of Divisions under OPTCL inspected by the Enquiry teams

SL. No.	Enquiry Conducted for	Status of Enquiry/Date of Completion
1.	Burla - O&M Division- Katapalli, Rairakhole , Sambalpur , Shyam DRI .Rourkela O&M Division- Barkote, Chhend, Rajgangpur, Rourkela, Sundargarh , Tarkera.	13.08.08
2.	Bolangir (O&M) Division.- Bargarh, Bolangir, Patnagarh, Sonapur, - Burla (O&M) Division.- Brajarajnar, Budhipadar, Jharsuguda. – OHPC Switch Yards- Burla & Chiplima P.H	04.11.08
3.	Bhanjanagar (O&M) Div.- Aska, Bhanjanagar, Phulbani & Jayanagar (O&M) Div.- Balimela, Jayanagar, Sunabeda, Tentulikhunti - OHPC P.H Switch Yards- Balimela, Upper Kolab & Upper Indravati P.H	06.11.08
4.	Chainpal (O&M) Div.- Angul, Boinda, Chainpal, Dhenkanal, Hind Metals , Kamakhyanagar, Meramundali Rengali (O&M) Division - Rengali.	14.01.09
5.	EHT (O&M) Divn., Bhubaneswar – Left out sub-stations - Chandikhole, Kendrapara, Nuapatna, Paradeep, Pattamundai	17.09.08
6.	Jajpur Road (O&M) Div. - Jajpur Road, Jajpur Town, Kalarangi	20.10.08
7.	Berhampur (O&M) Div. – Balugaon, Berhampur, Chhatrapur, Digapahandi, Ganjam, Mohana, Narendrapur,	17.11.08
8.	SLDC	20.11.08
9.	OHPC – Chiplima, Burla & Rengali P.H.	12.01.09

List of Divisions under DISTCOs inspected by the Enquiry teams

SL. No.	Enquiry Conducted for	Status of Enquiry/Date of Completion
	CESU	
1.	Cuttack Circle - CED, Ctc., AED, Athgarh, SED, Salipur,	29.04.2008
2.	Paradeep Circle - KED-I, Kendrapara, KED-II, Marsaghai & JED, Jagatsingpur	29.05.2008
3.	Bhubaneswar Circle – II -NED, Nayagarh, KED, Khurda & BED, Balugaon.	31.07.2008
4.	Dhenkanal Circle – AED, Angul, TED, Chainpal & DED, Dhenkanal.	10.02.09
5.	Left out – BCDD – II –Barang, BED – Phulnakhra, Eclectrical Circle – I, Nimapara Div.	25.10.08
	SOUTHCO	
1.	Berhampur City Circle - Berhampur Electrical Division –I & II.	18.06.08
2.	Berhampur Rural Circle covering GNED, Chhatrapur, GSED, Digapahandi & AED, Aska.	Presentation made on 08.09.2008
3.	Rayagada Electrical circle covering PKED, parlakhemundi, RED, Rayagada, GED, Gunupur.	13.01.09
	NESCO	
1.	Electrical Circle, Baripada - BED, Baripada, RED, Rairangpur, UED, Ud.	11.08.2008
2.	Jajpur Road Electrical Circle - JRED, Jajpur Road, JED, Jajpur, AED, Anandpur & KED, Keonjhar	11.08.08
	WESCO	
1.	Bolangir Circle - NED, Nuapara, KWED, Bhawanipatna, SNED, Sonapur, TED, Titilgarh & KEED, Bhawanipatna	14.09.2008
2.	Rourkela – Circle - SED, Sundargarh, RED, Rourkela, RED, Rajgangpur	18.12.2008
3.	Burla Circle - with Spl. Reference to Sambalpur town	Continuing
	Reverification	
1.	EHT (O&M) Division BBSR of OPTCL and CESU's BCDD-I & II BED	12.11.08.

30. The Annual Guaranteed and Overall Performance report for the year 2008-09 were submitted by the DISTCOs. The consolidated Annual Guaranteed Performance report was published in the OERC website and Overall Performance report was published in daily newspapers on 05.09.2009 and also in the OERC website. The overall standard of performance of DISTCOs for the year 2008-09 is placed below:

ORISSA ELECTRICITY REGULATORY COMMISSION

PERFORMANCE OF ELECTRICITY DISTRIBUTION COMPANIES IN ORISSA DURING 2008-09 AS REPORTED AND FURNISHED THROUGH AN AFFIDAVIT

ACHIEVEMENT ON OVERALL STANDARDS OF PERFORMANCE:

LICENSEES	Period	CESU	NESCO	WESCO	SOUTHCO
		For the year 08-09	For the year 08-09	For the year 08-09	For the year 08-09
Achievement in % of the licensees in the following service area	Minimum % target fixed by the Commission				
Rectification of fuse-off call within 6 hrs. of receiving the complaint in urban areas	90	99.72	99.80	99.13	100.00
Rectification of fuse-off call within 24 hrs. of receiving the complaint in rural areas	90	99.96	99.60	99.26	100.00
Restoration of line break-down within 12 hrs. of receiving the complaint in urban areas	95	99.85	98.70	98.03	100.00
Restoration of line break-down within 24 hrs. of receiving the complaint in rural areas	95	99.59	97.90	98.01	100.00
Replacement of Distribution Transformer within 24 hrs. of receiving the complaint in urban areas	95	99.32	98.20	98.18	100.00
Replacement of Distribution Transformer within 48 hrs. of receiving the complaint in rural areas	95	94.42	94.60	97.93	100.00
Completing the work within 12 hrs. of the scheduled outage before 5 PM/6 PM	90	100	--	--	--
No. of hourly measurement in which the supply frequency went beyond $\pm 3\%$	--	--	--	--	--
No. of cases in which voltage at the point of commencement of supply exceeded 3% of the voltage limits fixed under I.E. Rules, 1956					
EHT		--	--	--	--
HT		--	--	--	--
LT		--	937	--	--
Rectification of Street light fault within 6 hrs. of receiving the complaint	90	92	97.10	90	98.00
No. of faulty bills prepared as a percentage of total no. of bills issued	0.1	10	0.45	0.1	2.9
No. of faulty/defective meters as a percentage of total no. of existing meters	5	10	29	5	6
Total no. of interruption each lasting more than 5 minutes faced by 1 KW connected load (SAIFI)		54.55	293.72	28.5	159

Total no. of interruption each lasting less than 5 minutes faced by 1 KW connected load (MAIFI)		34.949	110.51	30.75	113
Total duration of interruption in minutes each 1 KW connected load (SAIDI)		1898.905	3327.45	808.42	6825
No. of accident cases		07-08 08-09	07-08 08-09	07-08 08-09	07-08 08-09
Fatal Human		5 23	16 16	20 29	16 22
Fatal Animal		1 20	15 28	33 26	10 17
Non-fatal Human		5 8	3 13	16 8	16 27
Non-fatal Animal		0 2	0 2	2 1	0 0

Note : 1. The information on Guaranteed Standards of Performance is available in the OERC website: www.orierc.org and in respective websites of the Distribution Licensees i.e. www.cescoorissa.com for CESU, www.nescoorissa.com for NESCO, southcoorissa.com for SOUTHCO and wescoorissa.com for WESCO.

2. The aforesaid information are based on the data furnished by the Distribution Licensees submitted through affidavit.

3. The Commission has reservation on the authenticity of the above data.

4. Members of the public may furnish their comments on the above data to the Commission.

Issued by OERC in Public interest.

31. Replacement of burnt transformers: The Commission in its tariff order for 2008-09 vide para 487 and 488 had directed as under:

487. The Commission notes with concern about the failure of large number of distribution transformers causing dislocation of power supply and consumer dissatisfaction, loss of revenue to the utility besides the cost of repair and replacement of burnt transformers. This problem is to be addressed by suitably upgrading the capacities of distribution transformers wherever they have reached a level close to their full load capacity. This can also be avoided where long single phase lines are overloading a three phase transformer leading to failure. The 3rd issue is balancing of loads in all 3 phases of distribution transformers. Scheduled maintenance as prescribed cannot be overlooked. If the prescribed maintenance schedule is properly implemented along with the necessary precaution against overloading, there can be no reason as to why a useful life of thirty years for transformers cannot be achieved.

*488. The Commission hereby orders that the DISTCOs should procure at least 3000 distribution transformers of suitable capacity of which CESU is allowed 1000 nos. so that during the 1st quarter of 2008-09 some quick replacement of transformers can prevent transformers failure during the summer months and maintain continuity of power supply for irrigation and agricultural purposes. For this purpose, Escrow Relaxation would be given by GRIDCO subject to production of adequate proof by the Distribution utilities. **Funding***

should not be a problem as there has been a reduction in Bulk Supply Price essentially to meet the maintenance obligation of the licensees. In addition to the above, the Licensees are directed to regularly carry out phase balancing of transformers, conversion of single phase line to 3 phase line, proper maintenance including earthing of the installations. The Commission would take a serious view if the current level of failure/burning of distribution transformers is not brought down to reasonable level if not eliminated. This will save a lot of money on account of saving of the repair cost of burnt transformers.

Accordingly, the four distribution companies have purchased 657 nos. of new transformers and replaced 4705 nos. of burnt transformers and upgraded 1451 nos. of transformers upto 31.03.2009. Compliance by Distribution Licensees in relation to the directions given by the Commission in the Tariff Order FY 2008-09 is indicated below:

Sl. No.	Description of Works	Orders of the Commission	CESU (As on 31.03.2009)	NESCO (As on 31.03.2009)	SOUTHCO (As on 31.03.2009)	WESCO (As on 31.03.2009)
1	Upgradation of Transformer(nos.)	DISTCOs to procure atleast 3000 DTs of suitable capacity out of which CESU to procure 1000 Nos. and balance by other 3 DISTCOs.	429	247	284	491
2	(i) Installation of New Transformer.(nos.)		325	161	46	126
	Total		754	408	330	617
	(ii) Replacement of burnt transformer			1551 against 1572		3154
3	Load Balancing in 3 Phases of distribution transformers(nos.)		1177	767	400	555
4	Conversion of 1 phase to 3 phase line.(Locations/kms)		90.72	36	3	60
5	Earthing installation checking (nos.)		704		905	400
6	Earthing of the installations.(Rectified)(nos.)		704	171	320	74
7	Provision of 11 kV Circuit Breakers(nos.)	DISTCOs should complete atleast 20% of the S/S in 2008-09	47	27	10	42
8	Provision of 33 kV Circuit Breakers(nos.)		25	13	5	18
9	Provision of Boundary Wall and Gate in distribution substations.(nos.)	All 33/11 kV S/S to be provided in 2008-09.	106	161	Boundary wall in 32 S/S and Barbed wire fencing in 55.	104
10	Provision of DT Metering.(nos.)	100% to be completed in 2008-09.	6839	101		1834
11	Installation of Pillar Boxes for prevention of theft & reduction of loss.(nos.)	100% LT input to be controlled in the urban areas.	370	900(Composite metering arrangement)	34	54

Sl. No.	Description of Works	Orders of the Commission	CESU (As on 31.03.2009)	NESCO (As on 31.03.2009)	SOUTHCO (As on 31.03.2009)	WESCO (As on 31.03.2009)
12	Energy Audit					Energy audit done for 374 nos of DTR.
	(i) 33 kV feeder		72 out of 108	9	68	14
	(i) 11 kV feeder		17 out of 584	4	418	56
13	Consumer Indexing.(nos.)		45000	4407 nos. of DTRs covering 115887 nos. of consumers.		-
14	Pole Scheduling.(nos.)		45000			-
15	Reconductoring (Kms)		55		41	44
16	AB cabling completed (Kms)		122			-
17	Opening of Commercial call centers/ network consumer care center to deal with all kinds of bill and meter related Complains.		One at Bhubaneswar	2 nos. at Balasore & Bhadrak.	Developed in house IT software such as Meter Management System and implemented in 5 locations.	Likely to open by September 2009 in Rourkela
18	Provision of Intercative voice system		Available at call center.	Shall be provided during 09-10	Nil	May be provided in FY 2009-10.
19	Franchisee activities		Revenue based franchisee in operation at SDO-I, Puri.Also two SHG's in village-Bajrakot & Dhanmanda for meter reading & billing.	Input based assured revenue basis in Jajpur town and Dharmashala Sub division under Jajpur circle.	In operation in Rambha & Khalikote area.	In BED, Baragarh, BED, Bolangir, SED, Sonapur, JED, Jharsuguda and KWED, Bhawanipatna and input with O&M at two S/S under TED, Titilagarh.

The Engg. Division took up the following other activities during the FY 2008-09:

32. Publication of Orissa Grid Code (OGC) Regulations, 2006 and its amendment

- i) The Commission has framed the Orissa Grid Code (OGC) Regulation, 2006 (effective from 14.06.06) and amended the same basing upon the proposals from the stakeholders and recommendations of the Grid Coordination Committee, orders of CERC & orders of OERC issued in different cases processing for its further

amendment has been taken up to exclude higher capacity CGPs for being connected to the grid without the compulsion of PLCC/SCADA.

- ii) The 4th Grid Coordination Committee Meeting held at Gopalpur under the convenership of SOUTHCO. Officers from the Engg. Division participated in the said meetings as OERC observer. After examining the proposals of the meetings steps are been taken to amend the OGC after giving due public notice.

Regulations Framed under Electricity Act, 2003

- 33.** Consequent upon implementation of the Electricity Act, 2003, the Commission has framed a number of Regulations which are shown in the Table below:

SI No	Name of the Regulations	Orissa Notification Date	Published in Orissa Gazette No. and Date
1	OERC (Conditions of Supply) Code, 2004.	21 st May, 2004	28 th May, 2004
2	OERC (Licensees Standards of Performance) Regulations, 2004.	21 st May, 2004	28 th May, 2004
3	OERC (Grievances Redressal Forum and Ombudsman) Regulations, 2004.	5 th April, 2004	17 th May, 2004
4	OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004.	9 th June, 2004	10 th June, 2004
5	OERC (Procedure for filing appeal before the Appellate Authority) Regulations, 2004.	21 st May, 2004	28 th May, 2004
6	OERC (State Advisory Committee) Regulations, 2004.	21 st May, 2004	28 th May, 2004
7	OERC (Conduct of Business) Regulations, 2004.	21 st May, 2004	28 th May, 2004
8	OERC (Terms and Conditions for Open Access) Regulations, 2005.	6 th June, 2005	21 st June, 2005
9.	OERC (Determination of Open Access Charges) Regulations, 2006	6 th June, 2006	18 th July, 2006
10.	Orissa Grid Code (OGC) Regulations, 2006	1 st May, 2006	14 th June, 2006
11.	Intra-State Availability Based Tariff (ABT) Regulations, 2007	17.12.2007	14 th February, 2008

34. Amendment of Regulations under the Electricity Act, 2003

Amendment of OGC Regulation was done vide notification dt.29.8.2008.

35. Publication of System Performance of OPTCL for the year 2008-09

The annual system performance of OPTCL for the year 2008-09 submitted by OPTCL are summarized below:

- i) The annual peak demand of OPTCL was 3021 MW during 2008-09 whereas 2906 MW during 2007-08.

- ii) GRIDCO had drawn 13110.631 MU from the State sector and 6700 MU from the Central sector and 16.282 MU as banking power during 2008-09 whereas it had drawn 14460.373 MU and 6197.602 MU respectively from the State and Central sector during 2007-08.
- iii) During this period, OPTCL made addition of 122.2 Ckt. Km. of 220 KV lines and 190.6 Ckt. km. of 132 KV lines. As on 31.03.2009, OPTCL is having total 442.7 ckt. km of 400 KV lines, 5165.4 ckt. km of 220 KV lines and 4890.3 ckt km of 132 KV lines. There was capacity addition of 2 no. of 220/132/33 KV S/S and 2 nos. of 132 KV LILO switching stations of industries during the said period.
- iv) During 2008-09, 57.67 hours of load restriction was clamped due to non-availability of generation/failure of generating stations. No load restriction was clamped due to non-availability of transmission capacity. Also, there was no rescheduling of generation on account of non-availability of transmission capacity.

36. Complaint Analysis and Tracking System (CATS)

This system has been designed for Grievance Redressal Forums (GRFs) of the Discoms to track complaints from the stage of filing to disposal of the same. It will eventually automate the complaint handling procedure at the GRF. The processes of CATS are as follows:

- Filing of complaint
- Verification against following of Complaint Handling Procedure
- Scrutiny of complaint
- Registration of case
- Admission of case
- Fixing of date of hearing, serving of notices & hearing of the case
- Disposal of case

Major inputs and outputs of the system are as given below:

- a) Inputs to CATS
 - Party Details (Consumer / Officers of Discoms)
 - Complaint Details
 - Admission Details
 - Hearing Details
 - Order Details
 - Details of compliance by Discoms
- b) Outputs from the System
 - Cause Lists
 - Case List
 - Case Details
 - Status of the Case
 - Cases Appealed Against
 - Cases on the basis of type of complaint
 - Consumer wise Case Details
 - Case Statistics (e.g. Average no. of days to dispose of a complaint, no. of cases for each type of complaint in a year)
 - Cases taking more than 45 days for disposal with reasons.

Presently, the system is being developed and will be rolled out shortly.

37. Development of Pension Information Management System (PIMS)

The Commission has its own Pension Fund and from March, 2009 it has started providing pension to retired employees. For the benefit of pensioners of OERC, a Pension Information Management System (PIMS) has been designed and is being developed. The system would be made available on the website of the Commission (www.orierc.org) and a pensioner would be able to login with the PPO No. and the given password. The main objective of the system is to provide the services to the pensioner at his / her doorstep such that s/he need not take pains to visit the Commission time and again for availing the services. The pensioner will be able to place online request, view and print the following:

- The retirement benefits received by him
 - Statement of month wise pension for a given Financial Year
 - Change of Personal Details especially Bank Account, Address & Telephone no
- Moreover, the system will be able to provide a summary of performance of the Pension Fund over a given period of time.

38. Maintenance of Database, Hardware and Software

a) Maintenance of Database entailed the following activities

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

b) Hardware Maintenance involved the following activities

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

c) Software Maintenance entailed the following activities

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

CONSUMER INTEREST

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

- **Issue of regulations, codes, licenses and practice directions**

- OERC (Conditions of Supply) Code, 28th May,2004
- OERC (Licensees Standards of Performance) Regulations, 28th May 2004.
- OERC (Grievances Redressal Forum and Ombudsman) Regulations, 17th May 2004.
- OERC (Terms and Conditions for Determination of Tariff) Regulations, 10th Jun 2004.
- OERC (Procedure for filing appeal before the Appellate Authority) Regulations, 28th May 2004.
- OERC (State Advisory Committee) Regulations,28th May 2004.
- OERC (Conduct of Business) Regulations, 28th May 2004.
- OERC (Terms and Conditions for Open Access) Regulations, 21st June 2005.
- OERC (Determination of Open Access Charges) Regulations, 18th July 2006.
- Orissa Grid Code(OGC) Regulations,14th June 2006.
- OERC(ABT) Regulations,2007

- **Consumer Friendly Tariff**

- Abolition of Minimum Charge for all classes of consumers since 1997-98
- No tariff rise after 01.02.2001
- If inflation is considered, overall tariff in 2008-09 is down by 26.38% compared to 1995-96
- Introduction of Multi Year Tariff(MYT) in 2003

- Rationalisation of Tariff towards cost base and voltage base
- Reduction of cross subsidy
- Quantification of T&D loss and benchmarks in tariff for restricting loss in Business Plan, 2003
- Introduction of Time of Day (ToD) tariff for all three phase consumers in 2004
- Introduction of spot billing and meter cards
- Introduction of Voluntary Disclosure Scheme for unauthorized consumers
- Appointment of Consumer Counsel in Tariff Proceedings in 2007 and 2008.
- Tariff of Agro-industrial consumers was reduced, being made equal to that for irrigation pumping sets.
- **Standards of Performance & Grievance Redressal**
- Introduction of guaranteed overall and individual Standards of Performance
 - Performance Standards published annually
 - Vigorous monitoring of licensees performance
 - Proceedings conducted by Commission to penalise the Distribution licensees' for non-compliance of GRF/Ombudsman orders
 - Inspection by independent enquiry teams regarding the maintenance of transmission and distribution system
- Alternate Dispute Resolution forum in OERC in 1998
- Creation of 12 Grievance Redressal Fora and 2 Ombudsman to dispose of consumer complaints
 - Inspections of GRF done by Commission officers
 - Training & workshops held for Presidents/ Members of GRF/Ombudsman
- SAC representing cross-section of consumers in state constituted - Frequent Meetings are held for constructive advice
- State Co-ordination Forum formed by Govt. of Orissa - Chairperson & Members of OERC are Chairperson and Members of Forum
- District Committees formed
- **Pro active Consumer education**
 - Direct consumer interface programs
 - Print & audio-visual campaign
 - Publication of FAQs, booklets & brochures
 - Translation of regulations into local languages
 - Networking of consumer groups empanelled with OERC

- Compilation of Regulations published in English and Oriya
- **Training & capacity building**
 - Extensive training for Distcom staff by OERC on regulations/Electricity Act, 2003
 - Gramsat used to sensitize senior government functionaries on state power sector issues
 - Introduction of intra state open access
 - State wide Consumer Satisfaction Survey
 - State level workshop on consumer rights
 - Approval of Consumer Service Documents of Distcos and their license conditions
 - Consumer Rights Statement
 - Complaint Handling Procedure
 - Code of Procedure on Payment of Bills
 - Consumer counsel engaged for analyses and presentation of Tariff applications for FY 2007- 08 & FY 2008- 09
 - **IT Solutions for Consumers**
 - First website in India power sector created in 1998
 - Development of Regulatory Information Management System in 2005
 - Case Tracking through OERC web portal in 2006
 - OERC becomes E-Commission in 2007
 - OERC wins IDG Media business excellence award for innovation in IT solutions

Consumer Complaints

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

GRF and Ombudsman

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

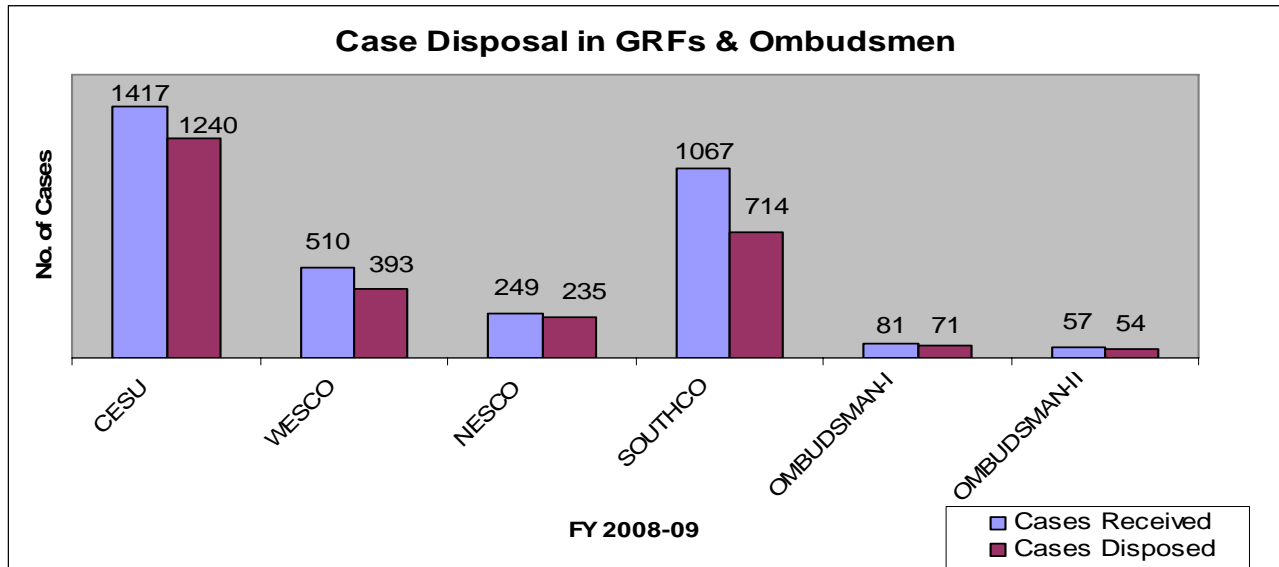
Twelve Grievance Redressal Fora (GRFs) & Two Ombudsmen

- a. The President, GRF, Dhenkanal, CESU, Near Fisheries Office, Kunjakant, Dhenkanal-759001. Ph. No. 95-6762-227527(O)
- b. The President, GRF, Cuttack, 2RB-37, CESCO Colony, Badambadi, PO: Arundeo Nagar, Dist-Cuttack. Ph. No. 95-671-2322685(O)
- c. The President, GRF, Bhubaneswar, CESU, II Floor, OMFED Building, Sahidnagar, Bhubaneswar-7. Ph. No. 95-674-2545686(O)
- d. The President, GRF, Khurda, CESU, Quarter No.3R/1, T.L.C. Colony, Khurda - 752055.
- e. The President, GRF, Paradeep, CESU, AT-Pitambarpur,PO- Bhutmundai, Via-Kujang, Dist-Jagatsinghpur.
- f. The President, GRF, Jajpur, NESCO, T.T.S. Colony, Dhabalagiri, At- Sobra, Jajpur.
- g. The President,GRF, Balasore, NESCO, Near Kali Mandir, Balasore-756001.
- h. The President, GRF, Rourkela, WESCO, Office of the S.E, Rourkela Electrical Circle, Q-2, Rourkela Civil Township, Rourkela.
- i. The President, GRF, Burla, WESCO, Qtr No. D-2, Near Power House Club in Burla Town, P.O.Burla, Dist-Sambalpur-768017.
- j. The President, GRF, Bolangir, WESCO, O/o S.E. (Elect), Bolangir Electrical Circle, At/Po-Bolangir.
- k. The President, GRF, Berhampur, Near De Paul School, Engineering School Road, Berhampur-760010, Ph- (0680) 2296176
- l. The President, GRF, Jeypore, SOUTHCO, Power House Colony, Jeypore, Dist-Koraput.

Two Ombudsmen

1. Ombudsmen-I (CESU Zone), Qrs. No. 3R S/2, GRIDCO Colony, P.O. - Bhoingar, Bhubaneswar- 751022, Ph- (0674) 2543825.
 - ii. Ombudsmen-II (NESCO, WESCO & SOUTHCO Zone), Qrs. No. 3R S/2, GRIDCO Colony, P.O. - Bhoingar, Bhubaneswar- 751022, Ph- (0674) 2543825.
43. As per reports of GRFs & Ombudsmen to the OERC, from April 2008 to March 2009, 2195 number of consumer complaints were received and 2149 disposed of by the GRFs. 138

cases came up for appeal before the two Ombudsmen and 125 were disposed of at the end of March, 2009. The position has been indicated below:



**RECEIPT & DISPOSAL OF CONSUMER COMPLAINTS BY GRF & OMBUDSMEN FROM
APRIL 2008 TO MARCH 2009**

Name of DISTCOs	Name of GRFs	Pending before 01.04.2008	Total No. of Cases received	No. of Cases Disposed	No. of Cases pending
CESU	Bhubaneswar	12	368	373	07
	Cuttack	12	190	161	41
	Dhenkanal	-	93	83	10
	Khurda	11	140	146	05
	Paradeep	-	490	452	38
WESCO	Burla	45	236	251	30
	Rourkela	-	511	471	40
	Bolangir	13	312	309	16
NESCO	Balasore	17	240	252	5
	Jajpur Road	04	331	329	6
SOUTHCO	Berhampur	97	812	459	450
	Jeypore	-	255	255	Nil

OMBUDSMEN

	Total No. of Cases Received	No. of Cases Disposed	No. of Cases Pending
OMBUDSMEN-I	81	71	10
OMBUDSMEN-II	57	54	3

44. The Consumer can also approach the Commission directly under Section 142 of the Electricity Act, 2003 if any provisions of the Act or any regulation is violated by the licensee. The Commission has set up its own Grievance Redressal Cell to monitor disposal of

consumer complaints by the licensee. The Information Officer who reports to the Secretary is in charge of the Cell. As on March 2009, 655 consumer complaints were registered with the cell. They were forwarded to the concerned GRFs/Distcoms for necessary action.

Publicity

45. In order to ensure transparency and participation all orders of the Commission regarding major issues are passed after conducting open public hearings. In 2008-09 the Commission carried out a number of public relation activities including press briefings during the annual tariff hearing, issue of press releases and preparation of promotional materials.
46. A public education campaign based on the Commission's consumer booklet (FAQ) covering eight national and local news dailies & All India Radio which was launched in January 2008 continued up to January 2009. Various messages covering topics such as new connection, disconnection, metering, billing, grievance redressal, energy conservation & power theft were published in the front page of leading papers every alternate Sunday. Six state level phone-in programmes on AIR were also broadcast.

Workshop/Seminar

47. The Commission conducted the Interactive Meeting of the GRFs/Ombudsmen in its office on 30.07.2008. Important issues relating to working of GRFs/Ombudsman were discussed and directions were issued to GRFs/Ombudsman and DISTCOMs for necessary action at their end.
48. A state level workshop on '**Management and Technology in Billing & Collection**' which was held on 24.12.2008, was inaugurated by the Hon'ble Minister of Energy, IT & Culture, Orissa, Shri S.N. Patro at Swosti Plaza, Bhubaneswar. Nearly 200 persons comprising of representatives from different power utilities, SAC Members and other stake holders attended the workshop which was highly successful.



Minister, Energy, IT & Culture, Orissa
inaugurating and addressing the Workshop

Publication

49. The Commission's biennial newsletter was compiled. Copies of the same were printed and distributed to Members and all Divisions of OERC and posted on the website. A compendium of Orders on Annual Revenue Requirement & Bulk Supply & Retail Supply Tariff for FY 2008-09 was published by OERC and distributed among various stakeholders including consumers groups.
50. Copies of the FAQ (Frequently Asked Questions of Electricity Consumers) in English & Oriya were distributed among various consumer groups, local self government bodies, Self Help Groups, all staff of Distcoms for creating greater awareness of rules, regulations and standards in the sector. The Distribution companies have been directed to supply copies of the FAQ to all electricity consumers of the state in a phased manner at nominal cost.
51. On the occasion of the workshop, a comprehensive book on Orissa power reform titled "Orissa Power Sector - An Over View-2008" was published and inaugurated by the Chief Guest.

Press Clipping Service

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

Right to Information

53. The PAO and the Secretary, OERC respectively have been nominated as the PIO and Appellate Officer under the RTI Act. In 2008-09 nine applications were made under the RTI to the Commission and were disposed of.

DISPUTE ADJUDICATION

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

During the year 2008-09 the Commission received notices in 10 cases from the Hon'ble High Court of Orissa (9nos. of Writ Petitions and one Civil Suit). The Commission filed one caveat petitioner before the Hon'ble High Court. The Commission also received notices in 7 appeals from the Appellate Tribunal for Electricity (ATE), New Delhi.

In **Civil Appeal Nos. 946/07 (OERC Vrs. WESCO & others)**, the Supreme Court justified the issue of show-cause notice for proposed suspension of licence of WESCO, NESCO & SOUTHCO. The order of the ATE was quashed by the Hon'ble Supreme Court so far as its annuls the show-cause notice issued by OERC u/s 24(1) of the Electricity Act, 2003. The Hon'ble Court directed the respondents to file their objection before the Commission which shall proceed to decide the matter in accordance with law.

In another significant ruling **GRIDCO Vrs. Gajendra Hadea (Civil Appeal Nos. 5722 /06, 185 of 2007, 399 of 2007)**, the Hon'ble Supreme Court vide its order 13.08.2008 had set aside ATE's order dtd. 16.11.06. (Appeal No. 81/06) The ATE in its said order had directed GRIDCO to refund the excess power tariff it charged from consumers out side the State over and above the trading margin of 4 paise per unit fixed by the CERC for inter-state trading of power. The Supreme Court of India has observed as follows:

"It is to be noted that under Rule 9 of the Central Electricity Rules, 2005 (in short the 'Central Rules') there is not restriction on the licensee effecting sale or re-sale in the same State and no separate licence is needed. In fact, there was no agreement to take out the electricity, as was inferred by the Appellate Tribunal. PTC is bound by the Regulations. It is pointed out that wherever there is sale for inter state trade, the margin is maintained. Additionally, PTC was not a party before CERC. Originally also it was not a party before the Appellate Tribunal. In another case relating to trade margin PTC was a party. The issues were different and PTC was discharged from the proceedings. It is stated that PTC is affected by para 56 of the Appellate Tribunal's order. The observation of the Appellate Tribunal that PTC could not have sold electricity and it could not have effected sale inside the State is wrong because of Rule 9 of the Central Rules. It is also to be noted that the contract was concluded in the State of Orissa and the transmission loss was to be borne by PTC who was not agent of GRIDCO **AIR2009 SC 304**.

The Commission had engaged Sri Samareswar Mohanty, Advocate at Orissa High Court, Sri Rutwik Panda, Sri K.V. Mohan, Advocates on Record and Sri Vinoo Bhagat at Supreme Court / Appellate Tribunal for Electricity, New Delhi as it Legal Counsels.

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

(i) The Forums established u/S. 42 of the Electricity Act, 2003 is the competent statutory body to deal with individual consumer grievances. All the individual consumer grievances should therefore, be raised before such Fora & not before the State Regulatory Commission. **AIR-2008 H.C-1042.**

(ii) 'Consumer does not necessarily mean recorded consumer but also included occupant premise enjoying electricity. Disconnection of supply without notice to occupant, violets principles of natural justice. **AIR-2009 Calcutta-1**

(ii) The Writ Court or the appellate Court can not sit in appeal against the finding recorded by the expert body like GRFs – Particularly when, the finding recorded by them are not perverse. **AIR-2009(NOC) 162 (Orissa).**

(iii) Dakshinachala Vidyut Vitaran Nigam Ltd (DVVNL) is subsidiary company of the UP Power Corpn. Ltd. and is a deemed licence by virtue of proviso of Sec. 14 of Electricity Act, 2003. **AIR-2009 Alahabad NOC 161**

(iv). Disconnection of supply – Agreement for supply of energy to company entered into by Managing Director of company, Company would be 'consumer' and not Managing Director, arrear of company cannot be collected form Managing Director, Electricity Board entitled to disconnect service connection of company alone. **AIR 2009 AP-19**

(v) Assam State Electricity Board can not constitute to function as licensee beyond appointed date without license issue by the appropriate Commission. **AIR-2009 NOC 1257 (Gauhati)**

(vi) During the drawing of HT lines some fruit bearing trees and rubber trees on the land of the Respondents were cut down. The affected land owners are entitled for Compensation. The quantum of compensation has to be determined on yield basis. **AIR 2009 SC ICC-1152**

(vii) For redressal of individual consumer grievances Writ Petition at High Court would not be maintainable on ground of availability of alternative remedy at Forum constituted under S.42 (5) of the Electricity Act, 2003. **AIR 2009(NOC) 759 Uttarkhand.**

(viii) The Electricity Act, 2003 does not empower the officers of the electricity company to arbitrarily direct the consumers to deposit the amount according to their whims with a threat

that failure to deposit the said amount would result in disconnection of electricity power or they would be prosecuted .Under the Act, in case of alleged unauthorized use of electricity, procedure prescribed under S.126 of the Act is required to be followed. If that procedure is not followed, the Act nowhere empowers the officers of the electricity company to act according to their whims and harass the consumers at large. **AIR 2009 (NOC) 757, (National Consumer Disputes Redressal Commission).**

(ix) Death was caused due to coming in contact with high tension electricity wire lying on road without any dense guard –Clear case of negligence, incompetent workmanship and supervision on part of Electricity Board and its officials--Board liable to pay compensation. **AIR 2009 Punjab & Haryana 27.**

(x) Doctrine of Promissory Estoppels is not applicable in case of withdrawal of concessional Tariff. In public interest the Doctrine of Promissory Estoppel has no application. The concession granted by the State, it has the power to withdraw the same. **!06(2008) CLT 432 (Supreme Court).**

55. During the FY 2008-09, the Commission registered a total of 131 Nos. of cases and disposed 67 of them. The cases listed for hearing are as follows:

Hearing Date	Case Number	Petitioner	Respondent/Intervenor	Case Subject
15-APR-08	05/2008	CEO SOUTHCO, Courtpeta, Berhampur	JAYASHREE CHEMICALS LTD	RESP. For approval of the special agreement as per Reg.81 of the OERC Distribution (Conditions of Supply) Code, 2004
15-APR-08	08/2008	RENGALI DAM PROJECT WORKERS UNION,	CMD, OHPC OTHERS SECRETARY, DEPT OF ENERGY	RESP. RESP. RESP. U/s. 2(30) of the Electricity Act, 2003, regarding bill charge for power consumption of both the colonies (Irrigation Employees of Rengali Dam Project Site & Employees of OHPC, Rengali)
30-APR-08	75/2007	FERRO ALLOYS CORPORATION LTD, GD-2/10, Chandrasekharpur	CEO NESCO	RESP. To impose penalty for non-compliance of the orders of the Ombudsman
30-APR-08	11/2008	PRASANTA KUMAR MOHANTY, Jhanjirimangala, Cuttack	C.E.O CESCO	RESP. An application under section 142 of the Electricity Act, 2003
12-MAY-08	29/2007	CEO NESCO, Januganj, Balasore	OTHERS	RESP. For truing up exercise as per direction in para 7.24.5 of RST order 2007-08 passed by the Commission on 23.03.2007

Hearing Date	Case Number	Petitioner	Respondent/Intervenor	Case Subject
12-MAY-08	30/2007	CEO WESCO, AT/PO-Burla,Sambalpur	OTHERS RESP.	For truing up exercise as per direction in para 7.24.5 of RST order 2007-08 passed by the Commission on 23.03.2007
12-MAY-08	31/2007	CEO SOUTHCO, Courtmeta,Berhampur	OTHERS RESP.	For truing up exercise as per direction in para 7.24.5 of RST order 2007-08 passed by the Commission on 23.03.2007
14-MAY-08	57/2007	C.M.D GRIDCO, Janpath,Bhubaneswar	MEENAKSHI POWER LTD. RESP.	Seeking approval regarding purchase of power from Small Hydro Power Project with a capacity of 25 MW (2x12.5) Middle Kolab & 12 MW Lower Kolab to be developed by Meenakshi Power Ltd.
			SECRETARY,DEPT OF ENERGY RESP.	
			PTC INDIA, NEW DELHI RESP.	
14-MAY-08	59/2007	C.M.D GRIDCO, Janpath,Bhubaneswar	ORISSA POWER CONSORTIUM LTD RESP.	Seeking approval regarding purchase of power from Small Hydro Power Project at Samal Barrage by M/s. OPCL
			SECRETARY,DEPT OF ENERGY RESP.	
			PTC INDIA, NEW DELHI RESP.	
14-MAY-08	73/2007	TATA SPONGE IRON LTD, Bileipada,Joda,Keonjhar	CMD,OPTCL RESP.	For direction to treat the petitioner's 18.5 MW Captive Generating Plant as an Independent Power Producer (IPP)
14-MAY-08	13/2008	VBC FERRO ALLOYS LTD, 6-2-913/914,7th Floor,Progressive Tower	CEO SOUTHCO RESP.	For execution of the review order dtd.22.05.2006 in OERC Case No.3/2006 passed by the Commission
17-MAY-08	52/2007	PROTECTION MANUFACTURERS PVT. LTD,	EXECUTIVE ENG.CESCO,KHURDA DIV. RESP.	U/s.142 of the Electricity Act, 2003 for implementation of order No.231 dt.20.09.2007 passed by the Ombudsman (CZ), Bhubaneswar
17-MAY-08	78/2007	MANAS KUMAR MANGARAJ, At/Po-Lendu, Via-Nirakarpur, Dist.- Khurda	C.E.O CESCO RESP.	Non implmentation of Ombudsman order & penal action u/s 142 of the Electricity Act,2003.
23-MAY-08	56/2007	JADUMANI JENA & OTHERS,	EXECUTIVE ER. BALUGAON RESP.	To adjudicate the matter u/s.142 of the Electricity Act, 2003 in connection to the award passed by the learned Ombudsman in CR Case No.OM(CZ) 57 of 2007
			J.E., KUHUDI RESP.	
			ASST. ENGINEER, TANGI RESP.	

