BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION, BHUBANESWAR.

IN THE MATTER OF: **Case No 88 of 2022 – Application filed by TPCODL for Aggregate Revenue Requirement and determination of Wheeling and Retail Supply Tariff for FY 2023-24 .**

And

IN THE MATTER OF: TP Central Odisha Distribution Ltd. Corporate Office, Power House, Unit 8, Bhubaneswar- 751 012 represented by its Chief Regulatory & Government Affairs.

NOTARY
Jagyneswar Acharya
Regd No.:7791/2009
Dist-Khurda
BBSR, Odisha
M-9861006174
GOVERNMENT OF INDIA
SPECIAL ADHESIVE

.... Petitioner

Affidavit

23 FEB 2023

I, Puneet Munjal, aged about 59 son of late Jagdish Lal Munjal residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief Regulatory & Government Affairs of TP Central Odisha Distribution Ltd. the Petitioner in the above matter and duly authorized to swear this affidavit on its behalf.

2. The statements made in this submission herein shown to me are based on information and I believe them to be true.

Chief Regulatory & Govt. Affairs

Bhubaneswar
Dated: 23.02.2023

IDENTIFIED BY ME
ADVOCATE. BBSR

NOTARY
Jagyneswar Acharya
Regd No.:7791/2009
Dist-Khurda
BBSR, Odisha
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GOVERNMENT OF INDIA

Jagyneswar Acharya
Notary, Govt. Of India
Odisha, BBSR, Dist-Khurda
Regd.No.-7791/2009

TPCODL

25th February, 2023

File No TPCODL/Regulatory /2023/44

Secretary
Odisha Electricity Regulatory Commission
Bidyut Niyamak Bhawan
Plot No 4, Chunokoli
Shailashree Vihar
Bhubaneshwar 751021

Dear Sir

Case No 88 of 2022 : Aggregate Revenue Requirement and determination of Wheeling and Retail Supply Tariff for FY 2023-24 for TPCODL.

TPCODL has published the public notice on 11th January 2023 in the subject matter in compliance with the Hon'ble Commission's directive given in Letter No-Case No.88/2022 /36 dated 10.01.2023. Some queries/objections/suggestions were received on our filings.

We are through this letter providing the rejoinder to the same raised by various persons and organizations in the **Appendix.**

The list of objectors to whom we are providing the reply are as follows:

Sr No	Name of the Objector
1.	Mr Soumya Ranjan Patnaik,MLA,Khandapada
2.	M/s Grinity Powertech Private Ltd
3.	M/s Utkal Chamber of Commerce & Industry Ltd (UCCI)
4.	M/s Jindal Steel & Power Ltd
5.	M/s Reliance Jio Infocom Ltd
6.	Principal Chief Electrical Engineer , East Coast Railway
7.	Shri R P Mahapatra
8.	Shri Ramesh Satpathy
9.	Shri Ashok Kumar Pattanaik
10.	Shri Kamalakanta Das
11.	Shri Jyoti Prakash Das
12.	Shri Priyabrata Sahu
13.	Shri Panchanana Jena
14.	Shri Subrat Kumar Behera
15.	Shri A. K. Sahani
16.	Shri Prashant Kumar Das
17.	Shri Prabhakar Dora

TP CENTRAL ODISHA DISTRIBUTION LIMITED
(A Tata Power and Odisha Government Joint Venture)
Corporate Office : Power House Square, Unit - 8, Bhubaneswar - 751012
Registered Office : IDCO Towers, 2nd Floor, Janpath, Bhubaneshwar - 751022, Tel.: 0674 2541575
Web.: www.tpcentralodisha.com, E-mail : tpcodl@tpcentralodhisa.com, CIN : U40100OR2020PLC032901

TPCODL

We trust the same is in order.

In line with the directions given by the Hon'ble Commission in the above letter, we are serving the copy of the respective rejoinders to the individual respondents.

Yours faithfully

(Puneet Munjal)
Chief – Regulatory & Government Affairs

CC: Respective Rejoinders

1. Mr. Soumya Ranjan Patnaik, MLA, Khandapada,
   Plot No- 185, VIP Colony, Nayapalli, Bhuubaneswar,Odisha-15
   Email: soumyapatnaik.sambad@gmail.com
2. M/s Grinity Powertech Private Ltd
   K-8-82, Kalinga Nagar, Ghatkia
   Bhubaneshwar 751029
   Email: gpwrtch@gmail.com.
3. M/s Utkal Chamber of Commerce & Industry Ltd (UCCI)
   N-6,IRC Village, Nayapalli, Bhubaneswar-751015
   Email: contactus@utkalchamber.in , pwrtch@gmail.com
4. M/s Jindal Steel & Power Ltd
   Chhendipada Road, SH 63, Po-Nisa, Angul-759130
5. M/s Reliance Jio Infocom Ltd
   Wing A&B, First Floor, Fortune Tower, Chandrasekharpur
   Bhubaneswar- 751023, Dist- Khurda
6. Principal Chief Electrical Engineer, East Coast Railway
   Rail Sadan, Chandrasekharpur, Bhubaneswar – 751017
7. Shri R P Mahapatra, Retd. Chief Engineer & Member(Gen.) erstwhile OSEB
   Plot No 775(P), Lane 3, Jayadev Vihar, Bhubaneswar-751013
   Email: rpmahapatra.consultant@gmail.com
8. Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President Upobhokta Mahasangha
   Plot No- 302 (B) , Beherasahi, Nayapally, Bhubaneswar- 751012, Dist- Khurda.
   Email: ramesh.satapathy112@gmail.com
9. Shri Ashok Kumar Pattanaik, M/s BRG Iron & Steel Co. Pvt. Ltd.
   Flat No. 1001, Tower-8, Z-1, Advait, Nandankanan Road, Patia
   Raghunathpur, Khorda-751024
   Email: ak.pattnaik@brggroup.in
10. Shri Kamalakanta Das

Flat No-D/102, Prestige Residence, Mahadev Nagar, Jharpada, Bhubaneswar - 751006

11. Shri Jyoti Prakash Das, Ex-Member-ELBO
Infront of Devi Mandir, Shaiskh Bazar, Cuttack-735008
Email: j.pdas@rediffmail.com

12. Shri Priyabrata Sahu
At. Bijaya Bihar, 3rd Lane, Po-Berhampur, Dist.- Ganjam-760004
Email: sahu.priyabrata999@gmail.com

13. Shri Panchanana Jena, Working President-Bijuli Karamchari Sangh
Sakti Nagar, 3rd Lane, Engineering School Road, Berhampur- - 760010
Email: jena.manoranjan1@gmail.com

14. Shri Subrat Kumar Behera
Po – Ranipatna, Dist – Balasore, Pin – 756001
Email: adv.subratkbehera@gmail.com

15. Shri A. K. Sahani, Retd. Electrical Insdpector, GoO
B/L-108, VSS Nagar, Bhubaneswar - 750007
Email: aks.kr.sahani@gmail.com

16. Shri Prashant Kumar Das, CGM-GRIDCO Ltd
Janpath, Bhubaneswar
Email: sgm.pp@gridco.co.in, mdgridco@gmail.com

17. Shri Prabhakar Dora
3rd Lane, Vidya Nagar, Po/Dist – Rayagada, Pin-755001
Email: doraprabhakar1965@gmail.com

Appendix

1. Reply to Objections/ Suggestions raised by Shri Soumya Ranjan Patnaik

1. Truing up exercise in Tariff proceeding and observation on non-submission of APR

Response:

We have already submitted the True up petition for FY 2021-22 as well as for FY 20-21 (June'20 to March'21) vide our submissions dated 29.11.2022.

Further, TPCODL has submitted the Annual Performance Review (APR) for the current year i.e. FY 2022-23 (H1 actuals and H2 estimates) in Chapter 8 (page No- 91) of its ARR Petition for FY 2023-24.

2. Incomplete ARR filing

Response:

It is submitted that TPCODL after commencement of its operation on 1st June 2022 has initiated the process of automation of various manual process and other IT initiatives like SAP. The transition from manual to IT based system has taken some time to stabilize as it entailed creation of infrastructure, re-engineering of processes, blue-printing, implementation, testing, training etc. Because of the above factors, some data were not available at the time of submission of our ARR petition as a result some forms could not be submitted. However, the balance forms have been submitted to the Hon'ble Commission on 17th Feb 2022.

3. Visibility of ARR documents on the Website

Response

The respected Respondent has observed that the path to the ARR documents on the website of the Licensee is not very easy to locate for a common public. The ARR and Business plan documents are available on our website in the following location.

www.tpcentralodisha.com → Customer Zone → ARR & Business Plan

However, for ease of access to the ARR documents, we have put a sticker on the Homepage of our website so that anyone visiting our website can easily fetch the ARR documents. The Screenshot of the Homepage of our website is provided below.

4. **Non Truing of Tariff Orders of Erstwhile Utilities**

Response

TPCODL has not been transferred any surplus as has been claimed by the Respondent and consequently we are unable to comment upon the same other than the fact that CESU audited balance sheet as on 31.05.2020 (prior to Effective Date) reflects accumulated loss.

With specific reference to past period true up the Hon'ble Commission has held as follows in its Tariff Order dated 24.03.2022 at para 65:

> *"65. The Commission has carried out Truing up exercise in this order for the period 2020-21 based on the audited accounts. This is the first year of operation after privatization. The Truing up of account helps the Commission to factor in past regulatory surplus or gap in the regulatory account of the year under consideration. This, in turn, helps the Commission to arrive at the ARR of the ensuing year.* ***The Truing up of accounts before FY 2020-21 has no impact on the present ARR for FY 2022-23 of the DISCOMs. This is because any Regulatory surplus or gap for the years prior to FY 2020-21 shall be transferred to the Special Purpose Vehicles (SPVs) which was created to retain the liabilities of erstwhile DISCOMs.*** *It is pertinent to mention that three (3) new DISCOMs (TPCODL, TPWODL, TPSODL) came into existence during FY 2020-21, 4th DISCOMs (TPNODL) took the responsibility in April 1, 2021 and these DISCOMs are free from liabilities of the past barring few as per Section 21 of the Electricity Act."*

5. **Power Cut and Unreliable Power Supply during Peak Summer**

Response

In TPCODL area, there is no intentional power cut by TPCODL except the breakdowns and outage taken for the purpose of preventive maintenance. Large scale maintenance activities on the 11 & 33 KV Feeders were carried out in terms of "tree trimming" / damaged pole upkeep / low sag conductor restringing/ jumper repairing etc is being carried out to keep network equipment in good and healthy condition.

TPCODL has been providing steady and reliable power supply to its customers across its geography during Current Financial Year. TPCODL has largely focused on preventive maintenance of its existing network and assets. While new 33/11 KV Primary sub-stations have been added under ODSSP, TPCODL has also upgraded/ augmented many 33KV and 11 KV feeders in view of ensuing summer.

TPCODL is analyzing each interruption closely and corrective actions are being taken to reduce/eliminate the undue interruptions through preventive, condition based maintenance program, and investments. Annual maintenance plan have been devised to ensure maintenance of 100% assets. ERP based maintenance programs has been implemented by TPCODL in recent time.

TPCODL has also implemented Condition Based Maintenance of feeders and substations with the introduction of infrared cameras, and Ultrasonic detector etc.in the distribution system. These technologies shall help in assessing the health condition of the assets and maintenance programs are scheduled to improve the condition of distribution assets as per the outcome of their condition.
TPCODL has been successful in bringing down the interruptions through various OPEX and CAPEX measures highlighted below :

OPEX:

TPCODL has engaged Business Associates (BA) for Annual Maintenance Contract (AMC) of sub stations who works in different section for preventive maintenance as well as they are working for attending fuse call complaints.

TPCODL is constantly improving the network reliability through following strategic initiatives

- Condition monitoring through Thermography, Ultrasonic Detection, DGA analysis etc
- In-situ repair of Transformers
- PTR Capacity enhancement
- Implementation of Mass maintenance concept
- Rehabilitation of defunct assets

OTHER Improvement works

Network addition/ augmentation is being done through various central/ state government funded projects such as DDUJY, IPDS, ODSSP, SCRIPS, BGJY etc. This will improve connectivity among various sub-stations resulting in improved reliability.

TPCODL through its constant initiatives has improved reliability of power supply during last one year and has been able to maintain a power availability of more than 23.4 hrs across TPCODL.

Pre Summer activities carried out to ensure a reliable network during ensuing summer is shared below:

I. Preventive maintenance of Network

A. Survey and maintenance of feeders- The major activities carried out during the drive are extensive tree branch pruning, erection of interposing poles, re-sagging of conductors, replacement /repair of jumpers and cleaning of insulators.

B. Survey and maintenance of all 33/11 KV Sub-stations- Completed the maintenance of all 33/11 KV Sub-stations by replacing/ repairing weak jumpers, replacing damaged insulators, PTR maintenance and cleaning.

C. Survey & Maintenance of 11/0.415 kV DSS- So far close to 33000 DTs have been maintained and the work is in progress for remaining.

D. Adequate manpower and vehicles will be available in across TPCODL for preventive and breakdown maintenance of Sub-stations and feeders

E. Deployment of in house Cable Fault Location team; for quick identification of u/g cable fault and engagement of Cable Repair Team.

F. Periodic monitoring of feeders and equipment's are carried out through thermography and ultrasonic detectors for detection and eradication of hot spots.

II. Adequate consumables and petty materials have been procured and kept ready in central/divisional/sectional stores for preventive and break down maintenance.

III. Transformer upgradation is taken up by the DISCOMS based on Annual peak load study & proactively the Transformers are replaced. TPCODL has successfully augmented 1864 no's of Distribution transformers across its geography through augmentation with new DTs and swapping thereafter through Govt Funding / CAPEX/ OPEX during FY 21-22 and FY 22-23.

As the Respondent is aware, GRIDCO is responsible power for the DISCOMS and their consumers. TPCODL is in continuous touch with GRIDCO for making available adequate power during the ensuing summers.

6. **Higher T&D loss being allowed by the Hon'ble Commission**

<u>Response</u>

The Hon'ble Commission in its Vesting Order has set the AT&C loss trajectory for tariff determination till FY 2030 thereby insulating the consumers from the actual performance of the DISCOM. Against the respondent's observation that Higher T&D loss are being approved than actual loss, it is clarified that the approved T&D loss for FY-21 as considered for Tariff determination was 22.93 % against which the actual T&D loss was 25.9% (for 12 months) and 24.9% (for 10 months June'20 to Mar'21). Similarly for FY -22 , the actual T&D loss was 23.69% against the approved T&D loss of 22.93 % used for tariff determination.

7. **HT T&D loss continued to be approved at 8%**

Response

TPCODL has carried out software based load flow study (CYMEDist software) for 33KV & 11KV Network and assessment of technical loss in the network has been done. Based on the assessment, HT loss at 33 KV and 11 KV was aggregating to around 8.5%. In view of the above, the Hon'ble Commission's approval of HT loss to the tune of 8% is reasonable in the current situation.

8. **Higher T&D loss at LT level computed by the Responded as compared to what is approved by the Hon'ble Commission in FY 2021-22 (para 26)**

Response

The Respondent has tabulated the information collated from ARR and Performance Review submission of TPCODL/erstwhile CESU for the period FY 2018 to FY 2024 (projected) and has computed the T&D loss at LT at 31.47% against 25.51% loss approved by the Hon'ble Commission.

There appears to be some miscalculation on the part of the Respondent. We provide the loss computation of 25.51% below:

For FY 2021-22			
Sr No	Particulars	UoM	Value
a	Actual Input	MU	8814.32
b	EHT Sales	MU	1148.79
c= a-b	Input to HT	MU	7665.53
d	Loss in HT	%	8
e= c x d	Loss in HT	MU	613.2424
f	HT Sales	MU	1295.36
g =c-e-f	Input to LT	MU	5756.928
h	LT Sales	MU	4288.45
i= g-h	LT loss	MU	1468.478
j=i/g	LT Loss	%	25.51%

As can be observed from above computation, it is evident that the Hon'ble Commission has correctly computed and approved the T&D loss at LT.

9. **Inertia of Ld OERC**

Response

The Respondent has observed that the T&D loss for FY 20 was 23.15% which increased to 25.9% during FY-22 and then reduced to 23.62% for FY-22 whereas as the Vesting Order approved T&D loss at 23% for FY-21 ,FY-22 and FY-23.

The RFP for sale of equity of the Discom has provided the AT&C loss (and consequently the T&D loss) trajectory to be adopted for tariff determination in the first 10 years of TPCODL's operation. The same has been incorporated in the Vesting Order as well as the Tariff Regulations, 2022.

As the Respondent shall appreciate that while the actual T&D losses as mentioned by the Respondent above are higher, the losses considered for tariff determination, viz power purchase cost allowance in ARR are lower and to that extent the losses are being borne by the new Discoms thereby insulating the consumers from any impact of higher actual T&D losses.

10. Loss passed on to the Consumers are more than the actual loss (Para 28)

Response

The Respondent has observed that the actual loss has been lower than what has been approved by the Hon'ble Commission in the past years.

As stated above, the loss trajectory for tariff determination for the first 10 years from commencement of TPCODL (and other Discoms) has been fixed upfront by the Hon'ble nCommission as mentioned in the Vesting Order as well as notified in the Tariff Regulation, 2022, thereby insulating the consumers from impact of actual loss level.

11. High LT Loss (T&D) of Odisha

Response

We have already explained the computation of LT T&D loss at point 8 of our submission.

12. Misappropriation of Govt. grant investment.

Response

It is clarified that TPCODL has been utilizing the grant made available to it in the opening balance sheet as well as subsequently strictly in accordance with the terms of the grant and any assets created out of the grant are being capitalized in the TPCODL books of accounts. Further, TPCODL is providing to the Hon'ble Commission periodically audited statements on the amounts of grants spent/returned and balance with banks along with interest accrued thereon.

13. There is surplus created by the Licensee for the FY 2021, FY 2022 and FY 2023

Response

In this regard we wish to state that TPCODL has submitted its true up petition for FY 2020-21 (10 Months) and FY 2021-22. In addition, it has estimated revenue gap for FY 2022-23 based on the actual performance for H1 and estimate for H2 of FY 2022-23.

We have in the petition worked out the projected deficit (along with the carrying cost) upto end of FY 2023-24. The extracts from the petition as presented below:

Revenue Gap Standalone

Sr No	Particular	UoM	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Gap with Interest	Rs. Cr	0	96.81	78.61	154.68
2	Addition of Gap/Surplus	Rs. Cr	92.89	-24.39	67.59	62.98
4=1+2	Closing Gap	Rs. Cr	92.9	72.4	146.2	217.7
5	Interest Rate (SBI Base Rate considered in IoWC)	%	8.45%	7.30%	7.55%	8.30%
6=Average(1,4) X5	Interest	Rs. Cr	3.92	6.18	8.49	15.45
7=4+6	**Closing Gap with Interest**	**Rs. Cr**	**96.81**	**78.6**	**154.7**	**233.1**

Additional Revenue Gap due to Recovery of ASL Payment

Sr No	Particular	UoM	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening with Interest	Rs. Cr	0	0.00	246.52	289.27
2	ASL Repayment	Rs. Cr	0.00	237.84	23.26	20.45
4=1+2	Closing	Rs. Cr	0.0	237.8	269.8	309.7
5	Interest Rate (SBI Base Rate considered in IoWC)	%	8.45%	7.30%	7.55%	8.30%
6=Average(1,4) X5	Interest	Rs. Cr	0.00	8.68	19.49	24.86
7=4+6	**Closing Gap with Interest**	**Rs. Cr**	**0.00**	**246.5**	**289.3**	**334.6**

Total Revenue Gap

Sr No	Particular	UoM	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Gap with Interest	Rs. Cr	0	96.81	325.13	443.95
2	Addition	Rs. Cr	92.89	213.45	90.85	83.43
4=1+2	Closing Gap	Rs. Cr	92.9	310.3	416.0	527.4
5	Interest Rate (SBI Base Rate considered in IoWC)	%	8.45%	7.30%	7.55%	8.30%
6=Average(1,4) X5	Interest	Rs. Cr	3.92	14.86	27.98	40.31
7=4+6	**Closing Gap with Interest**	**Rs. Cr**	**96.81**	**325.1**	**443.9**	**567.7**

14. Non Tariff Income

Response

Against the respondent's observation that income from Cross subsidy surcharge (CSS) has not been taken into account under Non Tariff Income, it is submitted that the income from CSS (income from Open Access) has been taken into account while estimating the Non Tariff income in the ARR FY 2023-24 petition. Further we have provided detailed item wise break up of Non Tariff income at Table 4-22 and Table 4-23 under the section 4.10 of our ARR FY-24 petition.

15. O&M Cost (Employee, R&M and A&G) for FY 2021-22 as per cash Flow Statement is lower than as claimed in ARR.

Response

The O&M expense for FY 2021-22 has been claimed based on audited Financial Statements which have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with section 133 of the Companies Act, 2013 (as amended from time to time) and it includes expenditure on accrual basis which is towards expenditure already incurred part of whose payment flows into subsequent accounting period, which is only a timing difference of incurrence of an expenditure and its payment.

The timing difference in payment vis-à-vis booking of expense in financial statements is account of various reasons including expense incurred but bill not received, expense booked but bill not due, bill on hold due to non-submission of Bank Guarantee by the vendor as per contract, expense booked in accounts but payable only after certification of work of vendor. With specific reference to employee cost, provisions were majorly created against 7th Pay Arrear, HRA arrear, Performance Pay, etc which were paid in subsequent months of FY 22-23.

It is worthwhile to point out that considering that the accounts including the expenditure incurred and provisioned are audited under stringent Accounting Standards, the True up claim is based on the same which is in line with the requirement of the Tariff Regulations.

The projection of expenditure for FY 2023-24 has been done prudently based on the extant Regulations and the same has been included in the ARR filing for FY 2023-24.

16. **Interest on working Capital :- From the Cash flow statement it appears the Licensee has abundant Cash/Bank Balance in its Books which has been utilized for the purpose of Working Capital . The CFS Does not show any short term loan floated by Licensee during FY-22.So it may be presumed that there is no need for working capital loan to run the utility .**

Response

TPCODL has working capital including Overdraft facilities with various banks like SBI, IDBI, Canara etc. amounting to Rs. 1022 Cr which were utilised in a prudent manner with dynamic drawls and repayments to match cash flow deficit/surplus. Generally, at the end of the month the facilities would be repaid based on collections received and hence to that extent would not reflect in the cash flow in the month end or year end. Further, in our Cash Flow 'Proceeds from Working Capital Loan' refers to outstanding loan against Working Capital facilities i.e. Rs. 308.85 Crore.

With respect to interest on working capital the extant Regulations require the same to be allowed on normative basis with any efficiency brought about by the Discom with respect to the actual interest on working capital vis-à-vis its normative allowance being shared with the consumers (1/3rd) and 1/3rd kept in Tariff balancing reserve, with only the balance 1/3rd being allowed to be retained/paid out as dividend by the Licensee.

17. **Depreciation:- The Cash Flow Statement does not show any real payment of Infra loan. The cash/bank balance built out of the Depreciation approved in previous tariff orders may be used for the purpose of investment and payment of**

Response

Depreciation is being claimed strictly in accordance with the provisions of the Tariff Regulations viz Depreciation on vested assets being utilized for funding ASL and depreciation on assets created by TPCODL (other than from Government Grants and Consumer Contribution) being deemed to be equal to the loan repayment irrespective the actual quantum of loan repayment which ensures that even if there is no or less loan repayment as per cash flows, the available depreciation is deemed to be utilized for reducing the loan liability and consequently allowance of lower interest in ARR.

18. **Provision for Bad Debt: Bad debts may be allowed @ 0.15% per annum instead of 1%**

Response

TPCODL has claimed the provision for Doubtful Debts on the basis of the Tariff Regulations 2022. As per the Tariff Regulations, the following is allowed towards such provision

The Commission shall allow provisioning for bad debts as a pass through in the Aggregate Revenue Requirement, as a prudent commercial practice in the revenue requirement of the licensee. The Bad and Doubtful debt during this control period shall be allowed on normative basis of 1% of the total annual revenue billed for sale of electricity.

19. **Rebate and DPS received to be provided in NTI- As stipulated in Regulation 3.12 & 3.13,**

Response

We have estimated the NTI for FY 2023-24 as per the provisions of the New Tariff Regulations ,2022 wherein the Rebate on Power Purchase Cost (incl. Transmission & SLDC charges) ,DPS (after allowing rebate) has been considered. Please refer to Table 4-22 of our ARR FY-24 petition.

2. Reply to Objections/ Suggestions raised by M/s Grinity Powertech Private Ltd

The respondent has raised several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

1. Employee Cost

The respondent has observed that Employee Cost to be considered as controllable, audited figures of previous years to be considered for arriving of employee cost and annual truing up exercise to be carried out.

Further, the respondent has requested TPCODL to control employee cost and has commented that the estimate for FY 2023-24 is very high and should not be approved.

Our response

We have taken note of the Respondent's observations on the above. We assure the Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective.

As shall be appreciated, bulk of the Cost is towards Employee Costs of inherited employees who are governed by the OSCR Structure, which cannot be altered. All fresh recruitments are being done taking into account resource / skill gaps and with due approval of the Hon'ble Commission.

The Hon'ble Commission carries out a detailed prudence check while allowing all costs, including the Employee Costs.

TPCODL has already submitted its True up petition for FY 2021-22 and FY 2020-21 (10 months) through separate petitions. In line with vesting order directives and as stipulated in Regulations 3.9.8 of the New Tariff Regulation, 2022, we have claimed the actual cash out go towards terminal benefit for erstwhile CESU employees in our True up Petitions (FY-21,FY-22) as well as in and ARR & Tariff Determination petition for FY 23-24.

The Cost of erstwhile CESU employees have been estimated for FY2023-24 on following basis.

a. 3% escalation considered on Basic Salary over FY 2022-23 and the impact on account of retirements estimated in FY-24 has been deducted
b. DA is considered at 47% on the Basic Salary. The basis of projection of DA is as given below.

DA % as per Existing GoO Notification (w.e.f Jan '22)	34%
DA % as per Existing GoI Notification (w.e.f Jul '22)	38%
DA% in Jan'23 is estimated to be	42%
Projection for FY-24	
DA % for Apr - Jun'23	42%
DA% for Jul'23 - Dec'23	47%
DA% for Jan'24 - Mar'24	52%
Weighted Average for FY-24	47%

c. Housing Rent allowance considered at 20% of Basic Salary
d. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
e. Nominal escalation of 10% considered for Staff Welfare & Other Employee Benefit expenses and Other Allowances.
f. 10% cost escalation has been considered for outsourced employees also.
g. The Group health insurance scheme in line with OPTCL has already been implemented . Further additional medical benefits initiatives like Health Check ups, Tele medicines are going to be rolled out.