Hearing Date	Case Number	Petitioner	Respondent/Intervenor	Case Subject	
24-MAY-08	06/2008	BIJAYA KUMAR MUDULI, Muduli Sahi,Pratap Sasan,Balakati,Khurda	MANAGER (ELE), NED, NIMAPARA	RESP. An application under section 142 & 143 of the Electricity Act, 2003	
27-MAY-08	07/2008	M/S.PATNAIK STEEL & ALLOYS LTD.,	CMD,OPTCL	RESP. Seeking permission for synchronisation, install metering arrangement at 132/33 KV Grid S/s	
30-MAY-08	76/2007	ROHIT FERRO TECH LTD. JAJPUR, At : Rahana, Po : Jakhapura, Dist : Jajpur	CMD,OPTCL	RESP. Imposition of the bay hire charges by OPTCL	
30-MAY-08	01/2008	CEO NESCO, Januganj,Balasore	OTHERS	RESP. For Review of RST Order of the Commission Dt.22.03.2005 & High Court Order Dt.08.11.2006	
20-JUN-08	02/2007	GLOBAL ENERGY LTD., 70 Nehru Place, New Delhi	OTHERS	RESP. Application for grant of Intra State trading licensee	
20-JUN-08	17/2008	HEMANT KU. PANDA, Berhampur, Ganjam	OTHERS	RESP.	Claiming compensation u/s. 142 of the Electricity Act, 2003
			CEO SOUTHCO	RESP.	
18-JUL-08	32/2008	EAST COAST RAILWAY, Waltair	C.E.O CESCO	RESP.	For review of order dtd.20.03.2008 passed by the Commission in Case No.64, 65, 66 & 67 of 2007
			CEO SOUTHCO	RESP.	
			CEO NESCO	RESP.	
18-JUL-08	33/2008	ICWAI, Kolkata	C.M.D GRIDCO	RESP.	For modification of para 12.13 of order dtd.14.03.2008 passed in Case No.72 of 2007
			DIRECTOR (TARIFF)	RESP.	
19-JUL-08	37/2008	DIRECTOR (TARIFF),	OTHERS	RESP.	Suo-motu proceeding initiated by the Commission for finalisation of Policy on Harnessing of Power from Renewable Energy Sources including Cogeneration
			SECRETARY,DEPT OF ENERGY	RESP.	
28-JUL-08	36/2008	RAMESH CH. SATAPATHY,	SECRETARY,DEPT OF ENERGY	RESP.	To conduct an enquiry about non-generation of Electric Bills (Domestic & Commercial) and non- distribution of the same to the consumers of CESU
			C.E.O CESCO	RESP.	
05-AUG-08	15/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP. Investment proposal to be taken up from the FY 2008- 09 for construction of 132/33 KV substation at Nuapada, Chandpur & Dabugaon	
05-AUG-08	19/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP. Investment proposal to be taken up from the FY 2008- 09 for construction of 132 KV substation at Padampur & Kuchinda availing loan	

				assistance from REC/PFC Ltd.
Hearing Date	Case Number	Petitioner	Respondent/Intervenor	Case Subject
05-AUG-08	20/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS RESP.	Investment proposal to be taken up from the FY 2008-09 for construction of 132 KV substation at Bhawanipatna & Boudh availing loan assistance from REC/PFC Ltd.
06-AUG-08	38/2008	BBSR FLOUR MILL OWNERSASSN., Nayapalli, Bhubaneswar.	C.E.O CESCO RESP.	U/R 112 of the OERC Distribution (Conditions of Supply) Code, 2004 read with Reg.8 of the OERC (Conduct of Business) Regulations, 2004
12-AUG-08	42/2008	CEO WESCO, AT/PO-Burla,Sambalpur	OTHERS RESP.	For review of the order dated 20.03.2008 passed by the Commission in Case No.61 of 2007
12-AUG-08	43/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS RESP.	For review of the order dated 20.03.2008 passed by the Commission in Case No.62 of 2007
12-AUG-08	44/2008	CEO WESCO, AT/PO-Burla,Sambalpur	OTHERS RESP.	For review of the order dated 20.03.2008 passed by the Commission in Case No.65 of 2007
12-AUG-08	45/2008	CEO NESCO, Januganj,Balasore	OTHERS RESP.	For review of the order dated 20.03.2008 passed by the Commission in Case No.66 of 2007
12-AUG-08	46/2008	CEO SOUTHCO, Courtmeta,Berhampur	OTHERS RESP.	For review of the order dated 20.03.2008 passed by the Commission in Case No.67 of 2007
13-AUG-08	24/2007	RELIANCE COMMUNICATION LTD, Fortune Tower, Bhubaneswar	OTHERS RESP.	For recalling the order dtd.23.03.2007 passed by the commission in Case No: 57,58,59,60 of 2006
13-AUG-08	14/2008	LINGARAJ VERMICELLI (P) LTD., Nimakhandi - 761001 Dist : Ganjam	OTHERS RESP.	To impose penalty u/s.142 of the Electricity Act, 2003 on SOUTHCO for illegal disruption of power to the industrial premises of M/s. Lingaraj Vermicelli (P) Ltd.
			CEO SOUTHCO RESP.	
13-AUG-08	16/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS RESP.	In the matter of installation of PLCC & SCADA equipment
13-AUG-08	23/2008	C.M.D GRIDCO, Janpath,Bhubaneswar	C.E.O CESCO RESP.	Review of Commission's order dt.05.02.2005 in Case No.31of 2002 to fix rate of interest and amount payable by CESU to

					GRIDCO on the cash support to the tune of Rs.174 crore.
Hearing Date	Case Number	Petitioner	Respondent/Intervenor		Case Subject
21-AUG-08	10/2006	AKHANDALAMANI SPINNERS & EXPORTERS, Auronodayanagar, Link Road.Cuttack	S.E. CESCO	RESP.	Application filed by M/s. Akhandalamani Spinners & Exeporters Ltd u/s 142 of the Electricity Act,2003
21-AUG-08	50/2008	PETER ADAMS, Vida Villa, Near Baptist Church, Satahat, Cuttack-753001	C.E.O CESCO	RESP.	Non-compliance of Ombudsman Order U/s 142 of the Electricity Act, 2003
29-AUG-08	54/2007	PROJECT DEVELOPMENT CONSULTANTS, F/6, BJB Nagar, Bhubaneswar	SECRETARY, DEPT OF ENERGY	RESP.	For execution of order dt.20.08.2005 passed by the Commission in Case No.14 of 2005
			EIC-CUM-PCEI	RESP.	
			C.M.D GRIDCO	RESP.	
			SECRETARY, WR DEPTT	RESP.	
29-AUG-08	51/2008	MISRILALL MINES PVT. LTD., P.O. Pankaphal Sasan, Dist-Jajpur.	CMD,OPTCL	RESP.	To permit energisation of the 132 KV line from the Old Duburi S/s to the premises of the Ferro Alloy Division of M/s Misrilall Mines Pvt. Ltd.
06-SEP-08	32/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SHARVANI ENERGY (P) LTD	RESP.	For approval of PPA executed between GRIDCO & M/s. Sharvani Energy Pvt. Ltd.,
06-SEP-08	43/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SALANDI HYDRO POWER PROJECT (P) LTD	RESP.	For approval of PPA executed between GRIDCO & M/s.Salandi Hydro Power Projects Limited.
06-SEP-08	49/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	KAKATIA CHEMICALS (P) LTD.	RESP.	For approval of PPA between GRIDCO and M/s. Kakatia Chemicals (P) Ltd.
06-SEP-08	65/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	JEYPORE HYDRO POWER PROJECTS	RESP.	For approval of PPA executed between GRIDCO and M/s. Jeypore Hydro Power Projects
01-OCT-08	69/2007	DIRECTOR (TARIFF),	CEO WESCO	RESP.	For non-compliance of Commission's direction at para 6.4.5 passed in Case No.58/2006 dtd.23.03.2007 - regarding receivable audit
01-OCT-08	70/2007	DIRECTOR (TARIFF),	CEO NESCO	RESP.	For non-compliance of Commission's direction at para 6.4.5 passed in Case No.59/2006 dtd.23.03.2007 - regarding receivable audit
01-OCT-08	71/2007	DIRECTOR (TARIFF),	CEO SOUTHCO	RESP.	For non-compliance of Commission's direction at

				para 6.4.5 passed in Case No.60/2006 dtd.23.03.2007 - regarding receivable audit
Hearing Date	Case Number	Petitioner	Respondent/Intervenor	Case Subject
01-OCT-08	18/2008	CEO WESCO, AT/PO-Burla,Sambalpur	OTHERS RESP.	Regarding submission of information as per order dtd.20.03.2008 passed by the Commission in Case No.65/2007
01-OCT-08	25/2008	CEO NESCO, Januganj,Balasore		Regarding submission of information as per order dtd.20.03.2008 passed by the Commission in Case No.66 of 2007
01-OCT-08	26/2008	CEO SOUTHCO, Courtmeta,Berhampur		Regarding submission of information as per order dtd.20.03.2008 passed by the Commission in Case No.67 of 2007
01-OCT-08	27/2008	C.E.O CESCO, IDCO Tower,Janapath,Bhubaneswar		Regarding submission of information as per order dtd.20.03.2008 passed by the Commission in Case No.64 of 2007
03-OCT-08	17/2007	CEO NESCO, Januganj,Balasore	OTHERS RESP.	Management of local distribution in rural areas by panchayat institutions or franchisees
03-OCT-08	18/2007	CEO WESCO, AT/PO-Burla,Sambalpur	OTHERS RESP.	Introduction of franchisee in its area of supply
03-OCT-08	19/2007	CEO SOUTHCO, Courtmeta,Berhampur	OTHERS RESP.	Introduction of franchisee in its area of supply
03-OCT-08	28/2007	C.E.O CESCO, IDCO Tower,Janapath,Bhubaneswar	OTHERS RESP.	For engagement of franchisee in rural & semi-urban areas
04-OCT-08	56/2008	JABAMAYEE FERRO ALLOYS LTD., Sukinda, PO/PS-Jajpur, Dist-Jajpur	CMD,OPTCL RESP.	U/C 1.8 of Orissa Grid Code, 2006 and to permit connectivity of 132/11 KV system installed at JFAL, Sunkinda from OPTCL Grid s/s and allow 6 months time for installation of PLCC & TRU
04-OCT-08	57/2008	CEO SOUTHCO, Courtmeta,Berhampur	CMD,OPTCL RESP.	U/s 142 of the Electricity Act, 2003 for non-compliance of the direction of the Commission.
			C.M.D GRIDCO RESP.	
01-NOV-08	28/2008	DIRECTOR(ENGG.), OERC,Unit-8,Bhubaneswar-12	OTHERS RESP.	For non-compliance of the safety Rules, faulty procedure of requisition/issue/return of line clear, engagement of personnel without certificate of competence
			EXECUTIVE ENGINEER RESP.	

01-NOV-08	29/2008	DIRECTOR(ENGG.), OERC,Unit-8,Bhubaneswar-12	OTHERS	RESP.	For improper maintenance practice
			EXECUTIVE ENGINEER	RESP.	
Hearing Date	Case Number	Petitioner	Respondent/Intervenor		Case Subject
01-NOV-08	34/2008	DIRECTOR(ENGG.), OERC,Unit-8,Bhubaneswar-12	JE, SOUTHCO, MALUD	RESP.	Non-compliance of the Safety Rules and delay in reporting the accident
01-NOV-08	40/2008	CEO SOUTHCO, Courtpetta,Berhampur	C.M.D GRIDCO	RESP.	For Non-payment of EC and also non-certification of EC consumed by OHPC in respect of OHPC colony at Balimela of Malkanagiri
			CMD, OHPC	RESP.	
04-NOV-08	52/2008	CEO SOUTHCO, Courtpetta,Berhampur	OTHERS	RESP.	Review of order dated 20.03.2008 passed by the Commission on review petition filed on the order dated 22.03.2007 in the Case No.55 of 2006
05-NOV-08	12/2008	CEO WESCO, AT/PO-Burla,Sambalpur	CMD,OPTCL	RESP.	To review the order dtd.22.12.2007 passed by the Commission in Case No.49 of 2007
			OPGC	RESP.	
05-NOV-08	59/2008	STEEL AUTHORITY OF INDIA,	CMD,OPTCL	RESP.	U/s 1.8 of OGC Reg. 2006 for settlement of SCADA/PLCC facilities
06-NOV-08	54/2008	PATNAIK STEEL & ALLOYS LTD., Falcon House, A-22 Cuttack Road, Bhubaneswar	CMD,OPTCL	RESP.	Under Clause 1.8 of Orissa Grid Code, 2006 for exemption from the provisions and energisation of the 132/220 KV system to be installed by PSAL, Purunapani, Dist-Keonjhar.
			CEO NESCO	RESP.	
			C.M.D GRIDCO	RESP.	
18-NOV-08	61/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP.	Investment Proposal of OPTCL for construction of 2x315 MVA 400/220 KV S/s at Bolangir along with associated transmission line.
26-NOV-08	31/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA
			NABABHARAT POWER (P) LTD	RESP.	
26-NOV-08	34/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s.Tata Power Company Ltd.,
			TATA POWER COMPANY LTD	RESP.	
26-NOV-08	35/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s. Zindal Photo Limited
			JINDAL PHOTO LTD	RESP.	

26-NOV-08	36/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s. GMR Energy Limited,
			GMR ENERGY LTD	RESP.	
Hearing Date	Case Number	Petitioner	Respondent/Intervenor		Case Subject
26-NOV-08	37/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s. ESSAR Power Limited
			ESSAR POWER LTD	RESP.	
26-NOV-08	38/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s.CESC Limited.
			CESC LIMITED	RESP.	
26-NOV-08	39/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s.Visa Power Limited.
			VISA POWER LIMITED	RESP.	
26-NOV-08	40/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s.Bhusan Energy (P) Limited.
			BHUSAN ENERGY (P) LIMITED	RESP.	
26-NOV-08	41/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s.Lanco Group Limited
			LANCO GROUP LIMITED	RESP.	
26-NOV-08	42/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s. Mahanadi Aban Power Co. Limited.
			MAHANADHI ABAN POWER CO. LTD	RESP.	
26-NOV-08	44/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s. Sterlite Energy Limited.
			STERLITE ENERGY LTD	RESP.	
26-NOV-08	45/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s.Monnet Ispat & Energy Limited
			MONNET ISPAT & ENERGY LTD	RESP.	
26-NOV-08	46/2006	C.M.D GRIDCO, Janpath,Bhubaneswar	SECRETARY,DEPT OF ENERGY	RESP.	For approval of PPA executed between GRIDCO & M/s. KVK Nilachal Power (P) Limited.
			KVK NILACHAL POWER (P) LTD	RESP.	
27-NOV-08	41/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP.	For 5% spares to be kept to meet emergency requirement as per para (4) & (5) of Reg.8 of OERC

				(Conduct of Business) Reg., 2004
Hearing Date	Case Number	Petitioner	Respondent/Intervenor	Case Subject
27-NOV-08	55/2008	MEENAKSHI POWER LTD., Hyderabad	CMD,OPTCL RESP.	U/s 1.8 of Orissa Grid Code Reg., 2006 to permit connectivity of the Petitioner's SHEP t 132 KV at the Jayanagar 220/132 KV Grid s/s pending commissioning of the PLCC equipments.
29-NOV-08	30/2008	C.E.O CESCO, IDCO Tower,Janapath,Bhubaneswar	OTHERS RESP.	For direction to SLDC, BBSR to allow inter-state open access to NTPC VVNL for interstate trading of surplus power of CESU
			CMD,OPTCL RESP.	
29-NOV-08	35/2008	IFFCO, Paradip, Jagatsinghpur	CMD,OPTCL RESP.	For direction to OPTCL for synchronisation of IFFCO CGP (2x55 MW) with OPTCL system for export of power up to 50 MW to CESU for trading based on System Studies Report prepared by OPTCL
			EIC-CUM-PCEI RESP.	
			C.E.O CESCO RESP.	
01-DEC-08	115/2004	C.M.D GRIDCO, Janpath,Bhubaneswar	OTHERS RESP.	For clarification to the supplementary order dt.20.07.2006 passed by the Commission in Case No.115 of 2004 pertaining to the approved Business Plan of NESCO, WESCO, SOUTHCO & CESCO - regarding Delayed Payment Surcharge
01-DEC-08	10/2008	OCL INDIA LIMITED, Rajagangapur,Orissa	CEO WESCO RESP.	Open access of power by M/s. OCL India Ltd. from OCL Iron & Steel Ltd. & removal of difficulties
			SR GM SLDC RESP.	
29-DEC-08	74/2007	PRINIK STEELS PVT. LTD,	EXECUTIVE ENG.CESCO,KHURDA DIV.	RESP. For non-compliance/violation of the award dt.05.11.2007 of the Ombudsman (CZ), BBSR passed in consumer representation case No.OM(CZ)-60/2007
29-DEC-08	58/2008	JYOTI PRAKSH PATNAIK, At-Kaligali, PO-Chandinichowk, PS- Lalbag, Cuttack-753002.	C.E.O CESCO RESP.	U/s 142 and 146 of the Electricity Act, 2003

30-DEC-08	39/2008	CMD,OPTCL, Janapath,Bhubaneswar			3rd Transformer bay in different Grid s/s and installation of 4rd Transformer there into meet emergency requirement as per para (4) and (5) of Regulation 8 of OERC (Conduct of Business) Regulations, 2004
Hearing Date	Case Number	Petitioner	Respondent/Intervenor		Case Subject
30-DEC-08	47/2008	CMD,OPTCL, Janapath,Bhubaneswar			Direction to CESU for construction 33 KV link lines/revival of defunct 33 KV lines and elimination of 11 KV system for enhancement power supply reliability and continuity to consumers.
05-JAN-09	74/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP.	Investment proposal of OPTCL for (1) construction of 132/33 KV s/s at Kalunga & Barbil & 220/33 KV s/s at Bonai (2) 220 KV Bidanasi-Cuttack DC line (3) Restoration of 220 KV Budhipadar-Burla-Bolangir DC line
19-JAN-09	21/2008	C.E.O CESCO, IDCO Tower,Janapath,Bhubaneswar	C.M.D GRIDCO	RESP.	Regarding Year End Adjustment Bill claimed by GRIDCO for the FY 2000-01
19-JAN-09	75/2008	SHRI MAHAVIR FERRO ALLOYS PVT. LTD., Plot No.283, Vill. Jiabahal, IDC, Kalunga	CMD,OPTCL	RESP.	To permit synchronization of the 12 MW CPP at 33 KV with 33 KV Kalunga feeder pending interconnection at 132 KV
			SR GM SLDC	RESP.	
			WESCO	RESP.	
19-JAN-09	01/2009	OPTCL,	CEO NESCO	RESP.	For removal of 11 KV System and 33/11 KV transformers
			C.E.O CESCO	RESP.	
			CEO SOUTHCO	RESP.	
			CEO WESCO	RESP.	
16-FEB-09	77/2007	TATA SPONGE IRON LTD, Bileipada,Joda,Keonjhar	CMD,OPTCL	RESP.	Challenging the inaction of OPTCL in refunding excess supervision charges
16-FEB-09	60/2008	CEO WESCO, AT/PO-Burla,Sambalpur	CMD,OPGC	RESP.	An application u/s 142 of the Electricity Act,2003
16-FEB-09	72/2008	SEVEN HILLS ROLLING MILLS LTD., Berhampur, Ganjam	SOUTHCO	RESP.	U/s 142 of the Electricity Act, 2003
16-FEB-09	73/2008	SEVEN HILLS IRON & STEEL LTD., Berhampur, Ganjam	SOUTHCO	RESP.	U/s 142 of the Electricity Act, 2003

16-FEB-09	04/2009	RATHI STEEL & POWER LTD., At-Potapalli, Sikirdi, PO-A.Katapalli-768006, Dist.Sambalpur	OTHERS	RESP.	To permit synchronization of the 20 MW CPP at 33 KV with its 220/132/33 KV Katapalli Grid S/s.
			OPTCL	RESP.	
25-FEB-09	71/2008	BIJAY SENAPATI, SECRETARY, Biju Pni Panchayat, Udupur-II, Ganjam	SOUTHCO	RESP.	U/s 142 of the Electricity Act, 2003
25-FEB-09	06/2009	GRIDCO,	CONFEDERATION OF C.P.P,ORISSA	RESP.	Sale of Surplus Power from CGP
Hearing Date	Case Number	Petitioner	Respondent/Intervenor		Case Subject
25-FEB-09	07/2009	GRIDCO,	JINDAL STAINLESS LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	08/2009	GRIDCO,	ARYAN ISPAT & POWER PVT. LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	09/2009	GRIDCO,	ORISSA SPONGE IRON LTD	RESP.	Sale of Surplus Power from CGP
25-FEB-09	10/2009	GRIDCO,	RATHI STEEL & POWER LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	11/2009	GRIDCO,	INDIAN METALS & FERRO ALLOYS LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	12/2009	GRIDCO,	BHUSAN STEEL LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	13/2009	GRIDCO,	VENDANTA ALUMINIUM LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	14/2009	GRIDCO,	BHUSAN POWER & STEEL LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	15/2009	GRIDCO,	NEELACHAL ISPAT NIGAM LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	16/2009	GRIDCO,	ARATI STEELS LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	17/2009	GRIDCO,	SMC POWER GENERATION LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	18/2009	GRIDCO,	PATNAIK STEEL & ALLOYS LTD.	RESP.	Sale of Surplus Power from CGP
25-FEB-09	19/2009	GRIDCO,	NABA BHARAT VENTURES LTD	RESP.	Sale of Surplus Power from CGP
25-FEB-09	20/2009	GRIDCO,	VISA STEEL LTD.	RESP.	Sale of Surplus Power from CGP
			TATA SPONGE IRON LTD	RESP.	

			SHYAM DRI POWER LTD.	RESP.	
25-FEB-09	21/2009	SHRI MAHAVIR FERRO ALLOYS PVT. LTD., Plot No.283, Vill. Jiabahal, IDC, Kalunga	WESCO	RESP.	To allow synchronization to provide alternate forms of communication like broad band, leased line, internet, etc.
			SR GM SLDC	RESP.	
			CMD,OPTCL	RESP.	
20-MAR-09	62/2008	GRIDCO,			Revenue Requirement & Bulk Supply Price Application for FY 2009-10
Hearing Date	Case Number	Petitioner	Respondent/Intervenor		Case Subject
20-MAR-09	63/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP.	Revenue Requirement and Transmission Tariff Application for FY 2009-10
20-MAR-09	64/2008	ORISSA HYDRO POWER CORPN., Janapath, Bhubaneswar			Revenue Requirement and Tariff Application for FY 2009-10
20-MAR-09	65/2008	CMD,OPTCL, Janapath,Bhubaneswar	OTHERS	RESP.	Revenue Requirement & Levy of Annual Fee & Operating Charges for SLDC Business for FY 2009-10
20-MAR-09	66/2008	CESU,			Revenue Requirement and RST Application for FY 2009-10
20-MAR-09	67/2008	CEO NESCO, Januganj,Balasore			Revenue Requirement & RST Application for FY 2009-10.
20-MAR-09	68/2008	CEO WESCO, AT/PO-Burla,Sambalpur			Revenue Requirement & RST Application for FY 2009-10
20-MAR-09	69/2008	CEO SOUTHCO, Courtmeta,Berhampur			Revenue Requirement & RST Application for FY 2009-10
21-MAR-09	23/2009	WESCO, Burla, Sambalpur	OTHERS	RESP.	Open Access Charges for the FY 2009-10
21-MAR-09	24/2009	SOUTHCO, Courtmeta, Berhampur	OTHERS	RESP.	Open Access Charges for FY 2009-10
21-MAR-09	25/2009	CESU,	OTHERS	RESP.	Open Access Charges for FY 2009-10
21-MAR-09	26/2009	CEO NESCO, Januganj,Balasore	OTHERS	RESP.	Open Access Charges for FY 2009-10

56. Important Orders of the Commission during FY 2008-09

Sl. No.	Case No. (No/Year)		Date of Application	Date of Final Hearing
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1	115/2004	For clarification to the supplementary order dt.20.07.2006 passed by the Commission in Case No.115 of 2004 pertaining to the approved Business Plan of NESCO, WESCO, SOUTHCO & CESCO - regarding Delayed Payment Surcharge	18/SEP/06	01/DEC/08
2	10/2006	Application filed by M/s. Akhandalamani Spinners & Exeporters Ltd u/s 142 of the Electricity Act,2003	09/MAY/06	21/AUG/08
3	32/2006	For approval of PPA executed between GRIDCO & M/s. Sharvani Energy Pvt. Ltd.,	28/SEP/06	06/SEP/08
4	43/2006	For approval of PPA executed between GRIDCO & M/s.Salandi Hydro Power Projects Limited.	07/OCT/06	06/SEP/08
5	49/2006	For approval of PPA between GRIDCO and M/s. Kakatia Chemicals (P) Ltd.	18/OCT/06	06/SEP/08
6	65/2006	For approval of PPA executed between GRIDCO and M/s. Jeypore Hydro Power Projects	28/NOV/06	06/SEP/08
7	24/2007	For recalling the order dtd.23.03.2007 passed by the commission in Case No: 57,58,59,60 of 2006	11/JUN/07	13/AUG/08
8	52/2007	U/s.142 of the Electricity Act, 2003 for implementation of order No.231 dt.20.09.2007 passed by the Ombudsman (CZ), Bhubaneswar	26/OCT/07	17/MAY/08
9	56/2007	To adjudicate the matter u/s.142 of the Electricity Act, 2003 in connection to the award passed by the learned Ombudsman in CR Case No.OM(CZ) 57 of 2007	05/NOV/07	23/MAY/08
10	57/2007	Seeking approval regarding purchase of power from Small Hydro Power Project with a capacity of 25 MW (2x12.5) Middle Kolab & 12 MW Lower Kolab to be developed by Meenakshi Power Ltd.	15/NOV/07	14/MAY/08
11	59/2007	Seeking approval regarding purchase of power from Small Hydro Power Project at Samal Barrage by M/s. OPCL	15/NOV/07	14/MAY/08
12	73/2007	For direction to treat the petitioner's 18.5 MW Captive Generating Plant as an Independent Power Producer (IPP)	03/DEC/07	14/MAY/08
13	76/2007	Imposition of the bay hire charges by OPTC	11/DEC/07	30/MAY/08
14	78/2007	Non implmentation of Ombudsman order & penal action u/s 142 of the Electricity Act,2003.	17/DEC/07	17/MAY/08
15	01/2008	For Review of RST Order of the Commission Dt.22.03.2005 & High Court Order Dt.08.11.2006	11/JAN/08	30/MAY/08
16	05/2008	For approval of the special agreement as per Reg.81 of the OERC Distribution (Conditions of Supply) Code, 2004	28/JAN/08	15/APR/08
17	06/2008	An application under section 142 & 143 of the Electricity Act, 2003	26/FEB/08	24/MAY/08
18	08/2008	U/s. 2(30) of the Electricity Act, 2003, regarding bill charge for power consumption of both the colonies (Irrigation Employees of Rengali Dam Project Site & Employees of OHPC, Rengali)	01/MAR/08	15/APR/08
19	10/2008	Open access of power by M/s. OCL India Ltd. from OCL Iron & Steel Ltd. & removal of difficulti	03/MAR/08	01/DEC/08
20	11/2008	An application under section 142 of the Electricity Act, 2003	03/APR/08	30/APR/08
21	12/2008	To review the order dtd.22.12.2007 passed by the Commission in Case No.49 of 2007	09/APR/08	05/NOV/08
22	13/2008	For execution of the review order dtd.22.05.2006 in OERC Case No.3/2006 passed by the Commission	24/APR/08	14/MAY/08

23	15/2008	Investment proposal to be taken up from the FY 2008-09 for construction of 132/33 KV substation at Nuapada, Chandpur & Dabugaon	19/MAY/08	05/AUG/08
24	16/2008	In the matter of installation of PLCC & SCADA equipment	19/MAY/08	13/AUG/08
25	17/2008	Claiming compensation u/s. 142 of the Electricity Act, 2003	15/MAY/08	20/JUN/08
26	19/2008	Investment proposal to be taken up from the FY 2008-09 for construction of 132 KV substation at Padampur & Kuchinda availing loan assistance from REC/PFC Ltd.	22/MAY/08	05/AUG/08
27	20/2008	Investment proposal to be taken up from the FY 2008-09 for construction of 132 KV substation at Bhawanipatna & Boudh availing loan assistance from REC/PFC Ltd	27/MAY/08	05/AUG/08
28	28/2008	For non-compliance of the safety Rules, faulty procedure of requisition/issue/return of line clear, engagement of personnel without certificate of competence	26/JUN/08	01/NOV/08
Sl. No.	Case No. (No/Year)		Date of Application	Date of Final Hearing
29	29/2008	For improper maintenance practice	26/JUN/08	01/NOV/08
30	30/2008	For direction to SLDC, BBSR to allow inter-state open access to NTPC VVNL for interstate trading of surplus power of CESU	21/JUN/08	29/NOV/08
31	32/2008	For review of order dtd.20.03.2008 passed by the Commission in Case No.64, 65, 66 & 67 of 2007	02/MAY/08	18/JUL/08
32	33/2008	For modification of para 12.13 of order dtd.14.03.2008 passed in Case No.72 of 2007	09/MAY/08	18/JUL/08
33	34/2008	Non-compliance of the Safety Rules and delay in reporting the accident	30/JUN/08	01/NOV/08
34	35/2008	For direction to OPTCL for synchronisation of IFFCO CGP (2x55 MW) with OPTCL system for export of power up to 50 MW to CESU for trading based on System Studies Report prepared by OPTCL	03/JUL/08	29/NOV/08
35	36/2008	To conduct an enquiry about non-generation of Electric Bills (Domestic & Commercial) and non-distribution of the same to the consumers of CESU	26/JUN/08	28/JUL/08
36	38/2008	U/R 112 of the OERC Distribution (Conditions of Supply) Code, 2004 read with Reg.8 of the OERC (Conduct of Business) Regulations, 2004	14/JUL/08	06/AUG/08
37	40/2008	For Non-payment of EC and also non-certification of EC consumed by OHPC in respect of OHPC colony at Balimela of Malkanagiri	09/JUL/08	01/NOV/08
38	41/2008	For 5% spares to be kept to meet emergency requirement as per para (4) & (5) of Reg.8 of OERC (Conduct of Business) Reg., 2004	03/JUL/08	27/NOV/08
39	42/2008	For review of the order dated 20.03.2008 passed by the Commission in Case No.61 of 2007	18/JUN/08	12/AUG/08
40	43/2008	For review of the order dated 20.03.2008 passed by the Commission in Case No.62 of 2007	17/JUN/08	12/AUG/08
41	44/2008	For review of the order dated 20.03.2008 passed by the Commission in Case No.65 of 2007	19/JUN/08	12/AUG/08
42	45/2008	For review of the order dated 20.03.2008 passed by the Commission in Case No.66 of 2007	20/JUN/08	12/AUG/08
43	46/2008	For review of the order dated 20.03.2008 passed by the Commission in Case No.67 of 2007	23/JUN/08	12/AUG/08

44	50/2008	Non-compliance of Ombudsman Order U/s 142 of the Electricity Act, 2003	21/JUL/08	21/AUG/08
45	51/2008	To permit energisation of the 132 KV line from the Old Duburi S/s to the premises of the Ferro Alloy Division of M/s Misrilall Mines Pvt. Ltd.	08/AUG/08	29/AUG/08
46	52/2008	Review of order dated 20.03.2008 passed by the Commission on review petition filed on the order dated 22.03.2007 in the Case No.55 of 2006	16/AUG/08	04/NOV/08
47	54/2008	Under Clause 1.8 of Orissa Grid Code, 2006 for exemption from the provisions and energisation of the 132/220 KV system to be installed by PSAL, Purunapani, Dist-Keonjhar	19/AUG/08	06/NOV/08
48	55/2008	U/s 1.8 of Orissa Grid Code Reg., 2006 to permit connectivity of the Petitioner's SHEP t 132 KV at the Jayanagar 220/132 KV Grid s/s pending commissioning of the PLCC equipments	01/SEP/08	27/NOV/08
Sl. No.	Case No. (No/Year)		Date of Application	Date of Final Hearing
49	56/2008	U/C 1.8 of Orissa Grid Code, 2006 and to permit connectivity of 132/11 KV system installed at JFAL, Sunkinda from OPTCL Grid s/s and allow 6 months time for installation of	16/SEP/08	04/OCT/08
50	57/2008	U/s 142 of the Electricity Act, 2003 for non-compliance of the direction of the Commission.	10/SEP/08	04/OCT/08
51	59/2008	U/s 1.8 of OGC Reg. 2006 for settlement of SCADA/PLCC facilities	22/OCT/08	05/NOV/08
52	61/2008	OPTCL for construction of 2x315 MVA 400/220 KV S/s at Bolangir along with associated transmission line.	30/OCT/08	18/NOV/08
53	62/2008	Revenue Requirement & Bulk Supply Price Application for FY 2009-10	01/DEC/08	20/MAR/09
54	63/2008	Revenue Requirement and Transmission Tariff Application for FY 2009-10	01/DEC/08	20/MAR/09
55	64/2008	Revenue Requirement and Tariff Application for FY 2009-10	29/NOV/08	20/MAR/09
56	65/2008	Revenue Requirement & Levy of Annual Fee & Operating Charges for SLDC Business for FY 2009-10	01/DEC/08	20/MAR/09
57	66/2008	Revenue Requirement and RST Application for FY 2009-10	01/DEC/08	20/MAR/09
58	67/2008	Revenue Requirement & RST Application for FY 2009-10.	01/DEC/08	20/MAR/09
59	68/2008	Revenue Requirement & RST Application for FY 2009-10	01/DEC/08	20/MAR/09
60	69/2008	Revenue Requirement & RST Application for FY 2009-10	01/DEC/08	20/MAR/09
61	71/2008	U/s 142 of the Electricity Act, 2003	27/OCT/08	25/FEB/09
62	72/2008	U/s 142 of the Electricity Act, 2003	11/NOV/08	16/FEB/09
63	73/2008	U/s 142 of the Electricity Act, 2003	11/NOV/08	16/FEB/09
64	75/2008	To permit synchronization of the 12 MW CPP at 33 KV with 33 KV Kalunga feeder pending interconnection at 132 KV	26/DEC/08	19/JAN/09
65	01/2009	For removal of 11 KV System and 33/11 KV transformers	26/NOV/08	19/JAN/09
66	04/2009	To permit synchronization of the 20 MW CPP at 33 KV with its 220/132/33 KV Katapalli Grid	16/JAN/09	16/FEB/09
67	21/2009	To allow synchronization to provide alternate forms of communication like broad band, leased line, internet	20/FEB/09	25/FEB/09

57. Proceedings before the Commission

The Law Division examined and scrutinized petitions/replies/objections filed before the Commission and advised and rendered legal opinion on matters referred to it by the Engineering, Tariff and Secretariat Divisions.

58. Consumer Counsel

The Commission had engaged the premier State Govt. research Institute Nabakrushna Choudhury for Development Studies, Bhubaneswar as consumer counsel for analysis tariff applications of licensees for FY 2009-10. The said Institute submitted its reports & presented its views during the tariff hearing of the Commission. The Commission has also engaged nine NGOs/persons as consumer counsel to collect necessary feedback on consumer services from WESCO, NESCO, SOUTHCO & CESU areas and participate in the tariff hearing. Out of which seven consumer counsels had submitted their reports and participated in the tariff hearing of the Commission.