Further, TPCODL has been recruiting manpower as per the approval received by the Hon'ble Commission. Considering these recruitment and man power addition proposed in FY 2023-24, employee cost of new TPCODL employees has been proposed for FY 2023-24.

The actual employee cost incurred in FY-22 was Rs. 777 Cr, which included 7th Pay arrear payment of Rs. 33.9 Cr. The Hon'ble Commission has approved Rs. 776 Cr in FY-23 tariff Order. However ,after issue of FY-23 tariff order following additional orders/letters were issued.

- The Hon'ble Commission vide letter dated 19th Feb 2022 has approved the release of 30 % arrear salary of 7th Pay Commission and Medical Allowance on revised pay scale for all the executives employees of the erstwhile CESU.

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In view of the above, the total Employee Cost estimated for FY 2022-23 is Rs. 797 Cr. The Emp Cost that has been projected for FY-24 is Rs. 853.5 Cr.

The year on year growth in Employee Cost is as depicted below.

% Growth in Emp Cost

Item	*FY-22 Actuals	FY-23 (est)	FY -24 (Projected)
Emp Cost (Rs. Cr)	777	797.4	853.5
Growth (%)		3%	7%

* FY-22 Actuals Includes Rs. 33.9 Cr payment towards 7th Pay Arrear

Item	#FY-22 Actuals	FY-23 (est)	FY -24 (Projected)
Emp Cost (Rs. Cr)	743.1	797.4	853.5
Growth (%)		7%	7%

Rs. 33.9 Cr towards 7th Pay Arrear has been excluded from FY-22 actuals

As can be seen, the growth of 7% is quite reasonable.

2. **A&G Expenditures**

The Hon'ble Commission should conduct a prudence check regarding A&G cost for each year and 7% increase over earlier approved A&G cost for FY 2022-23 or actual A&G expenses whichever is lower may be approved for FY 2023-4.

Response

Any expenditure allowed by the Hon'ble Commission on True-Up of expenditure is based on extensive prudence check and expenditure appearing in the Discom's Audited Accounts. The expenditure sought by TPCODL for FY 23-24 is as per the extant Regulations, duly supported by a detailed zero based budget for its requirements; we firmly believe that amount sought towards A&G expenditure is the minimum requirement to carry out our operations efficiently.

As stipulated in Regulations 3.9.16 to 3.9.18, we have estimated the normative A&G cost for FY 2023-24 as following.

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost Approved in FY-23 Tariff Order	132.72
2	A&G Cost for FY 2023-24 considering 7% escalation	142
3	Special /Additional Expenditures for meeting Enhanced Activities in the areas of Billing and Collection for FY 2023-24	20
4 =2+3	**Total Approval sought towards A&G Expenditure**	**162**

Further a "Zero based Budgeting" exercise was carried out where the individual activities have been costed. Based on this zero based budgeting exercise, the estimated A&G Cost for FY2023-23 works out to Rs. 163.5 Cr. The item wise details of A& G cost estimate and detailed explanation is provided in para 4.6.3 of our ARR FY-24 petition.

As can be observed, the estimated A&G cost based on zero based budgeting and the normative A&G cost are almost same which may kindly be approved.

3. **Depreciation to be allowed as per OERC stipulations**

Response

TPCODL has been computing deprecation at "pre- 92" rates on the opening assets as explained in para 4.1.1.1 of our petition.

Further , TPCODL have been claiming in our ARR/True up Net depreciation after deducting Depreciation on meters, Amortization on Opening Assets ,Amortization on Grants and Amortization on Consumer Contribution from the total deprecation booked in accounts .

Out of this Net Deprecation , Depreciation on Asset Created out of Own Capex of TPCODL are being used towards repayment of Capital loan and the balance towards funding of ASL payment.

The estimated depreciation and its usage as claimed in our ARR FY-24 petition is as provided below.

Table: Summary of Depreciation for ARR (Rs. Cr)

In Rs. Cr

	Particular	FY-23	FY-24
Total Depreciation estimated to be booked in the Accounts		169.39	206.99
Less:	Depreciation on Meters	22.82	30.72
Less:	Amortization on Opening Assets	71.09	71.09
Less:	Amortization on Grants	7.49	12.02
Less:	Amortization on Consumer Contribution	8.55	11.78
A	**Total Depreciation for ARR**	**59.4**	**81.4**

Out of the above deprecation claimed for ARR, the depreciation on Assets created out of own capex will be used towards repayment of capital loan and balance amount will be used towards funding of ASL as illustrated below.

A	**Total Depreciation for ARR**	**59.4**	**81.4**	**Remark/Usage**
Less:	Depreciation on Assets Created out of Own Capex (excluding Meters)	30.47	51.83	For Repayment of capital Loan Loan
Total Depreciation available for funding of ASL		**28.97**	**29.55**	For Funding of ASL

4. R&M Expenses to be allowed considering reduction in GFA created due to depreciation

Response

TPCODL has claimed estimated R&M Expenses for FY 2023-24 based on the norms stipulated by the Hon'ble Commission in the Tariff Regulations'22.

The breakup of the same as required per Regulations is as provided below.

All Amount in Rs. Cr

Sr No	Particular	Estimate for FY 2023-24
1	R&M on Own Asset @ 4.2% of Opening GFA	220.79
2	R&M on Assets not in books of TPCODL @ 3% of opening GFA	71
5	**Total estimated R&M for FY 2023-24**	**291.29**

TPCODL has claimed R&M cost on own asset at 4.2% for FY 2023-24 as depicted below.

All Amount in Rs. Cr

Sr No	Particulars	FY 2020-21 (Actual 10 Months)	FY 2021-22	FY 2022-23	FY 2023-24
R&M on Own Assets					
1	Opening GFA (As per Approved Opening Balance sheet as on 01.06.2020)	3403.73	3637.04	4357.09	5256.99
2	Addition	233.31	733.49	925.32	
3	Retirement /Deletion	0.00	13.44	25.42	
4 =1+2-3	Closing	3637.04	4357.09	5256.99	
5	**R&M on Own Asset at 4.2 % of the Opening GFA**				**220.79**

Note: Against the estimated GFA addition of Rs. 925 Cr for FY-23 , Rs. 620 Cr of GFA has been added as on Dec 2022.

Further, TPCODL has claimed R&M at 3% on Assets that are not in the books of TPCODL but maintained by TPCODL, details of which are provided below.

Sl No	Name of Scheme	Asset Amount (Rs.Cr)
1	ODSSP (Net of Rs 99.94 Cr of Assets Transferred by GRIDCO in lieu of equity)	533.58
2	SCRIPS	665.27
3	DDUGJY	289.96
4	IPDS	217.73
5	SOUBHAGYA	168.99
6	Nabakalebar	158.83
7	RGGVY	38.93
8	ODAFFP	6.58
9	BGJY (OPTCL DTR)	153.33
A	**Total (A)**	**2,233.20**
	Less:	
10	SOUBHAGYA	168.99
11	BGJY	153.33
12=A-10-11	**Total Govt Asset**	**1,910.88**
13	**Capitalization in FY-23 estimated out of FY-22 CWIP**	**439.16**
14=12+13	**Total GFA as on 31.03.2023**	**2,350.04**
15	**R&M @ 3%**	**70.50**

The above asset details are as per Note 38 of the Audited Financial Statement of TPCODL for FY 2021-22, extract of which is produced below.

With respect to non provision of Audited Accounts for FY'22, it is clarified that the same have been provided along-with our True-Up Petition for FY 22

With respect to the Respondents view that depreciation should not be allowed on GFA created due to Depreciation, it is clarified that All Asset, irrespective of source of funding, need to be maintained and consequently R&M Cost needs to be allowed for maintenance of ALL Assets, including the Govt. owned Assets which are not funded by the Discoms but are maintained by them.

5. **Revenue Requirement**

Observation: Hon'ble Commission to allow Revenue Requirement for FY 2023-24 after prudence check

<u>Response</u>

We are providing the Hon'ble Commission with all information as being sought by them for carrying out a prudence check on our filings, which we firmly believe, have been prepared in accordance with the extant Regulations as well as based on our best estimates of efficient costs/ revenues.

6. **Re-introduction of 3 slab based graded incentive tariff for HT / EHT Consumers in FY 2023-24**

Response

While Tariff Design is the sole preserve of the Hon'ble commission, we oare of the view that the 3-slab based graded incentive tariff mechanism is not actually beneficial as it complicates the billing mechanism without offering commensurate benefit. In the 3 slab mechanism, the difference in slab tariff was negligible, but in two slab the difference is more than one rupee which is almost a reduction of 19%. Therefore, in our view, the earlier 3 slab tariff structure has been consciously withdrawn by Hon'ble Commission to extend more benefit to consumers.

7. **In view of expected increase in HT/EHT sales and hence expected increased /surplus revenue / Industrial Tariff may be reduced .**

Response

The Respondent has observed increase in HT/EHT sales is expected due to various factors like Rs. 10.5 trillions of investment announced by GoO in recently concluded Make in Odisha Conclave etc and has requested for reduction of Industrial Tariff. It is submitted that the investment declared by GoO may take some to materialize and only when these investment result into actual increased in HT /EHT sales, the Hon'ble Commission may take into consideration among other factors for determination of Industrial Tariff.

As per TPCODL's estimations based on new connection/ additional demand requests received by it, as well as taking into account physical progress of industry's coming up/ likely to come up, the growth in EHT/ HT Sales in FY 23-24 over FY 22-23has been estimated as follows , which is reasonable:

Figs. In MUs unless stated otherwise

Sales	FY 22 (Actuals)	FY 23 (Est,)			Incr. over FY 22	FY 24 (Proj)	Incr over FY 23
		H1	H2 (Est)	Total			
EHT	1149	770	819	1589	440	1858	269
HT	1462	960	824	1784	322	1908	124
Total	2611	1730	1643	3373	762	3766	393

The Hon'ble Commission, who has the sole prerogative on Tariff determination and Tariff design, would take an appropriate view taking into account the projected growth in both Demand, requirement of legitimate costs recovery including that of the Discom together with BSP, etc..

8. **Levy of Cyclone Resilient Network cess may be rejected**

Response

As mentioned in our Petition, the DoE has clarified that funds from SDRF and NDRF are made available only immediate restoration and Discoms should plan for unforeseen continent situations.

In view of the above, it is imperative for the Discoms need to be provided with funds to build inventory bank to ensure quicker restoration of power after occurance of contingency like a cyclone, the frequency of which, is on the increase.

9. **Prudence check on single phase smart meter cost proposed by TPCODL may be carried out as it seems high than the market cost of meters .**

Response

While a prudence check on the cost of meters shall be carried out by the Hon'ble Commission, the cost of a Single Phase Smart Meter is presently in the range of Rs. 4,500 to 5,000 including meter-box, seals, etc. and inclusive of GST. Beyond a point, additional bulk purchase does not result in linear or pro-rata reduction in price, with such marginal benefits of scale reducing progressively. It is further worthwhile to point out that with Rupee depreciating, the cost of Smart Meters has risen, as Smart Meters have sizable imported components, viz. the Chip/ Mother Board

10. **The change in Off peak tariff hours proposed by TPCODL may be approved . Further the ToD benefit should be extended from 10:00 PM to 6 PM as evening ToD and also from 16:30 pm to 18:00 pm as day ToD . Further ToD benefit should be increased to 50 p/kwh.**

Response

Considering the demand drawl of TPCODL consumers, it was proposed for different TOD timing based on season. Further, the Respondent's suggestion of separate peak and off peak tariffs and ToD benefit of 50 paise per unit has been sought against the current benefit of 20 paise per unit.

With regard to enhancement of the ToD Benefit from 20 paise to 50 paise/ unit, TPCODL does not agree with the proposal as majority amount of TOD rebate are being availed by the HT and EHT consumers and revenue realisation from HT & EHT shall be reduced on allowing additional TOD rebate and which may result additional tariff hike for all the category of consumers. Any fixation of the same is the sole preserve of the Hon'ble Commission.

11. **Ceasing of emergency status in case of breach of any of the required parameters for 3 consecutive months .**

Response

In-order to ensure no misuse of the Emergency Supply provision and to allow Discoms to estimate and plan for their demand better, it has been proposed by TPCODL that that in addition to the provision for Emergency Supply being restricted to 10% of the load factor of the highest capacity of Generating Unit, the maximum demand should also be restricted upto 100% of highest Generation Capacity.

Further, in-order to avoid any ambiguity on the issue of charging of over drawal penalty on breach of the Emergency Supply provisions, TPCODL has requested the Hon'ble Commission to specify the same. The Hon'ble Commission may accordingly consider the proposal of TPCODL.

12. **The Reconnection charges should be abolished for prepaid/ postpaid smart meters and for existing standard meters , the connection and reconnection charges should be reduced considering higher employees cost allocation to the DISCOMs by the Hon'ble Commission.**

Response

TPCODL has proposed Reconnection Charges only in case of such non-smart meters which cannot be remotely disconnected and connected.

TPCODL has proposed for revision of reconnection charge due to the increase in such costs whereas these charges have remained at the level fixed in 2012.

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated

defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Cod, thereby also jeopardising safety.