59. Oath Commissioner

The Joint Director (Law) administered oath & affirmation of the deponent/ deponents for the purpose of affidavit used in proceedings before the Commission. In the meantime, Hon'ble High Court of Orissa vide their Notification No.556 dated 13.07.2009 have notified Director (Law) as Oath Commissioner to administer Oath and affirmation of affidavit filed before the Commission (OERC).

60. Drafting and legal vetting

The Law Division drafted, and also made legal vetting of public notices, show cause notices, circulars etc. and also assisted the Engg. Division for amendment of the Orissa Grid Code (OGC) Regulations, 2008.

61. Legal Information

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

62. Energy Police Stations

The Govt. of Orissa vides its Home Dept. Notification dated. 09.10.2003 has established 5 Special Police Stations (Energy) as follows:

Sl. No.	Name of the Special Police Station	Head Quarters of the Special Police Station	Territorial Jurisdiction
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1	Special Police Station(Energy) Khurda	Khurda.	Revenue District, Khurda
2	Special Police Station(Energy) Cuttack	Cuttack City	Revenue District, Cuttack
3	Special Police Station(Energy) Sambalpur	Sambalpur City	Revenue District, Sambalpur
4	Special Police Station(Energy) Balasore	Balasore City	Revenue District, Balasore
5	Special Police Station(Energy) Berhampur	Berhampur City	Police District, Berhampur.

Besides, the Home Dept., Govt. of Orissa notification No. 47514 dtd. 23.10.2008 has declared the following 29 places to have special police stations for purpose of registration, investigation, charge sheeting etc. of the offences punishable under the Electricity Act, 2003 and other laws.

SI No.	Name of the Special Police Station	Headquarters of the Special Police Station	Territorial Jurisdiction
1	Special Police Station (Energy)	Puri	Revenue District, Puri
2	Special Police Station (Energy)	Nayagarh	Revenue District, Nayagarh
3	Special Police Station (Energy)	Panikoili	Revenue District, Jajpur
4	Special Police Station (Energy)	Jagatsinghpur	Revenue Dist. Jagatsinghpur
5	Special Police Station (Energy)	Kendrapara	Revenue District, Kendrapara
6	Special Police Station (Energy)	Baragarh	Revenue District, Baragarh
7	Special Police Station (Energy)	Jharsuguda	Revenue District, Jharsuguda
8	Special Police Station (Energy)	Bolangir	Revenue District, Bolangir
9	Special Police Station (Energy)	Sonepur	Revenue District, Sonepur
10	Special Police Station (Energy)	Deogarh	Revenue District, Deogarh
11	Special Police Station (Energy)	Angul	Revenue District, Angul
12	Special Police Station (Energy)	Dhenkanal	Revenue District, Dhenkanal
13	Special Police Station (Energy)	Bhadrak	Revenue District, Bhadrak
14	Special Police Station (Energy)	Baripada	Revenue District, Mayurbhanj, except Raingapur and Karanjia Revenue Sub-Dvn.
15	Special Police Station (Energy)	Rairangpur	Revenue Sub-Dvn. Of Raingapur and Karanjia
16	Special Police Station (Energy)	Chhatrapur	Police District, Ganjam except Bhanjhanagar Revenue Sub-Division
17	Special Police Station (Energy)	Bhanjanagar	Revenue Sub-Dvn., Bhanjanagar
18	Special Police Station (Energy)	Gajapati	Revenue District, Gajapati
19	Special Police Station (Energy)	Boudh	Revenue District, Boudh
20	Special Police Station (Energy)	Kandhamal	Revenue District, Kandhamal
21	Special Police Station (Energy)	Koraput	Revenue District, Koraput
SI No.	Name of the Special Police Station	Headquarters of the Special Police Station	Territorial Jurisdiction
22	Special Police Station (Energy)	Rayagada	Revenue District, Rayagada
23	Special Police Station (Energy)	Malkanagiri	Revenue District, Malkanagiri

24	Special Police Station (Energy)	Nawarangapur	Revenue District, Nawarangapur
25	Special Police Station (Energy)	Kalahandi	Revenue District, Kalahandi
26	Special Police Station (Energy)	Nuapada	Revenue District, Nuapada.
27	Special Police Station (Energy)	Sundargarh	Revenue District, Sundargarh (except Rourkela Sub. Dvn.)
28	Special Police Station (Energy)	Rourkela	Revenue Sub-Dvn, Rourkela.
29	Special Police Station (Energy)	Keonjhar	Revenue District, Keonjhar

The Govt. of Orissa, Dept. of Energy, vide its Notification dated. 11.02.2005 has authorized all Police Officers not below the rank of Sub-Inspector of Police in all the Police Stations of the State [other than the Special Police Stations (Energy)] to file complaint in the Special Court for the purpose of cognizance of an offence punishable under the Electricity Act, 2003.

These 34 Energy Police Stations are yet to function effectively and their performance is far from satisfactory. The Commission have advised the State Govt. to monitor the effective functioning of the Energy Police Stations by an officer not below the rank of I.G. of Police who should preferably be housed in the Department of Energy and report to the Department of Energy in all matters concerning electricity offences and prevention of crimes relating to electricity. State Govt. is yet to respond and initiate action.

63. Special Courts

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

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

According to Rule 11 of the Electricity Rules, 2005, formulated by the Central Govt. the jurisdictions of the courts other than the Special Courts shall not be barred under sub-section(1) of section 154 till such time the Special Court is constituted under sub-section(1) of section 153 of the Act. Creation of additional number of courts is essential to meet the growing number of litigations so that natural justice is available at large to a variety of consumer class. However, at the first instance the energy police stations must function effectively.

64. Abatement

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

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

65. Bar of Civil Court

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

66. Other activities of Law Division

Director (Law) Sri N. C. Mahapatra in addition to his own duties acted Secretary I/c as per the order of the Commission. Sri Mahapatra acted as resource person in OPTCL, CESU's and Gopabandhu Academic of Administration for training programmes on electricity matters.

Sri N. C. Mahapatra obtained his Ph.D. degree in Law from Berhmapur University for his thesis "Law of Electricity Regulation in Orissa – A Critical Study".

ADMINISTRATION

- 67.** The Secretariat looks after the administration of the Commission. It is the pivot of the Commission's activities and the post of Secretary is statutory. Under the provisions of section 91(1), the Secretary is required to assist the Commission to carry out its functions. The OERC (Conduct of Business) Regulations, 2004 also defines the role of Secretary as the spokesman & representative of the Commission in all matters pertaining to its proceedings/hearings.
- 68.** The Secretary is the repository of the Commission's orders and records and carries out all correspondences of the Commission. He issues true copies/certified copies of orders, documents, and notification for and on behalf of the Commission. He prepares the briefs and summaries of all cases presented before the Commission. He is the custodian of the seal of the Commission. The Secretary acts as the ex-officio Secretary of the State Advisory Committee. The Secretary is the first Appellate Authority under the RTI Act, 2005. Consequent upon the abolition of the post of Director (Administration), the Administration wing has been placed under Secretary.
- 69.** The Administration Section provides vital support to the Commission in various matters such as recruitment, appointment of executives and non-executives, fiscal services, budget, house keeping, procurement of materials, equipment maintenance, organizing functions, printing of Tariff Order & other publications. Audit, matters relating to FOR, FOIR, CEA, SAFIR, CIGRE, Assembly & Parliament, caretaking, security, training, performance appraisal, materials management etc. It is headed by the Secretary and consists of a Deputy Director (Personnel and Administration), an Accounts Officer, an Accountant-cum-Cashier and one Steno-cum-Computer Assistant.

Organisation Chart

70. The organisation chart of Orissa Electricity Regulatory Commission (OERC) is shown at **Annexure-C**.

Officers & Staff

71. The Commission has 16 nos. of officers and 24 nos. of staff of various categories as on 31.03.2009 (**Annexure-A**).

Retirements:

72. (i) Shri Shital Kumar Jena, Member of this Commission demitted his office on 02.12.2008 after completion of his tenure of 5 years in OERC.

(ii) Shri S.N. Ghosh, Director (Engg) of this office retired on 28.02.2009 after attaining the age of Superannuation.



73. New Entrants

- (i) Shri Sanjay Das, OFS-1 has joined on 24.09.2008 as Accounts Officer on deputation from Govt. of Orissa.
- (ii) Shri Ashok Kumar Jagdev on being selected joined on 15.11.2008 as Dy. Director (Tariff-Engg) on deputation from OHPC.
- (iii) Shri Aditya Kumar Samantara on being selected joined on 19.11.2008 as Dy Director (Tariff-Econ) on deputation from OHPC.

74. Creation/Up gradation of post

After due approval of the Govt. of Orissa, the post of joint Director (Law) was upgraded to the post of Director (Law) heading the law division and at present Director (Law) is the only sanctioned post in the law division.

75. Assets acquisition

- (i) 20 nos. of Exide make batteries have been procured for Backup Electricity Supply
- (ii) 1 no. Exide make Battery for Maruti Esteem Car.
- (iii) One new vehicle Maruti SX4 has been procured.

76. Important Events

(i) The OERC hosted the 9th annual meeting of the Forum of Regulators (FOR) from November 13th to 15th 2008 at Hotel Crown, Bhubaneswar. Chairpersons of Electricity Regulatory Commissions from all over the country attended the three day event and deliberated on many key policy issues regarding electricity regulation in India.



A presentation was made by Shri S.K. Jena, Member on behalf of OERC on “Update on Orissa Power Sector Reforms with focus on Open Access and related issues”

(ii). An one day Work Shop was conducted on 24.12.2008 at Hotel Swasti Plaza on Management & Technology in Billing & Collection, involving the representative from Distribution Companies, NGOs, SAC Members, Ex-Chairperson & Members of OERC. Resource persons from various organizations who have experience in the subject were invited to share their views/ experiences.

77. Participation in Training/ Seminar/ Workshop/ Conference

Participation in Training/ Seminar/ Workshop/ Conference etc. are integral part of knowledge based organization like OERC. Commissioners, Officers and Staff have attended various training programmes, seminars, workshops & conferences in the year 2008-09 to enhance their professional skills and update their knowledge (**Annexure-D**).

78. Important Correspondence with the Government

Important Correspondences made with Govt. regarding Govt. subsidy & support for curbing of theft, payment of electricity dues by State Govt. Departments, local bodies and other important matters pertaining to power sector have been indicated at **Appendix-I to XVI** for ready reference to have an overall idea on various issues which requires immediate resolution at Govt. level.

STATE ADVISORY COMMITTEE MEETING

79. The State Advisory Committee meetings are usually held in every quarter of a year. During the year there were 4 meetings including one special meeting held at Conference Hall of OERC on 06.06.2008, 28.11.2008, 23.12.2008 and 12.02.2009 (**Annexure-B**).



ANNUAL STATEMENT OF ACCOUNTS

80. The annual statement of accounts for the year 2008-09 as shown below:

(A) BALANCE SHEET AS ON 31ST MARCH-2009

LIABILITIES	AMOUNT (Rs.)	ASSETS	AMOUNT (Rs.)
Loans (Liabilities)		<u>Current Assets</u>	
Current Liabilities		Loans & Advances	4,599,873.00
Excess Income over Expenditure	34,697,082.70	Cash in Hand	10,000.00
Fy. 2006-07- Rs.1,69,13,452.30		Cash at Bank	27,202,439.70
Fy. 2007-08- Rs.1,16,53,626.88			
Fy. 2008-09-Rs.61,30,003.52			
Total	34,697,082.70	Total	34,697,082.70

(B) INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	AMOUNT (Rs.)	PARTICULARS	AMOUNT (Rs.)
<u>Expenditure</u>		<u>Revenue</u>	
Employees Cost (100)	16,501,538.00	Receipts of the Commission (400)	33,458,400.52
Travel Expenses (101)	442,177.00		
LTC (102)	34,598.00		
Pension (103)	712,582.00		
Office Expenses (104)	2,705,182.00		
Repair and Maintenance (105)	343,480.00		
Establishment Expenses (106)	4,958,761.00		
Other Expenditure (108)	1,630,079.00		
Excess Income over Expenditure	6,130,003.52		
Total	33,458,400.52	Total	33,458,400.52

(C) RECEIPTS AND PAYMENT STATEMENT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	AMOUNT (Rs.)	PARTICULARS	AMOUNT (Rs.)
<u>Revenue</u>		<u>Expenditure</u>	
Receipt of the Commission (400)	33,458,400.52	Employees Cost (100)	16,501,538.00
		Travel expences (101)	442,177.00
		LTC (102)	34,598.00
		Pension (103)	712,582.00
		Office Expences (104)	2,705,182.00
		Repair and Maintenance (105)	343,480.00
		Establishment Expences (106)	4,958,761.00
		Other Expenditure (108)	1,630,079.00
		Excess Income over Expenditure	6,130,003.52
Total	33,458,400.52	Total	33,458,400.52

CONCLUSION

- 81.** “The Orissa Power Sector Reform – In a Nutshell” has been given in the Appendix-XVII. From this it may be seen that despite our long years of reform, performance improvement in all aspects of distribution is slow and halting, particularly in reduction of losses – both technical and commercial. The overall Aggregate Technical and Commercial (AT&C) losses during 2008-09 was 41.31% (provisional) whereas in case of LT category of consumers the AT& C losses is as high as around 65%. In order to make the business of distribution of electricity financially viable, the overall AT&C loss is to be reduced around 15%. This is a major thrust area for all stakeholders. While it is the distribution licensees which have to take initiatives in this front, the State Govt. as a 49% share holder have a major facilitating role to effectively assist the distribution companies to combat the menace of theft of electricity in the State. This is where all stakeholders need to have a single integrated strategy and an agreed action plan to be implemented in a time bound manner.
- 82.** Another important problem facing the distribution sector in the State is the poor financial condition of the distribution companies. They themselves have not invested anything and on the other hand their financial viability is being seriously affected due to high AT&C loss and partly due to none increasing of average tariff after 2000-01. It may be mentioned that there was frequent tariff revision during pre-reform period. There is also overall tariff rise of 17% during 1996-97, 10.33% in 1997-98, 9.38% in 1998-99, 4.5% in 1999-00 and 10.23% in 2000-01. If we consider the price rise it would be seen that the effective real rise in tariff has been of the order of (-) 26.24%. This means the tariff rise as approved by the Commission is much less as compared to the rise in general prices.
- 83.** Since 1996-97 budgetary support to the power sector has been fully withdrawn. Apart from reducing the burden on the State’s Consolidated Fund, by the withdrawal of budgetary support, the State has also derived other gains from power sector in the shape of dividends, interest payments and electricity duty. Electricity duty collected during 1995-96 was Rs.121.35 crores and this has increased to Rs.359.38 crores in 2008-09. The State also received dividends of Rs.611.24 crores from OPGC till 31.3.09. The annual dividend from OPGC is on an average, about Rs.75.00 crores. The stake sale in OPGC also fetched Rs.603.20 crores to the State Govt. Simultaneously, disinvestment of the distribution companies fetched Rs.159 crores to the power sector which was utilized by GRIDCO to discharge the old liabilities of NTPC and other financial institutions.
- 84.** The Govt. has a 49% equity stake in the DISCOMs and, therefore, needs to take the lead in stepping into the breach and plug the leaks, losses and general deterioration in the system,

to ensure efficient and continued stable supply of energy. The quality supply of power is a critical input for growth of industry and commerce in the State. Unless quality supply of electricity at an affordable price is ensured there may be flight of capital from the State. This would adversely affect the rate of growth of the State economy. The distribution companies because of their poor financial health and for want of support from their parent company have not been able to bring in the required capital for investing in the distribution network. This is precisely the reason which is affecting the quality supply of power to the consumers. While the other states still continue to pay large amounts of subsidy, starting from Andhra Pradesh (Rs.1973.00 crores in 2006-07), Tamil Nadu (Rs.1330.10 crores in 2006-07 and Rs.1457.00 in 2007-08), Madhya Pradesh (Rs.595.12 crores in 2006-07), Gujarat (Rs.1767.00 crores per annum), Utter Pradesh (Rs.3105.00 crores in 2006-07), Punjab (Rs.1845.81 crores in 2006-07), Delhi (Rs.92.00 crores per annum), Jharkhand (Rs.392.00 crores in 2005-06, Rs.210.00 crores in 2006-07 and Rs.98.00 crores in 2007-08), Rajasthan (Rs.700 crores per annum), Orissa is not paying any subsidy whereas it was paying around Rs.250 crore per annum on an average upto 1995-96.

- 85.** Since the State Govt. holds 49% of the shares and the distribution companies hold 51% of the shares of the DISCOMs it is absolutely necessary for the State Govt. and the distribution companies to have a thorough discussion as to how they would jointly address the serious issue of existing high level of AT&C loss and the urgent need to ensure quality power supply to the consumers at an affordable price by suitable investment of capital for upgradation, renovation and expansion of the existing impoverished distribution network.
- 86.** While there is certainly the need to take aggressive administrative and financial measures to reduce the present unsustainable levels of AT&C losses there is also the imperative need for Govt. to participate actively in the day to day development of the power sector in the State. After experimenting with private distribution companies for almost one decade, we can no longer carry on with a “business as usual” approach. A serious rethinking and reorientation of our approach is essential. The present system of managing or treating the power sector in the State on an ‘arms-length’ basis needs to be changed to a ‘hand-shake’ basis. The State would be missing a great opportunity in fostering the rapid economic development of the State if not done now. It is a robust power sector which is the key to attracting investments to the State. Therefore, the State Govt. must come forward readily and work alongside the DISCOMs, the STU and the Generators in the day-to-day development of the power sector, rather than take a ‘distance and aloof’ approach.

LIST OF OFFICERS AND STAFF

SI No.	Designation	Persons Name
1	Commission Secretary	Vacant
2	Director (Engg.)	Vacant
3	Director (Tariff)	Dr. M.S. Panigrahi
4	Director (Law)	Sri N.C. Mohapatra
5	Jt. Director (Engg.)	Sri K.L. Panda
6	Sr. Economic Analyst	Sri P. Patnaik
7	Sr. Financial Analyst	Sri S.M. Patnaik
8	Jt. Director (IT)	Shri J.C. Mohanty
9	Jt. Director (T/Econ)	Dr. (Mrs.) A. Das
10	Joint Director (Tariff-Engg)	Sri A.K. Panda
11	Public Affairs Officer	Ms. Purabi Das
12	Dy. Director (Engg)	Sri S.P. Mishra
13	Dy. Director (P&A)	Sri K.S. Biswal
14	Jr. Financial Analyst	Sri Ajoy Sahu
15	Dy. Director (T/Engg)	Sri A.K. Jagdev
16	Dy. Director (T/Econ)	Sri A.K. Samantara
17	Dy. Director (IT)	Sri S.C. Biswal
18	Accounts Officer	Sri Sanjay Das
19	Steno-cum-Computer Asst.	Sri K.C. Tudu
20	Steno-cum-Computer Asst.	Sri L.N. Padhi
21	Steno-cum-Computer Asst.	Sri S.K. Sahoo
22	Steno-cum-Computer Asst.	Sri P.K. Sahoo
23	Steno-cum-Computer Asst.	Sri M. Moharana
24	Steno-cum-Computer Asst.	Sri S.K. Das
25	Steno-cum-Computer Asst.	Smt. L.B. Patnaik
26	Steno-cum-Computer Asst.	Smt. S. Mishra
27	Receptionist/Caretaker	Smt. Mamatarani Nanda
28	Accountant cum Cashier	Sri Jaypal Das
29	Driver	Sri R.C. Majhi
30	Driver	Sri Jalandhar Khuntia
31	Driver	Sri Jadunath Barik
32	Driver	Sri Ashok Ku. Digol
33	Peon	Sri Pitamber Behera
34	Peon	Sri Umesh Ch. Rout
35	Peon	Sri Sudarsan Behera
36	Peon	Sri P.K. Behera
37	Peon	Sri Bijoy Ku. Majhi
38	Peon	Sri R.C. Sahoo
39	Peon	Sri Abhimanyu Jena
40	Peon	Sri S.K. Mohapatra
41	Peon	Sri Rabindra Ku. Mekap
42	Peon	Sri Pradip Ku. Pradhan

**MINUTES OF THE STATE ADVISORY COMMITTEE (SAC) MEETINGS (2008-09)
MINUTES OF THE 5TH MEETING OF**

THE STATE ADVISORY COMMITTEE OF OERC HELD ON 06.06.2008

PRESENT:

Shri B.K. Das, Chairperson, OERC - [in the Chair]
Shri S.K. Jena, Commissioner, OERC
Shri K. C. Badu, Commissioner, OERC

- 1 Sri Sarat Chandra Naik, Dy. Secretary, Department of Energy
- 2 Dr. Arati Mohanty, Thoria Sahi, Cuttack-1
- 3 B.K.Sinha, Orissa Consumer Association, Cuttack
- 4 Sri Bansidhar Acharya, President, Anchalika Khauti Surakhya Sangha, Jagatsinghpur
- 5 Sri G. N. Agarwal, General Secretary, Sbl. Dist. Consumers Federation, Sambalpur
- 6 Sri Pranakrishna Dash, Advocate, Orissa Krusak Mohasangha
- 7 Sri S.C. Mohanty, General Secretary, Nikhila Orissa Bidyut Shramik Mohasangha
- 8 Sri B. K. Mohapatra, Orissa Small Scale Industries Association Cuttack
- 9 Sri S.K. Nanda, CII
- 10 Sri Gobardhan Pujari, General Secretary, Sundargarh Dist. Employers Association, RKL
- 11 Sri. P.Behera, Sr.DEE, East Coast Railway, Bhubaneswar
12. Prof. (Dr.) Gyana Chandra Kar, Ph.D. (Econ.), Bhubaneswar
13. Sri R.N. Mohapatra, Jeypore
- 14 Sri U.K.Panda, Director(Finance & Corporate Affairs), OPTCL
- 15 Sri Manoranjan Mishra, Company Secretary, OPGC
- 16 Sri.J.P.Das, Sr.G.M,R&T,GRIDCO

17 Sri Jagannath Padhi, Director(O), OHPC

18 Sri Swapan Dasgupta, CEO, CESU

19 Sri P. K. Pradhan, CEO, WESCO

OERC SECRETARIAT:

1. Shri N C Mohapatra, Secretary I/c & JD (Law)

2. Ms Purabi Das, PAO

TIME : **3:30 PM**
DATE : **6TH June, 2008**
VENUE : **CONFERENCE HALL, OERC**

INTRODUCTORY

The 5th meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 P.M. on 6th June 2008. The meeting was presided over by the Chairperson, OERC, Shri B.K. Das, Member, Shri S.K. Jena, Member, Shri K. C. Badu were also present.

2. Shri Das welcomed the members of the SAC to the meeting and introduced the agenda items, viz.

- a) **Action taken report on the last SAC meeting.**
- b) **Initiative for operation & maintenance during 2008-09.**
- c) **Consumer education – FAQ in Oriya & English (What should you do)**
- d) **Important highlights of tariff order of 2008-09 and strategy to achieve the various performance parameters.**
- e) **Any other matter with permission of the chair.**

3. He requested Sri N C Mohapatra, Secretary-in-charge, OERC to present the Action-taken-report (ATR) on the deliberations of the last meeting. Accordingly Sri Mohapatra presented the same.

4. At the end of the presentation the Chairperson directed the utility representatives to inform the SAC in detail about their compliance of the points raised in the ATR. He also invited the SAC members to give their feedback on the matter.

a) Action taken report on the last SAC meeting.

5. Shri. B.K.Mahapatra of the Orissa Small Scale Industries Association wished to know whether the Distcoms are distributing the FAQs and Consumer Service Documents among staff and consumers as directed by OERC.

6. Shri. P.K.Das, Advocate, Orissa Krushak Mahasangha pointed out that the post of President Dhenkanal GRF is vacant for the last three months. He also spoke of large scale hooking by unscrupulous consumers in connivance with CESU staff as there is no drive for disconnection of illegal consumers.

7. Shri. G.N.Agrawal General Secretary, Sambalpur District Consumers Federation, added that criminal proceedings should be initiated against the guilty along with disconnection. He also

regretted that the MD, REL was not present on the occasion of the SAC as suggested during the last meeting.

8. Shri. Gobardhan Pujari, Secretary, Sundargarh District Employers Association pointed out that the Rourkela GRF has no fax, photocopier and printer or vehicle as stated in the ATR by WESCO. Moreover the GRF office was located at an inconvenient place and the utility was making no attempt to publicize its existence.

9. Shri. Bansidhar Acharya, President, Anchalika Khauti Surakshya Sangha, Jagatsinghpur, said that CESU is not implementing the orders of the GRF and as a result consumers are losing faith in the redressal system. He cited the case of one Nath Bhol of Jagatsinghpur who was not given power supply even after a year in spite of GRF orders. Moreover consumers who approach the GRF are being harassed by MRT team or by some other means, he added. Sri Acharya pointed out that though the GRFs are asking consumers to follow the Complaint Handling Procedure, this is not possible in many places such as Tirtol Division in Jagatsinghpur where there is no SDO, JE or Accountant. De-hooking is not possible in the area as there is one linesman for approximately 1600 customers. He also observed that instead of Executive Engineers Junior Accountants are being sent to attend GRF meetings.

10. Sri. P.Behera, Sr.DEE, representing East Coast Railways, Bhubaneswar also said that GRF orders are not being implemented. He mentioned the complaint of ECOR regarding Baghuapa station near Jajpur which had not received supply till date even though the Jajpur GRF had passed an order to the effect since February 2008. Chairperson directed that NESCO must furnish a report by 30.06.2008 why compliance has not been made and why action shall not be taken under Electricity Act, 2003.

11. Sri R N Mohapatra, Jeypore said that often implementation of GRF orders are being delayed as the Junior Officers do not have the authority to implement them. They have to obtain approval of their seniors to do the needful and the official process is time consuming. Chairperson, OERC directed that the distribution licensees should delegate more power to the field functionaries.

12. Smt. Arati Mohanty, Cuttack observed that the District Consumer Redressal Fora are displaying their registration and disposal of cases as well as their expenditure in their websites. The GRFs also should do the same, she suggested.

b) Initiative for Operation & Maintenance

13. Sri B K Das, Chairperson invited Sri S N Ghosh, Director Engineering, OERC to make a presentation on the initiatives taken by the utilities for meeting operation and maintenance requirements. Sri Ghosh made a power point presentation on the prerequisites and the actual steps taken by utilities as well as the findings of the various inspections conducted by the Commission during its review & monitoring.

14. In this regard Shri. R.N.Mahapatra informed that none of the officers of the utilities had copies of the required manuals with them. As a result few were aware of proper operation maintenance and procedures. He also said that in many overloaded transformers load balancing could solve the problem but this was not being done. He had noticed that minimum requirements such as breakers on incoming lines, lightning arresters and required number of transformers were absent in most substations he visited.

15. Shri.S.K.Nanda, CII wanted to know whether inspection of substations by Electrical Inspectors was being carried out. He also wished to know who maintains the substations,

contractors or the Divisions themselves. He enquired about the supervision of the O&M by the Distcoms. Shri Nanda said that with proper maintenance there would be no breakdown. This aspect was badly neglected, he felt and gave an example of an 11KV line being drawn through an LT feeder in the Satyanagar area of Bhubaneswar.

16. Shi.B.K.Mohapatra, said that till date none of the substations had a log book to record interruptions though this was being demanded from the inception by the SAC. He felt that the utilities had no desire to improve service standards and were paying mere lip service to OERC orders including the order to replace 3000 transformers by June. He entreated the CEOs to carry out OERC orders expeditiously.

17. Shri.Gobardhan Poojari said that the systematic load shedding was being done deliberately by the utility in Rourkela to avoid overdrawal. This was also repeated in a number of other places resulting in heckling of Distcom staff.

18. Shri.B.K.Sinha, OCA said that the poles were not being replaced and were in precarious conditions causing a threat to public safety.

19. Shri. P.K.Das said that a grid substation at Nuapatana was continuing power supply to Atthagarh since the 80s even though the load has increased manifold during this period. At least 5 major industries had come up in the area.

20. Responding to the observation of the members, Shri. Swapan Dasgupta, CEO, CESU said that statutory inspection of primary substations was taking place on an annual basis. Apart from the OERC inspection teams, the officers of the utilities are also undertaking supervision of O&M. He said that earlier Equipment and Meter Relay (EMR) officials used to do supervision of O&M but this was found to be insufficient so Circle Superintending Engineers are being asked to inspect and report on substations. Some work has been done to upgrade substations but much needs to be improved, he acknowledged.

21. Shri. P.K.Pradhan, CEO, WESCO said that though fees are being paid to Electrical Inspectors for inspection they rarely do it.

c) Consumer Education – FAQ in Oriya & English

22. Shri.B.K.Das Chairperson asked Smt. Purabi Das, Public Affairs Officer to present the steps taken by the Commission for Consumer Education and printing and distribution of the Commissions bilingual consumer booklet (FAQ). Smt. Das outlined the measures undertaken by the Commission to promote Consumer Education including printing and distribution of the FAQ. Members unanimously expressed satisfaction at the Commissions efforts and requested for a three member committee of the SAC to suggest further initiatives. Member(B) and Member(SK) asked the distribution licensee to ensure that such booklet is made available to each employees of the licensees for day to day use and reference. They further suggested such booklet is to be made available to all consumers as quickly as possible.

d) Important highlights of tariff order of 2008-09 and strategy to achieve the various performance parameters.

23. The Chairperson invited Shri. M.S.Panigrahi, Director, (Tariff), OERC to present the last item on the agenda relating to highlights of tariff order of 2008 and strategy to implement the same. Dr.Panigrahi made a power point presentation on the topic.

24. Shri.S.C.Mohanty, General Secretary, Nikhila Orissa Bidyut Shramik Mohasangha lauded the Commission on two vital issues which were addressed in the Tariff Order 2008, namely, payment of arrear dues of the Govt. and replacement of burnt/overloaded transformers by the Distcoms. However, he wished to know how far these orders are being implemented. The Distcoms are passing the buck to OPTCL while the Govt. is not doing its duty to curb theft. He cited instances of the Khandagiri substation where the transformer recently got burnt due to absence of a lightening arrester. 7000 consumers were dependent on the substation. Similarly in Dolamundai area there was a major breakdown on the night of 5th June but there was no staff in the Dolamundai substation to attend to the problem. In Bhadrak town there no power supply for 18 hours due to a transformer breakdown as there was no replacement available. He wished to know what action plan had been made to implement the order on replacement of overloaded transformers and augmentation of human resources by the Distcoms. He felt that these two aspects need to be reviewed separately. He also wished to know what action has been taken by the Special Police Stations to address energy theft. This was to be reviewed by an officer of the rank of I.G, Police. He found that 600 spans of electric line have been stolen in the CESU area yesterday but no FIR has been lodged yet. He said that the linesmen are being targeted by irate consumers. Shri. Mohanty expressed the view that no change is possible unless HR of the Distcom is strengthened and adequate spares are purchased. He said that there are 60 consumers to one pole and this overloading leads to accidents. Already seven linesmen in CESU area have died as a result. He also wanted to know what staff strengthening OPTCL had done in the last 12 years.

25. Shi.Gyana Kar said that the replacement of damaged/old equipment should be priority by the Distcoms. There is a fund available in the Central Govt. under APDRP from this year for the purpose he informed.

26. Shri.K.C.Badu, Commissioner OERC wished to know what steps the Govt. has taken on the directions of the Commission. He wished to know whether the Govt. has reviewed the FIRs lodged in these Police Stations and how many convictions have been secured. He also wished to know if there is any loss reduction in areas where Police Stations have been established. Shri. S.C.Nayak, Dy. Secretary, Dept. of Energy, Govt. of Orissa informed that the Energy Secretary had written to the Spl. Secretary, Home Department, requesting him to establish the additional police stations. Beyond this nothing has been done.

27. Shri.P.K.Pradhan, CEO,WESCO informed that during last four months no FIRs has been lodged and in 16 months only 9 cases have been lodged in WESCO area. He said that the Energy Police Stations did not have required staff and those available were engaged in other work. Shri. S.K.Jena, expressed surprise at the poor rate of case registration since the law on power theft is very stringent now.

28. Shri.G.N.Agrawal said that the utilities also had a responsibility to curb theft. Recently there was a massive raid on Burla town by WESCO authorities but no FIR was lodged against unscrupulous consumers. He pointed out that even after assessment is done, scope for prosecution exists. He felt that utility staff needed to be informed about the proper scope of action. Shri.B.K.Mahapatra agreed that exemplary action was required against those committing theft.

29. Shri. Gaovardhan Pujari said that the crux of the problem is whose role it is to curb theft of power. Since it is a cognizable offence Suo Motu action can be taken by the police but the Distcoms can not abdicate their responsibility of lodging FIRs. Regarding rate of tariff, he felt that hydropower units should attain full installed capacity as this would help reduce retail tariff. He complemented the Commission for reducing the bulk power and said that in future it can be extended to retail power.

30. Shri.B.K.Das Chairperson said that this would not be possible with current rate of inflation and rising crude oil prices. Sri Pujari suggested that alternate energy use must be encouraged and the State Govt. should provide subsidy to users of non-conventional energy. Solar power can be utilized for cooking, he added. Shri Das informed that that the Ministry of Non-Conventional Energy provides subsidy for grid power but State Govt. can give subsidy for implements. Shri.S.K.Jena added that the OERC consultation paper placed in its website recommended that 375 MU of the total power acquired should be from the non-conventional sources. He invited the feedback of the SAC Members on the matter.

31. Replying to Shri. Pujari's statement Shri. Padhi, Director (Operation) OHPC said that though only 5000 MU was sought from OHPC last year, they had succeeded in providing 8000 MU, thus bringing down the pooled cost. OHPC's capacity utilization had improved from 81% to 86% last year he said. Refuting Shri. Pujari's statement that Hirakud Power Station was producing only 30% of its capacity, he informed that last year utilization was 71%. He pointed out that OHPCs power was available to the grid at 50 paise per unit. In order to improve efficiency he said that cost of power needs to be increased. As per norms 3% of capital cost should be deployed in Operation and Maintenance. But only Rs.112 crore was set aside by the Commission for O&M in this tariff order. He added that in the last 10 years cost of every other service has increased many fold.

32. Shri.S.K.Jena intervened and pointed out that ten years back for 10,000 MU of power, collection was Rs 1000 cr. Now for 16000 MU it is Rs.2500 cr. Collection efficiency has improved considerably but level of loss still remains unacceptable at Rs.700 cr at the distribution end. In order to improve the substations and replace lines and poles funds are required. Last year low cost of hydropower, low interest policy of the Govt. on power sector loans, benefits of power trading and growth of industry helped to bring down cost and keep power tariff low in the state. He said that Orissa is the only state where power sector is running without subsidy, the only state providing 24 hour supply, only state trading power and only state where tariff remained fixed for the last eight years.

33. Shri.B.K.Mohapatra held OPTCL responsible for failing to provide continued and required power supply. He said that the consumers were not being provided quality supply and felt that OERC was tilted in favour of the utilities. He said that at least 2-3 special meetings of the SAC were required to discuss the agenda items separately. Shri.S.K.Jena felt that a separate session on responsibility of consumers was imperative. Shri.Mohapatra felt that a campaign against theft of power was necessary to educate consumers. While OERC has taken initiative to rope in print and the audio-visual media hoarding, street theatre & cinema should also be included. With regard to O&M he said that even slight storms are felling trees and bringing down electric lines. This can be prevented by preemptive action. Similarly maintenance of boundary, transformers and poles should be monitored. Shri.K.C.Badu said that detailed review is being done down to the substation level by the Commission. Shri.Mohapatra pointed out that though dedicated substations had been setup to provide uninterrupted power supply to industrial estates of Cuttack and Bhubaneswar due to loading of domestic consumers from these points power cuts were frequent. As a result industrial output was adversely affected.

e) Other miscellaneous matters.

34. Shri.S.K.Nanda sought the permission of the Chairperson to introduce a miscellaneous item. With regard to the OERC notification on Open Access Charges dated.29.03.2008, he said that there was a miscalculation as more than the cost of the cross subsidy is being recovered from the consumers in the name of surcharge. Dr.M.S.Panigrahi explained the basis of the calculation but Shri. Nanda pointed out that average tariff at HT & EHT includes BST transmission charge and transmission loss. But while calculating surcharge full cost is being taken instead of the cross subsidy. Shri.B.K.Das took note of the point and asked Shri.Nanda to submit it in writing.

35. Shri.P.K.Das raised the issue of recovery of arrears from industries based outside the state. He said that when these industries are closing shop in the state with huge arrears pending against them, this cost is ultimately loaded on consumers. Therefore like the OSFC some provision must be made so that the properties of these companies can be attached for default in payment. He suggested for tripartite agreements with finance companies. Shri. Das wanted to know whether if Sec.29 of the State Financial Corporations Act, 1951 can apply to this case. Shri.Pradhan said that Distcoms can not take over properties purchased by OSFC. Shri Jena said that according to OERC regulation new connection can not be granted to any premises with outstanding amount against it even if there is change of ownership.

36. After discussion the following conclusions were arrived at :-

1. CESU should take immediate steps to appoint the President of GRF,Dhenkanal.
2. WESCO should provide all requisite facilities to GRF, Rourkela immediately.
3. The utilities should take steps to distribute copies of OERC FAQ and Consumer Service Documents among all staff & consumers.
4. OERC orders for collection of arrear of dues and replacement of overloaded transformers should be expeditiously implemented.
5. OPTCL should expedite the upgradation of the Khuntuni grid substation to meet the load of Atthagarh.
6. The Commission should review various O&M parameters of utilities from time to time.
7. A three member sub-committee of the SAC may be set up to coordinate consumer education.
8. Separate special sessions of the SAC may be held to discuss power theft, consumer responsibilities and problems of Distcoms.
9. The next session of SAC on power theft may be scheduled in July. In the meantime, the State Govt. may review the working of the Energy Police Stations.
10. The Commission's Tariff Division will re-examine the computation of surcharge on Open Access.

The meeting ended with thanks to the Chair and all the participants for their kind valuable suggestions.