13. **Necessary Amendment in Retail Supply Tariff Regulations may kindly be made for moving to Cost plus tariff for industries connected at HT & EHT level.**

Response

The matter refers to amendment of the Tariff Regulations which need to be taken up separately

14. **Electrification of Industrial park and MSME cluster should be taken up by DISCOM in high priority in consultation with IDCO.**

Response

For any upcoming Industrial Estate / MSME Cluster, IDCO applies for the electrification of that Estate or Cluster and TPCODL carry out the joint site visit along with IDCO representative for the finalizing the Scope of Work and the estimate for electrification. IDCO used to carry out the electrification work i.e. all 33KV / 11KV & LT network in the Estate / Cluster by themselves and pay 6% supervision charges to TPCODL. Hence responsibility of developing Electrical infrastructure in any Industrial Estate and MSME Cluster is with IDCO. TPCODL is also facing difficulty in releasing the connection in the absence of network in the Industrial area.

Now in order to avoid all such delays, TPCODL is proactively interacting with IDCO and identifying the Estates which are proposed and based on its commissioning year, asking IDCO to apply for the electrification so that network can be established well in time.

15. **Open Access Charges Regulations 2022 may be amended to limit Cross Subsidy surcharge within +/- 20% of Applicable tariff in line with Tariff Policy.**

Response

It is clarified that the Hon'ble Commission has been determining tariffs in consonance to the provisions of the Electricity Act'2003, as well as the National Tariff Policy which stipulates the following:

"8.3 (2)….For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply."

The Tariffs are stipulated by the Hon'ble Commission within *±20% of the* average cost of supply of the Discoms, as has been mentioned in Para 72 of the FY 22-23 Tariff Order, the relevant extract of which is reproduced below:

"72. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that tariff for cross-subsidised categories and cross-subsidising categories remains within ±20% of the average cost of supply as per Clause 8.3 of National Tariff Policy. Ultimate objective is that tariff should be reflection of cost of supply. EHT and HT consumers are cross subsidizing LT consumers of the State."

The Respondent has mentioned that the value of cross subsidy should be equal to cross subsidy surcharge which is collected to compensate the distribution licensee for financial loss incurred by them due to loss of cross subsidy.

As mentioned earlier, Tariff Design and Determination is the sole preserve of the Hon'ble Commission.

16. Odisha based MSME should be given priority by Tata power for procurement by respective DISCOMs .

Response

We wish to submit here that TPCODL carries out its procurement process as per its established Procurement Policy. In order to promote local MSMEs, TPCODL has implemented preferential norms for MSME which is part of its procurement policy. Some of the preferences given are as follows:

i. Tender Fees

To participate in the tender, MSMEs registered in the State of Odisha shall pay Rs.1,000/- including GST towards cost of tender paper.

ii. Earnest Money Deposit (EMD)

EMD shall be exempted for MSME registered in the State of Odisha. However, Bidder shall be barred to participate in the tendering process for a period of 2 years in case it backs out post award of the contract.

iii. Qualification Requirement for Open Tenders

Qualification Requirement of Financial Turnover for MSME registered in the State of Odisha shall be reduced to 20% of the existing criteria.

For Technical Qualification, instead of relying on the volumes / value of earlier Supplies / Projects, assessment of the Bidder shall be done on the basis of feedback from Customers. Past performance experience at Tata Power and its Group Companies shall supersede feedback from other Customers.

iv. Reservation for MSME

It shall be mandatory to procure at least 20% of the total volume of the procurement from MSME registered in the State of Odisha (however, it shall not apply where goods/services are

not available with the MSME), subject to matching L1 discovered prices and meeting technical specifications including quality requirements.

v. Performance Bank Guarantees

Performance Bank Guarantee for MSME registered in the State of Odisha shall be 25% of the value normally prescribed.

17. Pending Payments to vendors / service providers

Response

While the responsibility of making payments to Vendors, etc. for their legitimate dues pertaining to period prior to vesting of Utilities, has been entrusted on the new Discoms in the Vesting Order, the said Order also directs in the Discom to take prior approval of the Hon'ble Commission before releasing such payments.
Before making any such payments, TPCODL carries out an examination of the legitimacy of the claims, and after due satisfaction, submits them to the Hon'ble Commission for approval.

We have taken up the issue of accelerating the process for the benefit of vendors., etc.. We are also providing the details of all such payments already made to the Hon'ble Commission, for which a Third Party Audit of the same is under progress.

18. DSM and Consumer awareness to be taken up by Discoms

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

We are also working towards collaborating with Energy Service Companies (ESCO) who offer energy intensive consumers'. Energy Audit Services as well as innovative plans for reducing energy consumption through Revenue Sharing models, without Capex/ Opex by the Consumer.

We have taken note of the Respondent's suggestion on launch of consumer awareness programs, which are underway. In the current year, the Discoms have collaborated with the Government of Odisha in disseminating the requirement and benefits of Energy Efficiency as well as Electrical Safety across its Rural and Urban Local Bodies through installation of Message Boards across our Licensed Area. Further, details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

19. E-Mobility initiative

Response

TPCODL has already giving an in-principle approval to OREDA for providing 10 EVs under its 'E-Mobility Solution'. TPC has already installed a number of EV Charging Stations in Bhubaneswar

20. Energy Audit

Response

A dedicated Energy Audit Group is there for carrying out the Energy Audit Activities in TPCODL. The group is further strengthened by appointment of personnel from IT, Finance and Technical departments, which is led by an Energy Manager as per the guidelines of Bureau of Energy Efficiency (BEE). This group carries out energy audit and submits the Quarterly & Annual Energy Audit Report to BEE, State Designated Agency and OERC in the prescribed format as per the guidelines issued by them time to time. Further, these reports are verified by an External Third Party Accredited Energy Auditor as per the guidelines of BEE and PAT regulations. Details of Energy Audit status is provided periodically to the Hon'ble Commission.

21. Standard of Performance Audit:

Response

TPCODL has carried out the Standard of Performance Audit for FY-22 through a third party and the Audit Report for the same has been submitted to the Hon'ble Commission.

22. Digital Rebate of 3% be made available to MSME and HT category :

Response

While Tariff determination and allowance of Rebates, etc. is the prerogative of the Hon'ble Commission, it is clarified that the Hon'ble Commission has allowed the same as a Special Rebate only for designated consumers with specific objectives.

23. Special Tariff for RE drawl

Response

It is submitted that, the following has been allowed by the Hon'ble Commission in Fy-23 Tariff Order.

(xxix) The consumers of any category can get a Green Consumer Certification by DISCOMs, if 100% of their power requirement is met from renewable sources by DISCOMs. The consumer has to pay additional 50 paise per unit as premium over and above the normal rate of energy charges. This facility shall be in force for one year from the effective date of this order.

However ,we wish to submit that the above scheme is entirely voluntary. With regard to the Premium of 84 paise/ unit as mentioned by the Respondent, the same has been fixed at 50 paise/ unit as clarified above.

The Hon'ble Commission may decide on a suitable premium for green energy certification for the FY 2023-24.

3. Reply to Objections/ Suggestions raised by M/s Utkal Chamber of Commerce & Industry Ltd. (UCCI)

The respondent has raised several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

24. Employee Cost

The respondent has observed that Employee Cost to be considered as controllable, audited figures of previous years to be considered for arriving of employee cost and annual truing up exercise to be carried out.

Further, the respondent has requested TPCODL to control employee cost and has commented that the estimate for FY 2023-24 is very high and should not be approved.

Our response

We have taken note of the Respondent's observations on the above. We assure the Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective.

As shall be appreciated, bulk of the Cost is towards Employee Costs of inherited employees who are governed by the OSCR Structure, which cannot be altered. All fresh recruitments are being done taking into account resource / skill gaps and with due approval of the Hon'ble Commission.

The Hon'ble Commission carries out a detailed prudence check while allowing all costs, including the Employee Costs.

TPCODL has already submitted its True up petition for FY 2021-22 and FY 2020-21 (10 months) through separate petitions. In line with vesting order directives and as stipulated in Regulations 3.9.8 of the New Tariff Regulation, 2022, we have claimed the actual cash out go towards terminal benefit for erstwhile CESU employees in our True up Petitions (FY-21,FY-22) as well as in and ARR & Tariff Determination petition for FY 23-24.

The Cost of erstwhile CESU employees have been estimated for FY2023-24 on following basis.

h. 3% escalation considered on Basic Salary over FY 2022-23 and the impact on account of retirements estimated in FY-24 has been deducted
i. DA is considered at 47% on the Basic Salary. The basis of projection of DA is as given below.

DA % as per Existing GoO Notification (w.e.f Jan '22)	34%
DA % as per Existing GoI Notification (w.e.f Jul '22)	38%
DA% in Jan'23 is estimated to be	42%
Projection for FY-24	
DA % for Apr - Jun'23	42%
DA% for Jul'23 - Dec'23	47%
DA% for Jan'24 - Mar'24	52%
Weighted Average for FY-24	47%

j. Housing Rent allowance considered at 20% of Basic Salary
k. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
l. Nominal escalation of 10% considered for Staff Welfare & Other Employee Benefit expenses and Other Allowances.
m. 10% cost escalation has been considered for outsourced employees also.
n. The Group health insurance scheme in line with OPTCL has already been implemented . Further additional medical benefits initiatives like Health Check ups, Tele medicines are going to be rolled out.

Further, TPCODL has been recruiting manpower as per the approval received by the Hon'ble Commission. Considering these recruitment and man power addition proposed in FY 2023-24, employee cost of new TPCODL employees has been proposed for FY 2023-24.

The actual employee cost incurred in FY-22 was Rs. 777 Cr, which included 7th Pay arrear payment of Rs. 33.9 Cr. The Hon'ble Commission has approved Rs. 776 Cr in FY-23 tariff Order. However ,after issue of FY-23 tariff order following additional orders/letters were issued.

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- The Hon'ble Commission vide letter dated 15th Oct 2022 has approved recruitment of 100 no's of employees against retiring employees in FY 2022-23.

In view of the above, the total Employee Cost estimated for FY 2022-23 is Rs. 797 Cr. The Emp Cost that has been projected for FY-24 is Rs. 853.5 Cr.

The year on year growth in Employee Cost is as depicted below.

% Growth in Emp Cost			
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Emp Cost (Rs. Cr)	777	797.4	853.5
Growth (%)		3%	7%

* FY-22 Actuals Includes Rs. 33.9 Cr payment towards 7th Pay Arrear

Item	#FY-22 Actuals	FY-23 (est)	FY -24 (Projected)
Emp Cost (Rs. Cr)	743.1	797.4	853.5
Growth (%)		7%	7%

Rs. 33.9 Cr towards 7th Pay Arrear has been excluded from FY-22 actuals

As can be seen, the growth of 7% is quite reasonable.

25. A&G Expenditures

The Hon'ble Commission should conduct a prudence check regarding A&G cost for each year and 7% increase over earlier approved A&G cost for FY 2022-23 or actual A&G expenses whichever is lower may be approved for FY 2023-4.

Response

Any expenditure allowed by the Hon'ble Commission on True-Up of expenditure is based on extensive prudence check and expenditure appearing in the Discom's Audited Accounts. The expenditure sought by TPCODL for FY 23-24 is as per the extant Regulations, duly supported by a detailed zero based budget for its requirements; we firmly believe that amount sought towards A&G expenditure is the minimum requirement to carry out our operations efficiently.

As stipulated in Regulations 3.9.16 to 3.9.18, we have estimated the normative A&G cost for FY 2023-24 as following.

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost Approved in FY-23 Tariff Order	132.72
2	A&G Cost for FY 2023-24 considering 7% escalation	142
3	Special /Additional Expenditures for meeting Enhanced Activities in the areas of Billing and Collection for FY 2023-24	20
4 =2+3	**Total Approval sought towards A&G Expenditure**	**162**

Further a "Zero based Budgeting" exercise was carried out where the individual activities have been costed. Based on this zero based budgeting exercise, the estimated A&G Cost for

FY2023-23 works out to Rs. 163.5 Cr. The item wise details of A& G cost estimate and detailed explanation is provided in para 4.6.3 of our ARR FY-24 petition.

As can be observed, the estimated A&G cost based on zero based budgeting and the normative A&G cost are almost same which may kindly be approved.

26. Depreciation to be allowed as per OERC stipulations

Response

TPCODL has been computing deprecation at "pre- 92" rates on the opening assets as explained in para 4.1.1.1 of our petition.

Further , TPCODL have been claiming in our ARR/True up Net depreciation after deducting Depreciation on meters, Amortization on Opening Assets ,Amortization on Grants and Amortization on Consumer Contribution from the total deprecation booked in accounts .

Out of this Net Deprecation , Depreciation on Asset Created out of Own Capex of TPCODL are being used towards repayment of Capital loan and the balance towards funding of ASL payment.

The estimated depreciation and its usage as claimed in our ARR FY-24 petition is as provided below.

Table: Summary of Depreciation for ARR (Rs. Cr)

In Rs. Cr

	Particular	FY-23	FY-24
Total Depreciation estimated to be booked in the Accounts		169.39	206.99
Less:	Depreciation on Meters	22.82	30.72
Less:	Amortization on Opening Assets	71.09	71.09
Less:	Amortization on Grants	7.49	12.02
Less:	Amortization on Consumer Contribution	8.55	11.78
A	**Total Depreciation for ARR**	**59.4**	**81.4**

Out of the above deprecation claimed for ARR, the depreciation on Assets created out of own capex will be used towards repayment of capital loan and balance amount will be used towards funding of ASL as illustrated below.