Sd/-
(K. C. Badu)
MEMBER

Sd/-
(S.K. JENA)
MEMBER

Sd/-
(B.K. DAS)
CHAIRPERSON

**MINUTES OF THE 6TH MEETING OF
THE STATE ADVISORY COMMITTEE OF OERC HELD ON 28.11.2008**

PRESENT:

1. Shri B.K. Das, Chairperson, OERC - [in the Chair]
2. Shri S.K. Jena, Commissioner, OERC
3. Shri K.C. Badu, Commissioner, OERC
4. Shri B. Mohapatra, Addl. Secretary, Department of Energy
5. Dr. Arati Mohanty, Thoria Sahi, Cuttack-1
6. Shri B.K. Sinha, Orissa Consumer Association, Cuttack
7. Shri Bansidhar Acharya, President, Anchalika Khauti Surakhya Sangha, Jagatsinghpur
8. Shri G.N. Agarwal, General Secretary, Sbl. Dist. Consumers Federation, Sambalpur
9. Shri Pranakrishna Dash, Advocate Orissa Krusak Mohasangha
10. Shri S.C. Mohanty, General Secretary, Nikhila Orissa Bidyut Shramik Mohasangha
11. Shri B.K. Mohapatra, Orissa Small Scale Industries Association, Cuttack
12. Shri S.K. Nanda, CII
13. Shri Gobardhan Pujari, General Secretary, Sundargarh Dist. Employers Association, RKL
14. Shri P. Jain, Chief. Electrical Distribution Engineer, East Coast Railway, Bhubaneswar
15. Prof. (Dr.) Gyana Chandra Kar, Ph.D. (Econ.), Bhubaneswar
16. Shri R.N. Mohapatra, Jeypore
17. Smt. Rama Subudhi, Advocate, Institute of Women's Welfare, Ganjam
18. Dr. D.V. Ramana, Professor, XIM, Bhubaneswar
19. Shri K.K. Nath, Director (Engineering) OPTCL
20. Shri V. Biswal, Managing Director, OPGC
21. Shri U.K. Panda, Director (Finance & Corp. Affairs), GRIDCO
22. Shri Jagannath Padhi, Director (O), OHPC
23. Shri Swapan Dasgupta, CEO, CESU
24. Shri P.K. Pradhan, CEO, WESCO
25. Shri A.K. Bohra, CEO, SOUTHCO
26. Shri S.K. Singh, CEO, NESCO

OERC SECRETARIAT :

1. Shri N.C. Mahapatra, Secretary I/c & Director (Law)
2. Ms Purabi Das, PAO

TIME : 3:30 PM
DATE : 28TH November, 2008
VENUE : CONFERENCE HALL, OERC

INTRODUCTORY

The 6th meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 P.M. on 28th Nov. 2008.

2. The Chairperson welcomed the members of the SAC to the meeting and introduced the agenda items, viz. [Agenda appended at Appendix-I]

- I. **Action Taken Report (ATR) on the last SAC meeting.**
- II. **Role of Electricity Consumers and Associations to ensure quality supply.**
- III. **Compliance to the system improvement stipulations made by OERC in the Tariff Order for FY 2008-09.**
- IV. **Any other matter with the permission of the chair.**

3. This was followed by presentations on agenda items I and III by the Public Affairs officer, OERC and the Director Engineering, OERC, respectively.

4. At the end of the presentation, the Chairperson suggested that item 7 on Agenda (I) regarding constitution of a Sub Committee of the SAC on Consumer Education could be taken up right away. He called for volunteers to the Sub Committee. Five SAC members, namely, Shri S.K. Nanda, Shri B.K. Mohapatra, Dr. D.V. Ramana, Shri Bansidhar Acharya and Smt. A. Mohanty gave their names for the purpose. It was agreed that Shri Nanda would Chair the Sub Committee.

5. The Chairperson also called for a date to take up the proposed special session of the SAC as per item 8 of the ATR and suggested that items 8 & 9 be clubbed together. Members agreed to this proposal and 22nd December, 2008 was fixed as the date of the special SAC session on 'Consumer Responsibilities, Problems of Distcoms & Power Theft'.

AGENDA ITEM-I Action taken report on the last SAC meeting

6. During discussions the following observations were made :

(i) The CII nominee observed that the FAQ printed by OERC and the consumer service documents of the DISCOMs had actually not reached the grassroot level workers of the utilities. Smt. Arati Mohanty emphasized that the FAQ booklet had not been given to consumers and suggested that consumer should be provided copies of the same at a nominal cost. Shri K.C. Badu, Member, OERC observed that some staff of SOUTHCO had informed OERC officials at the consumer interface in Raygada that they had not received copies of the OERC FAQ. The CEOs of the four Distcoms however reiterated that copies of the OERC FAQ had been distributed to all their staff.

(ii) Shri B.K. Mahapatra pointed out that though the DISCOMs had been advised at the last SAC meeting to display the consumer service documents prominently in all their offices, they were yet to do so. While, Wesco assured that they had complied fully, Cesu said that they had displayed the same in all Division offices and would be covering section offices in a month's time. The Chairperson advised all DISCOMs to do the needful by the next SAC and furnish an Action Taken Report.

(iii) The General Secretary, Sambalpur District Consumers Federation, added that the mind set of the DISCOMs staff needs to be changed and lauded WESCO for printing and distributing a booklet of its own based on the FAQ. Shri Bansidhar Acharya, President, Anchalika Khauti

Surakshya Sangha, Jagatsinghpur, said that neither the FAQ nor the consumer service documents had been distributed in the Paradeep Division. Shri R.N. Mohapatra, Jeypore suggested that the Commission should publish the contents of the FAQ in the media and he was informed that the OERC was already doing this in the front page of leading English and Oriya dailies on every alternate Sunday.

(iv) The Secretary, Sundargarh District Employers Association said that the information supplied to the SAC by the DISCOMs was misleading. He pointed out that in item (4), the arrear amount collected had not been disclosed by any of the DISCOMs except CESU. He also objected to the linking of collection of arrears to upgradation/replacement of burnt transformers by WESCO. CEO, WESCO clarified that as in some areas none of the consumers were paying their arrears, and transformers were overloaded, upgradation was being used as an incentive to make them pay. Shri Pujari said that WESCO should disconnect all non paying consumers. Any consumer having arrear to pay has no right to consume electricity.

(v) Regarding item (10) of the ATR, Shri S.K. Nanda said that OERC's calculation of the Open Access Surcharge was not in consonance with the National Tariff Policy and the Electricity Act. He said that the calculation had taken into consideration only a portion of subsidy, ie, the cost of power and transmission cost. T&D loss was not considered. The Chairperson said that the matter could be looked into during the ARR hearings. However, member Shri Jena said that the Act provided for the current level of subsidy being levied for determining Open Access Surcharge, therefore, the calculation of OERC was correct.

7. After discussions, the following conclusions were reached:

- (i) The FAQ booklet published by OERC may be made available by the DISCOMs to all consumers within their area by reprinting the same with the permission of OERC and distributed in phases at a reasonably affordable price.
- (ii) All the Consumer Service Documents may be displayed prominently in all the offices of all the DISCOMs, till the level of Sections.
- (iii) Non-payment of Bills should be dealt with stringently by disconnection of services, Upgradation of transformers could however be used as an incentive to improve collection of arrears.

AGENDA ITEM-II Role of Electricity Consumers and Associations to ensure quality supply

8. During discussions the following observations were made:

(i) The Chairperson spoke on the basic duties of the consumers and suggested that they should be educated about their duties along with their rights. CEOs of the four utilities maintained that power reform cannot achieve its desired objectives without cooperation of the consumers.

(ii) Shri B.K. Mohapatra said that the DISCOMs had not been able to provide quality power even after ten years of reforms. There were regular interruptions in all industrial areas leading to large losses for HT & EHT consumers. He felt however, that consumer culture had improved and people were paying up since DISCOMs were all showing 80-90% collection.

(iii) He raised the issue of recording of maximum demand by DISCOMs for single-phase consumers in the meters as well as bills on a monthly basis. CEO, SOUTHCO clarified that at present this was only possible for three phase consumers.

(iv) Shri Bansidhar Acharya regretted that there was no coordination between the utility and consumers. He felt that there should be one Coordination Committee meeting between the utility & consumer every month. He said that Complaint Handling Procedure is not being followed by utilities & consumers are being harassed.

(v) Dr. Arati Mohanty requested for one time settlement of long pending arrears. Shri S.K. Jena, Member, OERC informed that every year Rs 250 Crore is being added to pending arrears as bad debt. In WESCO about 70% of LT consumers are not paying their bills. Since only about 30% of consumption is by HT/EHT consumers, they can easily be monitored. Loss at this level is only 8%. The problem is more acute in urban areas where people are adding load indiscriminately without any information of such addition being given to the DISCOMs. He said that a consumer movement is required to educate them.

(vi) Shri G.N. Agarwal said the average consumer cannot know whether his meter is defective. This is the responsibility of the utility. Abetment is being done by utility staff and they should take penal action.

(vii) Dr. Ramana said that there is generally a wrong impression that there is no loss at HT/EHT level. There is loss at this level too but these consumers are privileged while, the attitude of the utility towards the small consumer is atrocious though they had become more responsible in payment.

(viii) Shri Gobardhan Pujari suggested that Electricity Users' Association on the pattern of Water Users' Associations can be used in rural areas to solve the problem of revenue collection. He added that utilities were charging farmers for usage of pumps during the period when there were not in use. The CEO, WESCO clarified that when there is no drawal, OLIC points are being billed only for fixed charges. However they are the custodians of these meters and if the meter is stolen or damaged they must pay on an average basis.

(ix) Regarding responsibility of consumers to report abetment, Shri P.K. Dash said that there is no protection for the common man who goes to the police. It is the responsibility of the utility. The CEO, CESU observed that confidential information can be given by telephone to the call centers and this can be recorded and action taken. He was requested by SAC members to circulate the call center number.

(x) Dr. Ramana suggested that the names of defaulters should be displayed on the web site and in section offices. This was supported by all members.

(xi) Shri Gobardhan Pujari said that utilities are trying to block access of information to consumers by obtaining a stay on the application of the RTI Act to them. The Commission can make the writ in the Orissa High Court infructuous by passing a regulation to make the law applicable to the DISCOMs.

(xii) The Chairperson said that a detailed discussion on power theft can be taken up during the forthcoming special session of the SAC.

9. After discussions, the following decisions were arrived at:

(i) All reforms in the Power Sector are meant for the ultimate stakeholder – the consumer, without whose cooperation the objectives of reforms cannot be achieved. Consumers must abide by their duties by paying their bills in time, ensuring safety of devices installed, not resort to unauthorized abstraction of energy, report theft of power and abatement of theft by utility

employees and such other duties as illustrated in the notes to the agenda. A regular interactive session with the consumers be held by the DISCOMs at all levels to achieve this.

(ii) The list of all defaulters in payment of bills be displayed prominently in all offices of the DISCOMs along with a list of all disconnections made for non-payment of bills in accordance with the regulations.

(iii) CESU may work-out a method for a “one-time-settlement” of all dues pertaining to the super-cyclone period.

(iv) A special session of the SAC may be held on 22nd Dec. 2008 on “Theft of Power and Measures to Eliminate Theft” and on “Consumers’ Duties and Responsibilities”.

AGENDA ITEM-III Compliance to the system improvement stipulations made by OERC in the Tariff Order for FY 2008-09

10. During discussions the following observations were made :

(i) Shri B.K. Mohapatra suggested that in rural areas the lineman may be asked to collect application forms and section offices may be empowered to give new connection. The CEO CESU said that this had already being done.

(ii) Shri P.K. Dash wished to know why a new grid substation had not been setup at Khuntuni despite regular power interruption and low voltage. He pointed out that due to the long distance from the substation (200 km), tail end consumers would suffer unless a substation was set up midway. Shri K.K. Nath, Director (Engineering), OPTCL said that at present there was not enough load growth in the area to justify a new sub station. The Nuapatna grid sub station was being upgraded from one 20 MVA transformer to two and another 40 MVA transformer was planned to be installed there. However, Member Shri Jena said that OPTCL can review their position after taking into account the new HT loads that had come up in the area.

(iii) Shri Pradeep Jain, Chief Electrical Distribution Engineer, East Coast Railways, drew attention to the low voltage being suffered by Railways in the 132 KV supply provided by OPTCL at Kaipadar/Khurda Road grid substation. As a result they are having to avail supply from Kendrapara and are being charged penalty by CESU for feed extension. This is being refunded only after six months or more. The Chairperson said that this practice may be reviewed by CESU and act in accordance with Regulations and Orders of OERC.

(iv) Shri S.N. Mohanty said that everything depends upon implementation of OERC Orders. He pointed out that the Dstcoms are suffering from inadequate staff strength. Skilled workers are few and over worked. Earlier under OSEB 30,000 workers catered to 14 Lakh consumers, today 20,000 are serving 29 Lakh consumers. There is need to appoint enough skilled staff at good wages. He added that GRIDCO-OPTCL are not obeying OERC orders with regard to exemption of government of Orissa austerity measures in filling up vacant posts. Contractual workers who are being used are under paid and unskilled. They are being exploited by contractors. Corrupt officers are being promoted and rewarded. Indiscipline is rising due to mismanagement.

(v) Dr. Ramana said that quarterly financial statements are not being given by Distcom to SAC members. The Chairperson said that this was not necessary as they are not listed companies. Annual Reports which are mandatory are also not placed on the website. The Chairperson advised all DISCOMs to do the needful.

11. After discussions the following conclusions were reached :

(i) Though the Nuapatna grid sub-station was being upgraded with an additional 20 MVA transformer and another 40 MVA transformer, OPTCL may review the position afresh after taking into account the new HT loads, for a new sub-station at Khuntuni.

(ii) CESU should refrain from its present practice of levying a penalty on East Coast Railways for 132 kV feed extension to Kendrapara instead of supply at Kaipadar/Khurda Road due to low voltage and then delaying refund by more than six months.

(iii) All DISCOMs must ensure that their Annual Reports and Annual Accounts are posted on their websites and on the website of OERC.

(iv) System improvement stipulations ordered by OERC must be fully complied with and reported again in the proper format to OERC and for information of SAC.

AGENDA ITEM-IV Any other with the permission of the Chair

12. Chairperson's concluding observations:

(i) The Chairperson informed the SAC that the term of Shri S.K. Jena as Member OERC was coming to an end on 2nd December, 2008 and requested the longest serving member of the SAC, Shri BK Mohapatra to present him with a bouquet. This was followed by various SAC members lauding Shri Jena's contribution to OERC and to the power sector in the state.

(ii) **Resolution :** The Chairperson moved the following resolution for adoption and conveying the same to Shri S.K. Jena, Member :

"That this SAC places on record, on the superannuation of Shri S.K. Jena, Member, OERC, his long, dedicated and highly meritorious service to the Power Sector. Ever since the commencement of the Sector's Reforms, he has devoted himself selflessly and with vision to the success and well being of the sector in general and the Reforms in particular."

The Resolution was adopted unanimously and may be conveyed to Shri S.K. Jena. The meeting adjourned with a vote of thanks to the Chair.

Sd/-
(K.C. Badu)
MEMBER

Sd/-
(S.K. JENA)
MEMBER

Sd/-
(B.K. DAS)
CHAIRPERSON

**MINUTES OF THE SPECIAL MEETING OF
THE STATE ADVISORY COMMITTEE OF OERC HELD ON 23.12.2008**

PRESENT:

1. Shri B.K. Das, Chairperson, OERC - [in the Chair]
2. Shri K.C. Badu, Commissioner, OERC
3. Commissioner-cum-Secretary, Department of Energy
4. S C Mahalik, Ex- Chairman, OERC
5. Prof. (Dr.) Gyana Chandra Kar, Ph.D. (Econ), Bhubaneswar
6. Sr GM (CP) OPTCL
7. Managing Director, OHPC
8. Chief Executive Officer, CESU
9. Chief Executive Officer, NESCO
10. Chief Executive Officer, WESCO
11. Chief Executive Officer, SOUTHCO
12. Dr. Arati Mohanty, Satyanagar, Bhubaneswar
13. K N Jena Orissa Consumer Association, Cuttack
14. Shri Bansidhar Acharya, President, Anchalika Khauti Surakhya Sangha, Jagatsinghpur
15. Ms Rama Subudhi, Advocate Institute of Woman's Welfare, Ganjam
16. General Secretary, Sbl. Dist. Consumer Federation, Sambalpur
17. Pranakrishna Dash, Advocate Orissa Krusak Mohasangha
18. S C Mohanty, General Secretary Nikhila Orissa Bidyut Shramika Mahasangha
19. M V Rao, President M/s. UCCI, Bhubaneswar
20. B K Mohapatra, Orissa Small Scale Industries Association Cuttack
21. S K Nanda, CII
22. Gobardhan Pujari, General Secretary Sundargarh Dist. Employers Association, RKL
23. General Manager, East Coast Railway, Bhubaneswar

OERC SECRETARIAT :

1. Shri N.C. Mahapatra, Secretary I/c & Director (Law)
2. Ms Purabi Das, PAO

TIME : 3:30 PM
DATE : 23TH December, 2008
VENUE : CONFERENCE HALL, OERC

INTRODUCTORY

The special meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 P.M. on 23rd Dec. 2008.

2. The Chairperson welcomed the members of the SAC to the meeting and introduced the agenda items, viz,

- I. Theft of power and measures to eliminate theft,**
- II. Role and responsibilities of the electricity consumer.**

3. This was followed by presentations on agenda item I by all four distcoms. Sri Debashish Mohanty made the presentation on behalf of the three REL companies, i.e., Nesco, Wesco & Southco, and Sri Swapan Dasgupta, CEO, Cesu, made the presentation on behalf of the Cesu respectively. A short video presentation was made by Sri Sarat Chandra Mohanty,

SAC Member, on the cooperation of Cesu employees to curb theft under Cuttack City Circle. Copies of the presentations are annexed.

4. At the end of the presentations, the Chairperson invited feedback on the presentations stated in para-3.
5. During discussions the following observations were made:
 - (i) Sri B K Mohapatra observed that once area of theft was pin pointed, theft could be reduced. He said that rural and urban losses under each section should be assessed and published in news papers to create awareness among consumers in the area. He also suggested that in order to activate the Energy Police Stations an officer of the rank of Additional D.G. or I.G should be appointed in the DISTCOMs to ensure proper coordination between the police stations and the DISTCOMs. He also felt that priority should be given to loss reduction measures suggested by OERC such as provision of 11 KV line, installation of small capacity transformers, drawing aerial bunched cable and installation of pillar box metering. He said that DISTCOMs should become consumer friendly and this would convince the majority of consumers to co-operate with them. He also objected to severe penalty on consumers for first offences under the anti theft law while service providers were not penalized for non compliance of orders. He suggested that consumers should be represented in the management board of the utilities.
 - (ii) Sri S C Mohanty pointed out that energy police stations were ineffective due to lack of Govt. participation in spite of repeated D.O. letters by OERC. The EPS were under staffed, lacking infrastructure and ill motivated with few FIRs and fewer convictions. He said that in other states governments were taking strong steps to curb electricity theft. Salary and infrastructure of police stations designated to control theft of Power were being borne by other state governments whereas Orissa Govt. was not co-operating on this issue in spite of collecting Rupees 300 crore as electricity duty. He said that loss was increasing rather than decreasing because neither the Government nor the parent company was investing funds and upgrading man power. He informed that 17 staffs of utilities have died due to electrical accidents as a result of employing inexperienced contract staff in the field. Similarly 23 consumers have died due to electricity related accidents.
 - (iii) Prof. G C Kar felt that behind energy theft lies the broader issue of energy requirement and coping mechanism. He said that since the cost of traditional means of fuel energy such as wood, kerosene & LPG is not viable, electric heaters are being used widely. He pointed out that 32% population of the State belongs to the BPL category. He was of the view that proper consumer education and co-operation between the utilities and consumers would lead to theft reduction and lower cost of power. While preventive and coercive methods were necessary ultimately consumer education was most important, he added. The reduction in cost of power through loss reduction shall make electricity cheaper than traditional fuels like wood etc.
 - (iv) Chief Engineer, East Coast Railway observed that repeated theft was taking place in specific areas along the railway lines and while Nesco was effecting restoration, not enough preventive measures were being taken.
 - (v) Member Sri. Badu wondered why Nesco was not getting co-operation from the police while their franchisee Enzen is able to get co-operation within such a short time from police and district administration.
 - (vi) Sri P k Jena Commissioner-Cum-Secretary, Dept. of Energy, GOO said that there is a loss of approximately Rupees 800 crore from power theft to the Distcom as well as to the Govt. which is a stakeholder in the distribution system. He wished to know whether

enough preventive measures had been taken to prevent theft. He admitted that more pressure is required on the police to act effectively against power theft. He felt that not enough steps are being taken to disconnect high value consumers. A message needs to be sent to the common man by targeting the high value consumers. He suggested intensive use of preventive technology such as Pillar boxes, LT less transformers & AB conductors for the purpose. He advised the Distcoms to invest resources in making the system secure. He called for exemplary action against high value consumers to create greater awareness. He said theft often takes place in connivance with the staff of Distcoms. This must be stopped. Effective steps should be taken to collect arrear dues. Distcoms should develop a good relationship with consumers to ensure co-operation. He said that once accountability of staffs is achieved, consumers would fall in line.

- (vii) Sri M V Rao UCCI, felt that the burden of loss is being borne by EHT consumers who cannot manipulate their meters. Therefore it is necessary to provide industrial consumers with separate feeders. He informed that the UCCI building has not been getting bills for the last six months in spite of a number of letters to CESU. This shows carelessness of CESU employees in raising bills and collecting revenue.
- (viii) S K Nanda, CII, said that the causes of theft must be analyzed. Industries are stealing as they are not getting reliable power. Most transformers in Bhubaneswar are overloaded and ill maintained. There is delay in getting new connection and corruption is rampant. Getting power supply should be simplified as people hook when they don't get the power they need. He suggested that theft prone areas should be identified. Feeder metering should be done. Correct meters installed, bills issued properly, good supply provided and proper maintenance ensured will reduce loss.
- (ix) Sri G N Agarwal, Sambalpur said that the mind set of the utility staff must change. General consumers who are suffering loss must react. It is a misnomer to say that the Distcoms are privatized. There is also a consumer participation in the distribution sector i.e., public money via government stake. Therefore consumers need to be proactive. The Government must become more involved.
- (x) Sri Gobardhan Pujari, Rkl said that unmetered LT consumers are not getting bills. He said that people are willing to pay if they are provided reliable supply at proper cost. T&D losses have actually comedown but the chaotic conditions prevailing helps the Distcoms to claim higher loss and increase tariff. Sri Pujari said that there was need for effective implementation of laws on theft by police stations but this is the job of the State and not the utilities or the consumers. The additional money spent on EPS is useless as it is only burdening the honest consumers. Existing EPS should be made accountable to OERC. Why should the Government utilize staff of EPS for VIP security when Distcoms are meeting their salary and Infrastructure cost. The EPS must submit regular reports of their functioning to OERC for review. They must be made accountable. It is better not to setup EPS rather than under-utilize them. Sri Pujari said that special courts are not practical. Session judges should not be assigned with the energy related cases as a first class magistrate can also try and dispose them in two days. He said that special prosecuting agencies should be setup for handling power theft cases. Better conviction rate would be possible if these modifications are done. He added that the refusal to register cases is the matter of serious concern. Mr Pujari also felt that the enforcement of the (Orissa Power Demand Recovery) Act is not possible for private agencies. More ever to realize this money, they must pay court fees. He also felt the vigilance squads of the Distcoms are equally corrupt and should be reformed first.
- (xi) Sri Bansidhar Acharya, Jagatsinghpur said that the power theft is a social evil which cannot be stopped by force. It can be stopped only if the consumer is given due respect. He gave the instance of assessment under section 126 when the accessing officer puts an amount in penal bill without giving the consumer a chance to appeal.

This aggrieves the consumer and creates a gap between the two. He pointed out that if a domestic consumer can have arrears up to 2 lakhs then the collection system is a failure. He pointed out that the low income domestic consumers do not get meters and are billed on an average basis. As a result arrears continue to rise. Errors in billing are not corrected for years together leading to a non co-operative attitude in the consumer. Aggrieved consumers unite and block the utility from doing their work. Theft can only be eliminated by good behaviour and co-operation. Sri Acharya said that village committee concept had worked successfully to bring down loss, so vested interests in the Distcom tried to break them down. He said the SAC must focus on bringing about required co-ordination between the customer and the Distcom.

- (xii) Sri K N Jena, OCA felt that the mind set of the consumers and suppliers must be changed. Most consumers are honest but they are forced to become dishonest. He observed that reform has failed as none of the 3 stake holders, consumer, supplier and govt. are not playing their respective role effectively. Distcoms are not educating consumers and standard of performance is not being observed anywhere. Since registers are not being maintained, false information is being provided in the tariff application which should be rejected. The regulator should play their role effectively in controlling the utility.
- (xiii) Sri P K Das, Athagarh outlined the steps taken by the Athagarh Consumer Association to create awareness about power theft among school & college students. Students were asked to participate in essay & drawing competitions on various subjects related to power theft, power conservation, green power etc. Children also participated in a rally against theft on World Consumer Day. Groups of women were motivated to persuade those who were hooking power to discontinue the practice.
- (xiv) Smt Rama Subudhi, Ganjam pointed out that most rural supply is non metered. Voltage is low and Distcoms do not provide meters so the consumer feels justified in stealing. Police say that if they arrest power thieves they cannot produce them in court. Implementing agencies can work only if the system is functional.
- (xv) Smt Arati Mohanty, Bhubaneswar suggested that village committees should have representative of Distcoms. She added that low voltage and unscheduled power cuts are common. There is active connivance of employees in power theft.
- (xvi) Sri S C Mahalik, Ex-Chairman, OERC from New Delhi regretted that even after 10 years, the SAC is still discussing theft and reason to bring it down. He said that there should be no alibis for theft. He felt that the onus for curbing theft is with the Distcoms. Both technology and management measures are necessary. Enforcement through strong administrative action is the answer. There should be penalty as well as reward and Distcom staff must be made accountable. He said that 1% consumers are always honest and 1% dishonest. The rest are fence sitters who will be swayed only by enforcement.
- (xvii) Shri B. K. Das, Chairperson, OERC invited the Distcoms to make their responses to the queries raised by the SAC members.
- (xviii) Speaking on behalf of the three REL managed utilities, Shri A K Vohra, CEO, Southco said that all the Distcoms were conducting energy audit and pin pointing feeders with high losses. Metering of transformers is also being taken up. Seventy kilometers of AB cable had been procured by Southco and HVDS were being used in LI points. HVDS was installed wherever possible. AMRs were installed in 97 places in Wesco, 15 in Southco and 93 in Nesco only for high value consumers. 39 pillar box meters in Southco, 90 in Nesco and 48 in Wesco have been installed in commercial areas. Dehooking followed by epoxy coat on bare conductors is helpful in preventing theft for sometime and is in use. However this is capital-intensive. Sri Vora said that since 1999

the supply position had improved considerably. The input of Distcoms is increasing yearly. 30000 meters have been procured by Southco last year. However under RGGY scheme all BPL consumers refuse to pay security deposit and processing fees. They are now paying on installment basis. He concluded by saying that just as most consumers are honest so are most employees.

- (xix) Sri Swapan Dasgupta, CEO Cesu said that Distcoms are at the receiving end in SAC. It is a cooperative forum and therefore constructive criticism & feedback should be provided. Some consumers are good & some employees too. Both Distcoms and consumers should join hands to defeat the purposes of malafied consumer and employees.
- (xx) The Chairperson ended the meeting by thanking the SAC members for their suggestions and recommendations. He stated that based on these inputs further follow up action would be taken by the Licensees, the State Govt. and the OERC.

Sd/-
(K.C. Badu)
MEMBER

Sd/-
(B.K. DAS)
CHAIRPERSON

**MINUTES OF THE SEVENTH MEETING OF
THE STATE ADVISORY COMMITTEE OF OERC HELD ON 12.02.2009**

PRESENT:

Shri B.K. Das, Chairperson, OERC - [in the Chair]
Shri K. C. Badu, Commissioner, OERC

- 1 Sri. B.Mohanty, Addl. Secretary, Department Of Energy
- 2 Dr. Arati Mohanty, Satyanagar, Bhubaneswar
- 3 K.N.Jena, Orissa Consumer Association, Cuttack
- 4 Bansidhar Acharya, President, Anchalika Khauti Surakhya Sangha, Jagatsinghpur
- 5 Ms. Rama Subudhi, Advocate, Institute of Women's Welfare, Ganjam
6. G N Agarwal, General Secretary, Sbl. Dist. Consumers Federation, Sambalpur
- 7 Pranakrishna Dash, Advocate, Orissa Krusak Mohasangha
- 8 S C Mohanty, General Secretary, Nikhila Orissa Bidyut Shramik Mohasangha
- 9 B K Mohapatra, Orissa Small Scale Industries Association, Cuttack
- 10 S.K.Nanda, Convenor, Energy Panel, CII, Bhubaneswar
- 11 Gobardhan Pujari, General Secretary, Sundargarh Dist, Employers association, RKL
12. Pradeep Sarin, General Manager, East Coast Railway, Bhubaneswar
- 13 S.C.Mahalik, Ex-Chairman, OERC
- 16 Prof. (Dr.) Gyana Chandra Kar, Ph.D.(Econ) Bhubaneswar
- 17 Sri R.N. Mohapatra, Jeypore
- 18 Sri U K Panda, Director (Finance & Corporate Affairs), GRIDCO
- 19 Sri J P Das CGM, (Operations)
- 20 Sri V Biswal, Managing Director, OPGC
- 21 Sri S K Patnaik, Director (Finance), OHPC
- 22 Sri Swapan Dasgupta, CEO, CESU
- 23 Sri M R Mohapatra CEO, NESCO
- 24 Sri P. K. Pradhan, CEO I/c, WESCO
- 25 Sri A.K. Vohra, CEO, SOUTHCO

OERC SECRETARIAT:

1. Shri N C Mohapatra, Secretary I/c & Director (Law)
2. Ms Purabi Das, PAO

TIME : **3:30 PM**
DATE : **12TH FEB 2009**
VENUE : **CONFERENCE HALL, OERC**

INTRODUCTORY

The 7th meeting of the State Advisory Committee (SAC) of the Orissa Electricity Regulatory Commission (OERC) was held in the Conference Hall of the Commission at 3:30 P.M. on 12th February 2009. The meeting was presided over by the Chairperson, OERC. Shri B.K. Das. Member, Shri K. C. Badu was also present.

2. Shri Das welcomed the members of the SAC to the meeting and introduced the agenda item, viz.
 - a) Tariff proposal for 2009-10

He requested Dr M S Panigrahi, Director (Tariff), OERC to make a presentation on the tariff proposal for 2009-10. Accordingly Dr Panigrahi made a detailed presentation & analysis. At the end of the presentation the Chairperson invited the invited the SAC members to give their feedback on the matter.

Tariff appraisal

3. Sri S C Mahalik, SAC Member, said that earlier the focus was on retail tariff but Dr. Panigrahi's presentation demonstrated how transmission and generation tariff are impacting the retail tariff. OHPC's design energy is coming down steadily, yet there is a preposterous effort on the part of the generation utility to hike its tariff. The efficiency of the hydro generation utility is coming down inspite of huge capital investments. Earlier the Commission was very liberal with OHPC but this should not go on, he felt.

As for OPTCL, there appears to be no reason for the continued existence of this utility which inherits all the drawbacks of its parent organization, GRIDCO. The latter is most inefficient. For three years it sat on the reform process and did nothing.

The manpower of this utility alone is huge and exhausts its entire revenue. The Commission has been unnecessarily charitable to this useless utility. Its Transmission loss in 1996-97 was 4%. Subsequently it increased to 5 % and is now 4.5% stipulated by OERC in their tariff order for 2008-09.

OPTCL too has made massive capital investments with no increase in efficiency. It has proposed that transmission tariff be hiked from 21paise per unit to 57.41 % (including SLDC charges). If this is allowed, open access will be set to nought. This proposal is being tolerated only because OPTCL is a Govt. monopoly.

As for Cesu, said Sri Mahalik, it has made a dangerous proposal for reduction of the differential between the lowest & highest tariff slabs. Average income of consumers must be noted, he felt, adding that till there is capacity to pay by other, lower slab consumers must be given concessions. The aim of the sector should be to increase access to electricity in Orissa. All the Distcoms and OPTCL are conspiring to de-electrify the state.

Sri Mahalik said that for sensitization of the management of the utilities, all CEOs may sit together and prepare a spreadsheet of figures submitted by them in the last eight years. All of them seem to be working at an optimum level of inefficiency and must be accountable to the consumers, he added.

4. Sri. Gyana Kar, SAC Member, said that calculation of depreciation by the OHPC is peculiar. Valuation which was earlier at book value has now been upgraded. He wanted to know what is the basis of calculation is. Moreover, 14% is not return on equity, he said, adding that it should be called debenture. At this period of recession, higher cost to LT & HT will have an adverse effect of imposing an added burden on consumers, he felt. The proposals of the utilities are based on financial jugglery with no sound logic in calculation. There is no effort at raising efficiency or cost cutting and the proposal should be rejected outright.
5. Sri S K. Nanda, SAC Member, said that the licensees through ARRs are trying to justify the high expenses. When something was proposed in 2008-09, how can they go ahead and project higher expenditure now for the said year without approval? Let them give a revised estimate for 2008-09 & it can be approved but let them not incur unauthorized expenditure.

In eight years with all the expenditure, loss is 39%. There is hardly 3% reduction, he commented.

The Sovan Kanango Committee recommended 5% reduction every year based on their own submissions. But they go on increasing the loss & the Commission grants it to them. In 96-97 the loss was 46% for 11,000 million units. After eight years and Rs 1500 crores expenditure for which we are bearing interest, depreciation, etc, loss is still unacceptably high.

OPTCL has proposed system improvement which is not required and where load is high it has made less investment. The C & AG has commented on this account. Frequency of interruptions is on the rise. They say spare power transformers are to be acquired. He felt this is unnecessary. Earlier in OSEB days two power transformers were there in a S/S so that they are connected on both sides & can be switched for alternate use, he explained.

Today inspection for safety is not being done. In Bolangir six days back one person was electrocuted by touching a Sub-Station. Even in BBSR there are no fencing or gates around sub-stations. Just because Govt. has handed management to the private companies, it does not mean that mandatory requirements should be given a go-by.

Responsibility for safety should be primarily with the engineers. There should be no contract work or outsourcing. Let the concerned department. do it & let engineers be held accountable, he suggested. Earlier Orissa was the best in India with regard to performance of rural electrification was concerned. He questioned why the work has been given to NTPC now.

Regarding surcharge on open access, it is being calculated as the difference between cost & cost at which power is supplied. It should be competitive in the market, felt Mr Nanda.

Regarding Ring Fencing of the "SLDC", he observed that independent decision will not be possible when the former is working under Gridco. He said that complete autonomy is called for. He wanted to know why the SLDC is not able to monitor low voltage & outages. This is because every body is callous. Let SLDC file a report separately on voltage & outages of all sub-stations to the Commission.

The Chairman OERC clarified that accounting separation for the SLDC is just a beginning, though the ultimate objective is full autonomy for independent functioning of the SLDC through separate board of management.

- 6 Dr. Arati Mohanty, SAC Member, wanted to know why interest on bank loan is shown on the rise in the tariff proposal though banking rates are down. O & M expenses are also on the rise. This should be examined, she felt, adding that there should be difference in rural & urban tariff. As financial melt down is being faced all around, huge tariff rise is uncalled for, she felt. She demanded that the govt. should give some subsidy to arrest the tariff rise.
- 7 Sri B K Mohapatra, SAC Member, observed that from the very beginning the generation, transmission and distribution licensees are adopting well designed tactics to claim for increase in tariff every year. They were inflating the cost of operation enormously to create psychological pressure for enhancing tariff. They are loading their business losses, bad debts and rebate etc to the cost including the cost for advice and consultancy and manipulating the internal audit system to project higher cost. They are making an effort to gain sympathy of the Commission for theft of power by putting all blames on consumers and claiming higher losses. They are comparing Orissa with other states where tariff rates are higher.

He pointed out that the commission had substantially increased the tariff of OHPC for the year 2007-08 for which all consumers were affected. He maintained that there is no justification for additional capital expenditure of OHPC for the year 2008-09 when the

design energy is reduced by more than 10%. He suggested that capital expenditure should not be considered unless the design energy is increased to justify the same.

Mr Mohapatra observed that OPTCL has claimed transmission tariff of 57 paisa per unit for the year 2009-2010 against transmission tariff of 21 paisa approved by OERC for the year 2008-09. After scrutiny by OERC the cost was brought down from 655 crores to 376.5 crores in 2008-09. There is no sign of improvement in the quality of power and reduction of transmission loss to assess their performance. The Commission has become too liberal by allowing 4.5% transmission loss in the past tariff and thereby offered a scope to become inefficient and uncompetitive. In view of this the loss should not be allowed above 3% in any case.

With regard to CESU he said it never bothered to follow the guide lines given by OERC from time to time. They never considered the standards linked with the tariff fixed by the Commission. The consumers feel the licensees have taken the Commission for granted. The Licensees have succeeded in reversing previous decisions of the OERC in their subsequent orders as a result of which there is absolutely no improvement in loss reduction in the last 9-10 years.

In spite of having specific provision under the Electricity Act, 2003 to deal with theft of power and establishment of special courts & police stations there is no increase in efficiency. The licensees are not behaving like commercial organizations to take advantage of the protection given by Government. On the other hand they expect OERC and the consumers to help them for the implementation of various anti theft measures. The Commission should not have any soft corner for the licensees which are being managed by highly paid & experienced bureaucrats who are capable of solving all problems in close consultation with the Government. That is the reason why they have been involved in the management.

Even after 12 years of reform the Distcoms are not able to pin point the sub-stations where the theft is higher. Energy audit is necessary as it will reduce at least 50% of the theft once the management functions on definite information. This will also help the Licensees to get cooperation from the most of the consumers. Unless this is done, the dishonest and inefficient employees of the licensees can not be controlled.

The commission should now be sympathetic to the consumers who have been deprived of their right to getting uninterrupted supply & quality of power since the inception, he observed. Rather the licensees' proposal should be rejected for non compliance of Commissions orders and failure to meet the targets fixed by the Commission on all fronts.

With regard to small scale industries, Mr Mohapatra said that they contribute immensely to the employment, export and GDP of the state. Therefore there is no justification to withdraw the concession given to Small Scale Industries by the Commission before reclassification. The Commission should consider granting a special tariff for small scale industries availing power at least less than 50 KW, he said.

The following suggestions for losses may be considered in the interest of the consumers and pressurizing all types of licensees to become efficient without any further concession, Mr Mohapatra emphasized.

Approved for 2008-09		Suggested for 2009-10
OPTCL	4.5%	3%
CESU	32.84%	30%
SOUTHCO	34.60%	30%
NESCO	29.23%	27%
WESCO	27.6%	26%

8. Sri K N Jena, SAC Member, said that this tariff submission has not been made without serious effort but has been filed mechanically in a routine manner. He pointed out that the electricity laws have been overhauled in 2003 to give affordable, efficient & safe power to all. The Commissions must oversee this. The Distcoms are maintained by the society, so it is their duty to provide reciprocal service. But they have no social commitment or business ethics. It was thought that by privatization, bureaucracy will be replaced by professional management. Yet there is no change for the better. He wanted to know why there is such profligacy by the utilities. They are doing business, so why are they trying to shift losses to end user, he queried. They are acting as if they are not accountable to anybody but they should be made so. Sri Jena said that consumers had thought that the regulatory regime would come to their rescue. But they find the same mind set even today.

For instance, he wished to know why Cesu proposes Rs 20 for home delivery of the bill. It is in their advantage to collect, so they should invest. Utilities have increased meter rent, new supply charges, etc yet accidents are rising due to lack of maintenance. How will the compensation be paid? Sri Jena urged the Commission not to allow tariff increase when the standard of performance is deplorably unsatisfactory and there is no sign of loss being reduced.

With regard to Gridco, he wanted to know why a trader is being allowed to make a tariff submission. Who will bear the burden of its loss, he asked, adding that cumulatively from generation to distribution, everyone was making losses & passing them on to the consumer. He expressed surprise that though the utilities have been provided with basic infrastructure they are still unable to deliver. He queried about how much they have invested & in what manner. He demanded that this should be properly scrutinized. He also felt that a two-member Commission cannot hear tariff applications & pass orders. However, in response to this the Chairperson made it clear that there are no such restrictions in the Electricity Act, 2003.

9. Sri S C Mohanty, SAC Member, said that OHPC, Gridco & OPTCL were under state government and wanted to know what the government is doing to increase their efficiency. He queried, whether the latter agrees to their proposal for tariff hike. He added that the aims of reform are not being met and none of the four stake holders are doing their assigned duties. He observed that during reform all state governments continued to pay subsidy but the Orissa government was not in a position to release subsidy because of grave financial condition in the past and now it continues the same policy of no subsidy to the power sector. Not only this, there is no help in any other form. Govt. arrears are not paid. In eight years the OERC gave so many orders to government owned utilities to increase manpower but no one bothered to listen. In Andhra Pradesh & West Bengal, political will helped bring down T&D loss. In Orissa we have five police stations but not a single energy theft has been booked.

He felt that when the State Govt. is not providing any subsidy, the departments and the organizations under its control should pay higher tariff to meet the arising cost of generation, transmission and distribution partly arising out of proposed revision of scales of pay of the employee of the utilities. Since the State Govt. is not providing any subsidy, he said that a tariff hike is necessary to get a response from the government. He wondered how an honest worker could work in such an environment. He said that the number of workers had come down from 40,000 in pre-reform days to 20,000 today. He apprehended that the state is heading towards deadly power crises. Load is rising and we have only 2200 MW firm power. Hydro power capacity is coming down, so power cuts are inevitable. Shareholders agreement is not being renewed by the REL companies. They are violating all standards. Only political will & the Chief Minister's intervention can save the power sector, he felt. He suggested that rural tariff should be reduced and the urban tariff should be hiked and the power supply of top ranking officials disconnected first for non payment.

10. G N Agarwal, SAC Member, wanted to know whether the Action taken Report of the last SAC has been submitted. The Chairperson clarified that since this is a special meeting on tariff alone, the ATR relating to the previous meeting would be taken up at the next meeting of the SAC.
- Regarding loss, he said that LT consumers steal in connivance with the utility staff and this should be addressed. Moreover, they were not reporting theft. Utilities should come up with their plan action to voluntarily reduce loss, he felt.
- He also wanted to know why there is less power production by OHPC this year though the reservoir position is the same as last year. As for R&M, though OHPC has claimed to have spent crores of Rupees, there is no improvement in generation.
12. Sri Gobardhan Pujari, SAC Member, said that OHPC's proposal is not feasible. He pointed out that if water continues to be provided to industry, resources for power production will go down.
- Regarding T&D loss figures, he felt that they are all bluff only and submitted only to justify increase in tariff. He gave the example of Wesco whose submission showed 70% sale to HT & EHT while showing loss at 30%. In 1999-2000 the AG audited figures of the Distcoms and said that they are not reliable.
- A Mechanism needs to be developed to scrutinize the balance sheets as the Distcoms are hand in glove with the auditors. He urged the OERC to appoint independent auditors for the Distcoms to verify if the books of accounts are correct. He also suggested for a social audit of the functioning of the power utilities. The Distcoms are making huge profit but they are intentionally showing higher losses, therefore tariff should be reduced rather than increased, he said.
13. Sri Bansidhar Acharya, SAC Member, said that the ability of consumers to pay must be considered before bringing a tariff proposal. For instance he said, in some cases 70% consumers of a village are being given Kutir Jyoti connections, but there are huge arrears outstanding against them which is not being collected.
- He regretted that basic rights are not being granted to consumers by electricity utilities. Rights to information, right to safety, right to complaint & redressal are not being granted. The Complaint Handling Procedure is not observed, GRF orders are not implemented and right to consumer education is deprived. If consumers are deprived of basic rights & tariff is raised, there will be widespread discontentment and violent reaction, he said. The government must intervene as the system is not working and there is no accountability or cooperation with consumers. He suggested that fixation of tariff should be done keeping in view the interest of consumers and quality of service provided.
14. Sri Pradeep Sarin, East Coast Railways, said that the provisions of the National Tariff Policy are not implemented in the state. Capacity addition is not being done & power at designated stations not provided. ECOR does not get uninterrupted power supply. He said that though other EHT consumers are getting incentives, same is not available to Railways. He said that the Railway should be allowed open access from IPPs & CPPs If the distribution companies and OPTCL fail to ensure uninterrupted power supply at the appropriate voltage level. Consumers are being penalized for violation but distcoms are not penalized for their failure to ensure prescribed standard of performance and supply of power. When OPTCL does not levy penalty on the distribution companies for overdrawal of power, the distribution companies collect penalty from Railway in case of overdrawal. There should be equal terms for distribution companies and the Railways as well.
15. Sri Rama Subudhi, SAC Member, wished to know whether annual review reports are being provided to OERC. She queried whether there are any lacunae in observing directives and whether there is any effort to assess these lacunae & rectify them. The tariff application

must be taken in consonance with the above. If tariff is enhanced people will not be able to pay & there will be a revolution. Now only 40% of the consumers pay. There are five police stations and four Distcoms cannot do anything to stop theft. A revised tariff must be submitted by the Distcoms. They are focusing only on revenue collection but not on maintenance.

16. Sri P K Dash, SAC Member, asked why there is need to raise tariff? There is no change since OSEB days, either in infrastructure, performance or attitude. Bonafide consumers are being harassed, while thieves continue to operate unabated. Many shopkeepers and unauthorized consumers are consuming electricity without paying anything. This discourages honest consumers from paying electricity dues in time. There is fall in revenue collection, performance standards are not being met and power cuts are inevitable due to fall in water levels. If we raise tariff people will react. Besides, the proposed tariff hike appears disproportionate compared to the rise in salary based on the recommendation of the sixth pay Commission.
17. Sri Padhi, Director (Operation), OHPC said that the utility is not inefficient. In fact in the last three years its efficiency has increased. However this year rainfall was 30% less. Yet by daily coordination with the SLDC till June, 2008, OHPC could remain on par with hydro production of 2006-07. Today the utility is being approached by national companies for joint ventures. Regarding design energy versus capital expenditure, there are two major factors which are responsible for proposed rise of tariff;
 - a. The revised design energy has been worked out by an expert body engaged by OHPC as per recommendation of OERC.
 - b. The sixth pay Commission recommendations have strained our resources

Our vacancy level is now at 30%. There is nothing hidden in our figures. In the meantime the Government has allowed the filling up of vacant posts.

18. Sri U K Panda (OPTCL) said that real loss at the beginning of reform was 50% but was fixed at 39% by the World Bank. No transitional support was however, provided by the state government. Moreover, the projected EHT load predicted in 97-98 for turn around did not materialize. Gridco retained all losses. By efficiency of Gridco & OHPC, losses have now come down from Rs 2,500 to around Rs 1,400 crore. Gridco has played a key role in managing the power sector by trading surplus after meeting the demand of the state & acquiring power at high cost during the shortage period to meet the demand of the consumers in the stage. Coming to this year's tariff, in 2008-09 there has been no surplus power due to inadequate rainfall. Thus revenue gap is around Rs 500 crore. In order to make power available to all consumers, high cost power is being considered from CCPs. Further servicing of loan should be allowed in 2009-10 as Gridco may have to incur loan to purchase high cost power to meet the demand of the state. Since 2001, there no increase in tariff and trading has helped offset rising cost of power purchase. The burden has not been passed on to consumer, he emphasized.
19. Sri J P Das, OPTCL, said that employee cost in a labour intensive industry is high after revision in terms of sixth pay Commission. For executives this is done every 10 years & for non executives every five years. He informed that an MOU has been signed with all unions for the purpose. Terminal benefits have also gone up & one thirds may be recovered this year & two thirds next year. We request that this cost may be allowed over 2-3 years. OPTCL is planning massive expansion of transmission projects, thus loan is being taken from PFC. Loan component is 90%, thus cost has gone up.

Complete audit has been done of OPTCL accounts. It is the first PSU fo complete audit for the year 2007-08. Since OPTCL is operating mostly in 220 KVA, the transmission level is higher than that of PGCIL which operates at high voltage level of 220, 400, 765 voltages etc. Regarding interruption in railways, particularly in Khurda traction, from October to

December, 2008, there was over drawl by Railways. That is why there is over tripping. 50 % comes from over current. Sudden demand causes jerks which throw the system out of gear. Member Sri Badu said that OPTCL should either supply quality power or allow Railways to go for open access, if it is practicable and feasible for Railway operation.

20. Sri Swapan Dasgupta, CESU said that there are two issues for Distcoms, loss reduction & consumer service. For technical reduction large investment is required. Commercial losses can come down by management. He said Cesu is trying to achieve this without investment. That is why loss reduction is low. As for consumer service, Cesu is trying to improve but consumers are also paying the same tariff for the last eight years, yet they get basic supply. We must look also to consumers' responsibility. Instead of putting blame on each other we should find out solutions to the various problems, both consumers and distribution companies are facing.
21. Sri A K Vora, Southco said that the distcom tried to get loan for capital investment from REC and for this they sought Rs 45 crore worth of assets for hypothecation. The government first agreed to the proposal but at a later stage Gridco refused as a result of which the utility does not have the wherewithal for system improvement. He urged the government and Gridco to give a fresh look for allowing a small part of the assets for hypothecation to avail for capital investment. Member Sri Badu suggested that GRIDCO should reexamine the issue for coordinated functioning of the power sector as a whole. .
22. Sri P K Pradhan, Wesco said that distribution loss is decided on two parameters, on energy purchased from Gridco & second billing to consumers. Monthly billing is displayed on Wesco's website. It is fully computerized and there is no falsification. LT load is increasing but no one wants to pay. He said that we compare service levels with Bombay & Delhi but when we pay we speak of poverty. The service area is much wider but the consumer base is less in Wesco. The power lines are old, 5000 kms of lines are in forest area in Wesco alone. But it is inherited from OSEB days, so elephants die. Wesco does not have funds to finance the redrawing of the lines. There is no administrative support & GRF courts are passing orders without considering the past history of the consumers. Wesco has paid Rupees nine lacs to energy Police station and filed 1200 FIRs but only five have been booked in the last three years.
23. M R Mohapatra, Nesco said that outage of Bhadrak is due to grid constraint. We need investment to reduce loss, random sampling/consumer survey/load census/spot billing are needed to reduce loss level.

24. **Summary of the suggestions of SAC regarding tariff for 2009-10**

- (i) The performance of the distribution companies is deplorable and during the period of 10 years the distribution loss has been reduced from 43.91% in 1999-2000 to 37.5% in 2007-08. For the current financial year 2008-09, the distribution loss fixed by OERC is 27.00% whereas, as per the performance of the distribution companies' upto September, 2008, the distribution loss is 36.40%.

Similarly, the AT&C loss which was 56.7% in 1999-2000 has been reduced to 40.9% in 2007-08. Against the target of 30.4% of AT&C loss fixed by OERC for 2008-09, the AT & C loss upto September 2008 is as high as 41.55%. The target of AT& C loss in LT category fixed by OERC for 2008-09 is 43% but upto September 2008, the AT&C loss in LT category is as high as 67.85%. There is no point in pouring water in a leaked bucket. When no concrete steps have been taken by the distribution companies to reduce the distribution loss, there should be no upward revision of tariff for 2009-10.

- (ii) When the standards of performance is not satisfactory, the grievances of the consumers are not attended to expeditiously and there is no sense of urgency in handling the complaints lodged by the consumers, there is no moral right for the

distribution companies to claim higher tariff. The distributions companies can claim reasonable tariff only if they provide quality of power and attend to the grievances of the consumers expeditiously.

- (iii) The burnt transformers are not being replaced for months together and the over loaded transformers are not being upgraded. There has been huge extraction of energy by hooking, by-passing of meter and other means as a result the honest and genuine consumers are bearing the loss. This discourages the honest consumers not to pay electricity dues in time. The honest consumers should not be burdened with rise in tariff.
- (iv) Govt. holds 49% share in distribution companies. It is also the duty of the State Govt. to ensure effective steps for reduction of AT & C loss. Since State Govt. is not providing any subsidy or Fund for capital investment, Govt. organizations and organizations under its control should pay higher tariff compared to the general consumers.
- (v) Because of financial melt down prevailing through out the world, the industries, specially Ferro Alloys industries and the Small Scale Industries and should be given concessional tariff.
- (vi) There have been frequent interruptions of power and undeclared power cut in the rural areas. No safety measures are taken. As a result, men and animals meet fatal accidents in different areas. Decisions of the GRF are not being implemented and there is no accountability at any level in the distribution utilities.
- (vii) The distribution companies are reporting the standards of performance and this is being publicized by the OERC in different newspapers for information of general public. What is being reported as performance standards is far from truth and there is need for social audit of the performance of the distribution licensee.
- (viii) The books of accounts of the distribution companies should be audited by independent auditors appointed by OERC.
- (ix) When losses are high there should not be any return on equity for the distribution companies. The investment made by the distribution companies at best can be termed as venture capital.
- (x) OERC should not allow any concession to utilities if they fail to meet specified standards and achieve the target of loss reduction.
- (xi) OERC should not deviate from its own past orders in setting loss/performance parameters. T & D loss should be brought down.
- (xii) Transmission loss projected by OPTCL at 4.5% for 2009-10 should not be accepted. In the PGCIL system the transmission loss varies from 2.5% to 3.5%. The transmission loss in case of OPTCL should not exceed 3.5% while the international standard for transmission loss is 2% to 2.5%.
- (xiii) When OPTCL does not levy penalty on the distribution companies for over drawl, the distribution companies collect penalty from Railway in case of over drawal. There should be equity for distribution companies and the Railways as well.

Railway is an EHT consumer and incentive tariff provided to all EHT consumers should be equally applicable to the Railway.

Further, there has been frequent interruption in the Railway traction and there is dislocation in movement of trains. The cause of interruption is not being addressed by OPTCL despite repeated reminders and personal approach. OPTCL should

allow open access to Railway to draw power from independent power producers if OPTCL does not provide un-interrupted power.

- (xiv) OPTCL is putting all sorts of hurdles in operationalising open access of power and as such it is OPTCL who is foiling the competition in the power sector.
- (xv) OHPC has projected revised design energy, which is substantially lower than the original design energy. Against the design energy for sale approved by the OERC for 2008-09 at 5884.9 MU, OHPC is now showing the revised design energy for sale for 2009-10 at 5117.08 MU, the reduction being 764.66 MU. There has been capital investment. The Commission should give a very critical and serious look to the proposed revised design energy submitted by the OHPC.

OHPC should not be allowed additional capital expenditure unless design energy is improved.

When the water level during the current year remains more or less same as the corresponding month of previous financial year, it is not understood how there has been less generation of hydro power during the year 2008-09. However, for meeting the likely production of hydro power the requirement of water for industrial purposes and irrigation purposes have to be taken into account.

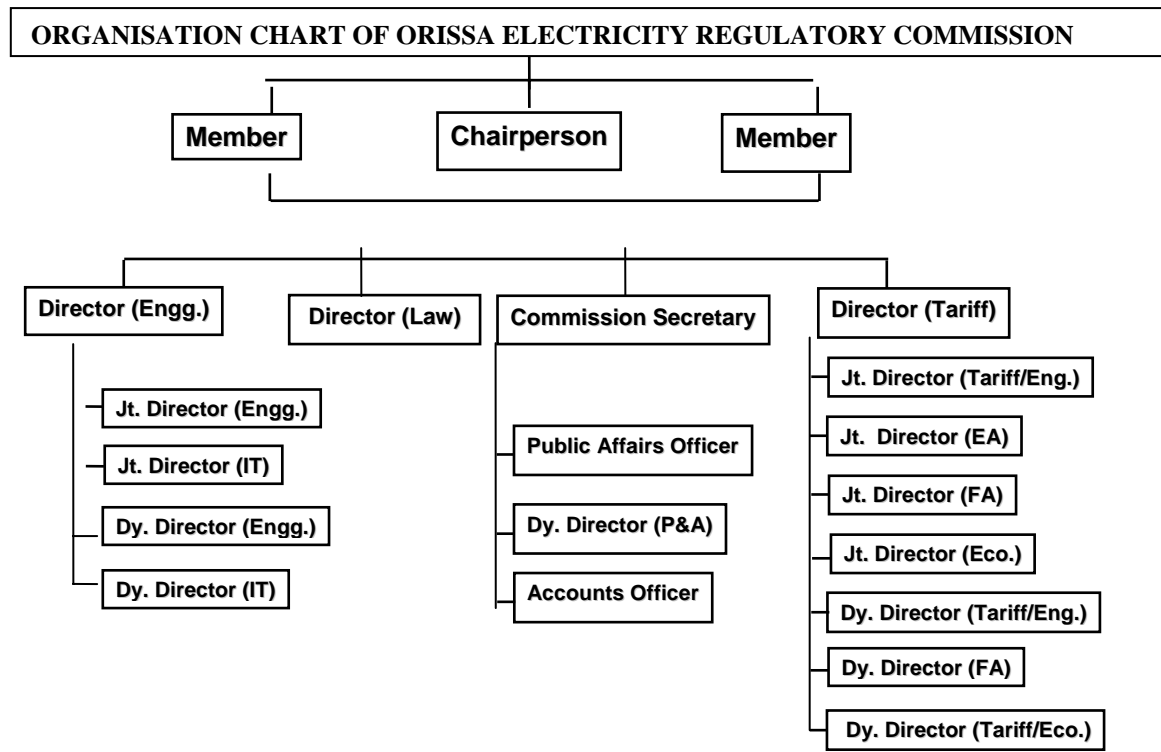
- 25. Responding to the various suggestions and deliberations made by the participants, Shri K. C. Badu, Member, OERC expressed his gratitude to all the participants and said that the valuable inputs provided by the SAC members will help the Commission in arriving at decisions which will help the consumers and the licensees as well. He further clarified that the Commission is not soft to the licensees and it tries to be fair to one and all. The Commission does not decide the ARR and tariff based merely on the estimated/revised estimates projected by the licensees. It decides the various efficiency parameters after taking into account the performance parameters fixed for the previous years but not based on the actual performance projected by the licensees. While doing the truing up exercise, the performance parameters are kept in view and it does not allow the loss or gap actually worked by the licensees, otherwise it would amount to awarding the inefficiency. He further said that there is need for capital investment by OPTCL and GRIDCO to strengthen their business prospective and Govt. as share holder should also consider for capital investment in system improvement of transmission and distribution of electricity in the state. In his concluding observation Sri Badu emphasized that the employees of the licensees have to change their attitude and approach to the grievances of the consumers which are vital to the success of the power sector reform in the State. They have to be prompt and cordial in responding to the complaints of the consumers and there is no scope for any debate about this. Without satisfactory service and improvement in standard of performance, the consumers would not like to be unduly burdened with hike in tariff, be it generation, transmission or distribution, he observed.
- 26. The Chairperson thanked all participants and said that their suggestions would be kept in view while deciding the tariff for 2009-10.

Sd/-

(SRI K C BADU)
MEMBER

Sd/-

(SRI B K DAS)
CHAIRPERSON



LIST OF TRAINING & SEMINARS

Sl No.	Name and Designation	Particulars of Programme	Duration	Venue	Programme Conducted/Sponsored by
1	Shri S.K. Jena, Member	“Facilitating Integrated Approach for sustainable waste Management”	8 to 9 th April, 08	New Delhi	FICCI, New Delhi
2	Shri B.K. Das Chairperson	“Grid Security & Management”	28 to 29 th April, 08	Bangalore	PGCIL, Bangalore
3	Shri K.C. Badu, Member	International Exhibition- cum Conference on Power Sector	11.09.08 to 13.09.08	New Delhi	FICCI, New Delhi
4	Shri S.N. Ghosh, Director (Engg.)	Power Transmission in India.	12.05.08 to 13.05.08	New Delhi	Power line.
		Indian Carbon Market Conclave, 2008.	14.10.08 to 16.10.08	New Delhi	FICCI, New Delhi.
		“Workshop on Power Sector”	26 th to 28 th Sept, 08	Bhubaneswar	Silicon Institute of Technology.
5	Sri. N C Mohapatra, Jt. Director (Law)	“Capacity Building Programme for the officers of Electricity Regulatory Commissions”	1 st to 5 th July. 08	IIT, KANPUR	FOR sponsored
6	Shri Ajay Sahoo, Dy.Director (FA)	Energy Accounting & Auditing in Power Sector- Strategies & Technique	19.05.08 to 21.05.08	Hyderabad	CIRE, Hyderabad.
		International Exhibition Cum Conference on Power Sector	11.09.08 to 13.09.08	New Delhi	FICCI, New Delhi
7	Shri S.P. Mishra, D.D.(Engg)	“Power Quality Management, Monitoring, Analysis & Mitigation”	7 to 11 th April, 08	Kanpur	IIT, Kanpur
		Project Development, DPR preparation, Appraisal Implementation, ABT & Trading	05.06.08 to 07.06.08	Hyderabad	ESCI Hyderabad
		“Short Term Course on Regulation in Electricity Sector with Specific Reference to Renewable Energy”	25 to 27 Sept. 08	IIT, Roorkee	FOR Programme/ IIT, Roorkee
		“Electrical Safety Procedure, Accident Prevention & Disaster Management”	4 to 8 May, 09	NDPL Training Centre, New Delhi	CENPEID

8	Shri A.K. Panda, Jt. Director(TE)	ABT & Trading.	16.06.08 to 19.06.08	Hyderabad	REC/CIRE, Hyderabad
		“Short Term Course on Regulation in Electricity Sector with Specific Reference to Renewable Energy”	25 to 27 Sept. 08	IIT, Roorkee	FOR Programme
9	Shri Priyabrata Pattnaik, Joint Director (Tariff Econ)	“3 days residential workshop on a Critical Appraisal of Contemporary Development on Power Sector”	20.06.08 to 22.06.08	Puri	Current Creator, BBSR.
		“Drum Programme”	23 to 24 July, 08	New Delhi	WISE, New Delhi.
		“Workshop on Power Sector”	26 to 28 Sept, 08	Bhubaneswar	Silicon Institute of Technology.
10	Shri K.S. Biswal, Dy. Director (P&A)	“Training on Open Access and Role of Load Despatch Centres for the Officers of ERC”	2 to 7 th Feb. 09	NPTI, Faridabad	FOR sponsored
11	Shri Sanjay Das, Accounts Officer	“Training on Open Access and Role of Load Despatch Centres for the Officers of ERC”	2 to 7 th Feb. 09	NPTI, Faridabad	FOR sponsored

**B. K. DAS
CHAIRPERSON**

**D.O. No.Secy-066/2000/
Dt. : 15.5.2008**

Dear

Sub : Payment of electricity dues by Government Departments, ULBs, PRIs, PSUs, Co-operatives, etc. / Administrative support to curb theft of electricity.

We are indeed grateful that Govt. in the Dept. of Finance has given clear and unambiguous advice to all Departments, ULBs, PRIs, Co-operatives, etc. that timely payment of electricity bills and settling all arrears of dues towards electricity supply is an essential aspect of financial management and discipline. We would again request that this aspect may please be regularly monitored by the nodal dept. so as to ensure timely adherence to the advisory issued by the Government. Urban Local Bodies, Panchayati Raj Institutions (Gram Panchayats/ Pani Panchayats), Public Sector Undertakings, Co-operative Societies, Autonomous Organizations, etc. have accumulated huge arrears of electricity dues. ULBs within the ambit of CESU alone have arrears of Rs.44.14 crores as on 01.4.2008, of which Bhubaneswar Municipal Corporation alone has an arrear of Rs.16.56 crores. This is only by way of illustration to highlight the fact that such arrears lead to defaults in paying for power purchase dues and further leading to a cascading default in payments by Generating companies to Coal companies, by Coal companies to Indian Railways for coal transportation and thus leading to delayed delivery of coal and a host of problems affecting regular and quality supply of power. In order to obviate the entire vicious cycle, timely payments to the DISCOMs for services rendered keeps the commerce of power generation, transmission and distribution well lubricated and smooth. While disconnection for non-payment of bills is always an option and can certainly be used rigorously, it does not behoove Govt., its various arms and agencies to feel the pain of disconnection and lack of electricity supply and that too for a simple administrative measure that is routine and automatic.

2. The recent measures taken by Govt. will go a long way in assisting the efforts of the DISCOMs in improving their revenue collections and their overall financial health. I must not only appreciate your personal efforts in the matter but also thank you for all your persuasive measures in this regard. Concurrently another important area of considerable concern, towards which I would also request your attention is the unsustainable levels of theft of electricity that is negating all the gains of Orissa's pioneering efforts in electricity reforms. The privatized utilities find any further capital investments unviable and unattractive. The application of technology alone cannot mitigate this scourge. Governance and administrative measures, particularly effective policing and prosecutions are vital.

3. Govt. have been good enough to establish five dedicated energy police stations. They need to be made really dedicated, only for policing the theft of electricity and pursuing the prosecution of the offenders. With inadequate staff and whatever staffs have been provided being used for other police work, has not been helpful in the least. These police stations must be fully staffed and one hundred percent dedicated to the work of policing energy theft. There is thus an urgent need to make the energy police station to function like energy police stations and not as general duty police stations for all types of crimes and law and order duty. The same may be said for the Special Courts for energy related crimes and offences.

4. Govt.'s administrative support by way of establishing energy policy stations and Special Courts in all the districts and their effective functioning, will not give any further excuses to the DISCOMs in not performing their own duty in reducing commercial losses by effective billing and collection and achieving their targeted loss reduction programme as approved by the OERC. May

I, therefore, request you to please give your personal attention to these aspects outlined in the foregoing paras, particularly in the context of Govt.'s stated objective of making power available to all house-holds by 2012.

Yours sincerely,

(B. K. DAS)

To,

Shri A. K. Tripathy, IAS
Chief Secretary to Govt. of Orissa
Bhubaneswar.

Copy to :

The Principal Secretary to the Chief Minister, Govt. of Orissa, Bhubaneswar for information and necessary action.

The Commissioner-cum-Secretary, Department of Energy, Govt. of Orissa, Bhubaneswar for information and necessary action.

The Principal Secretary, Home Department / The Principal Secretary, Finance Department / The Principal Secretary, Water Resource Department / The Principal Secretary, Co-operation Department / The Principal Secretary, Public Enterprises Department / The Commissioner-cum-Secretary, Housing & Urban Development Department / The Commissioner-cum-Secretary, Panchayati Raj Department for information and necessary action.

The Director General of Police, Orissa, Cuttack for information and necessary action.

**B. K. DAS
CHAIRPERSON**

**D.O. No.CHP/2008
Dt. : 19.6.2008**

Dear

The Orissa Power Transmission Corporation Ltd. (OPTCL) has been taking several steps to augment and expand EHT network in the State. As per its mandate, under Section 39 of the Electricity Act, 2003, OPTCL is required to ensure development of an efficient, coordinated and economical system of intra-state transmission lines for smooth flow of electricity to load centres. To discharge this responsibility effectively, the State Transmission Utility (OPTCL) has to construct a number of grid substations and associated transmission lines in different parts of the State keeping in view load growth and other service requirement. Such developments require large-scale investments which OPTCL has to find from its own sources or through borrowings. Obviously such investments ultimately have an impact on tariffs and the consumers of electricity or the users of the system. The State Commission, therefore, looks into such investments very carefully to ensure that they are financially and economically viable without tariff shocks on the consumers and system users.

2. Notwithstanding such scrutiny, the Commission is also duty bound, as per its mandate under Sec.30 of the Electricity Act, 2003, to *“facilitate and promote transmission, wheeling and inter-connection arrangements within its territorial jurisdiction for the transmission and supply of electricity by economical and efficient utilization of electricity.”* The Commission, thus, must also promote and facilitate development of transmission and supply of electricity and cannot be entirely bound down to financial and economic viability. We need also to keep in view the development plans of the State Govt. and the policies of the Govt. of India including the National Tariff Policy, the National Electricity Policy and the Rural Electrification Policy.

3. At present OPTCL has 83 grid substations including switching substation to support the down stream network of distribution utilities. Pressures on the EHT network of the state has been mounting due to rapid industrialization, massive rural electrification and capacity addition in generation. The National Electricity Policy has also ambitious plans of enhancing per capita availability to 1000 units of electricity per year by the end of 11th plan period. Recently OPTCL has submitted a number of investment proposals to OERC, which includes establishment of new grid sub-stations at several places in the state and associated transmission lines. OPTCL claims there are a host of benefits to be derived from the projects which interalia include the following :-

- (i) Improvement of voltage profile in the respective command area.
- (ii) Minimize interruption of power supply to consumers.
- (iii) Enhance security/reliability of the power system.
- (iv) Strengthening of transmission system of OPTCL at 132KV level.
- (v) Availability of alternate power supply in case of breakdown of the existing system at 33KV level.

4. The Commission has approved investment proposals of **Rs.102.99** crores for establishment of grid sub-stations at **Bhawanipatna, Kuchinda, Boudh, Padampur** and another proposal involving an outlay of **Rs.77.62 crores** for establishment of grid sub-stations at **Nuapada, Chandpur and Dabugaon**. All these grid sub-stations fall in the backward and tribal dominated districts of Orissa. During scrutiny of OPTCL's proposal, it was noticed that the weighted average annual rate of return on all the above investments is just about 7% which is far below the prime lending rate of commercial banks and financial institutions. OPTCL proposes to construct those grid sub-stations by institutional borrowing from PFC and REC which will be at much higher rates of interest and from its internal accruals to the extent available.

5. Since the inception of reform, the power utilities of the state have been running on market principles without any budgetary support from the state or the central govt. Their annual revenue requirement is allowed by the Commission after prudent check basing on well laid out methodologies. The main component of Annual Revenue Requirement of OPTCL includes Employee Cost, Repair & Maintenance Cost, Administrative & General Cost, Interest on Loan, Depreciation, etc. Although OPTCL is entitled to a return on equity @14% as per CERC guidelines, the State govt. has denied any return on equity to OPTCL on the recommendation of Sovan Kanungo Committee. In the above discussed projects, return on investment is very low and hence, concomitant debt servicing will have a harsh impact on the annual revenue requirement. At that time Commission will have no option but to allow OPTCL the additional revenue requirement due to these unviable projects, to be passed on to the general consumers of the state in the shape of electricity tariff. Since OPTCL is still in its infancy, this type of investment will have considerable impact on its business prospects and financial viability.

6. There can be no gainsaying that OPTCL is a commercial organization. It is well nigh impossible on its part to undertake public welfare activities beyond a certain extent which is the domain of the State govt. OPTCL has decided to construct those grid substations to provide quality electrical power to the backward area of the state. To supplement the rural electrification programme under RGGVY, the Govt. of Orissa has recently embarked on an ambitious Biju Gram Jyoti Yojana (BGJY), which will take electricity to the nooks and corners of the state. Unless the EHT network, the backbone of the electrical system, becomes technically and economically viable, these ambitious programmes will end up as a complete fiasco. Hence, rural electrification and the associated EHT support, should have equal weightage in the eyes of the planners. Govt. is providing grants for implementation of different welfare activities particularly in the backward region of the state from the Backward Region Grant Fund (BRGF) under the Long Term Action Plan (LTAP) for KBK Districts and under the Biju Grama Jyoti Yojana (BGJY).

7. You are aware that electricity is one of the most important driver of the economy and is one of the most critical infrastructure for any development. OPTCL is making an endeavour to make those areas economically vibrant by establishing grid sub-stations which will spur other down stream economic activities in the respective command area. The requirement of financial support from the Govt. is felt, as OPTCL as a commercial entity is embarking on a welfare activity. In our opinion welfare projects of OPTCL deserves the same treatment by the Government as Biju Grama Jyoti Yojana (BGJY). Govt. should lend support to OPTCL at least to the extent of making the scheme viable, if not, full financial back up.

8. May I, therefore, request you to allocate adequate financial support to OPTCL out of the BRGF Grant under LTAP and state's own resources for construction of the Grid Substations and the associated transmission lines in the backward and inaccessible areas where the projects are

not financially viable though these projects are absolutely necessary for the social and economic development of those areas.

Yours sincerely,

(B. K. DAS)

To,

Dr. R.N. Bohidar, IAS
Development Commissioner-cum-
Additional Chief Secretary
Planning & Coordination Dept.
Govt. of Orissa, Bhubaneswar.

Copy to:

1. The Chief Secretary-cum-Chief Development Commissioner, Govt. of Orissa, Bhubaneswar.
2. The Commissioner-cum-Secretary, Department of Energy, Bhubaneswar.
3. The Principal Secretary, Finance Department, Bhubaneswar.
4. The Principal Secretary to the Chief Minister, Orissa, Bhubaneswar.
5. The Chairman-cum-Managing Director, OPTCL, Bhubaneswar.

B. K. DAS
CHAIRPERSON

D.O. No.CHP/2008
Dt. : 12.11.2008

Dear

Sub : Ensuring continuity in the post of CMD, OPTCL, M.D. OHPC and other key functionaries in the power sector.

Please refer to my D.O. letter No.CHP/2008/65 dated 7th January, 2008 on the above subject. The Orissa Electricity Regulatory Commission is mandated under Section 30 of the Electricity Act, 2003 to *“facilitate and promote transmission, wheeling and inter-connection arrangements within its territorial jurisdiction for the transmission and supply of electricity by economical and efficient utilization of electricity.”* The Commission, thus, must necessarily promote and facilitate development of transmission and supply of electricity. While financial and economic viability is certainly paramount, promotion and development is equally important in tune with the development plans of the State Govt. and the policies of the Govt. of India including the National Tariff Policy, the National Electricity Policy and the Rural Electrification Policy.

2. Under Section 39 of the Electricity Act, 2003, OPTCL as the State Transmission Utility is required to ensure development of an efficient, coordinated and economical system of intra-state transmission lines for smooth flow of electricity to load centers. This necessarily calls for huge and judicious investments in a number of grid substations and associated transmission lines in different parts of the State keeping in view load growth and other service requirements. Such investments have to be found from its own sources or through borrowings. Obviously these investments will have an impact on tariffs and the consumers of electricity or the users of the system. While the State Commission might look into such investments with a fine tooth comb, the investments per-se will have to be done by OPTCL and the projects implemented by them in a careful framework and schedule, necessitating proper planning, coordination and efficient implementation in an integrated manner with all stakeholders in the transmission system comprising Generators, Distributors, and other licensees. The CEO of the STU must, therefore, be a person of exceptional ability having a background in electrical engineering and in both finance and management. But that alone will not suffice. He needs to be given adequate time and space to implement these plans and programmes. A quick turn over of the CMDs of GRIDCO and OPTCL cannot be conducive to either the health of the company or the Electricity Sector. During the past two years, we have seen three CMDs in GRIDCO and OPTCL and three Secretaries to Govt. in the Dept. of Energy. Any further turnover can be truly detrimental to the Electricity Sector.

3. The Dept. of Energy needs to oversee the integrated and efficient functioning of all segments of the power sector, to be focused and dedicated to the goal of generating power of the right quality and quantity at economic cost and its supply to consumers efficiently, wherever required. This task involves planning, design, engineering, project implementation and the entire gamut of procurement, handling, construction, operation and maintenance and management of resources, both financial and human. All this would entail and demands leadership having comprehensive and pragmatic management skills. The Secretary, Dept. of Energy, CMD, OPTCL & GRIDCO and CMD, OHPC need to be persons with vision and wide ranging managerial skills. They should not only have overall command over their subject but also continuity of tenure for a sufficiently long term to enable them to successfully steer and implement plans and projects.