A	**Total Depreciation for ARR**	**59.4**	**81.4**	**Remark/Usage**
Less:	Depreciation on Assets Created out of Own Capex (excluding Meters)	30.47	51.83	For Repayment of capital Loan Loan
Total Depreciation available for funding of ASL		**28.97**	**29.55**	For Funding of ASL

27. R&M Expenses to be allowed considering reduction in GFA created due to depreciation

Response

TPCODL has claimed estimated R&M Expenses for FY 2023-24 based on the norms stipulated by the Hon'ble Commission in the Tariff Regulations'22.

The breakup of the same as required per Regulations is as provided below.

All Amount in Rs. Cr

Sr No	Particular	Estimate for FY 2023-24
1	R&M on Own Asset @ 4.2% of Opening GFA	220.79
2	R&M on Assets not in books of TPCODL @ 3% of opening GFA	71
5	**Total estimated R&M for FY 2023-24**	**291.29**

TPCODL has claimed R&M cost on own asset at 4.2% for FY 2023-24 as depicted below.

All Amount in Rs. Cr

Sr No	Particulars	FY 2020-21 (Actual 10 Months)	FY 2021-22	FY 2022-23	FY 2023-24
R&M on Own Assets					
1	Opening GFA (As per Approved Opening Balance sheet as on 01.06.2020)	3403.73	3637.04	4357.09	5256.99
2	Addition	233.31	733.49	925.32	
3	Retirement /Deletion	0.00	13.44	25.42	
4 =1+2-3	Closing	3637.04	4357.09	5256.99	
5	**R&M on Own Asset at 4.2 % of the Opening GFA**				**220.79**

Note: Against the estimated GFA addition of Rs. 925 Cr for FY-23 , Rs. 620 Cr of GFA has been added as on Dec 2022.

Further, TPCODL has claimed R&M at 3% on Assets that are not in the books of TPCODL but maintained by TPCODL, details of which are provided below.

Sl No	Name of Scheme	Asset Amount (Rs.Cr)
1	ODSSP (Net of Rs 99.94 Cr of Assets Transferred by GRIDCO in lieu of equity)	533.58
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3	DDUGJY	289.96
4	IPDS	217.73
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7	RGGVY	38.93
8	ODAFFP	6.58
9	BGJY (OPTCL DTR)	153.33
A	**Total (A)**	**2,233.20**
	Less:	
10	SOUBHAGYA	168.99
11	BGJY	153.33
12=A-10-11	**Total Govt Asset**	**1,910.88**
13	**Capitalization in FY-23 estimated out of FY-22 CWIP**	**439.16**
14=12+13	**Total GFA as on 31.03.2023**	**2,350.04**
15	**R&M @ 3%**	**70.50**

The above asset details are as per Note 38 of the Audited Financial Statement of TPCODL for FY 2021-22, extract of which is produced below.

With respect to non provision of Audited Accounts for FY'22, it is clarified that the same have been provided along-with our True-Up Petition for FY 22

With respect to the Respondents view that depreciation should not be allowed on GFA created due to Depreciation, it is clarified that All Asset, irrespective of source of funding, need to be maintained and consequently R&M Cost needs to be allowed for maintenance of ALL Assets, including the Govt. owned Assets which are not funded by the Discoms but are maintained by them.

28. Revenue Requirement

Observation: Hon'ble Commission to allow Revenue Requirement for FY 2023-24 after prudence check

Response

We are providing the Hon'ble Commission with all information as being sought by them for carrying out a prudence check on our filings, which we firmly believe, have been prepared in accordance with the extant Regulations as well as based on our best estimates of efficient costs/ revenues.

29. Re-introduction of 3 slab based graded incentive tariff for HT / EHT Consumers in FY 2023-24

Response

While Tariff Design is the sole preserve of the Hon'ble commission, we oare of the view that the 3-slab based graded incentive tariff mechanism is not actually beneficial as it complicates the billing mechanism without offering commensurate benefit. In the 3 slab mechanism, the difference in slab tariff was negligible, but in two slab the difference is more than one rupee which is almost a reduction of 19%. Therefore, in our view, the earlier 3 slab tariff structure has been consciously withdrawn by Hon'ble Commission to extend more benefit to consumers.

30. In view of expected increase in HT/EHT sales and hence expected increased /surplus revenue / Industrial Tariff may be reduced .

Response

The Respondent has observed increase in HT/EHT sales is expected due to various factors like Rs. 10.5 trillions of investment announced by GoO in recently concluded Make in Odisha Conclave etc and has requested for reduction of Industrial Tariff. It is submitted that the investment declared by GoO may take some to materialize and only when these investment result into actual increased in HT /EHT sales, the Hon'ble Commission may take into consideration among other factors for determination of Industrial Tariff.

As per TPCODL's estimations based on new connection/ additional demand requests received by it, as well as taking into account physical progress of industry's coming up/ likely to come up, the growth in EHT/ HT Sales in FY 23-24 over FY 22-23has been estimated as follows , which is reasonable:

Figs. In MUs unless stated otherwise

Sales	FY 22 (Actuals)	FY 23 (Est,)			Incr. over FY 22	FY 24 (Proj)	Incr over FY 23
		H1	H2 (Est)	Total			
EHT	1149	770	819	1589	440	1858	269
HT	1462	960	824	1784	322	1908	124
Total	2611	1730	1643	3373	762	3766	393

The Hon'ble Commission, who has the sole prerogative on Tariff determination and Tariff design, would take an appropriate view taking into account the projected growth in both Demand, requirement of legitimate costs recovery including that of the Discom together with BSP, etc..

31. Levy of Cyclone Resilient Network cess may be rejected

Response

As mentioned in our Petition, the DoE has clarified that funds from SDRF and NDRF are made available only immediate restoration and Discoms should plan for unforeseen continent situations.

In view of the above, it is imperative for the Discoms need to be provided with funds to build inventory bank to ensure quicker restoration of power after occurance of contingency like a cyclone, the frequency of which, is on the increase.

32. **Prudence check on single phase smart meter cost proposed by TPCODL may be carried out as it seems high than the market cost of meters .**

Response

While a prudence check on the cost of meters shall be carried out by the Hon'ble Commission, the cost of a Single Phase Smart Meter is presently in the range of Rs. 4,500 to 5,000 including meter-box, seals, etc. and inclusive of GST. Beyond a point, additional bulk purchase does not result in linear or pro-rata reduction in price, with such marginal benefits of scale reducing progressively. It is further worthwhile to point out that with Rupee depreciating, the cost of Smart Meters has risen, as Smart Meters have sizable imported components, viz. the Chip/ Mother Board

33. **The change in Off peak tariff hours proposed by TPCODL may be approved . Further the ToD benefit should be extended from 10:00 PM to 6 PM as evening ToD and also from 16:30 pm to 18:00 pm as day ToD . Further ToD benefit should be increased to 50 p/kwh.**

Response

Considering the demand drawl of TPCODL consumers, it was proposed for different TOD timing based on season. Further, the Respondent's suggestion of separate peak and off peak tariffs and ToD benefit of 50 paise per unit has been sought against the current benefit of 20 paise per unit.

With regard to enhancement of the ToD Benefit from 20 paise to 50 paise/ unit, TPCODL does not agree with the proposal as majority amount of TOD rebate are being availed by the HT and EHT consumers and revenue realisation from HT & EHT shall be reduced on allowing additional TOD rebate and which may result additional tariff hike for all the category of consumers. Any fixation of the same is the sole preserve of the Hon'ble Commission.

34. **Ceasing of emergency status in case of breach of any of the required parameters for 3 consecutive months .**

Response

In-order to ensure no misuse of the Emergency Supply provision and to allow Discoms to estimate and plan for their demand better, it has been proposed by TPCODL that that in addition to the provision for Emergency Supply being restricted to 10% of the load factor of the highest capacity of Generating Unit, the maximum demand should also be restricted upto 100% of highest Generation Capacity.

Further, in-order to avoid any ambiguity on the issue of charging of over drawal penalty on breach of the Emergency Supply provisions, TPCODL has requested the Hon'ble Commission to specify the same. The Hon'ble Commission may accordingly consider the proposal of TPCODL.

35. **The Reconnection charges should be abolished for prepaid/ postpaid smart meters and for existing standard meters, the connection and reconnection charges should be reduced considering higher employees cost allocation to the DISCOMs by the Hon'ble Commission.**

Response

TPCODL has proposed Reconnection Charges only in case of such non-smart meters which cannot be remotely disconnected and connected.

TPCODL has proposed for revision of reconnection charge due to the increase in such costs whereas these charges have remained at the level fixed in 2012.

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated

defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Cod, thereby also jeopardising safety.

36. Necessary Amendment in Retail Supply Tariff Regulations may kindly be made for moving to Cost plus tariff for industries connected at HT & EHT level.

Response

The matter refers to amendment of the Tariff Regulations which need to be taken up separately

37. Electrification of Industrial park and MSME cluster should be taken up by DISCOM in high priority in consultation with IDCO.

Response

For any upcoming Industrial Estate / MSME Cluster, IDCO applies for the electrification of that Estate or Cluster and TPCODL carry out the joint site visit along with IDCO representative for the finalizing the Scope of Work and the estimate for electrification. IDCO used to carry out the electrification work i.e. all 33KV / 11KV & LT network in the Estate / Cluster by themselves and pay 6% supervision charges to TPCODL. Hence responsibility of developing Electrical infrastructure in any Industrial Estate and MSME Cluster is with IDCO. TPCODL is also facing difficulty in releasing the connection in the absence of network in the Industrial area.

Now in order to avoid all such delays, TPCODL is proactively interacting with IDCO and identifying the Estates which are proposed and based on its commissioning year, asking IDCO to apply for the electrification so that network can be established well in time.

38. Open Access Charges Regulations 2022 may be amended to limit Cross Subsidy surcharge within +/- 20% of Applicable tariff in line with Tariff Policy.

Response

It is clarified that the Hon'ble Commission has been determining tariffs in consonance to the provisions of the Electricity Act'2003, as well as the National Tariff Policy which stipulates the following:

"8.3 (2)….For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply."

The Tariffs are stipulated by the Hon'ble Commission within *±20% of the* average cost of supply of the Discoms, as has been mentioned in Para 72 of the FY 22-23 Tariff Order, the relevant extract of which is reproduced below:

"72. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that tariff for cross-subsidised categories and cross-subsidising categories remains within ±20% of the average cost of supply as per Clause 8.3 of National Tariff Policy. Ultimate objective is that tariff should be reflection of cost of supply. EHT and HT consumers are cross subsidizing LT consumers of the State."

The Respondent has mentioned that the value of cross subsidy should be equal to cross subsidy surcharge which is collected to compensate the distribution licensee for financial loss incurred by them due to loss of cross subsidy.

As mentioned earlier, Tariff Design and Determination is the sole preserve of the Hon'ble Commission.

39. Odisha based MSME should be given priority by Tata power for procurement by respective DISCOMs .

Response

We wish to submit here that TPCODL carries out its procurement process as per its established Procurement Policy. In order to promote local MSMEs, TPCODL has implemented preferential norms for MSME which is part of its procurement policy. Some of the preferences given are as follows:

vi. Tender Fees

To participate in the tender, MSMEs registered in the State of Odisha shall pay Rs.1,000/- including GST towards cost of tender paper.

vii. Earnest Money Deposit (EMD)

EMD shall be exempted for MSME registered in the State of Odisha. However, Bidder shall be barred to participate in the tendering process for a period of 2 years in case it backs out post award of the contract.

viii. Qualification Requirement for Open Tenders

Qualification Requirement of Financial Turnover for MSME registered in the State of Odisha shall be reduced to 20% of the existing criteria.

For Technical Qualification, instead of relying on the volumes / value of earlier Supplies / Projects, assessment of the Bidder shall be done on the basis of feedback from Customers. Past performance experience at Tata Power and its Group Companies shall supersede feedback from other Customers.

ix. Reservation for MSME

It shall be mandatory to procure at least 20% of the total volume of the procurement from MSME registered in the State of Odisha (however, it shall not apply where goods/services are

not available with the MSME), subject to matching L1 discovered prices and meeting technical specifications including quality requirements.

x. Performance Bank Guarantees

Performance Bank Guarantee for MSME registered in the State of Odisha shall be 25% of the value normally prescribed.

40. Pending Payments to vendors / service providers

Response

While the responsibility of making payments to Vendors, etc. for their legitimate dues pertaining to period prior to vesting of Utilities, has been entrusted on the new Discoms in the Vesting Order, the said Order also directs in the Discom to take prior approval of the Hon'ble Commission before releasing such payments.
Before making any such payments, TPCODL carries out an examination of the legitimacy of the claims, and after due satisfaction, submits them to the Hon'ble Commission for approval.

We have taken up the issue of accelerating the process for the benefit of vendors., etc.. We are also providing the details of all such payments already made to the Hon'ble Commission, for which a Third Party Audit of the same is under progress.

41. DSM and Consumer awareness to be taken up by Discoms

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

We are also working towards collaborating with Energy Service Companies (ESCO) who offer energy intensive consumers'. Energy Audit Services as well as innovative plans for reducing energy consumption through Revenue Sharing models, without Capex/ Opex by the Consumer.