4. The OERC on its part have been reviewing the status of the maintenance of distribution lines, sub-stations and also grid sub-stations. A direction has been issued to ensure

compliance and to ensure building of the required transmission infrastructure to meet the growing demand of industrialization in the State. It is necessary that there should be reasonable continuity of the present incumbents in the Dept. of Energy, OPTCL and OHPC at least for 3 to 5 years. I would, therefore, urge the Govt. not to make any changes in so far as the present Commissioner-cum-Secretary, Dept. of Energy, Shri S.C. Mohapatra and the present CMD, OPTCL Shri C.J. Venugopal are concerned.

5. For any long-term planning and successful development of the power sector in the state, there should be full time Chief Executives in these PSUs. OHPC till today does not have a full time CEO and so also OPTCL. What I would suggest is to continue Shri C.J. Venugopal, IAS as CMD, OPTCL while a separate MD could be posted for GRIDCO. Likewise OHPC must have an independent MD, given the fact that Hydro power is the mainstay of power generation in Orissa.

6. In view of the technicalities involved in the integrated development of the power sector, Govt. should seriously consider having a conscious policy of full time CEOs for the various entities and allowing the incumbents to continue in their respective posts for at least 3 to 5 years. Frequent transfers of the Chief Executives of OPTCL, GRIDCO and the Energy Secretary and not having a CEO for OHPC is causing grievous hurt to the long term development of the power sector in the State.

Yours sincerely,

(B. K. DAS)

To,

Shri Ajit Kumar Tripathy, IAS
Chief Secretary to Govt. of Orissa
Bhubaneswar.

**B. K. DAS
CHAIRPERSON**

**D.O. No.CHP/2009/994
Dt. : 06.05.2009**

Dear

Sub : Effective and pro-active participation by the State Government for ensuring sustainable development of power sector in the State.

Orissa Electricity Regulatory Commission from time to time has brought to the notice of the State Govt. the need for sustainable development of the power sector and many of the areas of concern in this regard. While the State Govt. has responded very positively to some of the issues, much remains to be done to ensure speedier development of the sector to achieve the desired objective of overall economic development of the State.

2. Despite our long years of reform, performance improvement in all aspects of distribution is slow and halting, particularly in reduction of losses – both technical and commercial. The desired levels in the reduction of losses is yet to be achieved and seriously telling upon the revenues of the DISCOMs. Every 1% reduction in AT&C losses would translate into Rs.48.00 crores of revenues to the power sector. Unless AT&C loss is reduced to around 15% it would be difficult for the sustainable development of the power sector in the State. This is where all the stakeholders need to have a single integrated strategy and an agreed action plan to be implemented in a time bound manner.

3. In the days immediately following the reforms there was frequent tariff revision resulting in an overall tariff rise of 17% during 1996-97, 10.33% in 1997-98, 9.3% in 1998-99, 4.5% in 1999-2000 and 10.23% in 2000-01. After 2000-01 the retail tariff has remained more or less constant with minor changes here and there. Thus, while tariffs have been a great source of comfort to consumers, the continued losses in AT&C have had a rather serious impact on the revenues and cash flow of the DISCOMs. There is hardly any cash available for effective repair and maintenance of the distribution network and the general health of the distribution system network.

4. The consequent and resultant state of the quality of supply too is not in a happy state of affairs. Constant interruptions in supply, coupled with low voltage are the order of the day. The AT&C losses, poor repair and maintenance, inability to make investments on system upgradation, tight cash flow have all brought the distribution system network into a state of near collapse. The vicious cycle of losses and poor cash flow needs to be systematically broken by systematic investments in system upgradation and proper maintenance of existing assets. The State Govt. has a 49% equity stake in the DISCOMs and, therefore, needs to take the lead in stepping into the breach and plug the leaks, losses and general deterioration in the system, to ensure efficient and continued stable supply of energy.

5. In the capital city of Delhi when the distribution business was privatized, NDPL's AT&C loss was around 53%. By 2008-09 they have reduce it to around 15%. This was enabled by massive State support. A cleaned up Balance Sheet and the State Govt.'s investment of around Rs.3200 crores for the improvement of the distribution network made this possible. This has not happened with us. Instead, the existing assets of GRIDCO were upvalued by Rs.1194 crores and that of OHPC by Rs.766.20 crores. This upvaluation led to a rise in the cost of hydro power as well as the cost of transmission and distribution, though subsequently this upvaluation was kept in abeyance. One of the important recommendations of the Sovan Kanungo Committee was that a budgetary support of Rs.3240 crores (in 2003-04) should be made available by the State Govt. to make the distribution system economically viable and to ensure quality power supply to the consumers at an

affordable price. The present value of this recommended support is around Rs.5000 crores. With the electrification of villages under the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) and Biju Gram Jyoti Yojana (BGJY) to provide electricity to all households by 2011-12, there would be an exponential growth of LT consumers. This in turn, will add to the huge depreciation and O&M liability of the distribution utilities. Given that the supply of electricity in rural areas, scores low in terms of profitability and the fact that the Aggregate Technical & Commercial (AT&C) losses are very high, no private player seems to be keen on rural electricity supply or any investment in rural electrification. Keenness can only be generated through a Public Private Partnership (PPP) in which the private entities are given adequate support by the Govt., not only to bridge the gap between the per unit cost of supply and revenue derived from the sale of energy but also to make rural power supply attractive and profitable. In Delhi the State Govt. provided support to the private distribution companies at the initial stages of reform, held their hands in stabilizing their operations and that resulted in their being able to reduce their losses substantially from opening level of 53% to about 15% in 2008-09.

6. While there is certainly the need to take aggressive administrative and financial measures to reduce the present unsustainable levels of AT&C losses there is also the imperative need for Govt. to participate actively in the day to day development of the power sector in the State. After experimenting with private distribution companies for almost one decade, we can no longer carry on with a "business as usual" approach. A serious rethinking and reorientation of our approach is essential. The present system of managing or treating the power sector in the State on an 'arms-length' basis needs to be changed to a 'hand-shake' basis. The State would be missing a great opportunity in fostering the rapid economic development of the State if not done now. It is a robust power sector which is the key to attracting investments to the State. Therefore, the State Govt. must come forward readily and work alongside the DISCOMs, the STU and the Generators in the day-to-day development of the power sector, rather than take a 'distance and aloof' approach.

7. The Commission would, therefore, like to recommend that the following steps be taken most expeditiously :-

- (i) The Energy Police Stations should be made to function effectively. They should be monitored for their effectiveness by an officer not below the rank of an IG of Police who should preferably be housed in the Dept. of Energy and report to the Dept. of energy in all matters concerning electricity offences and prevention of crimes relating to electricity.
- (ii) Since the revenues from electricity duty and dividends from OPGC is around Rs.800 crores the State Govt. should make an one time investment of Rs.800 crores in the power sector during 2009-10.
- (iii) Before the electricity sector was restructured with effect from 01.4.1996, the State Govt. was providing a subsidy of about Rs.250 crores per annum. After April 1996, the sector has not received any subsidy till today. It may be worth mentioning that most States continue to actively support their Utilities both administratively and financially. Electricity is a key input for any kind of economic development and support in this regard is too vital to be ignored. An illustrative example of the kind of support given is as below :-

Andhra Pradesh (Rs.1973.00 crores in 2006-07), Tamil Nadu (Rs.1330.10 crores in 2006-07 and Rs.1457.00 in 2007-08), Madhya Pradesh (Rs.595.12 crores in 2006-07), Gujarat (Rs.1767.00 crores per annum), Uttar Pradesh (Rs.3105.00 crores in 2006-07), Punjab (Rs.1845.81 crores in 2006-07), Delhi (Rs.92.00 crores per annum), Jharkhand (Rs.392.00 crores in 2005-06, Rs.210.00 crores in 2006-07 and Rs.98.00 crores in 2007-08), Rajasthan (Rs.700 crores per annum) continue to pay a substantial amount of subsidy each year.

- (iv) The State Govt. has got about Rs.611 crores towards dividend from OPGC excluding the disinvestment amount of Rs.603 crores. Electricity duty has also increased from Rs.121.35 crores in 2005-06 to Rs.359.38 crores (provisional) in 2008-09. The revenue thus, collected from power sector have been appropriated for general expenditure on various counts without any provision for the power sector. As a major stakeholder in the power sector, the time has now come for the State to invest substantially in the sector, at least out of the revenues earned from the sector. The State Plan Outlay approved for 2009-10 is Rs.9500 crores, of which Rs.7473.44 crores is under consolidated fund of the State and the balance of Rs.2026.56 crores is to the account of OPGC (Rs.1573.00 crores), OPTCL (Rs.410.06 crores), OHPC (Rs.33.50 crores), and OSRTC (Rs.10.00 crores) . OPGC, OPTCL and OHPC are quite unlikely to be able to arrange and spend such a huge amount. In that case, if Rs.800 crores is allocated from the consolidated fund of the State for distribution companies and OPTCL, the approved state plan outlay would not undergo any change or suffer from a short-fall in expenditure. This will on the other hand, have the effect of augmenting the state plan outlay in the consolidated fund of the State, the overall approved state plan outlay remaining the same at Rs.9500.00 crores for 2009-10.
- (v) Of the Rs.800.00 crores, Rs.100.00 crores may be invested in the upgradation of Grid-substations by OPTCL in order to improve the voltage profile in various remote and under-served areas. The balance of Rs.700.00 crores may be invested in the upgradation/renovation of distribution assets for the following work which are only illustrative but not exhaustive:-
- (a) Replacement of LT conductors by AB cables in theft prone areas.
 - (b) Installation of Pillar Box metering system.
 - (c) Upgradation and replacement of Transformers to cater to additional load.
 - (d) Replacement of old Circuit Breakers with Vacuum Circuit Breakers (VCBs).
 - (e) Replacement of faulty insulators wherever necessary.
 - (f) Replacement of existing weak LT/HT poles.
 - (g) Installation of new substation to improve voltage profile wherever needed.
 - (h) Re-conductoring in case of old lines with conductors of optimum size.
 - (i) Conversion of single phase into 3 phase system.
 - (j) Earthing of substations.
 - (k) Installation of Lightening Arrestors.
 - (l) Complete Distribution Transformer Metering for energy audit purpose.
 - (m) Provision of boundary wall/fencing wherever necessary around the s/s to ensure safety of the equipment and human lives and other such things.
- (vi) In addition to the suggested investment above for 2009-10 the State Govt. should provide each year from 2010-11 onwards an amount equivalent to the R&M expenditure approved for the distribution companies, which should be in addition and not in substitution of the same, for the respective years.
- (vii) At present the CMD, GRIDCO is the Chairman of the Management Board of the three Reliance managed distribution companies namely, SOUTHCO, WESCO and NESCO. The desirability of the Secretary, Energy being nominated as the Chairman of the Management Board of the three DISCOMs may be considered to ensure better and effective coordination with State Govt. at different levels.
- (viii) Despite a series of instructions from the Finance Department for timely payment of energy dues by Govt. departments, Urban Local Bodies, Panchayati Raj Institutions, Co-operative Societies, Public Enterprises, etc., there has been persistent default and the situation has not improved. This is an area of serious concern because the private consumers very often raise their fingers by pointing out that when the

departments and organizations under control of the State Govt. are themselves defaulters why should the distribution companies take discriminatory steps to enforce collection from them. The possibility of providing pre-paid meter for all such organizations under the control of the State Govt. or depositing electricity charges in advance may be considered. Unless Govt. departments, Urban Local Bodies, PRIs, Co-operatives, Public Enterprises become regular payers of electricity dues as per their consumption it would be difficult to enforce discipline amongst all consumers in a transparent and non-discriminatory fashion.

- (ix) In regard to the payment of arrears of electricity dues, outstanding as on 01.4.09 by the category of consumers mentioned in (viii) above such arrears of electricity dues may be reconciled in the first instance. Based on the reconciled outstanding arrears as on 01.4.09, the respective administrative department may be allocated a one time budgetary provision in their respective 'demand for grant'. After being approved by the Legislature, this one time budget provision may be released centrally and directly to the respective distribution companies to be adjusted towards the arrear as on 01.4.09. However, the current electricity bills would continue to be paid regularly failing which their electricity connection should be disconnected in accordance with the Supply Code. The payment of current bills may also be regulated as indicated in (viii) above through pre-paid meters or by paying the electricity dues in advance.

8. The budgetary support now proposed, will have to be passed on to the DISCOM's in a manner that has the least impact on both the DISCOM's slender finances or the Tariff applicable to consumers. Both "contribution to Equity" or as an outright "Grant/Subsidy" has its own problems. Equity contribution will affect the shareholding pattern and ownership, if the Private Sector Partner does not bring in an equal sum as his share. In addition, equity needs to be serviced by an appropriate return on such investments, with the resultant impact on Tariff. Grant or Subsidy as in the case of RGGVY and BGJY where the assets created continue to be owned by Govt. has its own problem. As the assets would not be owned by the DISCOMs, they will not be able to recover their maintenance costs through their ARR. Consequently, maintenance costs will have to be paid to the DISCOMs on an annual basis by the Govt. or else the assets will deteriorate fast without proper maintenance being done by the DISCOMs.

9. In consideration of the above problems, the best method would be to pass on the proposed "Support" to the DISCOMs as a "Subordinate and interest free loan". This would soften the impact on the finances of the DISCOMs as they would not be required to pay interest. The impact on the consumer would be negligible as a subordinated loan repayment will come up only after all other senior Bank and FI loans have been fully serviced and thus enable the DISCOMs service them later with ease.

10. Having regard to the various circumstances narrated above, the following modalities may be adopted.

- (i) Budget provision should be made in the capital account segment of Energy Department under the State Plan as "subordinate interest free loan".
- (ii) Allocation of funds for the respective distribution companies may be made in proportion to the LT consumers being serviced by the DISCOMs and their geographic dispersal.
- (iii) A monitoring Committee may be constituted under the Chairmanship of Secretary, Energy Dept. The E.I.C. Electricity, Chief Electrical Inspector, CMD, OPTCL, the CEOs of all the four distribution companies and the Special Secretary/Additional Secretary/Joint Secretary, Finance Dept. dealing with power sector. A senior officer from Planning & Coordination Department may also be included in the monitoring

Committee. The Committee would keep OERC apprised of progress of the investment programme from time to time.

- (iv) In the first instance budgetary allocation be released to GRIDCO by Energy Department. GRIDCO shall keep this fund in a separate account with their Bank. To start with 25% of the budgetary allocation may be released to the distribution companies by GRIDCO. Based on the progress of utilization GRIDCO would release fund to ensure that the progress of work is not affected.
- (v) All the funds released to the DISCOMs shall be an interest free loan but subordinate to all subsisting loans of Banks and FIs, repayable after all the said senior loans have been fully serviced.

11. OERC would continue to play its regulatory and advisory role in turning around the power sector as quickly as possible. This can only be possible with the active participation of the State Govt.

12. I would request you to please place the various issues as enumerated above before the State Govt. and come out with a clear cut, time bound, implementable action plan beginning 2009-10 without further delay so that sustainable growth of electricity can fully support rapid economic development.

Yours sincerely,

(B. K. DAS)

To,

Shri A.K. Tripathy, IAS
Chief Secretary and Chief Development Commissioner
Govt. of Orissa, Bhubaneswar.

Copy forwarded to:

Shri T. K. Mishra, I.A.S., Development Commissioner & Addl. Chief Secretary to Govt. of Orissa, Bhubaneswar for information and necessary action.

Shri B. K. Patnaik, I.A.S. Principal Secretary to Chief Minister, Orissa, Bhubaneswar for information and necessary action.

Shri R. N. Senapati, I.A.S. Principal Secretary to Govt., Finance Department, Bhubaneswar for information and necessary action.

Shri P. K. Jena, IAS, Commissioner-cum-Secretary to Govt., Department of Energy, Bhubaneswar for information and necessary action.

Secretary I/C, OERC

No.Secy-066/2007/751

Dt.09.04.2008

To

Shri R. N. Senapati, IAS
Principal Secretary
Finance Department
Govt. of Orissa, Bhubaneswar.

Shri B. K. Pattnaik, IAS
Principal Secretary
Public Enterprises Department
Govt. of Orissa, Bhubaneswar.

Mrs. Madhur Sarangi, IAS
Principal Secretary
Co-Operation Department
Govt. of Orissa, Bhubaneswar.

Shri S.C. Mohapatra, IAS
Commissioner-cum-Secretary
Department of Energy
Govt. of Orissa, Bhubaneswar

Shri Arun Kumar Panda, IAS
Commissioner-cum-Secretary
Housing & Urban Devl. Department
Govt. of Orissa, Bhubaneswar.

Shri R.N. Dash, IAS
Commissioner-cum-Secretary
Panchayati Raj Department

Sub : Payment of arrear and current electricity dues by the State Government Departments, Urban Local Bodies, Panchayati Raj Institutions, Public Sector Undertakings, Co-operatives and monthly monitoring thereof at the Govt. level.

Sir,

I am directed by the OERC to say that Chairperson, OERC in his DO letter No.CHP/2007/2216 dtd.12.12.2007 addressed to Chief Secretary, copy of which was also marked to you, had stressed the urgent need for timely payment of the current electricity bills and clearance of the arrear bills by all Departments, Local Bodies, Public Sector Undertakings, Cooperatives, Panchayati Raj institutions etc. It has been brought to the notice of the Commission that some of the organizations still are continuing in default in paying current monthly bills and also the arrear bills.

2. You are aware that despite price rise of the order of 4 to 5% per annum on the average, there has been no increase in tariff after 02.01.2001. Unless all consumers pay for the energy consumed, there cannot be sustainable development of power sector in the state and to ensure uninterrupted quality power supply to the consumers. In this connection what is critical to note is that the distribution loss being of the order of 40%, out of 100 units of electricity purchased from

Generators through GRIDCO, only 60% of the purchased Energy is being billed and further out of the amount billed around 80% to 90% is collected in a month/year. That means while a Distribution Company purchases 100 units for sale, it actual sells 60 units but collects for 54 units (90% of 60 units). This is why 100% payment of energy bill raised assumes greater importance because the Distribution Companies are to pay for 100 units purchased by collecting the sale price of 60 to 54 units.

3. In order to ensure prompt and timely payment of energy bills by all the above category of consumer, namely Govt. Depts., semi-govt. organizations, Urban Local Bodies, Panchayati Raj Institutions, etc., I would like to suggest the following action for your kind consideration and immediate and systematic follow up action at different levels.

- (i) In the case of Government Departments, a strictly enforced time table may be worked out for reconciliation of the arrears of electricity dues by the concerned DDOs and distribution licensees and in the event of not completing such reconciliation with a joint certificate signed by the DDO and the nominees of the distribution licensees, all treasury instruments/ bills/cheques for the month of May, 2008 onwards may not be accepted by the district treasury, special treasury, sub-treasury or the banks as the case may be.
- (ii) Similarly, on the bills to be presented for the month of June, 2008 it must be recorded by the DDO concerned that the arrears of electricity dues and current electricity dues have been paid and no amount is outstanding on such account and in the absence of such a certificate, the concerned treasury, sub treasury may not receive the bills and cheques as the case may be.
- (iii) The H&UD department may issue necessary advice to the urban local bodies and Panchayati Raj department, to all the Panchayati Raj Institutions to reconcile and to clear all the outstanding electricity dues before 30.06.2008 at the latest. While releasing funds to the local bodies, H&UD department and Panchayati Raj department may earmark a certain amount towards electricity dues and while releasing the subsequent installment, the concerned local bodies must record a certificate that the electricity dues are being paid regularly and there is no default on their part to clear the electricity dues including the past arrear. In the absence of such a certificate the installment in question may not be released by the Administrative Departments/ Controlling Officers.
- (iv) In the case of public sector undertakings and cooperatives, appropriate instruction may be issued by PE department and Cooperative department to ensure that the arrears of electricity dues and current electricity dues are paid in time failing which the electricity service would be disconnected by the concerned licensee after 30.06.2008.
- (v) In case of government departments, police stations, hospitals, universities etc., special instruction may be issued to clear the electricity dues on priority basis otherwise the licensees would be forced to disconnect the line after 30.06.2008 as in the case of the other offices.
- (vi) Adequate support from government should be made available to all the distribution licensees for disconnection of power supply for defaulting consumers including PSUs, urban bodies either for water supply or street lighting, cooperatives, universities, etc.

4. You may kindly appreciate that unless the Government Departments and institutions under its control become prompt in ensuring regular payment of electricity dues, both

current and arrear bills, it would be difficult to ensure discipline in the case of private consumers.

5. I, therefore, request you to kindly take appropriate action in this direction so that government departments, local bodies, public sector undertakings and autonomous bodies etc. become ideal consumers and not to blame that Government organizations and the institutions under it are habitual defaulters in payment of electricity dues.

This may be treated as most urgent and top priority may be given.

Yours faithfully,

Secretary I/c

Copy to :

1. The Private Secretaries to Hon'ble Minister of Finance / Hon'ble Minister of Energy, IT & Culture / Private Secretary to Hon'ble Chief Minister, for information and necessary action.
2. O.S.D to Chief Secretary, Govt. of Orissa, Bhubaneswar for information.
3. Shri T. K. Mishra, IAS, Principal Secretary, Home Department, Govt. of Orissa, Bhubaneswar for information and necessary action.
4. Shri Gopal Nanda, IPS, D.G. of Police, Orissa, Cuttack, for information and necessary action.
5. The CEOs of CESU, 2nd floor, IDCO Tower, Bhubaneswar / WESCO, Burla, Sambalpur / NESCO, Januganj, Balasore / SOUTHCO, Courtpetta, Berhampur, Ganjam, for information and necessary action.
6. Mr. V.K.Sood, M.D, Reliance Managed Distribution Companies, Central Offices (WESCO, NESCO & SOUTHCO), Mancheswar Industrial Estate, Bhubaneswar for information and necessary action.

No. JD (F)-175/02/1074

Dated 20.05.2008

To

The Commissioner-cum-Secretary to Govt.,
Deptt. of Energy,
Bhubaneswar.

**Sub: (i) Keeping in abeyance the up-valuation of Assets of OHPC and GRIDCO.
(ii) Moratorium of debt servicing by GRIDCO and OHPC to the State Govt.**

Ref: (i) Govt. of Orissa Deptt. of Energy Notification No. 1068/ R&R – 1-2/2002 dt. 29.1.2003.
(ii) DO letter of Chairperson L. No CHP / 2005/460 dt. 22.3.2005.
(iii) DO letter of Chairperson L No. CHP / 1968/16.12.2005.
(iv) This office L. No. Secy/2005/2032 / dt. 30.12.2005.
(v) DO Letter of Chairperson Letter No. CHP / 2006/110/24.1.2006.
(vi) Commission's Letter No. JD (F) – 175/02/93 dated. 17.01.2007 .
(vii) Commission's Letter No. JD (F) – 175/02/2291 dated. 17.12.2007 (Copy enclosed).

Sir,

In inviting a reference to the DO Letters on the subject cited above and the subsequent follow up with the Dept. of Energy vide the letters referred to above, no response has been received as yet at this end. In this context it may be mentioned here that though the Govt. of Orissa had allowed to keep the upvaluation under hold and moratorium on debt servicing till 2005-06, the Commission has requested for the extension of these policy measures beyond 2005-06 and has accordingly determined the tariff for 2006-07, 2007-08 and 2008-09 as the upvaluation was intended for improving the marketability of the utilities by improving their network without any cash input to that extent by the Govt. of Orissa which would have disastrous consequence on the tariff of the consumers for which the Kanungo Committee had recommended to keep it in abeyance. Had these policy assumptions as cited in the subject above been not made by the Commission while determining tariff for 2006-07, 2007-08 and 2008-09, the tariff would have been raised by about 48 paise per unit, 38 paise per unit and 35 paise per unit respectively.

This is a financial policy decision of Govt. of Orissa in respect of the power sector and has substantial bearing on Retail Supply Tariff paid by the consumers of electricity across the State. The importance of this policy decision can not be undermined.

In view of the urgency of the above policy decision by the State Govt., I would request that the same may be communicated to the Commission at the earliest.

Yours faithfully

Encl: As above

SECRETARY (I/c)

No.OERC/Law/01/2006/1410**Dt. 26.06.2008**

To

The Principal Secretary to Govt.,
Home Department,
Govt. of Orissa,
Bhubaneswar.

Sub: Establishment of Special Courts and Special Energy Police Stations in the rest 25 districts of Orissa.

Ref: Home Department letter No.JUS-4/2008(part) / 28157 dated 11.6.2008.

Sir,

I am directed to invite a reference to the subject noted above and to say that theft of electricity has been rampant in the state of Orissa ever since electricity has been supplied with widely distribution network to many of the households, commercial undertakings, public institutions, irrigation, industrial houses etc. This illegal abstraction of electricity has resulted in huge distribution loss of the order of 43% in general and around 65% in case of LT category of consumers. The distribution licensee wise overall aggregated technical and commercial loss and those losses pertaining to LT category for the year 2006-07 and 2007-08 upto September, 2007 for which actuals are available are furnished below:-

Distribution Licensees	Overall AT &C Loss (in %)		AT&C Loss for LT Category (in %)	
	2006-07	2007-08 (Upto 9/07)	2006-07	2007-08 (Upto 9/07)
CESU	47.1	46.7	58.4	58.9
NESCO	40.9	35.7	72.1	73.6
WESCO	40.0	40.3	73.2	74.6
SOUTHCO	47.4	51.4	58.6	62.9
ALL ORISSA	43.3	42.4	65.1	66.5

2. Thus, for every 100 units of electricity purchased in the state of Orissa, around 26 units are stolen and rest around 17 units goes towards technical loss. Needless to say that this has encouraged many honest consumers to join the stream of dishonest electrical consumers of electricity and thereby resulting in the increase in theft of electricity in the state. Considering conversion or lost units to billing units the power sector could gain upto 1000.00 crore of rupees @ 50.00 cr/one percent loss reduction. The major commercial loss is attributed to power theft and the technical loss to the run down infrastructure both of which need immediate attention.

3. To curb theft of electricity, the Govt. of Orissa, following the Code of Criminal Procedure, 1973, vide Home Deptt. Notification dated 09.10.2003 has established 5 Special Police Stations at Khurda, Cuttack, Sambalpur, Balasore and Berhampur. But the Commission while reviewing the performance of distribution licensees in electricity on 28.01.2008 came to know that these police stations were virtually defunct in spite of all the cooperation extended by the distribution companies. The distribution companies apprised the Commission that number of FIR lodged

relating to power theft case in those police stations were very low. In most cases, the police personnel were not simply going out of the police stations to check theft of electricity. Police personnel deployed in those police stations are being utilized by the district police authority for general law and order duty although the entire cost of the police stations is being borne by the concerned distribution company. It may be mentioned here that these Energy Police Stations are dedicated for offences related to theft of power etc. in the distribution of electricity business.

4. Though Govt. have been good enough to establish 5 dedicated Energy Police Stations, they need to be really dedicated only for policing the theft of electricity and pursuing the prosecution of the offenders. With inadequate staff and whatever staff have been provided being used for other police work, has not been helpful in the least. These police stations must be fully staffed and one hundred percent dedicated to the work of policing energy theft. There is thus an urgent need to make the energy police station to function like energy police stations and not as general duty police stations for all types of crimes and law and order duty. The same may be said for the Special Courts for energy related crimes and offences.

5. Here the Orissa Electricity Regulatory Commission would like to stress that by merely opening the energy police stations but not making functional by posting of required personnel, no tangible result can be expected. This is revealed from the number of police personnel available against the sanctioned strength in respect of those energy police stations. The cases registered so far not up to the mark. If the police stations would have been effectively operational, things could have been different. The energy police stations wise position regarding the sanctioned strength, police personnel in position, number of cases registered, payment made etc., have been indicated in the enclosed statement for reference of the Government.

6. At present the number of consumers in the state in around 27 lakhs. This is likely to increase manifold with completion of Rural Electrification works being undertaken under RGGVY and Biju Gramya Jyoti Yojana.

7. In order to make the power sector viable and improve the quality of supply in rural areas the present level of theft has to be drastically reduced and be effectively curbed. Unless this is done, investment in generation and distribution would become unviable and un-attractive. Power theft need to be curbed with determination and this is basically the governance issue rather than technical and commercial issue. Therefore, in the interest of overall development of the power sector in the state and to serve the consumers better, Govt. must play its effective role by providing effective police actions and subsequent follow up measures through trial in the special courts.

8. Govt. of India, in the mean time, have also amended the Electricity Act, 2003 providing stringent penal provisions for the offences relating to theft of electricity. As per amended Section 151, the court will take cognizance of an offence punishable under the Electricity Act, 2003 upon a report filed by a police officer. As per Section 151A. the police officers shall have all the powers as provided in Chapter XII of the Code of Criminal Procedure, 1973 (2 of 1974) to investigate offences under the Electricity Act, 2003. Further, as per Sec.151B - Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), an offence punishable under Sections 135 to 140 or section 150 shall be cognizable and non-bailable. The copy of the Electricity (Amendment) Act, 2007 (Act No.26 of 2007 dt.28.05.2007) is enclosed for reference.

9. As regards the mechanism for collecting the compensation from the distribution companies OERC has suggested that the distribution companies would deposit the amount representing the actual expenditure incurred on functioning of the sanctioned five energy police stations and expenditure on one Junior Steno-cum-Computer Assistant to be attached to each of the five Special Courts. As intimated by Energy Department in their letter Memo No.4026/ En dated

11.5.2007 the required amount is to be deposited in consultation with OERC/Home Department into Govt. Treasury in the following Head of Account.

- **0055 – Police – 800 – other Receipts – 0097 – Misc. Receipts – 02082 – Miscellaneous other receipts.**
- **0071 – Contribution and recoveries towards pension and other retirement benefits – 01 – Civil – 800 – Other receipts – 0092 – Miscellaneous receipts – 02082 – Miscellaneous other receipts.**

Since the existing five police stations have not become fully functional there has been some delay in reimbursement of the actual expenditure which also needs verification and reconciliation. However, OERC in its Tariff order for 2008-09 have allowed Rs.3.53 crores towards reimbursement of expenditure for functioning of energy police stations in the state as per the distribution company wise given below: -

Name of the DISTCOs	Amount approved by OERC for FY 2008-09 (Rs. in crores)
CESU	0.18
NESCO	1.29
WESCO	1.03
SOUTHCO	1.03

The actual expenditure incurred/ to be incurred on functioning of Energy Police Stations and on Junior Stenographer-cum-Computer Assistant for the Special Courts is to be deposited with approval of OERC in due course.

10. The Commission has gathered information that in all other States like, West Bengal, Andhra Pradesh, Karnataka where Special Courts and Police Stations have been established under the anti-theft law, the expenses therefor being fully funded by the respective State governments. The State Govt. of Orissa from 01.04.1996 has stopped paying any subsidy/subvention to the power sector. However, setting up of Police Stations and Electricity Courts will boost up the revenue realization. Incidentally this Act envisages setting up of Special Courts for speedy trial of electricity related offences. Setting up of more number of Police Stations is intended to supplement the activities of existing police stains, who should entertain electricity theft related cases also.

11. Though Govt. have decided that the cost of expenditure on one Junior Steno-Cum-Computer Assistant attached/to be attached to each Special Courts for the purpose of trial of energy theft related cases is to be reimbursed by the concerned distribution licensees, there may be difficulty in getting the information on such actual expenditure from those Special Courts . Govt. may reconsider not to insist the reimbursement of expenditure on one Junior Steno-cum-Computer Assistant attached / to be attached to all the Special Courts including the five already sanctioned. However, there may not be any change in reimbursement of expenditure on Special Energy Police Stations.

12. What is crucial for effective reduction of theft of electricity is the effective and coordinated functioning of the Energy Police Stations and speedy trials by the designated Special Courts. This would be possible only when the day to day functioning of the energy police stations is closely monitored on a regular basis at the level of I.G. or Additional D.G., specially designated and specifically assigned with the task.

13. Govt.'s administrative support by way of establishing energy police stations and Special Courts in all the districts and their effective functioning, will not give any further excuses to the DISCOMs in not performing their own duty in reducing commercial losses by effective billing and collection and achieving their targeted loss reduction programme as approved by the OERC.

14. In view of the positions explained above, the Orissa Electricity Regulatory Commission urge upon the State Govt. to establish energy police stations and special courts for trial of the offences connected therewith in all the remaining districts of the State without any further delay.

Yours faithfully,

Encl: As above.

Secretary I/c

Copy to:

Sri S.C. Mohapatra, IAS, Commissioner-cum-Secretary, Deptt. of Energy, Orissa, Bhubaneswar for favour of information and necessary action.

Secretary I/c

Copy to:

Sri R.N. Senapati, I.A.S., Principal Secretary to Govt., Finance Deptt., Orissa, Bhubaneswar for favour of information and necessary action.

Secretary I/c

Copy to:

Sri B.K. Pattanaik, IAS, Principal Secretary to Chief Minister, Orissa, Bhubaneswar for favour of information and necessary action.

Secretary I/c

No.OERC/DIR(T)-323/2008/2510

Date: 28.11.2008

To

The Secretary Govt. of India,
Ministry of Finance,
Department of Revenue,
Government of India,
North Block, New Delhi – 110 001

Sub: Regarding amendment of S.10 of the Income Tax Act, 1961 to exempt income of State Electricity Regulatory Commissions from income tax.

Sir,

With reference to the subject cited above, the State Electricity Regulatory Commissions (SERCs) have been constituted under S.82(1) of the Electricity Act, 2003, which is a Central Act. Some of them, like the SERC of Orissa, were existing before the said Central Act came into force with effect from 10.06.2003 and these SERCs are deemed to be SERCs under the said Central Act. All of them are statutory bodies by virtue of S.82(2) of the said enactment. Even so, they exercise statutory regulatory powers over entities carrying on the business of generation, transmission, distribution and trading in electricity in their respective States. The functions of these SERCs may be looked upon as sovereign regulatory functions of the respective State Governments delegated by statute to these body corporates.

2. The SERCs derive income by way of licensee fees, application fees, penalties realized, etc. Almost all such income accrue under statutory, quasi-judicial actions initiated by them. They have no income from any trade or business, and there is no scope for any such commercial income under the Electricity Act, 2003.
3. In view of certain judicial decisions, such as *Western Coalfields Ltd. vrs. Special Area Development Authority*, AIR 1982 SC 697, *AP Road Transport Corporation vrs. Income Tax Officer*, AIR 1964 SC 1486, *International Airport Authority of India vrs. Municipal Court*, AIR 1991 Delhi 302, *Hotel Corporation of India vrs. State of Jammu & Kashmir*, AIR 2001 J&K 36, SERCs may not be regarded as State for the purpose of Art. 289(1) of the Constitution and may be treated as legal persons independent of the State. This may attract the taxing provisions of the Income Tax Act, 1961, notwithstanding the aforesaid nature of the functions of SERCs.
4. For reasons indicated above, Subsection (23BBG) has been inserted in S.10 of the Income Tax Act, 1961 with effect from 1.4.2008 by the Finance Act, 2007, excluding income of the **Central** Electricity Regulatory Commission from any computation of total income. There is no reason why such provision should not be extended to the **State** Commissions, inasmuch as they are similarly situated / placed. The reasons for granting exemption to the CERC apply equally to SERCs. Singling out only CERC for exemption denies equality before law to SERCs.

5. Hence action may kindly be taken to remove the aforesaid continuing anomaly in the Income Tax Act, 1961, so that the income of SERCs is exempted from Income Tax as has been done for CERC.

Yours faithfully,

SECRETARY I/c

C.C. to:

1. The Secretary, Ministry of Power, Government of India, New Delhi for information and necessary action at your end.
2. The Commissioner-cum-Secretary, Dept. of Energy, Govt. of Orissa, Bhubaneswar for information and necessary action at your end.
3. The Secretary, FOR, C/o-Central Electricity Regulatory Commission(CERC), Core-3, 6th & 7th Floors, Scope Complex, Lodhi Road, New Delhi-110003 for information and necessary action at your end.
4. The Secretary, FOIR, C/o-Central Electricity Regulatory Commission(CERC), Core-3, 6th & 7th Floors, Scope Complex, Lodhi Road, New Delhi-110003 for information and necessary action at your end.
5. The Secretary, all SERCs for information and necessary action at your end.

SECRETARY I/c

No.DIR(T)-266/07-Vol.II/2807

Dt.31.12.2008

To

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

Sub: Views/Comments of the State Government on various issues having a bearing on fixation of retail tariff of electricity for the year 2009-10.

Sir,

I am directed to inform you that OHPC, OPTCL, GIRDCO and all the 4 Distribution Companies have filed their Annual Revenue Requirement (ARR) for the year 2009-10. On preliminary examination of the ARR filings by the licensees, it is seen that all have claimed a substantial rise in tariff, both Bulk Supply, Retail Supply as well as Transmission Tariff. This is under examination by the Commission. After receipt of comments/views from different stakeholders, Commission will take a public hearing on this issue of tariff setting for 2009-10.

2. In this context, it is pertinent to mention here that before the power sector reform was initiated w.e.f. 1.4.1996, there was frequent revision of tariff at regular intervals. There were also revisions of tariff from year to year from 1996-97 to 2000-01. The overall tariff rise in 1996-97 was 17%, in 1997-98 -10.33%, in 1998-99 - 9.3%, in 1999-2000 - 4.5% and 2000-01 -10.23%. However, after 2000-01, the retail tariff has remained more or less constant with minor changes here and there. For instance, in the year 2007-08 the tariff for industrial category had gone up slightly in terms of paise/unit. In case of large industries (HT), the average tariff which was 310.63 P/U in 2006-07 rose to 321.34 P/U in 2007-08. Power Intensive Industries (HT/EHT) had the average tariff of 293.05 P/U and 279/30 P/U in 2006-07. These became 308.68 P/U and 295.05 P/U in the year 2007-08. Another step towards tariff rationalization includes abolition of minimum charge for all categories of consumers.