We have taken note of the Respondent's suggestion on launch of consumer awareness programs, which are underway. In the current year, the Discoms have collaborated with the Government of Odisha in disseminating the requirement and benefits of Energy Efficiency as well as Electrical Safety across its Rural and Urban Local Bodies through installation of Message Boards across our Licensed Area. Further, details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

42. E-Mobility initiative

Response

TPCODL has already giving an in-principle approval to OREDA for providing 10 EVs under its 'E-Mobility Solution'. TPC has already installed a number of EV Charging Stations in Bhubaneswar

43. Energy Audit

Response

A dedicated Energy Audit Group is there for carrying out the Energy Audit Activities in TPCODL. The group is further strengthened by appointment of personnel from IT, Finance and Technical departments, which is led by an Energy Manager as per the guidelines of Bureau of Energy Efficiency (BEE). This group carries out energy audit and submits the Quarterly & Annual Energy Audit Report to BEE, State Designated Agency and OERC in the prescribed format as per the guidelines issued by them time to time. Further, these reports are verified by an External Third Party Accredited Energy Auditor as per the guidelines of BEE and PAT regulations. Details of Energy Audit status is provided periodically to the Hon'ble Commission.

44. Standard of Performance Audit:

Response

TPCODL has carried out the Standard of Performance Audit for FY-22 through a third party and the Audit Report for the same has been submitted to the Hon'ble Commission.

45. Digital Rebate of 3% be made available to MSME and HT category :

Response

While Tariff determination and allowance of Rebates, etc. is the prerogative of the Hon'ble Commission, it is clarified that the Hon'ble Commission has allowed the same as a Special Rebate only for designated consumers with specific objectives.

46. Special Tariff for RE drawl

Response

It is submitted that, the following has been allowed by the Hon'ble Commission in Fy-23 Tariff Order.

(xxix) The consumers of any category can get a Green Consumer Certification by DISCOMs, if 100% of their power requirement is met from renewable sources by DISCOMs. The consumer has to pay additional 50 paise per unit as premium over and above the normal rate of energy charges. This facility shall be in force for one year from the effective date of this order.

However ,we wish to submit that the above scheme is entirely voluntary. With regard to the Premium of 84 paise/ unit as mentioned by the Respondent, the same has been fixed at 50 paise/ unit as clarified above.

The Hon'ble Commission may decide on a suitable premium for green energy certification for the FY 2023-24.

4. Reply to Objections/ Suggestions raised by M/s Jindal Steel & Power Ltd

The respondent has raised several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

1. Employee Cost

The respondent has observed that Employee Cost to be considered as controllable, audited figures of previous years to be considered for arriving of employee cost and annual truing up exercise to be carried out.

Further, the respondent has requested TPCODL to control employee cost and has commented that the estimate for FY 2023-24 is very high and should not be approved.

Our response

We have taken note of the Respondent's observations on the above. We assure the Respondent that TPCODL is fully cognizant of its responsibility to optimize on its cost structures, and is continuously working towards that objective.

As shall be appreciated, bulk of the Cost is towards Employee Costs of inherited employees who are governed by the OSCR Structure, which cannot be altered. All fresh recruitments are being done taking into account resource / skill gaps and with due approval of the Hon'ble Commission.

The Hon'ble Commission carries out a detailed prudence check while allowing all costs, including the Employee Costs.

TPCODL has already submitted its True up petition for FY 2021-22 and FY 2020-21 (10 months) through separate petitions. In line with vesting order directives and as stipulated in Regulations 3.9.8 of the New Tariff Regulation, 2022, we have claimed the actual cash out go towards terminal benefit for erstwhile CESU employees in our True up Petitions (FY-21,FY-22) as well as in and ARR & Tariff Determination petition for FY 23-24.

The Cost of erstwhile CESU employees have been estimated for FY2023-24 on following basis.

o. 3% escalation considered on Basic Salary over FY 2022-23 and the impact on account of retirements estimated in FY-24 has been deducted

p. DA is considered at 47% on the Basic Salary. The basis of projection of DA is as given below.

DA % as per Existing GoO Notification (w.e.f Jan '22)	34%
DA % as per Existing GoI Notification (w.e.f Jul '22)	38%
DA% in Jan'23 is estimated to be	42%

Projection for FY-24	
DA % for Apr - Jun'23	42%
DA% for Jul'23 - Dec'23	47%
DA% for Jan'24 - Mar'24	52%
Weighted Average for FY-24	47%

q. Housing Rent allowance considered at 20% of Basic Salary
r. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
s. Nominal escalation of 10% considered for Staff Welfare & Other Employee Benefit expenses and Other Allowances.
t. 10% cost escalation has been considered for outsourced employees also.
u. The Group health insurance scheme in line with OPTCL has already been implemented . Further additional medical benefits initiatives like Health Check ups, Tele medicines are going to be rolled out.

Further, TPCODL has been recruiting manpower as per the approval received by the Hon'ble Commission. Considering these recruitment and man power addition proposed in FY 2023-24, employee cost of new TPCODL employees has been proposed for FY 2023-24.

The actual employee cost incurred in FY-22 was Rs. 777 Cr, which included 7th Pay arrear payment of Rs. 33.9 Cr. The Hon'ble Commission has approved Rs. 776 Cr in FY-23 tariff Order. However ,after issue of FY-23 tariff order following additional orders/letters were issued.

- The Hon'ble Commission vide letter dated 19th Feb 2022 has approved the release of 30 % arrear salary of 7th Pay Commission and Medical Allowance on revised pay scale for all the executives employees of the erstwhile CESU.

- The Hon'ble Commission vide letter dated 20th April 2022 has approved the release of balance 20 % arrear salary of 7th Pay Commission and HRA at 18% /20% on revised pay scale for all the executives employees of the erstwhile CESU w.e.f 21.04.2018.

- The Hon'ble Commission vide letter dated 15th Oct 2022 has approved recruitment of 100 no's of employees against retiring employees in FY 2022-23.

In view of the above, the total Employee Cost estimated for FY 2022-23 is Rs. 797 Cr. The Emp Cost that has been projected for FY-24 is Rs. 853.5 Cr.

The year on year growth in Employee Cost is as depicted below.

% Growth in Emp Cost

Item	*FY-22 Actuals	FY-23 (est)	FY -24 (Projected)
Emp Cost (Rs. Cr)	777	797.4	853.5
Growth (%)		3%	7%

* FY-22 Actuals Includes Rs. 33.9 Cr payment towards 7th Pay Arrear

Item	#FY-22 Actuals	FY-23 (est)	FY -24 (Projected)
Emp Cost (Rs. Cr)	743.1	797.4	853.5
Growth (%)		7%	7%

Rs. 33.9 Cr towards 7th Pay Arrear has been excluded from FY-22 actuals

As can be seen, the growth of 7% is quite reasonable.

2. **A&G Expenditures**

The Hon'ble Commission should conduct a prudence check regarding A&G cost for each year and 7% increase over earlier approved A&G cost for FY 2022-23 or actual A&G expenses whichever is lower may be approved for FY 2023-4.

Response

Any expenditure allowed by the Hon'ble Commission on True-Up of expenditure is based on extensive prudence check and expenditure appearing in the Discom's Audited Accounts. The expenditure sought by TPCODL for FY 23-24 is as per the extant Regulations, duly supported by a detailed zero based budget for its requirements; we firmly believe that amount sought towards A&G expenditure is the minimum requirement to carry out our operations efficiently.

As stipulated in Regulations 3.9.16 to 3.9.18, we have estimated the normative A&G cost for FY 2023-24 as following.

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost Approved in FY-23 Tariff Order	132.72
2	A&G Cost for FY 2023-24 considering 7% escalation	142
3	Special /Additional Expenditures for meeting Enhanced Activities in the areas of Billing and Collection for FY 2023-24	20
4 =2+3	**Total Approval sought towards A&G Expenditure**	**162**

Further a "Zero based Budgeting" exercise was carried out where the individual activities have been costed. Based on this zero based budgeting exercise, the estimated A&G Cost for

FY2023-23 works out to Rs. 163.5 Cr. The item wise details of A& G cost estimate and detailed explanation is provided in para 4.6.3 of our ARR FY-24 petition.

As can be observed, the estimated A&G cost based on zero based budgeting and the normative A&G cost are almost same which may kindly be approved.

3. Depreciation to be allowed as per OERC stipulations

Response

TPCODL has been computing deprecation at “pre- 92" rates on the opening assets as explained in para 4.1.1.1 of our petition.

Further , TPCODL have been claiming in our ARR/True up Net depreciation after deducting Depreciation on meters, Amortization on Opening Assets ,Amortization on Grants and Amortization on Consumer Contribution from the total deprecation booked in accounts .

Out of this Net Deprecation , Depreciation on Asset Created out of Own Capex of TPCODL are being used towards repayment of Capital loan and the balance towards funding of ASL payment.

The estimated depreciation and its usage as claimed in our ARR FY-24 petition is as provided below.

Table: Summary of Depreciation for ARR (Rs. Cr)

In Rs. Cr

	Particular	FY-23	FY-24
Total Depreciation estimated to be booked in the Accounts		169.39	206.99
Less:	Depreciation on Meters	22.82	30.72
Less:	Amortization on Opening Assets	71.09	71.09
Less:	Amortization on Grants	7.49	12.02
Less:	Amortization on Consumer Contribution	8.55	11.78
A	**Total Depreciation for ARR**	**59.4**	**81.4**

Out of the above deprecation claimed for ARR, the depreciation on Assets created out of own capex will be used towards repayment of capital loan and balance amount will be used towards funding of ASL as illustrated below.

A	**Total Depreciation for ARR**	**59.4**	**81.4**	**Remark/Usage**
Less:	Depreciation on Assets Created out of Own Capex (excluding Meters)	30.47	51.83	For Repayment of capital Loan Loan
Total Depreciation available for funding of ASL		**28.97**	**29.55**	For Funding of ASL

4. R&M Expenses to be allowed considering reduction in GFA created due to depreciation

Response

TPCODL has claimed estimated R&M Expenses for FY 2023-24 based on the norms stipulated by the Hon'ble Commission in the Tariff Regulations'22.

The breakup of the same as required per Regulations is as provided below.

All Amount in Rs. Cr

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5. **Revenue Requirement**

Observation: Hon'ble Commission to allow Revenue Requirement for FY 2023-24 after prudence check

<u>Response</u>

We are providing the Hon'ble Commission with all information as being sought by them for carrying out a prudence check on our filings, which we firmly believe, have been prepared in accordance with the extant Regulations as well as based on our best estimates of efficient costs/ revenues.

6. **Re-introduction of 3 slab based graded incentive tariff for HT / EHT Consumers in FY 2023-24**

Response

While Tariff Design is the sole preserve of the Hon'ble commission, we oare of the view that the 3-slab based graded incentive tariff mechanism is not actually beneficial as it complicates the billing mechanism without offering commensurate benefit. In the 3 slab mechanism, the difference in slab tariff was negligible, but in two slab the difference is more than one rupee which is almost a reduction of 19%. Therefore, in our view, the earlier 3 slab tariff structure has been consciously withdrawn by Hon'ble Commission to extend more benefit to consumers.

7. **In view of expected increase in HT/EHT sales and hence expected increased /surplus revenue / Industrial Tariff may be reduced .**

Response

The Respondent has observed increase in HT/EHT sales is expected due to various factors like Rs. 10.5 trillions of investment announced by GoO in recently concluded Make in Odisha Conclave etc and has requested for reduction of Industrial Tariff. It is submitted that the investment declared by GoO may take some to materialize and only when these investment result into actual increased in HT /EHT sales, the Hon'ble Commission may take into consideration among other factors for determination of Industrial Tariff.

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		H1	H2 (Est)	Total			
EHT	1149	770	819	1589	440	1858	269
HT	1462	960	824	1784	322	1908	124
Total	2611	1730	1643	3373	762	3766	393

The Hon'ble Commission, who has the sole prerogative on Tariff determination and Tariff design, would take an appropriate view taking into account the projected growth in both Demand, requirement of legitimate costs recovery including that of the Discom together with BSP, etc..

8. **Levy of Cyclone Resilient Network cess may be rejected**

Response

As mentioned in our Petition, the DoE has clarified that funds from SDRF and NDRF are made available only immediate restoration and Discoms should plan for unforeseen continent situations.

In view of the above, it is imperative for the Discoms need to be provided with funds to build inventory bank to ensure quicker restoration of power after occurance of contingency like a cyclone, the frequency of which, is on the increase.

9. **Prudence check on single phase smart meter cost proposed by TPCODL may be carried out as it seems high than the market cost of meters .**

Response

While a prudence check on the cost of meters shall be carried out by the Hon'ble Commission, the cost of a Single Phase Smart Meter is presently in the range of Rs. 4,500 to 5,000 including meter-box, seals, etc. and inclusive of GST. Beyond a point, additional bulk purchase does not result in linear or pro-rata reduction in price, with such marginal benefits of scale reducing progressively. It is further worthwhile to point out that with Rupee depreciating, the cost of Smart Meters has risen, as Smart Meters have sizable imported components, viz. the Chip/ Mother Board

10. **The change in Off peak tariff hours proposed by TPCODL may be approved . Further the ToD benefit should be extended from 10:00 PM to 6 PM as evening ToD and also from 16:30 pm to 18:00 pm as day ToD . Further ToD benefit should be increased to 50 p/kwh.**

Response

Considering the demand drawl of TPCODL consumers, it was proposed for different TOD timing based on season. Further, the Respondent's suggestion of separate peak and off peak tariffs and ToD benefit of 50 paise per unit has been sought against the current benefit of 20 paise per unit.

With regard to enhancement of the ToD Benefit from 20 paise to 50 paise/ unit, TPCODL does not agree with the proposal as majority amount of TOD rebate are being availed by the HT and EHT consumers and revenue realisation from HT & EHT shall be reduced on allowing additional TOD rebate and which may result additional tariff hike for all the category of consumers. Any fixation of the same is the sole preserve of the Hon'ble Commission.

11. **Ceasing of emergency status in case of breach of any of the required parameters for 3 consecutive months .**

Response

In-order to ensure no misuse of the Emergency Supply provision and to allow Discoms to estimate and plan for their demand better, it has been proposed by TPCODL that that in addition to the provision for Emergency Supply being restricted to 10% of the load factor of the highest capacity of Generating Unit, the maximum demand should also be restricted upto 100% of highest Generation Capacity.

Further, in-order to avoid any ambiguity on the issue of charging of over drawal penalty on breach of the Emergency Supply provisions, TPCODL has requested the Hon'ble Commission to specify the same. The Hon'ble Commission may accordingly consider the proposal of TPCODL.

12. **The Reconnection charges should be abolished for prepaid/ postpaid smart meters and for existing standard meters , the connection and reconnection charges should be reduced considering higher employees cost allocation to the DISCOMs by the Hon'ble Commission.**

Response

TPCODL has proposed Reconnection Charges only in case of such non-smart meters which cannot be remotely disconnected and connected.

TPCODL has proposed for revision of reconnection charge due to the increase in such costs whereas these charges have remained at the level fixed in 2012.

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated

defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Cod, thereby also jeopardising safety.

13. Necessary Amendment in Retail Supply Tariff Regulations may kindly be made for moving to Cost plus tariff for industries connected at HT & EHT level.

Response

The matter refers to amendment of the Tariff Regulations which need to be taken up separately

14. Electrification of Industrial park and MSME cluster should be taken up by DISCOM in high priority in consultation with IDCO.

Response

For any upcoming Industrial Estate / MSME Cluster, IDCO applies for the electrification of that Estate or Cluster and TPCODL carry out the joint site visit along with IDCO representative for the finalizing the Scope of Work and the estimate for electrification. IDCO used to carry out the electrification work i.e. all 33KV / 11KV & LT network in the Estate / Cluster by themselves and pay 6% supervision charges to TPCODL. Hence responsibility of developing Electrical infrastructure in any Industrial Estate and MSME Cluster is with IDCO. TPCODL is also facing difficulty in releasing the connection in the absence of network in the Industrial area.

Now in order to avoid all such delays, TPCODL is proactively interacting with IDCO and identifying the Estates which are proposed and based on its commissioning year, asking IDCO to apply for the electrification so that network can be established well in time.

15. Open Access Charges Regulations 2022 may be amended to limit Cross Subsidy surcharge within +/- 20% of Applicable tariff in line with Tariff Policy.

Response

It is clarified that the Hon'ble Commission has been determining tariffs in consonance to the provisions of the Electricity Act'2003, as well as the National Tariff Policy which stipulates the following:

"8.3 (2)….For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply."

The Tariffs are stipulated by the Hon'ble Commission within *±20% of the* average cost of supply of the Discoms, as has been mentioned in Para 72 of the FY 22-23 Tariff Order, the relevant extract of which is reproduced below:

"72. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that tariff for cross-subsidised categories and cross-subsidising categories remains within ±20% of the average cost of supply as per Clause 8.3 of National Tariff Policy. Ultimate objective is that tariff should be reflection of cost of supply. EHT and HT consumers are cross subsidizing LT consumers of the State."

The Respondent has mentioned that the value of cross subsidy should be equal to cross subsidy surcharge which is collected to compensate the distribution licensee for financial loss incurred by them due to loss of cross subsidy.

As mentioned earlier, Tariff Design and Determination is the sole preserve of the Hon'ble Commission.

16. **Odisha based MSME should be given priority by Tata power for procurement by respective DISCOMs .**

Response

We wish to submit here that TPCODL carries out its procurement process as per its established Procurement Policy. In order to promote local MSMEs, TPCODL has implemented preferential norms for MSME which is part of its procurement policy. Some of the preferences given are as follows:

xi. Tender Fees

To participate in the tender, MSMEs registered in the State of Odisha shall pay Rs.1,000/- including GST towards cost of tender paper.

xii. Earnest Money Deposit (EMD)

EMD shall be exempted for MSME registered in the State of Odisha. However, Bidder shall be barred to participate in the tendering process for a period of 2 years in case it backs out post award of the contract.

xiii. Qualification Requirement for Open Tenders

Qualification Requirement of Financial Turnover for MSME registered in the State of Odisha shall be reduced to 20% of the existing criteria.

For Technical Qualification, instead of relying on the volumes / value of earlier Supplies / Projects, assessment of the Bidder shall be done on the basis of feedback from Customers. Past performance experience at Tata Power and its Group Companies shall supersede feedback from other Customers.

xiv. Reservation for MSME

It shall be mandatory to procure at least 20% of the total volume of the procurement from MSME registered in the State of Odisha (however, it shall not apply where goods/services are

not available with the MSME), subject to matching L1 discovered prices and meeting technical specifications including quality requirements.

xv. Performance Bank Guarantees

Performance Bank Guarantee for MSME registered in the State of Odisha shall be 25% of the value normally prescribed.

17. Pending Payments to vendors / service providers

Response

While the responsibility of making payments to Vendors, etc. for their legitimate dues pertaining to period prior to vesting of Utilities, has been entrusted on the new Discoms in the Vesting Order, the said Order also directs in the Discom to take prior approval of the Hon'ble Commission before releasing such payments.
Before making any such payments, TPCODL carries out an examination of the legitimacy of the claims, and after due satisfaction, submits them to the Hon'ble Commission for approval.

We have taken up the issue of accelerating the process for the benefit of vendors., etc.. We are also providing the details of all such payments already made to the Hon'ble Commission, for which a Third Party Audit of the same is under progress.

18. DSM and Consumer awareness to be taken up by Discoms

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

We are also working towards collaborating with Energy Service Companies (ESCO) who offer energy intensive consumers'. Energy Audit Services as well as innovative plans for reducing energy consumption through Revenue Sharing models, without Capex/ Opex by the Consumer.

We have taken note of the Respondent's suggestion on launch of consumer awareness programs, which are underway. In the current year, the Discoms have collaborated with the Government of Odisha in disseminating the requirement and benefits of Energy Efficiency as well as Electrical Safety across its Rural and Urban Local Bodies through installation of Message Boards across our Licensed Area. Further, details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

19. E-Mobility initiative

Response

TPCODL has already giving an in-principle approval to OREDA for providing 10 EVs under its 'E-Mobility Solution'. TPC has already installed a number of EV Charging Stations in Bhubaneswar

20. Energy Audit

Response

A dedicated Energy Audit Group is there for carrying out the Energy Audit Activities in TPCODL. The group is further strengthened by appointment of personnel from IT, Finance and Technical departments, which is led by an Energy Manager as per the guidelines of Bureau of Energy Efficiency (BEE). This group carries out energy audit and submits the Quarterly & Annual Energy Audit Report to BEE, State Designated Agency and OERC in the prescribed format as per the guidelines issued by them time to time. Further, these reports are verified by an External Third Party Accredited Energy Auditor as per the guidelines of BEE and PAT regulations. Details of Energy Audit status is provided periodically to the Hon'ble Commission.

21. Standard of Performance Audit:

Response

TPCODL has carried out the Standard of Performance Audit for FY-22 through a third party and the Audit Report for the same has been submitted to the Hon'ble Commission.

22. Digital Rebate of 3% be made available to MSME and HT category :

Response

While Tariff determination and allowance of Rebates, etc. is the prerogative of the Hon'ble Commission, it is clarified that the Hon'ble Commission has allowed the same as a Special Rebate only for designated consumers with specific objectives.

23. Special Tariff for RE drawl

Response

It is submitted that, the following has been allowed by the Hon'ble Commission in Fy-23 Tariff Order.

(xxix) The consumers of any category can get a Green Consumer Certification by DISCOMs, if 100% of their power requirement is met from renewable sources by DISCOMs. The consumer has to pay additional 50 paise per unit as premium over and above the normal rate of energy charges. This facility shall be in force for one year from the effective date of this order.

However ,we wish to submit that the above scheme is entirely voluntary. With regard to the Premium of 84 paise/ unit as mentioned by the Respondent, the same has been fixed at 50 paise/ unit as clarified above.

The Hon'ble Commission may decide on a suitable premium for green energy certification for the FY 2023-24.

24. Tariff Determination and CD:

Response

We have noted the Respondent's comments. As you are aware, Consumer Category / Voltage wise Tariff Determination is the sole preserve of the Hon'ble Commission.

In reference to delay in increasing the contract demand, it is to inform that as per the present practice with respect to regulation for contract demand >=1000KVA, it need to be approved by OPTCL after system study at their end and the consumer is paying system study charge to OPTCL. On receiving application from such type of consumers, TPCODL is proactively communicating to OPTCL and pursing to OPTCL/GRIDCO for release of power.

25. Separate Consumer category for 'Mega Steel Plant' with special Tariff

Response

As per regulation steel industries having contract demand of 100 MVA will come under heavy industry category. So, there is no need for creation of separate category. Further, tariff for all the categories under EHT is same and in the RST Order 2022-23, the Hon'ble OERC had allowed additional rebates for steel industries.

Further, there is a provision under regulation 139 of OERC Distribution Conditions of Supply Code'2019 which is stated below for the information of the consumer if wants for special tariff under special agreement.

"The licensee/supplier may, having regard to the nature of supply and purpose for which supply is required, fix special tariff and conditions of supply for the consumers not covered by the classification enumerated in this Code. For such purpose licensee/supplier may enter into special agreements with the approval of the Commission with suitable modifications in the Standard Agreement Form. The tariff in such cases shall be separately approved by the Commission".

26. Levy of Wheeling Charges and CSS on RE Power

Response

1. It is clarified that the sole preserve for allowance of any concessions, etc. on levy of charges is that of the Hon'ble Commission. As the Respondent is aware, the exemption/ concession with regard to Wheeling Charges, Transmission Charges, Cross

Subsidy Surcharge was withdrawn by the Hon'ble Commission in its Tariff Order dated 24.03.2022 itself, providing the following explanation.

2. With specific reference to the provision for certain RE related concessions under Odisha Renewable Energy Policy 2022, it is clarified that the same have been proposed to incentivize RE Generation within the State of Odisha; the relevant extracts of the Policy are reproduced below for your reference.

"10. Exemption & Incentives
The policy of waiver of ISTS charges has created market distortion and discouraged development of RE projects in Odisha.

The Government of India has decided to phase out the waiver of ISTS charges in the following manner:

Period of Commissioning	***Applicable ISTS charges***
Up to 30/06/2025	*Nil*
01/07/2025 to 30/06/2026	*25% of applicable ISTS charges*
01/07/2026 to 30/06/2027	*50% of applicable ISTS charges*
01/07/2027 to 30/06/2028	*75% of applicable ISTS charges*
01/07/2028 onwards	*100% of applicable ISTS charges*

Hence, the State Government shall extend the following incentives to promote development of RE projects in the State:

1. *Exemption of fifty (50) paisa per unit on Electricity Duty shall be provided to captive / open access consumers on consumption of energy from RE projects set up inside the State during the policy period. Such ED exemption shall be available for consumption of energy from the project for a period of fifteen (15) years from the date of commissioning of the project. In case a project is commissioned before 303.2026, the exemption shall be extended for five (5) more years, i.e., twenty (20) years in total.*
2. *Energy Storage Projects based on any technology shall be exempted from payment of Electricity Duty on input energy at the rate of fifty (50) paisa per unit for a period of fifteen (15) years from the date of COD, provided such energy is sourced from RE projects in Odisha.*
3. *Fifty percent (50%) exemption of Cross-Subsidy Surcharge shall be provided to open access consumers, on consumption of energy from RE projects commissioned in the State during the Policy period for fifteen (15) years. The OERC shall issue necessary orders in this regard.*

4. *Exemption of twenty (20) paisa per unit on STU charges shall be provided to captive / open access consumers on consumption of energy from RE projects commissioned in the State during the Policy period for fifteen (15) years. In case a project is commissioned before 31.03.2026, the exemption shall be extended for five (5) more years, i.e., twenty (20) years in total. The OERC shall issue necessary orders in this regard.*
5. *Twenty-five percent (25%) exemption of wheeling charges shall be provided to captive / open access consumers on consumption of energy from RE projects commissioned in the state during the Policy period for fifteen (15) years. The OERC shall issue necessary orders in this regard.*
6. *Stamp duty on purchase/lease of land, land conversion charges and registration charges shall not be applicable for RE projects. The Revenue and Disaster Management Department shall issue necessary notifications in this regard.*
7. *Project developer is permitted to connect the RE project with State Transmission Utility (STU), subject to the evacuation feasibility. Grant of connectivity approval from OPTCL will be provided preferably within 15 days from the date of receipt of requisite documents for registration.*
8. *No clearance from State Pollution Control Board, Odisha would be required for RE projects except for Hydro, PSH, biomass and waste to energy projects." (Emphasis Supplied)*

3. It is also worthwhile to point out the relevant extract of the the Draft National Electricity Policy, 2002, with respect to waivers, etc. in view of reducing trend in price of RE (Solar / Wind) generation:

3.2.1.10 ….***in view of the reduction in the cost of generation from the solar and wind plants, there may be no justification for continuation of concessional banking and transmission or wheeling charges from such open access consumers to avoid passing on the burden on other consumers (Emphasis Supplied)***

3.4.7 ***Waiver of inter-state transmission charges for solar and wind generation shall not be extended beyond 30th June 2025 in view of reducing trend in the price*** *of electricity generation and the increasing share of electricity from these sources.* ***(Emphasis Supplied)***

27. RPO Achievement in FY-23

Response

It is clarified that it is GRIDCO's responsibility to procure entire Power requirement as well meet the Renewable Purchase Obligation prescribed by the Hon'ble Commission. We are not clear as to where the figure 3312 MUs towards meeting RPO requirement has been obtained by the Respondent.