3. During the period between 1996-97 and 2008-09, the effective real rise (inflation adjusted) in tariff has been of the order of minus 26.38%. This means the tariff rise as approved by the Commission is much less as compared to the rise in general prices. The constancy in retail tariff after 2000-01 and the continuous rise in the general price indices has meant negative rise in the real tariff in the State.

4. The serious concern for sustainable development of power sector in the State is unsustainable Aggregate Technical & Commercial (AT&C) loss. The distribution loss, which was 43.91% in 1999-2000, has been reduced to 37.5% in 2007-08. Similarly, the collection efficiency has improved from 77.2% in 1999-2000 to 94.6% in 2007-08. The AT&C loss which was 56.71% in 1999-2000 has been reduced to 40.9% in 2007-08. Though there is some reduction in AT&C loss, the present level of AT&C loss is quite unsustainable for the development of the power sector in the State. What is important to note here is that the AT&C loss in LT consumers is as high as 65.1% in 2007-08. The overall AT&C loss of distribution companies are indicated below for ready reference: -

OVERALL AT & C LOSS (%)

	1999-2000	2005-06		2006-07		2007-08		2008-09	
		OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual up to Sept' 09
CESU	61.58%	45.0%	49.4%	40.4%	47.1%	35.0%	46.0%	32.8%	45.52%
NESCO	55.04%	39.6%	43.3%	35.6%	40.9%	30.4%	34.0%	29.2%	36.61%
WESCO	53.46%	36.5%	41.2%	37.7%	40.0%	28.0%	39.1%	27.6%	37.80%
SOUTHCO	54.20%	41.8%	43.9%	37.7%	47.4%	34.6%	48.6%	34.6%	52.38%
ALL ORISSA	56.71%	40.5%	44.7%	37.9%	43.2%	31.4%	40.9%	30.4%	41.55%

AT&C LOSS FOR LT CONSUMERS

	2005-06*		2006-07		2007-08		2008-09 Upto Sept'08	
	OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual	OERC Approval	Actual
CESU	49.5%	58.6%	44.2%	58.4%	39.6%	58.6%	39.2%	61.0%
NESCO	55.8%	68.8%	55.7%	72.1%	54.0%	70.3%	47.3%	71.61%
WESCO	57.8%	74.6%	63.7%	73.2%	53.9%	72.9%	48.5%	76.83%
SOUTHCO	48.4%	56.6%	42.5%	58.6%	37.2%	59.9%	37.4%	64.51%
ALL ORISSA	52.6%	64.6%	51.5%	65.1%	45.7%	65.1%	43.0%	67.85%

5. With the electrifications of villages and hamlets under RGGVY and BGJY, the AT&C loss in case of LT category of consumer is likely to further rise unless effective steps are taken, both administratively and technically. While it is the primary responsibility of the distribution companies to initiate action on technical innovations, administrative support is necessary from the State govt. to curb theft of electricity at different levels.

6. In case of West Bengal, a Police Officer in the rank of Addl. D.G. has been posted in the West Bengal State Electricity Distribution Company Ltd. It has been possible to reduce the AT&C loss from 43.44% in 2003-04 to 25.41% in 2007-08 in their State. In case of NDPL with active govt. support they have been able to reduce the AT&C loss from 53% to around 18%. It is, therefore, necessary for govt. to think how best the existing Energy Police Stations already notified should be effectively operationalised. It may perhaps be necessary to monitor the function of the Energy Police Stations by posting a senior police officer from IPS cadre in the Energy Department to oversee and coordinate the effective functioning of the Energy Police Stations in addressing the rampant theft of Electricity. There is no doubt that the distribution companies have to take the initiative for effective reduction of AT&C loss but at the initial stage Govt. support is necessary for the effective functioning of Energy Police Stations and the matter related to theft of electricity in the State. It may be noted that enforcing Law and Order and curbing of crime is primarily the responsibility of the State Govt.

7. Another area of concern is poor quality of supply of power and frequent interruption and low voltage in different areas. This is because the lines and substations have not been maintained properly. The old lines and substations which are more than 30 years old have not been renovated. This is because the distribution companies on their own have not invested any fund in operation and maintenance and they depend on the revenue collected from the Retail Supply of electricity. Even in the past they have defaulted in paying the Bulk supply price to GRIDCO and as on 31.3.2005 various distribution companies are yet to pay a sum of Rs.2289.81 crore as per the details indicated below:-

Loan Balance	WESCO	NESCO	SOUTHCO	CESU	TOTAL
Principal	138.46	94.94	134.36	307.61	675.07
Interest	60.31	41.05	58.43	162.86	322.65
Total	198.77	135.69	192.79	470.47	997.72
Outstanding BSP dues	169.59	277.89	126.31	718.30	1292.09
Total Receivables from DISTCOs	368.36	413.58	319.10	1188.77	2289.91

8. Unless there is substantial reduction in AT&C loss and distribution companies invest on their own, it would be difficult to ensure quality supply of power. In this context it may be noted that in the case of New Delhi Power Distribution Company (NDPL), Govt. of Delhi had provided initial support of Rs.3500 crore besides, assigning the past liabilities to a separate holding company. In other words, in Delhi the distribution company NDPL started with a clean slate. With proper initiative taken by NDPL they were able to recover the initial investment and they have been successful in reducing the AT&C loss from 53% to 18% as stated earlier. It may be considered whether the State Govt. would like to make some investment of a capital nature for upgradation of lines, substations as the State Govt. through GRIDCO holds 49% of shares in the distribution companies and as such State Govt. has a substantial role to play in ensuring quality supply of power.

9. While transferring the erstwhile assets of OSEB to OHPC and GRIDCO the State Govt. upvalued the assets by Rs. 1120.00 crore for GRIDCO and Rs.840.20 crore for OHPC. The upvaluation of the transferred assets of OHPC and GRIDCO implied higher amount of depreciation and higher amount of return on capital investment, which had a direct bearing on tariff. However, based on recommendations of the Kanungo Committee, the State gov. in Energy Department Notification No.1068/E dated 29.1.2003 kept the upvaluation of assets of OHPC and GRIDCO in abeyance since the Financial Year 2001-02 prospectively till 2005-06 or till sector turns around whichever is earlier, to avoid re-determination of tariff for past years and also re-determination of the value of assets of various DISTCOs. Besides this, there was a moratorium on debt servicing by GRIDCO and OHPC to the State Govt. since the financial year 2001-02 till 2005-06, except the amount in respect of loan, from the World Bank, to the extent the State Govt. is required to repay to the Govt. of India. Thirdly, State Govt. have also notified that GRIDCO and OHPC shall not be entitled to any Return on Equity till the sector becomes viable on a cash basis or 2005-06 whichever is earlier.

10. Because of various reasons the power sector has not yet turned around. Accordingly, OERC had requested the State Govt. for extension of the policy measures indicated in para – 9 above beyond 2005-06 and accordingly has determined tariff for 2006-07, 2007-08 and 2008-09 assuming that such policy measures would be extended. Had this assumption not been made by the Commission while determining tariff for FY 2006-07, 2007-08 and 2008-09, the tariff would have been raised by 48 paise/unit, 38 paise/unit and 35 paise/unit respectively. Thus, this policy decision of the Govt. of Orissa has a substantial bearing on Retail Supply Tariff paid by consumers

of electricity across the State. The importance of this policy measure can not be undermined. The State Govt. may consider the extension of this policy measures beyond 2005-06 till 2012-13.

11. Section 61(h) and 86 of the Electricity Act, 2003 read with Para 6.4 of the National Tariff Policy notified on 6.1.2006 mandates the State Electricity Regulatory Commission for the promotion of co-generation and generation of electricity from renewable sources of energy. The OERC in their tariff order for 2007-08 in case No.14 of 2005 vide para 9 (a) had stipulated that the distribution companies should procure energy from renewable sources at 3% of the total energy purchased from all sources which should increase by 0.5% to reach 5% of the total procurement by 2011-12. OERC had fixed 400 MU from renewable sources for the year 2007-08 and for 2008-09 such target has been fixed at 375 MU (1.98% of the total drawal). But during 2007-08 only around 278 MU were drawn from renewable sources including co-generation. In Orissa there is large potential for production of energy from renewable sources which includes the energy from Mini hydro plants. There is an inordinate delay in approval of the projects for tapping renewable energy from Mini hydro sources. A time bound and co-ordinated efforts are needed to exploit all renewable sources of energy from Mini hydro sources, wind, solar, biomass, waste heat, etc.

12. OPTCL, OHPC and GRIDCO have reported that due to ban on filling up of vacant posts, the operation and maintenance of the power system is being seriously affected. The Chairperson, OERC has also apprised the problem to Govt. vide his DO letter No.636 dtd. 04.5.07. Govt. may take steps to allow OPTCL and GRIDCO to fill up the approved vacant posts on priority basis.

13. Govt. Departments, Urban Local Bodies, Panchayati Raj Institutions, Cooperatives, Public Enterprises, Universities, etc. are not paying their electricity dues regularly. This problem was highlighted in the communication issued by OERC in their letter No.066/2007 dtd.09.4.08 and DO letter No.1037 dtd.15.5.08 of Chairperson, OERC. Govt. should take effective steps to ensure that electricity bills are paid regularly by Govt. Departments and the various institutions under its control.

14. The commission expects the state govt. to play a pro-active role in ensuring effective functioning of the power sector in the state in order to serve the consumers better by way of improving access to reliable, affordable, economically viable, socially acceptable and environmentally sustainable energy sources.

15. To sum up, Commission would like the comments/views or action proposed by the State Govt. on the following issues :-

- (i) Steps taken/contemplated to be taken to provide administrative support to the distribution companies in effectively addressing the theft of electricity as in case of West Bengal. Whether the state Govt. would like to post a senior police officer in the rank of Addl. D.G. or I.G. in the Energy Department with a small supporting staff to oversee and monitor all incidents of theft of electricity across the four distribution companies. Besides this, how quickly the 34 Energy Police Stations are going to be effectively functional may also be intimated.
- (ii) For improving the quality of supply of electricity in inaccessible areas and other backward regions, whether the State Govt. would like to make capital investment for establishment of grid substations and replacement of old transmission lines and transformers etc., to supplement the efforts of distribution companies or whether the State Govt. would like to make investment in such activities as an incentive linking to the performance of the distribution companies on the basis of annual reduction of AT&C loss?

- (iii) Whether Govt. would provide subsidy to the distribution licensees as per Section 65 of the Electricity Act, 2003 on account of loss being incurred / likely to be incurred by supply of electricity to the BPL families at concessional rates, if any. If no subsidy is paid it will result in hike in tariff for other consumers. This is against the National Tariff Policy which stipulates gradual reduction of Cross Subsidy.
- (iv) Policy decision regarding extension of the moratorium period and other dispensation stipulated in Energy Department Notification NO.1068/R&R-1-2-2002 dated 29.1.2003 upto 2011-12 as requested in letter No.JD(F) – 175/1074 dated 20.5.2008 of OERC.
- (v) Steps taken/proposed to be taken for exploitation of renewable sources of energy in a time bound manner to comply with the order of OERC read with the provisions of the Section 61(h) of Electricity Act, 2003.
- (vi) Action taken/proposed to be taken on issues indicated in para 12 and 13.
- (vii) Comments / suggestions of the State Govt. regarding tariff hike for 2009-10 which is implied from the ARR filing for the said year by OHPC, GRIDCO, OPTCL and four distribution companies.

16. It is requested that comments/suggestions and action proposed by State Govt. on various issues indicated in para -15 above and any other matter having a direct bearing on sustainable development of power sector in the State in general and tariff setting and improvement of quality in supply of electricity to the consumers in particular may be communicated to OERC by 31.1.2009 at the latest. Further, Secretary to Govt., Energy Department or any Senior Officer duly authorized may participate in the public hearing regarding determination of Annual Revenue Requirement for GRIDCO/OPTCL, OHPC and 4 Distcos.

Yours faithfully,

SECRETARY I/C

To

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

Sub: Subsidy/Subvention by Govt. of Orissa.

Sir,

With reference to the above, I am directed to say that the Licensees have filed their Annual Revenue Requirement and Tariff for the year 2009-10 on 30th November, 2008 and the same is under scrutiny by the Commission.

2. CESU and the other three Reliance managed distribution companies (NESCO, WESCO & SOUTHCO) in their ARR filling for FY 2009-10 have proposed to bridge their revenue gap through combination of Grant/ Subsidy from the State Government, reduction in Bulk Supply Tariff, increase in Retail Supply Tariff in an appropriate manner, and rationalization of existing retail supply tariff.

3. The uncovered gap as submitted by WESCO, NESCO, SOUTHCO and CESU at current level of Bulk Supply Price, Transmission Tariff and Retail Supply Tariff amounts to Rs.452.40 cr., Rs.474.72 cr., Rs.499.65 cr. and Rs.69.88 cr. respectively. Likewise, Orissa Power Transmission Corporation Limited including SLDC and the Grid Corporation of Orissa have estimated revenue gaps of Rs.692.99 cr. and Rs. 1640.94 cr. respectively at existing tariff. The filing of the companies are under scrutiny and the final figures can only be arrived at after full deliberation on the matter in the public hearing/State Advisory Committee.

4. In this context, attention is invited to Section 65 of the Electricity Act, 2003 which is quoted as under :

"If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commission under [section 62](#), the State Government shall, notwithstanding any direction which may be given under [section 108](#), pay, in advance and in such manner as may be specified, the amount to compensate the person affected by the grant of subsidy in the manner the State Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government: Commission

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

5. Further, attention is drawn to the clause 5.5 (Recovery of Cost of Services & Targeted Subsidies) of National Electricity Policy which is reproduced below:

"5.5.4 The State Governments may give advance subsidy to the extent they consider appropriate in terms of section 65 of the Act in which case necessary budget provision

would be required to be made in advance so that the utility does not suffer financial problems that may affect its operations. Efforts would be made to ensure that the subsidies reach the targeted beneficiaries in the most transparent and efficient way.”

6. If the Govt. intends to give subsidy to any consumer or class of consumers, as stipulated in Section 65 of the Electricity Act, 2003 the same may be intimated so that OERC can take the same as input for the tariff design.

7. The issue of subsidy/subvention will definitely be featured in the ensuing tariff hearing likely to take place during 1st week of February, 2009. It is pertinent to mention here that the DISTCOs are undertaking projects under RGGVY and BGJY for massive rural electrification which are unremunerative in nature. The Govt. representative will be expected to respond. In this connection the letter No.2807 dtd.31.12.2008 of the Commission may also be referred to.

8. It is, therefore, requested that the State Govt. may in consideration of its policies and the uncovered gap indicated by the DISTCOs, take a timely decision and convey the same to the Commission at the earliest by 31.01.2009. If written communication is not received in this regard, the Commission would presume that the State Govt. does not like to give any subsidy / grant to the utilities or the consumer or class of consumers.

Yours faithfully,

Secretary I/c

**No. JD(F)-175/02/
Dt.15.01.2009**

To

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

**Sub: (i) Keeping in abeyance the up-valuation of Assets of OHPC and GRIDCO.
(ii) Moratorium of debt servicing by GRIDCO and OHPC to the State Govt.**

Ref: i) Govt. of Orissa Deptt. of Energy Notification No. 1068 / R&R – 1-2/2002 dt. 29.1.2003
(ii) Do letter of Chairperson L. No CHP /2005/460 dt. 22.3.2005
(iii) Do letter of Chairperson L No. CHP /1968 dt.16.12.2005
(iv) This office L.No. Secy / 2005/2032 / dt. 30.12.2005
(v) Do Letter of Chairperson Letter No CHP / 2006/110 dt.24.1.2006
(vi) Commission's Letter No. JD (F) -175/02/93 dt. 17.01.2007
(vii) Commission's Letter No.JD(F)-175/02/2291 dt.17.12.2007
(viii) Commission's Letter No.JD(F)-175/02/1074 dt.20.05.2008

Sir,

In inviting a reference to the DO letter nos. on the subject cited above. I am directed to say that the response to the above letters have not yet been received. In this context it may be pointed out here that though the State Govt. had allowed to keep the up valuation under hold and moratorium on debt servicing till 2005-06, the OERC had assumed the extension of these financial benefits beyond 2005-06 and accordingly determined the tariff. Its effect on tariff reduction was around 48 paise, 38 paise and 35 paise during 2006-07, 2007-08 and 2008-09 respectively. In other words, if such an assumption was not made by OERC in anticipation of Govt. approval, the tariff would have been raised by 48 paise, 38 paise and 35 paise during 2006-07, 2007-08 and 2008-09 respectively. The impact on this count on retail tariff during 2009-10 is estimated at 35 p/u. As the matter is extremely urgent for finalization of Tariff for FY 2009-10, I would request that the decision of the Govt. may be communicated in this regard to the Commission by 31st January, 2009 at the latest. In this connection the matter was also referred to Govt. in letter No.DIR(T)-266/07-Vol.-II/2807 dt.31.12.2008

Yours faithfully,

SECRETARY I/c

**GOVERNMENT OF ORISSA
DEPARTMENT OF ENERGY**

No.-1704/En., dated 17.02.09

R&R-11-1/2009

From

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

To

The Secretary In charge,
Orissa Electricity Regulatory Commission,
Bhubaneswar

Sub: **Views/ comments of the State Govt. on various issues having a bearing on fixation of retail tariff of electricity for the year, 2009-10.**

Sir,

In inviting a reference to your office Letter No. DIR (T)-216/07 vol-II/2807 dated 31.12.2008, I am directed to say that the Commission has called for the comments/ views / proposed action by the State Government on different issues. The views are furnished below.

(i) The Commission has desired to know the steps taken / contemplated to be taken to provide all administrative support to the distribution Companies in effectively addressing the theft of electricity and in that connection they have specifically desired to know whether the State government would like to post a senior Police Officer in the rank of Additional DIC or IG in the energy Department with supporting staff to oversee and monitor the incidents of theft of electricity across the 4 DISCOMs and also the manner in which the 34 Energy Police Stations can be made effectively functional equally. In this regard it is stated that a High Level Meeting was held on this matter under the Chairmanship of Hon'ble Minister, Energy on 16.07.2008 which was attended by Commissioner-cum-Secretary, Energy Department, I.G.Police, Home Department and other Sr. Officers of different related Department and the CEOs of the DISCOMs and MD, NESCO, WESCO, and Director SOUTHCO. The copy of the above proceeding has been forwarded to the Commission vide Energy Department Letter No. 8582 dt.31.07.2008.

It is relevant to mention that due to pursuation of Energy Department Govt. in Home Department have notified 29 more Energy police Stations in the State. The Department is making constant endeavor and making consultation with Home Department to make all these 34 Energy Police Stations completely functional. Due to dearth of Police Personnel the Special Energy Police Stations have not yet been fully functional. Home Department is now in the process of recruitment of required Police Personnel and it will take some time for recruitment after which they can be deployed in the Energy Police Stations. Regarding the posting of a Sr. Police Officer in the rank of D.G or I.G in the Energy Department a high level meeting is going to be taken shortly under the Chairmanship of the Chief Secretary to taken a decision in this regard.

ii) Regarding the 2nd point whether the State Government would like to make capital investment for grid sub-stations and replacement of old transmission lines & transformers, it is stated that the matter is still under consideration of Govt. However the State Govt. has already taken in principle decision to provide capital investment of 100 crores to OPTCL in

the form of share capital over a period of 3 years from 2008-09 strengthening 220/33 kv transmission lines and replacement of Grid Stations in the inaccessible and un-remunerative areas. To start with the financial year, 2009-10 a provision of Rs. 5.00 crores has been proposed in the budget.

iii) As regards the issue whether Govt. would provide subsidy to the distribution licensees as per Section 65 of the Electricity Act, 2003 on account of loss being incurred by supply of electricity to the BPL families at concessional rates to avoid rise in tariff, it is stated that the BPL families may be asked to pay their electricity dues as per their consumption like ordinary consumers. However specific Govt. orders will be obtained on this score and communicated.

iv) In the matter of extension of the moratorium period and other dispensation stipulated in Energy Department Notification No. 1068/ R&R-I-2/2002 dt.29.01.2003 upto 2011-12 it is stated that Finance Department has already concurred in the proposal of keeping in abeyance of up-valuation of assets of GRIDCO/ OPTCL & OHPC and freezing of RoE to GRIDCO & OHPC from the year, 2006-07 to 2010-11. The matter is going to be placed before the State Cabinet for a decision after which the same will be communicated.

v) Regarding steps/ proposed to be taken for exploitation of renewable sources of energy in a time bound manner to comply with the order of OERC read with the provisions of the Sec. 61 (h) of the Electricity Act, 2003 it is stated that a revised small/ micro Hydro policy has already been formulated & a copy of the same has been placed before the OERC. In the meantime one small / Hydro project namely Middle Kolab Hydro Electric project of 25 MW capacity has already been synchronized & the generation will start shortly. Similarly another small/ Hydro Project namely Orissa Power Consortium Ltd. with capacity of 20 MW is expected to go for generation by June-July, 2009. State Government has already signed MoU with 29 Private developers for setting up small/ Hydro Projects which are in different stages of implementation. For the other renewable sources of energy like biomass/ wind/solar, Science & Technology Department is the nodal Department. The following power plants through non conventional energy source are being developed.

- 1) 5 Mw Solar Energy based power plant by Reliance Energy Ltd. at Khurda for investment of Rs. 125 Crores.
- 2) 18 nos of biomass based power projects totaling 194 MW under OREDA.
- 3) 5MW power plant from municipal waste (MSD) of twin city by OPGC.
- 4) Proposed 2 MW demonstration wind power project at Damanjodi through OREDA.

vi) As regards filling up base level posts of OPTCL & OHPC, clearance has been given for recruitment of 185 Asst. Managers and 104 Junior Managers of OPTCL and 50 nos of posts of Assistant Managers & 50 nos of posts of ITI passed Non-executive in OHPC after taking the concurrence of Finance Department. OPTCL/OHPC have already initiated the process of recruitment. Regarding Collection of energy dues Energy Department has issued to different Department vide letter no. 5317 dt. 24.05.2008 different Govt. Departments /ULBS/PRS Co-operatives, Public Enterprises. F.D has also written to all Departments in this regard vide F.D letter No. 22245 dt. 23.04.2008. Energy Department is following up the drive on collection of electricity dues.

vii) In the matter of tariff hike for 2009-10, Government are of the view that there should be no tariff hike in 2009-10. The DISTCOs on the other hand should attempt to reduce T & D losses and for their failure to reduce the T & D Losses, the consumers should not suffer.

Yours faithfully,

Commissioner-cum-Secretary to Govt.

**GOVERNMENT OF ORISSA
DEPARTMENT OF ENERGY

No. 1793/ En., Dated 18.02.2009
R&R-II-1/2009 (Pt.)

From,
Sri B B mohanty, OAS (SG)
Additional Secretary to Government

To,
The Secretary,
Orissa Electricity Regulatory Commission,
Unit-VIII, Bhubaneswar

Sub:- Subsidy/ Subvention by Government of Orissa

Sir,

With reference to your letter No. JD(F)-175/02/142 dated 15.01.2009 on the subject noted above I am directed to convey the views of the State Government that the Government of Orissa is continuing its subsidy withdrawal policy since initiation of Power Sector reforms in the State. Government does not propose to give grant/subsidy to any of the utilities or to any consumer or to any class of consumer. It is the responsibility of the Distcoms to bring down the Distribution Loss, At & C Loss and improve their collection efficiency to bridge-up their revenue gap for the year 2009-10. Hon'ble Commission may consider those facts while determining the tariff.

Yours Faithfully,

Additional Secretary to Government

**GOVERNMENT OF ORISSA
DEPARTMENT OF ENERGY**

No. 2329 / En., Bhubaneswar, dated the 28th February, 2009
R&R-II-I/09(pt)

From

Sri B B Mohanty,
Additional Secretary to Government

To

The Secretary,
Orissa Electricity Regulatory Commission,
Unit-VIII, Bhubaneswar

Sub:- Subsidy/ Subvention by Government of Orissa

Ref:- (i) OERC lietter No. JD(F)-175/02/142 dt. 15.1.2009
(ii) This Deptt. Letter No. R&R-II-I/2009(Pt) 179 Dy (P&A) dt. 18.02.09

Sir,

In inviting refrence to the letters cited above I am directed to say that State Government is reconsidering the aspect of providing subsidy to the Power Sector for the year 2009-10. The matter is being placed before the Cabinet for their consideration. The decision of the Government in the matter will be intimated shortly.

The views of the State Government in this regard communicated vide letter No. 1793 dt. 18.02.2009 may be treated as withdrawn.

You are, therefore, requested to place the matter before the Commission for their consideration.

Yours Faithfully,

Additional Secretary to Government

**Government of Orissa
Department of Energy**

No. 3132/En.
R&R-II-1/09(Pt)

Bhubaneswar, dated, the 16th March,2009

From,

Shri. P K Jena, IAS
Commissioner-cum-Secretary to Govt.

To,

The Secretary-in-charge,
Orissa Electricity Regulatory Commission,
Unit-VIII, Bhubaneswar.

**Sub:- Subsidy/ Subvention/ Budgetary Support by Govt. of Orissa for reappear & renovation/
Up-gradation of distribution infrastructure in the State during 2009-10**

Sir,

In continuation of this Department letter No. R&R/2-1/09(Pt.)/2329 dated 28.02.2009 on subject noted above I am directed to say that the Orissa Electricity Reforms Act was promulgated in 1995 with the concurrence of Govt. of India. OSEB was unbundled in April, 1996. Distribution & retail supply licenses were granted to four Distribution Companies in April, 1999.

After the reforms, Government has also not provided any support to the Distcoms. Besides the above, the State also suffered heavily as the grant under APDRP was not admissible for Orissa which was the pioneer state in the process of privatization in power sector at the behest of Govt. of India.

The Distcoms have not also invested for system improvement, on the other hand over these years, several natural calamities including the super cyclone of 1999 have further destabilized the system. However by incurring loan from PFC by the State and other sources, the Distcoms could be able to some how restore and maintain the system.

Amidst all these adverse situations the T&D losses have been brought down from 44.01% in 2000-01 238.5% in 07-08 T&D losses can be reduced further by way of system improvement.

Through it is the primary responsibility of the DISCOMs to improve their efficiency and functioning by way of reduction of AT&C losses and ensuring quality supply of power to the consumer, they are practically not in position to do so. For all these hazards, the system should not collapse. Therefore, State Govt. is considering the question of extending support to the Distribution Companies during the year, 2009-10 for the following.

- i) Replacement of LT conductors by AB cables in theft prone areas.
- ii) Installation of Pillar Box metering system.
- iii) Upgradation & replacement of transformers to cater to additional load.
- iv) Replacement of old Circuit Breakers with Vacuum Circuit Breakers (VCBs).
- v) Replacement of faulty insulators wherever necessary.

- vi) Replacement of existing weak LT / HT poles.
- vii) Installation of new Substation to improve voltage profile wherever needed.
- viii) Re-conductoring in case of old lines with conductors of optimum size.
- ix) Conversion of single phase into 3-phase system.
- x) Earthing of Substations.
- xi) Installation of Lightening Arrestors.
- xii) Complete Distribution Transformer Metering for energy audit purpose.
- xiii) Provision of boundary wall / fencing wherever necessary around the S/S to ensure safety of the equipment and human lives and other such things.

The above items of work are only illustrative but not exhaustive.

2. Before deciding the quantum of such support, the modalities of transfer of funds to the DISCOMS have to be worked out for concurrence by the Finance Deptt. Besides, in the process of release of financial support, the involvement of GRIDCO and mechanism of release need also to be considered.

3. Keeping the above in view, I would request you to please place the matter before the OERC and communicate the instructions of the Commission on paragraph 2 above to take a view on the matter.

Yours Faithfully,

Commissioner-cum-Secretary to Govt.

Orissa Power Sector Reform – In a Nutshell

PASSING OF THE OER ACT, 1995

The Orissa Electricity Reform Act, 1995 (Orissa Act 2 of 1996) was enacted for the purpose of restructuring the electricity industry, for rationalization of Generation, Transmission, Distribution and Supply of Electricity, for opening avenues for participation of private sector entrepreneurs and for establishment of a Regulatory Commission for the State independent of the state government. The Electricity Act, 2003 (Act No. 36 of 2003) which came into effect from 10.06.2003 has been modeled on the basis of provisions of OER Act, 1995.

2. OBJECTIVES OF REFORM AND POWER OF OERC ETC.

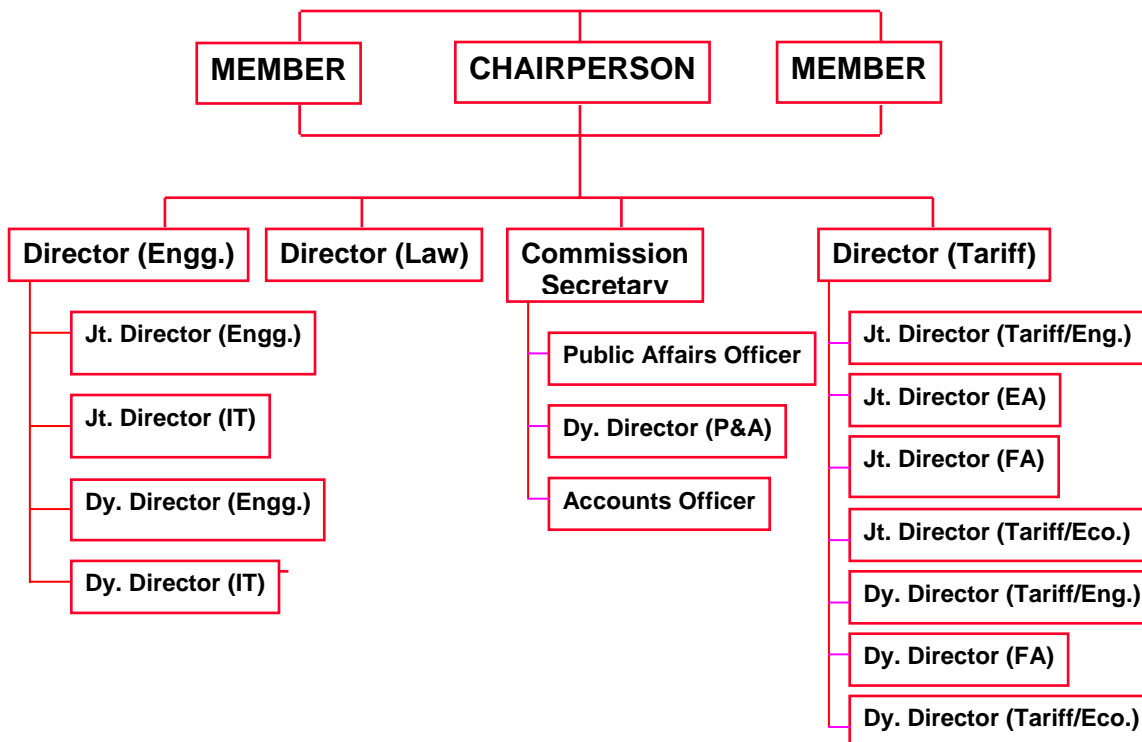
<p>(i) OBJECTIVES OF REFORMS</p> <ul style="list-style-type: none"> • Increasing efficiency • Bringing accountability • Attract Private Sector Investment • Establish an independent and transparent regulatory regime <p>(ii) ROLE OF OERC</p> <ul style="list-style-type: none"> • Take measures conducive to an efficient electricity industry in the State • Safeguard the interests of the consumers • Prevent monopolistic behaviour by operators • Establish independent and objective decision making process <p>(iii) POWERS OF OERC</p> <ul style="list-style-type: none"> • Issue/revoke licenses/to approve/modify/ reject tariff change proposal • Set technical standards and standards for consumer protection • Arbitrate between operators • Issue enforceable orders • Review its decision wherever necessary 	<p>(iv) FUNCTIONS OF OERC (Sec. 86 of Electricity Act, 2003)</p> <ul style="list-style-type: none"> • Issue licenses for transmission and distribution • Regulate the operations of the licensees • Fix and regulate tariff • Promote competitiveness • Create environment for private sector participation • Ensure fair deal to customers • Aid and advise government on all aspects of electricity industry <p>(v) ADVANTAGE TO THE STATE</p> <ul style="list-style-type: none"> • Increased Private Sector Investment • Availability of adequate and reliable power • Freeing of significant resources for social sector investments <p>(vi) THE POWER SECTOR ADVANTAGE</p> <ul style="list-style-type: none"> • Commercial viability • Efficient operation • Professional Skill <p>(vii) THE CUSTOMER ADVANTAGE</p> <ul style="list-style-type: none"> • Reliable, efficient and safe power supply • Lowest possible rates • Awareness and implementation of rights
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3. ESTABLISHMENT OF OERC

An important component of power sector reform is establishment of an independent autonomous Regulator, the Orissa Electricity Regulatory Commission for achievement of objectives enshrined in the OER Act, 1995. It became functional on 01.8.96 with the joining of its three members.

COMMISSIONERS	DoJ	DoR
PAST		
• Somnath Som (Chairman)	01.08.96	06.02.97
• Sarat Chandra Mahalik (Chairman)	16.06.97	22.03.00
• Dharendra Kumar Roy (Member / Chairman)	01.08.96	31.07.01
• Dhruva Charan Sahoo (Chairperson)		
• Ashok Ranjan Mohanty (Commissioner)	01.11.01	31.10.06
• Hari Shankar Sahu (Commissioner)	01.07.96	30.06.99
• Bijoy Chandra Jena (Commissioner)	06.05.00	04.07.03
• Shital Kumar Jena (Commissioner)	20.08.01	20.08.06
	03.12.03	02.12.08
PRESENT		
• Bijoy Kumar Das (Chairperson)	20.11.06	-
• Krushna Chandra Badu (Commissioner)	04.04.07	-
• Bijoy Kumar Misra (Commissioner)	06.04.09	-

ORGANISATION CHART OF OERC



4. FUNCTION OF STATE COMMISSION – Statutory Provisions

Section 86 of Electricity Act, 2003 deals with the function of the State Commission which is extracted below for ready reference.

1. *The State Commission shall discharge the following functions, namely: -*

- a. *determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:*

- Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;*
- b. regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;*
 - c. facilitate intra-state transmission and wheeling of electricity;*
 - d. issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;*
 - e. promote congeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;*
 - f. adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;*
 - g. levy fee for the purposes of this Act;*
 - h. specify State Grid Code consistent with the Grid Code specified under clause (h) of sub-section (1) of section 79;*
 - i. specify or enforce standards with respect to quality, continuity and reliability of service by licensees;*
 - j. fix the trading margin in the intra-State trading of electricity, if considered, necessary; and*
 - k. discharge such other functions as may be assigned to it under this Act.*
- 2. The State Commission shall advise the State Government on all or any of the following matters, namely :-*
 - (i) promotion of competition, efficiency and economy in activities of the electricity industry;*
 - (ii) promotion of investment in electricity industry;*
 - (iii) reorganization and restructuring of electricity industry in the State;*
 - (iv) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.*
 - 3. The State Commission shall ensure transparency while exercising its powers and discharging its functions.*
 - 4. In discharge of its functions the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under Sec. 3.*

5. REORGANISATION OF THE ELECTRICITY INDUSTRY

The property, interest in property, rights and liabilities belonged to OSEB (Orissa State Electricity Board) were vested in the State Government as on 1.4.96. All loans, subventions and obligation of the Board towards the State stood extinguished. The State Government classified the assets, liabilities and proceedings acquired by the State as well as the assets, liabilities and proceedings relating to the undertakings owned by the State Government to (a) Generation Undertaking (b) Transmission Undertaking and those not classified within (a) & (b) to residual assets. The State Government was empowered to vest the Undertakings in GRIDCO & OHPC which the State did but only after upvaluation of assets on the same day and restructured the Balance Sheet of GRIDCO and OHPC.

6. FORMATION OF GRIDCO

The Grid Corporation of Orissa Limited (GRIDCO) was incorporated under Companies Act, 1956 on 20.4.95. All Transmission and Distribution Undertakings were transferred to GRIDCO on 01.4.96 with upvalued cost with a restructured Balance Sheet. It was to engage in the business of procurement, transmission & bulk supply of electric energy apart from planning, co-ordination & load forecast.

7. CREATION OF OHPC

The Orissa Hydro Power Corporation Limited (OHPC) was incorporated under the Companies Act, 1956 on 21.4.95. All the generating assets of Government as well as OSEB have been transferred to OHPC on 01.4.96. This Corporation takes care of all the operating and ongoing Hydro Power Stations. 49% of the share of the Orissa Power Generation Corporation (OPGC) were disinvested to the US based AES company in January, 1999 and Govt. of Orissa got Rs.603.20 Crs in return.

8. PRIVATISATION OF DISTRIBUTION

As a sequel to the passing of the Act, the distribution of power was privatized in Orissa and the management of the four subsidiary companies in charge of distribution in the Central Northern, Southern and Western zones of Orissa, namely CESCO, NESCO, SOUTHCO and WESCO was entrusted to a private company which took over 51% of the shares.

9. CESCO BECOMES CESU

After abandonment of AES, Commission revoked the license of CESCO under Section 19 of Electricity Act, 2003 w.e.f. 01.04.2005. An administrator was appointed under Section 20(1)(d) of Electricity Act, 2003 for the utility. As the sale of the utility did not materialize the Commission decided to entrust the management of the affairs of the utility to a Board under a scheme made on the basis of Section 22 of Electricity Act, 2003 which came into effect from 8th September, 2006. By virtue of this scheme the utility has been renamed as the Central Electricity Supply Utility (CESU) of Orissa

10. OPTCL & SLDC FUNCTION SEPARATED

GRIDCO became a deemed trading licensee from 10.6.05. The Orissa Power Transmission Corporation Ltd. (OPTCL) took over intra-state transmission & functions of the State Load Despatch Centre (SLDC) on the same date. OERC has taken initiative for ring fencing of SLDC function as per the mandate of Electricity Act, 2003. For the first time the Commission has issued separate Annual Revenue Requirement and Tariff Order for SLDC starting from the years FY 2009-10.

11. INSTALLED CAPACITY OF ORISSA IS 3952 MW AS ON 31.03.2009 (INCLUDING CENTRAL SECTOR SHARE OF 1010 MW)

Thermal Power Stations

Hydel Generating Stations

Talcher Thermal (NTPC)	460 MW	Hirakud	347.50 MW (2x49.5 + 2x32 + 3x37.5 + 3x24)
Ib Thermal (OPGC)	420 MW	Balimela	510 MW (6x60 + 2x75)
Total	880 MW	Rengali	250 MW (50 MW x 5)
		Upper Kolab	320 MW (80 MW x 4)
		Upper Indravati	600 MW (150 MW x 4)
		Machhkund	34.5 MW (Orissa share)
		Total	2062 MW

Share of Orissa from Central Sector Power Stations

Power Station	Installed Capacity (MW)	Orissa Share in %	Orissa Share in MW at 100% availability
FARAKKA	1600	13.63	218
KAHALGAON (I)	840	15.24	128
KAHALGAON (II)	1000	0.60	6
TSTPS Stage-I	1000	31.80	318
TSTPS Stage-II	2000	10.00	200
CHUKKA (Hydro)	270	15.19	41
TALA (Hydro)	1020	4.25	43
TEESTA (Hydro)	510	20.59	105

TOTAL	8240	1059
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Total Installed Capacity : 4001 MW (880 MW own thermal + 2062 MW own hydro + 1059 MW from Central Sector Power stations)

12. INSTALLED CAPACITY OF CAPTIVE POWER PLANTS IN ORISSA AS ON 31.03.2009- 2128.96 MW

<u>Principal CPPs</u>	<u>Installed Capacity (MW)</u>	<u>Principal CPPs</u>	<u>Installed Capacity (MW)</u>
Nalco, Angul	8x120 = 960.00	NINL, Duburi	2 x 19.50 = 38.50
Nalco, Damanjodi	3x18.50 = 55.50	Nav Bharat	1 x 30 = 30.00
Rourkela Steel Plant	248.00	Bhusan Steel, Jharsuguda	1x40 + 1x60 = 100.00
ICCL	2 x 54 = 108.00	Bhusan Steel & Strips,	1x33 + 1x77 = 100.00
HPCL (INDAL)	2x100+1x67.50 = 267.50	Meramundali	
FACOR	2x10.50 = 21.00	IFFCO, Paradip	2 x 55 = 110.00
Ispat Alloys	40.46	Arati Steels	1 x 50 = 50.00
		Total	2128.96

(Please See Para 23 for CGP Pricing)

13. CONSUMER PROFILE

DISTCOs	As on 31st Mar. 1999	As on 31st Mar. 2000	As on 31st Mar. 2001	As on 31st Mar. 2002	As on 31st Mar. 2003	As on 31st Mar. 2004	As on 31st Mar. 2005	As on 31st Mar. 2006	As on 31st Mar. 2007	As on 31st Mar. 2008
CESU	554,610	627,196	656,918	692,380	763,216	823,880	875,792	901,764	947,969	1,014,053
NESCO	251,703	292,344	311,804	374,066	404,352	435,410	466,537	494,204	515,889	546,210
WESCO	295,415	322,807	343,952	379,268	407,976	434,546	438,972	452,523	465,947	499,291
SOUTHCO	322,912	358,201	381,970	411,596	426,960	435,557	461,958	474,075	497,049	529,610
TOTAL	1,424,640	1,600,548	1,694,644	1,857,310	2,002,504	2,129,393	2,243,259	2,322,566	2,426,854	2,589,164
% Growth		12%	6%	10%	8%	6%	5%	4%	4%	7%

	1999-2000	2007-08	2008-09 (Appr.)	2009-10 (Appr.)
Total no. of consumers	14,24,640 (1 st April '99)	24,40,289 (1 st April '07)	25,89,164 (1 st April 08)	3,468,570 (1 st April 09)
Distribution Loss	44.2%	37.5%	27.0%	24.45%
Collection Efficiency	77.3%	94.6%	95.45%	98%
AT&C Loss	56.9%	40.9%	30.36%	26.0%

No. of distribution transformers as on 31.3.08	62,423
Average / Peak demand during July, 2008	1946 / 2601 MW

LENGTH OF TRANSMISSION LINES	LENGTH IN CKT-KM
440 kV	460.5
220 kV	4482.4
132 kV	4613.1

LENGTH OF DISTRIBUTION LINES	LENGTH IN KM (As on 31.3.08)
33 kV	11,688
11 kV	64,031
LT LINE	63,098

14. CONSUMER PERSPECTIVE

- Issue of regulations, codes, licenses, and practice directions
- No tariff rise after 01.02.2001

- Electricity tariff in Orissa with effect from 01.4.09

Category	Units/Month	Energy Charge (P/U)*
Domestic	First 100	140
	Next 100	230
	Rest Units	310
Irrigation (LT)		110
HT/EHT (Upto 50% LF)		300/290
HT/EHT (>50%=<60% LF)		225/202
HT/EHT (>60% LF)		220/202

*This energy charge is exclusive of MMFC and Demand Charges and other applicable charges

- Introduction of Time of Day (ToD) tariff for all three phase consumers
- Rationalisation of Tariff towards cost base and voltage base
- Reduction of cross subsidy
- Quantification of T&D loss and benchmarks in tariff for restricting loss
- Introduction of guaranteed overall and individual Standards of Performance
- Vigorous monitoring of licensees performance
- Creation of 12 Grievance Redressal fora and 2 Ombudsmen to dispose of consumer complaints
- Development of Regulatory Information Management System
- First website in Indian power sector created in 1998 (www.orierc.org)
- Consumer education
 - Direct consumer interface programs by OERC
 - Print and audio visual campaign
 - Publication of frequently asked questions
 - Translation of regulations into local language
 - Networking of consumer groups empanelled with OERC
- Introduction of spot billing and meter cards
- Introduction of Voluntary Disclosure Scheme for unauthorized consumers
- Extensive training for DISCOMs staff by OERC on regulations/Electricity Act, 2003.
- Introduction of Intra-State Open Access
- Intra-state ABT is being introduced

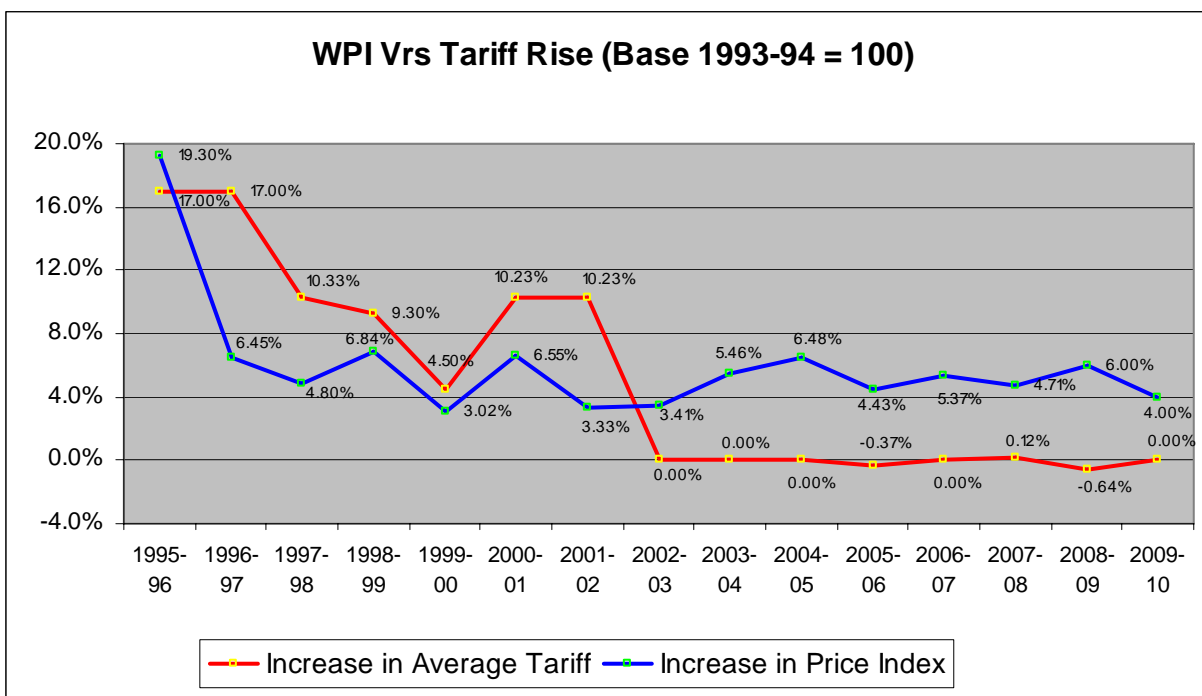
15. THE POWER SECTOR BENEFITS ATTRIBUTABLE TO REFORM

- Completion of Upper Indravati Project - 19.4.01. OHPC invested Rs.377 crores on its own and by borrowing. Its installed capacity is 600 MW. The hydro generation has increased from 4527 MU in 1999-2000 to 7884 MU 2007-08.
- Revenue from sale of TTPS - Rs.356 crore. TTPS after being taken over by NTPC in 1995 is now operating at a PLF of 90% where as from its inceptions it never operated beyond 30% PLF. Its installed capacity is 460 MW.
- Revenue from disinvestment of OPGC - Rs.603 crore. Its installed capacity is 420 MW. It was operating at PLF of 55.14% in 1996-97 which has increased to 90.18% in 2006-07, 82.60% in 2007-08 and 88.77% (estimated) in 2008-09.
- Dividend from OPGC - Rs.75 crore (approx.)/annum and by 31.03.2009 it has paid Rs.611.24 crores to Govt. of Orissa in the form of dividend.
- Revenue from disinvestment of Discoms Rs.159 crore.
- Massive T&D system upgradation.
- Increased collection in Electricity Duty – from Rs.121.35 crores in 1995-96 to Rs.327.46 crores in 2007-08 and Rs.359.38 crores (provisional) in 2008-09.
- No subsidy by the Govt. of Orissa since 01.4.96. (From Rs.14 cr in 1990-91 subsidy rose to Rs.257.62 crs in 1995-96).
- All the Discoms are paying 100% current power purchase cost to GRIDCO
- The collection efficiency has increased from 70.5% in FY 2001-02 to 95% in FY 2008-09
- Overall distribution loss of Orissa has been reduced from 44.01% in FY 2000-01 to 37.48% in FY 2007-08 whereas AT&C loss has reduced from 55.92% in 2000-01 to 41.89% in the same period

- Distribution loss at LT level has remained more or less constant over the years from 57.6% in FY 2001-02 to 58.2% in FY 2007-08.
- It may be mentioned here that there was frequent tariff revision during pre-reform period. There was also overall tariff rise of 17% during 1996-97, 10.33% in 1997-98, 9.3% in 1998-99, 4.5% in 1999-2000 and 10.23% in 2000-01. After 2000-01 the retail tariff has remained more or less constant with minor changes here and there. **If we consider the price rise it would be seen that the effective real rise in tariff has been of the order of (-) 26.24%. This means the tariff rise as approved by the Commission is much less as compared to the rise in general prices which is evident from the table and graph given in the next paragraph.**

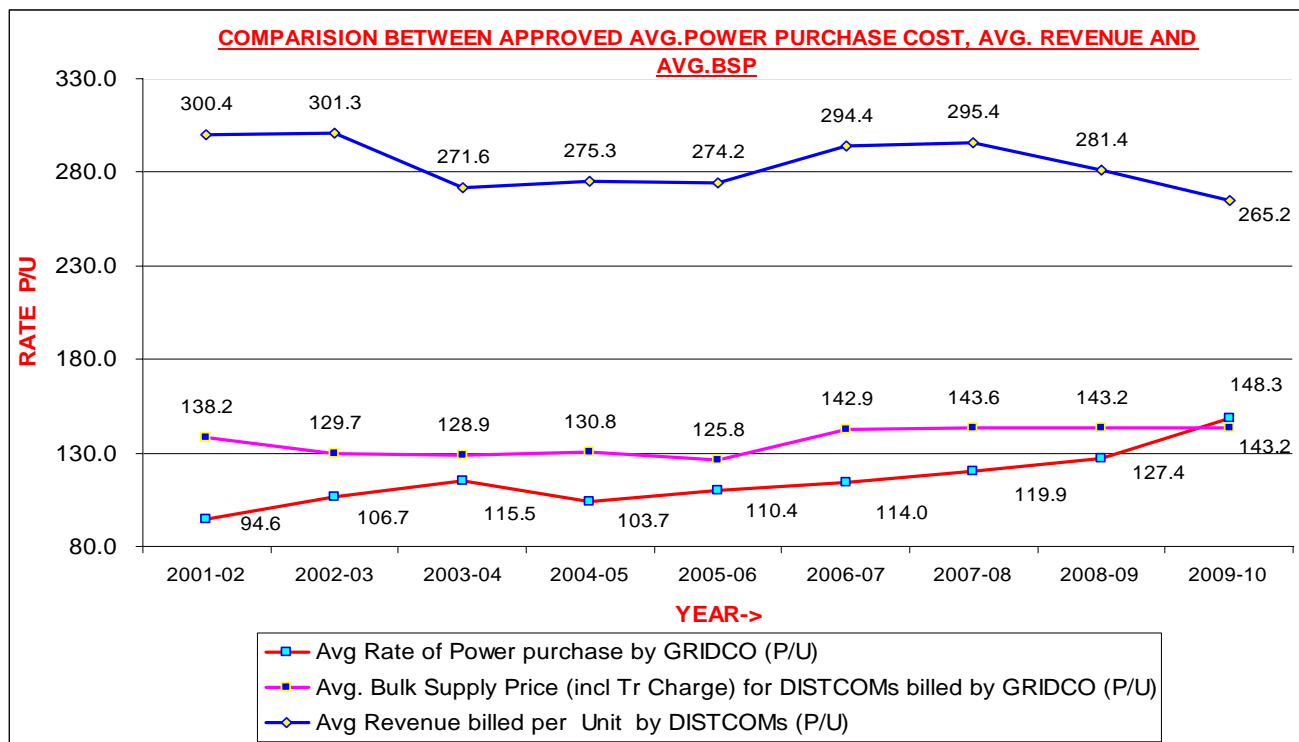
16. TARIFF RISE VIS-A-VIS INFLATION (WHOLE SALE PRICE INDEX)

Year	Increase in Average Tariff	Increase in WPI
1995-96	17.00%	19.30%
1996-97	17.00%	6.45%
1997-98	10.33%	4.80%
1998-99	9.30%	6.84%
1999-00	4.50%	3.02%
2000-01	10.23%	6.55%
2001-02	10.23%	3.33%
2002-03	0.00%	3.41%
2003-04	0.00%	5.46%
2004-05	0.00%	6.48%
2005-06	-0.37%	4.43%
2006-07	0.00%	5.37%
2007-08	0.12%	4.71%
2008-09	-0.64%	6% (Provisional)
2009-10	0.00%	4.00% (Assumed)



17. POWER PURCHASE COST, BULK SUPPLY PRICE AND AVERAGE TARIFF AS APPROVED BY THE COMMISSION

YEAR	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Energy Purchase by GRIDCO (MU)	12,345.07	13,312.22	14,818.80	17,395.16	16,640.02	15,414.79	17,539.47	18,460.26	19,719.38
Power Purchased cost for GRIDCO (Rs. In Cr)	1,167.82	1,420.60	1,711.87	1,803.29	1,836.38	1,756.84	2,103.11	2,351.75	2,923.80
Avg Rate of Power purchase by GRIDCO (P/U)	94.60	106.71	115.52	103.67	110.36	113.97	119.91	127.40	148.27
GAP incl. repayment of Principal (Rs. In Cr)				217.4	15.7	(504.5)	(464.9)	(410.1)	(882.9)
Energy Sold to Distcoms by GRIDCO(MU)	10,927.1	11,361.1	12,057.2	12,469.8	13,188.1	14,683.0	17,021.9	17,620.0	18,921.0
Avg. Bulk Supply Price (incl Tr Charge) for DISTCOMs billed by GRIDCO (P/U)	138.21	129.71	128.93	130.76	125.84	142.85	143.59	143.15	143.20
Revenue	1,510.23	1,473.65	1,554.53	1,630.56	1,659.60	1,774.44	2,069.69	2,152.28	2,312.15
Energy billed to consumers (MU)	6,314.02	7,136.10	8,215.93	7,837.59	8,680.99	9,865.53	12,137.59	12,856.43	14,295.45
Approved Expected Revenue for DISTCOMs (Rs. In Cr)	1,896.70	2,150.04	2,231.45	2,157.44	2,380.66	2,904.17	3,584.95	3,617.82	3,790.46
Avg Revenue billed per Unit by DISTCOMs (P/U)	300.39	301.29	271.60	275.27	274.24	294.38	295.36	281.40	265.15



NOTE: The average rate of power purchase by GRIDCO (P/U) from generators has been gradually increasing where as the average Bulk Supply Price for DISCOMs has more or less remained steady. The approved average revenue billed per unit by DISCOMs is far above the bulk supply price charged by GRIDCO to them. The average revenue billed per unit is based on normative loss approved by the Commission, whereas the average revenue actually billed by the DISCOMs is different because loss level shown by them is quite higher than the loss level approved by the Commission.

18. APPROVAL/ACTUAL POWER PURCHASE BY GRIDCO FOR STATE USE

(Figures in MU)

Name of the DISCOMs	Actual for FY 2007-08	Commission's Approval 2008-09	Commission's Approval 2009-10
CESU	5203.86	5300.0	6045.0
NESCO	4654.93	4600.0	4285.0
WESCO	5377.10	5680.0	6430.0
SOUTHCO	1975.28	1980.0	2161.0
TOTAL DISCOMs	17211.17	17620.0	18921.0
CGP	87.45	10	10.00
TOTAL SALE	17298.62	17630.0	18931.0
Transmission loss at EHT in MU (DISCOMs Purchase only)	833.79 (@ 4.82% transmission loss)	830.26 (transmission loss @ 4.5%)	788.38 @ (4.0% Transmission loss)
Total Purchase for DISCOMs	18132.41	18460.26	19719.38
Trading	690.30	-	-
UI	2038.87	-	-

19. REVENUE REQUIREMENT OF DISCOMS FOR THE FY 2008-09 and FY 2009-10 (Approved)
(Rs in Crore)

	2009-10	2008-09
Power Purchase Cost	2,312.11	2,152.23
Cost of Transmission (including SLDC charges)	397.34	370.02
Net Employee Cost	541.20	468.55
R& M Cost	116.08	112.48
A&G Cost	82.17	74.60
Bad Debts	75.81	90.45
Depreciation	76.86	74.39
Interest Cost	116.45	104.34
Carrying Cost		7.42
Return on equity	36.00	36.00
Principal payment to GRIDCO	170.00	183.00
Total	3,924.02	3,673.48
Less Miscellaneous Receipt	96.54	84.99
Total Revenue Requirement	3,827.48	3,588.49
Expected Revenue	3790.45	3617.84
Gap	(-) 37.03	29.35

20. ACCOUNTING PROFIT & LOSS OF POWER SECTOR OF ORISSA AS A WHOLE

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
OHPC	69.85	77.79	55.21	50.38	-27.44	-3.89	-41.92	6.17	64.08	-22.96	60.98	137.10
GRIDCO	-294.99	-319.11	-578.61	13.73	-85.24	74.50	-598.08	417.77	357.38	25.82	236.88	566.05
OPTCL										-24.95	-9.06	-12.38
CESU				-181.50	-85.01	-115.15	-63.47	-95.11	-178.37	-28.59	-114.62	
NESCO				-96.66	-105.64	-167.68	-134.41	-79.91	-96.94	23.17	12.04	22.18
WESCO				-61.30	-110.30	-129.05	-51.95	-44.77	-29.56	22.94	31.83	-49.68
SOUTHCO				-83.05	-94.24	-79.98	-80.54	-71.57	-95.00	-33.54	-79.13	-25.78
Total	-225.14	-241.32	-523.40	-358.40	-507.87	-421.25	-970.37	132.58	21.59	-38.11	138.92	637.49
OPGC	104.60	66.15	112.80	124.39	109.88	132.22	181.70	136.23	143.39	153.37	161.91	
G.TOTAL	-120.54	-175.17	-410.60	-234.01	-397.99	-289.03	-788.67	268.81	164.98	115.26	300.83	637.49

21. Collection of Electricity Duty from 1994-95 to 2009-10

Year	Collection (Rs. Cr.)	Year	Collection (Rs. Cr.)
1995-96	121.35	2003-04	200.43
1996-97	120.06	2004-05	261.89
1997-98	127.73	2005-06	353.13
1998-99	110.13	2006-07	282.58
1999-00	127.21	2007-08	327.46
2000-01	146.71	2008-09 *	359.38
2001-02	136.96	2009-10 (BE)	410.00
2002-03	172.17		

* Provisional

22. THE BIGGEST HURDLE –THE UNSUSTAINABLE LOSS

Though there has been decline in tariff by 26.24% compared to price rise there is no room for complacency. The biggest hurdle that the power distribution companies face is power thefts and distribution loss. Aggressively cutting down AT&C loss should be the focus of power sector reform. When the distribution of electricity was privatized in the State w.e.f. 01.04.1999, the distribution loss was 43.9% and overall AT&C loss was as high as 56.71%. In the meantime the overall distribution loss has been reduced from 43.9% in 1999-00 to 37.5% in FY 2007-08. Similarly, the AT&C loss has been reduced from 56.71% in 1999-00 to 40.9% in FY 2007-08. In order to make the business of distribution of electricity in the State financially viable, the overall AT&C loss has to be reduced to around 15%, this is the major thrust area for all stakeholders. Though there is about 14% improvement in terms of AT&C loss reduction since 1999-2000, there is a long road to cover.

Actual Distribution Loss and AT&C Loss (in %)

Licensees		00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09 (Prov) **	09-10 (Appr)
CESU	Dist. Loss	44.89	48.81	43.03	39.76	41.49	42.86	43.52	41.48*	40.30	26.30
	AT&C Loss	58.94	63.57	54.48	50.57	51.12	49.18	47.58	45.93*	45.23	27.8
NESCO	Dist. Loss	44.44	51.00	41.38	43.66	39.40	37.08	33.22	31.17	34.60	23.00
	AT&C Loss	54.38	63.57	52.25	51.85	42.09	43.24	40.75	35.88	38.60	24.5
WESCO	Dist. Loss	43.20	46.44	38.29	39.02	36.38	37.80	36.36	36.13	33.60	22.50
	AT&C Loss	54.94	57.18	47.30	46.36	41.66	41.75	39.99	40.65	36.51	24.0
SOUTHCO	Dist. Loss	42.52	40.47	39.14	42.45	40.50	41.07	43.39	45.49	47.80	27.92
	AT&C Loss	52.10	52.80	49.26	49.27	40.22	43.86	46.61	48.73	50.97	29.4
All Orissa	Dist. Loss	44.01	47.47	40.75	40.75	39.21	39.60	38.57	37.48	37.50	24.45
	AT&C Loss	55.92	60.31	51.15	49.35	44.68	44.69	43.25	41.89	41.31	26.0

*The figures of CESU pertaining to FY 2007-08 is provisional.

**As submitted by licensee in performance review

Distribution Loss at LT Level (in %)(Calculated)

(Based on Filing of Licensees)

	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09 (Prov) *	09-10 (Appr)
NESCO	65.1	58.8	62.1	60.6	59.2	59.5	59.3	59.40	33.19
WESCO	63.3	58.6	63.4	65.0	65.5	65.0	65.3	65.60	35.86
SOUTHCO	46.7	45.9	50.2	47.8	49.6	52.4	54.9	57.10	29.50
CESU	54.5	49.6	46.4	47.4	49.7	53.2	53.8	52.00	35.04
ALL ORISSA	57.6	53.1	54.9	54.9	55.8	57.5	58.2	58.10	34.04

* As submitted in Performance Review

23. PRICING OF CGP POWER INCLUDING CO-GENERATION

The Commission in Case No. 6 -20/2009 dtd.28.02.2009 has directed as follows:

“16. After going through the records and submission made by GRIDCO and the representative of CGPs and keeping in view the current difficult situation now being faced by the State as well as the recession being experienced by manufacturers and the economy, the Commission considers it fit and appropriate at this stage

to pass an interim order to enable harnessing of the available idle/bottled up capacity of CGPs at a reasonable price and keep the principal producing units in a sustainable mode while at the same time not burdening the users of electricity who are also hit badly by the recession. While the CCPPO expects the price prevailing in the Indian power exchange and the price available through UI mechanism, it cannot be such as to burden all consumers with an unsustainable loading through higher price. Considering all aspects in totality and adopting the principle of “harmonious balance” the Commission hereby directs as under:-

- (i) *Keeping in view the number of CGPs in the State and their large variations in size/capacity and usage of fuel it is difficult for both CGPs and GRIDCO to adopt the competitive bidding route. The verification of costs and determination of prices, given the manner in which costs are allocated as between the main product and captive power generated, is going to be a cumbersome and long drawn affair. Considering the incongruent nature of different CGPs and Co-generating plants, the Commission examined and decided to adopt a simple approach and mechanism by which GRIDCO can procure power from CGPs in and around a reference point of the highest generation cost, currently being procured by GRIDCO.*
- (ii) *Because of the nature of generation by a CGP and captive generators with surplus power are at liberty of selling power, even for a short duration in the Power Exchange, it is not necessary in the interim to have a dividing line between short-term and long-term power. Power that can be scheduled on a day ahead basis can be absorbed in the system and can be programmed for full procurement by GRIDCO. CGPs/Co-generating plants who are capable of giving day ahead schedule should be, for the time being, treated as suppliers of firm power. Power injected by the CGPs/Co-generating plants without giving day ahead schedule would be treated as injectors of inadvertent power.*
- (iii) *For supply of power by the CGPs/Co-generating plants to GRIDCO for sale to DISTCOs meant for consumption by the consumers in the State, the procurement price of firm power from the CGPs as indicated at (ii) above will be Rs.3.00/KWh with effect from 01.3.2009. However, to encourage co-generation as is mandated under the Electricity Act, 2003 the power generated by co-gen. plants e.g. sponge iron plants such as NINL, Arati Steel, Tata Sponge, etc. may be given an incentive and shall be paid @ Rs.3.10 per/KWh with effect from 01.3.2009. The procurement price of Rs.3.00/KWh for all power meant for sale to Discoms is considered just and reasonable keeping in view the current cost of Rs.2.76/KWh of the highest cost of generation from a TPS in the Eastern Region. A premium of about 10% (ten percent) on this price is considered appropriate as a stimulus to the harnessing of bottled up capacity with the CGPs.*
- (iv) *In order to encourage the CGP/Co-generating plants to fully utilize their bottled up capacity for generation of captive power/Co-generation power and to enable GRIDCO to access power from different sources including CGPs/Co-generating plants for meeting the demands in the State and making available a good quantum of power for trading, GRIDCO should offer a remunerative price to the CGPs in respect of power used for trading. Keeping in view the prevailing rate in the power exchanges, UI rate and price quoted in the bidding it would be just and equitable for GRIDCO and the CGPs and Co-generating plants to have an indicative rate of Rs.3.50 per KWh for procuring surplus power meant for trading. This is merely an indicative price suggested by the Commission. However, individual CGPs/Co-generating plant and GRIDCO, if they so like, may enter into further negotiation for an agreed price above this indicative rate. However, the procurement price by GRIDCO from the Captive Generating Plants/ Co-generating plants for the purpose of trading should not unduly vary from the indicative price of Rs.3.50 per KWh now being suggested by us as an interim measure. This is necessary for the benefit of the consumers of the State because the profit earned by GRIDCO from the trading will be taken as ‘other receipt’ to meet its revenue requirement and bridge the gap in the ARR. After bridging of the gap in the ARR, the balance of surplus gained on account of trading of CGPs/Cogeneration power may be shared with the CGPs/Co-generation plants at the year end.*
- (v) *In respect of injection of inadvertent power the payment would be equal to the pooled cost of hydro power of the State during 2008-09 and 2009-10 as the case may be depending on the period of supply.*
- (vi) *The rate of power indicated in (iii), (iv) and (v) will also be applicable with effect from 01.3.2009 to those CGPs/Co-generating plants having subsisting contracts/agreements with GRIDCO. This will be without any prejudice to the outcome of any dispute/arbitration pending in any court of law or any authority and will have no retrospective effect whatsoever.*
- (vii) *GRIDCO will devise a mechanism to decide on the quantum of energy to be procured for the Discoms and the quantum to be traded at the higher price of procurement. A transparent and simple accounting method must be maintained to obviate any dispute with CGPs/Co-generation plants. The accounts must also clearly show how the gap in the GRIDCO’s ARR is being bridged and how the*

remaining surplus is being shared with the CGPs/Co-generation plants to the extent of power traded. The Commission hastens to state that they do not wish to prescribe a price at which the quantum being traded should be procured. We are only indicating a price around which procurement may be done for trading.

- (viii) *It will take some time for the CGPs for establishment of SCADA and PLCC, wherever not yet done. OPTCL as on date have not implemented installation of SCADA in many grid substations. As recently stated in the tariff hearing in case No.63/2008, OPTCL has already taken initiative for expansion of ULDC scheme for broadband connectivity. In view of the above and considering the present situation of power availability in the State the Commission directs that the provision of installation of SCADA and PLCC shall not be insisted upon for the CGPs before procuring their surplus power in the State grid as this is an emergent step taken by the Commission in an extremely difficult situation through which the state is passing through. However, the alternative mode of communication for the connectivity with the nearest SCADA interface point of the licensee i.e. telephone, fax, carrier communication, broadband communication, internet/other developed mode of communication should be established by the CGPs within three months from the date of synchronization with the grid.*
- (ix) *The CGPs/Co-generating plants may be paid as per the rates indicated in (iii), (iv), (v) and (vi) in the proportion of CGP/Co-generation power consumed inside the state and traded outside the state as certified by the Chief Load Despatcher of SLDC in each month.*

24. INITIATIVE BY STATE GOVERNMENT

- The State Govt. vide Notification No. 1068/R&R-I-2/2002 dtd. 29.01.2003 of Energy Dept. has taken several steps as per recommendation of expert Committee and correctives suggested by OERC. Some of them are as follows:
 - (i) The original asset value of GRIDCO at Rs.1103 crore was upvalued by Rs.1194 crore pushing the total asset of GRIDCO to Rs.2297 crores. The OHPC assets were upvalued by Rs.766.20 crores making the total assets value Rs.1246.20 crores. This upvaluation led to rise in the cost of the hydro power as well as cost of transmission and distribution.
 - (ii) The effect of upvaluation of assets of OHPC and GRIDCO indicated in Notification No. 5210 dtd. 01.04.1996 and 5207 dtd. 01.04.1996 from the FY 2001-02 prospectively till 2005-06 or the sector turns around whichever is earlier has been kept in abeyance to avoid re-determination of tariff for past years and also re-determination of assets of various DISCOMs.
 - (iii) Moratorium on debt servicing by GRIDCO and OHPC would be allowed from financial year 2001-02 till 2005-06 except the amount in respect of World Bank Loan.
 - (iv) Govt. has also declared that GRIDCO and OHPC shall not be entitled to any Return on Equity till the sector become viable on cash basis or 2005-06 whichever is earlier.
 - (v) World Bank Loan would be passed on by the State Govt. to GRIDCO and DISCOMs as 70% loan @ 13% interest per annum and balance 30% would be treated as grant.
 - (vi) Tax free bonds @8.5% interest would be granted by State Govt. for PFC and REC loans.
 - (vii) Govt. would exempt water cess on the volume of water used by OHPC for generation of electricity.
 - (viii) The outstanding dues payable to OHPC by GRIDCO till 31.03.2001 on account of power purchase would be securitized through issue of power bond by GRIDCO and OHPC.
- OERC vide their Lr. No. JD(F)-175/02/143 dtd. 15.01.2009 communicated to the Govt. that OERC had assumed the extension of these financial benefits beyond 2005-06 and accordingly determined the tariff. Its effect on tariff reduction was around 48 Paise, 38 Paise and 35 Paise during 2006-07, 2007-08 and 2008-09 respectively. The impact on this account on Retail tariff during 2009-10 is estimated at 35 Paise per unit and OERC requested Govt. to communicate their decision on extension of this financial benefit.
- Govt. vide their Lr. No. 1704-R&R-II-1/2009 dtd. 17.02.2009 communicated to OERC that the matter of extension upto 2011-12 of the moratorium period on upvaluation of asset and other dispensation stipulated in Energy Dept. Notification dtd. 29.01.2003 as stated above has already been concurred by Finance Dept. and going to be placed before the State Cabinet for a decision. State Government have also indicated to provide fund for upgradation and renovation of distribution assets during 2009-10. It also commits to provide Rs.100 crores in the form of share capital over a period of three years starting from 2008-09 to OPTCL. To begin with, it has made budgetary provision of Rs.5 crore for OPTCL in FY 2009-10.

- There are five energy police stations which have been operating in different areas of the DISCOMs. Govt. of Orissa vide their Notification No. 47514 dtd. 23.10.2008 of Home Deptt. has notified the establishment of another 29 nos. of Energy Police Stations in different parts of the State. These police stations need to be fully functional.
- State Govt. under Section 153 of Electricity Act, 2003 has designated five special Courts for the trial of Energy related matters (Section 135 to Section 139) of Electricity Act, 2003.
- OERC has requested the State Govt. to critically review the effective functioning of the energy police station at regular interval by a very Senior Police Officer not below the rank of IG of Police.

25. INTITIAIVE TAKEN BY OERC

- OERC has engaged different technical expert teams to asses the condition of infrastructure of different licensees. For DISCOMs 19 teams of experts have been engaged and they have submitted their report to the Commission. Licensees have been directed to comply with the deficiencies reported by the independent expert team.
- Due to initiative of OERC Govt. of Orissa vide their Lr. No. 3132/EN/R&R/11/09 dtd. 16.03.2009 has communicated that they are considering the question of extending support to the distribution companies during the year 2009-10 for upgradation and replacement of old infrastructure. This special support by State Govt. is in addition to the already approved and allowed R&M expenditure and not in substitution of the same.

**Approved R&M for FY 2008-09 and FY 2009-10
(Rs. in Core)**

	2008-09	2009-10
WESCO	25.66	27.01
NESCO	25.87	27.88
SOUTHCO	19.08	20.73
CESU	41.87	40.46
Total	112.48	116.08

- State Govt. has taken in principle decision to provide capital investment of Rs.100 crores to OPTCL in the form of share capital over a period of three years starting from 2008-09 for strengthening and construction of transmission lines and grid substation in the inaccessible and un-remunerative areas. To begin with Govt. of Orissa has made a provision of Rs.5 crore in the budget of FY 2009-10 which has been communicated to OERC vide Lr. No. R&R-II-1/2009/1704/EN., dtd 17.02.2009.
- The Commission has carried out proactive programme on consumer education by holding State level workshops such as “Standards of Performance and Consumer Satisfaction” in 2007-08 and another workshop on “Management and Technology in Billing & Collection” in 2008-09. OERC has also published in December 2008 a comprehensive book entitled “Orissa Power Sector – An Overview 2008”. This will help all the stakeholders of the power sector to know the achievements, constraints and steps needed to make the power sector sustainable in the State.
- 30,000 copies of the FAQ (Frequently Asked Questions of electricity consumers) printed in English and Oriya have been distributed among various consumer groups, local self Government bodies, SHG and staff of DISCOMs.
- An annual public education campaign based on Commission’s booklet (FAQ) covering national, local newspaper and All India Radio was launched in January, 2007.
- A daily press clipping service to keep the Commission abreast of up-to-date development in the power sector within and outside the State is maintained in the OERC.
- First website in Indian power sector was created in 1998 (www.orierc.org).
- Case tracking was introduced through OERC web portal in 2006.
- OERC wings IDG Media Business Excellence Award for innovation in IT solution.

26. THE ROAD AHEAD

- Though Orissa has gained in term of financial benefits in the power sector, power sector distribution continues to be plagued by high level of Aggregate Transmission and Commercial (AT&C) loss. The overall AT&C loss in 2007-08 is 41.89%.
- High AT&C loss and high incidence of power theft continue to be the areas of concern. The State Govt. in the meantime has already established 5 Energy Police Stations and has notified establishment of another 29 Police Stations. Five Special Courts for trial of energy related cases have been designated.
- Making distribution segment of the power industry efficient and sustainable is the key to the success of power sector reform.
- Franchisee operation has started in all the four Discoms. CESU has started franchisee operation in Puri Sub-division and Orikanta Section of Salipur Division. They will extend franchise operation in Jagatsinghpur and Angul Division shortly. NESCO has already started franchisee operation in Dharmasala & Jajpur Sub-division and expects to start the same in Khaira & Tihidi Sub-division shortly. SOUTHCO has started franchisee operation in Rambha & Khalikote Sub-division and expects to start the same in two sub-divisions each in Bhanjanagar and Aska Division. WESCO has started franchisee operation in numbers of 33/11 KV substations and 11 KV feeders in different areas of its operation.
- The Regulatory Commission is trying to strike the right balance between the requirements of commercial viability of distribution licensees and consumers' interest.
- While there is certainly the need to take aggressive administrative and financial measures to reduce the present unsustainable levels of AT&C losses there is also the imperative need for Govt. to participate actively in the day to day development of the power sector in the State. After experimenting with private distribution companies for almost one decade, we can no longer carry on with a "business as usual" approach. A serious rethinking and reorientation of our approach is essential. The present system of managing or treating the power sector in the State on an 'arms-length' basis needs to be changed to a 'hand-shake' basis. The State would be missing a great opportunity in fostering the rapid economic development of the State if not done now. It is a robust power sector which is the key to attracting investments to the State. Therefore, the State Govt. must come forward readily and work alongside the DISCOMs, the STU and the Generators in the day-to-day development of the power sector, rather than take a 'distance and aloof' approach.

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