28. CGP having difficulty in meeting RPO requirement

Response

As the Respondent is aware, the Odisha Renewable Energy Policy, 2022 provides specific incentives for establishment of Renewable Energy Power Plants in Odisha. The Obligated entities should make use of these time bound concessions available under the 2022 Renewable Energy Policy.

29. Requirement of Hybrid power (Conventional as well Renewable Energy)

Response

We have noted the Respondent's suggestion and we shall see how to address the requirement within the existing framework

30. Load Factor Rebate

Response

We have noted the Respondent's suggestion on allowance of a Load Factor Rebate for Load in excess of 60% subject to maximum of 15%. The matter may be taken up with the Hon'ble Commission who has sole prerogative with respect to Tariff Design and its Determination.

31. Cross Subsidy Surcharge

Response

It is clarified that the Hon'ble Commission has been determining tariffs in consonance to the provisions of the Electricity Act'2003, as well as the National Tariff Policy which stipulates the following:

"8.3 (2)….For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply."

The Tariffs are stipulated by the Hon'ble Commission within *±20% of the* average cost of supply of the Discoms, as has been mentioned in Para 72 of the FY 22-23 Tariff Order, the relevant extract of which is reproduced below:

"72. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that tariff for cross-subsidised categories and cross-subsidising categories remains within ±20% of the average cost of supply as per Clause 8.3 of National Tariff Policy. Ultimate objective is that tariff should be reflection of cost of supply. EHT and HT consumers are cross subsidizing LT consumers of the State."

The Respondent has mentioned that the value of cross subsidy should be equal to cross subsidy surcharge which is collected to compensate the distribution licensee for financial loss incurred by them due to loss of cross subsidy.

As mentioned earlier, Tariff Design and Determination is the sole preserve of the Hon'ble Commission.

32. No Cross Subsidy Surcharge for importing Renewable Energy

Response

While it is the sole preserve of the Hon'ble Commission to design the tariff structure as well as determine the applicable tariffs, we wish to bring to your notice that even the recently issued Green Open Access, Rules 2022 recognise levy of Cross Subsidy Surcharge.

The relevant extract of the MoP, GoI amendment in its Open Access Green Energy Rules, 2022 vide notification dated 27.01.2023 is reproduced below:

"(1) The charges to be levied on Green Energy Open Access consumers shall be as follows, namely: -

(a) transmission charges; (b) wheeling charges; (c) ***cross subsidy Surcharge;*** *(d) standby charges wherever applicable; (e) banking Charge; and (f) other fees and charges such as Load Despatch Centre fees and scheduling charges, deviation settlement charges as per the relevant regulations of the Commission."*

33. TOD Benefit

Based on the changing Load curves, while TPCODL has suggested for having separate off peak hours for summers and winters, as well as tow periods for off peak hour in summers, the Respondent has suggested on enhancing the Off Peak Tariff difference from the existing 20 paise/ unit to 50 paise / unit.

The Hon'ble Commission may take a view on the same.

34. Reduction in Contract Demand

Response

TPCODL follows the provision of the Supply code, 2019. The Respondent may kindly bring to our notice any specific instances wherein the Discom has not followed the Supply Code provision in this regard.

35. **Extension of special L.F rebate approved for steel industries to all iron and steel industries having electric arc furnace**

Response

The Hon'ble Commission, in the RST order for FY 2022-23, has approve rebate for all HT consumers (steel plants with induction furnaces) having CD of 1MVA and above based on their LF. This load factor rebate structure comes for the induction furnace specially keeping in mind their consumption pattern.

The intention of extending this benefit to Induction Furnace group has been well decided by Hon'ble Commission in the previous year (FY21-22) RST order vide para 381.

Since Tariff Fixation is the sole preserve of the Hon'ble Commission, the Hon'ble Commission may decide on the Respondent's request.

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36. **Proposal of revised reconnection charge with penalty clause should be rejected**

Response

TPCODL has proposed for revision of reconnection charge due to the increase in such costs whereas these charges have remained at the level fixed in 2012.

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Cod, thereby also jeopardising safety.

5. Reply to Objections/ Suggestions raised by M/s Reliance Jio Infocom Ltd

1. **Telecom industry electricity tariff may be placed under Industrial rates rather than the commercial rates to bring tariff on par with the IT services and other industries.**

Response

Fixation of Tariff is the sole prerogative of the Hon'ble Commission who may take appropriate decision in this regard.

It is submitted that telecom industries (Towers) is covered under General purpose (Category) category as per existing OERC Distribution (Conditions of Supply) Code, 2019 under Chapter-VIII (Classification of Consumer) and any change in classification would require amendment to the Supply code.

In our view, considering the nature of business of Telecom Company which is neither carrying out any process of manufacturing, etc., the present applicable GP rate for Telecom segment is appropriate.

6. **Reply to Objections/ Suggestions by Principal Chief Electrical Engineer, East Coast Railway**

1. **Railways be treated as a separate category and tariff (EHT &HT) may be fixed at lower level than the tariff for other EHT & HT consumer in the State.**

Response

'Railway Traction' is already a separate category (both under HT and EHT).

With regard to the issue of Tariffs including fixation of Demand / Energy Charges, the Hon'ble Commission has the sole prerogative for Tariff Design and Determination of applicable Tariffs. The Hon'ble Commission may decide taking into account the submission of the Respondent including its phase of supply, load factor, etc.

2. **Request for Reduction in existing Demand Charges and Energy Charges and Railway traction tariff be considered at par with that of organizations having > 60 % Load factor. Also Load factor incentive may be from 40% instead of 60%.**

Response

While quality of power supplied by TPCODL is being effected by the 2-phase usage by Railways, TPCODL is meeting the Railways demand of power even through feed extension facilities. Even load restriction is not imposed on Railways during the period of power deficit. They are also allowed to avail supply through feed extension.

"Demand Charge" is a charge on the consumer based on the capacity reserved for him by the licensee/supplier, mutually agreed in the agreement as Contract Demand or Maximum Demand (as the case may be) whether the consumer utilizes such reserved capacity in full or not. Further, demand charge for HT & EHT consumers is Rs.250/KVA since RST2011-12 and there is no hike in demand charge till date and 3slab energy charge rate was modified to 2slab rate from FY13-14.

The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure; Consequently, the Hon'ble Commission may take into account the adverse revenue impact of any such charge in slab from 60% to 40% which would require compensation.

3. **Simultaneous metering for all the connections of Railways**

Response

As per Regulation, power supply is provided to a particular premise. Railway is a public serving department and required continuity of supply to run the trains, so intra Discom feed extension benefit is allowed as per M.O.M dtd.21.05.2008 between OPTCL, CESU & Railway.

The Hon'ble Commission may consider a similar inter Discom feed extension benefit to the Railways.

7. Reply to Objections/ Suggestions raised by Mr. R P Mahapatra

The objections /suggestions raised by Mr. Mahapatra does not pertain to TPCODL.

8. Reply to Objections/ Suggestions by Mr. Ramesh Satpathy

The respondent has raised several issues besides those covered under the ARR filed by TPCODL. Hence we are not able to provide a suitable reply in this submission. We have provided our replies to the queries/observations relevant to the ARR.

1. Details of Capex against approved capex of FY 21 and FY-22.

Response

The Hon'ble Commission, vide its Orders dated 8th Sep 2020 & 4th Sep 2021 (Case 32/2020), 18th Sep 2021 (Case 05/2021), 19th July 2022 and 16th Dec 2022 (Case 14/2022) has approved CAPEX for FY 2020-21, 21-22 & 22-23 for Rs.280.63 Cr., Rs. 298.73 Cr. and Rs. 380.56 respectively under different heads. Cumulatively till FY 2022-23, total CAPEX approved is Rs. 959.92 Cr.

While we have provided the Capex details in our ARR Petition, an update on the same is as follows:

Major Category	Capex approved for FY 2020-21	Capex approved for FY 2021-22	Capex approved for FY 2022-23	Total Cumulative Approved till FY-2022-23	Total cumulative Capex till 31.03.2022	Total estimated Capex till 31.03.2023
Statutory and Safety	68.17	17.59	17.66	103.42	71.83	94.84
Loss Reduction	39.63	67.36	52.85	159.84	31.79	134.16
Reliability	72.48	114.42	131.63	318.53	122.69	254.57
Load Growth	9.00	30.52	118.26	157.78	21.69	100.32
Technology & Infrastructure	91.35	68.84	60.16	220.35	93.77	191.12
Total	**280.63**	**298.73**	**380.56**	**959.92**	**341.77**	**775.01**

2. Details particulars of 33/11 kV sub station created under ODSSP scheme.

Response

The status is as provided below:

1. **ODSSP (Ph.-I, II & III): -**

Implementing Agency-**OPTCL** Executing /Monitoring Agency- OPTCL				
33/11kV PSS	**UoM**	**Proposed**	**Completed**	**Balance**
1st Phase	Nos	60	59	1
2nd Phase	Nos	42	41	1
3rd Phase	Nos	32	28	4
Total	Nos	134	128	6

ODSSP (Ph.-IV): -

Implementing / Executing Agency-**OPTCL** Monitoring Agency- TPCODL			
Particulars	**Unit**	**Quantity**	
Project Cost	Rs. Cr.	237.02	For new sub-station
	Rs. Cr.	63.83	For dedicated 33 KV lines
Scope	Nos	16	new sub-station
	Nos	18	dedicated 33 KV lines
Tender floated & Land alienation under process. Target completion: March 2024			

3. **Sale of Scrap being a Non-Tariff income, details to be provided.**

Response

The Respondent is assured that TPCODL has a very robust process for identification, approval and disposal of scrap which is done only through approval by an empowered Committee based on physical examination of material to be scrapped, residual value if any as per FAR / Price Stores Ledger (for inventory) and sold through empanelled specialised Scrap Disposal Agencies through a tendering process. The Scrap sale discovered prices are compared with benchmarks across similar industries including comparing with change in metal prices, etc. , and only after due prudence check and satisfaction of the discovered prices, is the scrap sale effected.

We have estimated the Non-Tariff income for FY-24 based on the actual Non-Tariff Income (including from Scrap Sale) of FY-22 with a suitable escalation. The same shall be trued-up based on actual Income in the years FY 23 and FY 24. In our ARR petition we have shown component wise details of Non-Tariff income including ‘Income from Sale of Scrap’.

4. **Details of electrical accident.**

Response

The required details are being submitted the Hon'ble Commission on a periodic basis.

9. **Reply to Objections/ Suggestions by Shri Ashok Kumar Pattanaik, M/s BRG Iron & Steel Co. Pvt. Ltd.**

1. **Reduction of EHT Tariffs based on TPCODL Projections**

Response

The Respondent has referred to certain figures of Revenue Requirement projected by TPCODL from EHT Consumers for FY 2023-24 as well as Revenues Collected from them, thereby stating a surplus of 36%.

We are unable to comprehend the source or quantum of these figures (Total Revenue Requirement for EHT Consumers of Rs. 114,389.44 vis-à-vis Revenue Collection from them for Rs. 1,80,283.17, result in in surplus of Rs. 65,893.73) thereby are unable to provide an explanation with respect to the same.

Not-withstanding the above, it is clarified that the Hon'ble Commission has the sole prerogative for determination of Consumer Category-wise tariff which it shall do based on the detailed examination of our Petition.

2. **Request for Reduction in CSS**

Response

The Hon'ble Commission has the sole prerogative for determination of Tariff including various charges such as CSS, etc.

The Hon'ble Commission has been determining the applicable CSS based on the provisions of the Electricity Act, 2003.

In-fact, for FY 22-23, it has fixed the CSS much lower than the amount worked out as per the formula provided in the National Tariff Policy as is evident from the RST Order for FY22-23, the relevant extract of which are reproduced.

Table - 24

Computed Surcharge for Open access consumer 1MW and above for FY 2022-23

DISCOM	TPCODL	TPNODL	TPWODL	TPSODL
Surcharge for EHT Consumer (P/U)	243.87	222.87	183.87	316.87
Surcharge for HT Consumer (P/U)	123.91	85.82	80.00	189.68

85. As per the mandate of the Electricity Act, 2003 under section 42, the Cross Subsidy (CSS) is to be reduced progressively. The Commission is authorized to evolve a methodology for such reduction. Accordingly, the Commission has fixed the leviable surcharge, wheeling

charge and transmission charge for open access customer for FY 2022-23as given in Table below:

Table – 25
Leviable Surcharge, Wheeling Charge and Transmission Charge for Open access consumer 1MW and above for FY 2022-23

Name of the licensee	Cross Subsidy Surcharge (P/U)		Wheeling Charge P/U applicable to HT consumers only	Transmission Charges for Open access Customer
	EHT	HT		
TPCODL	163.39	83.02	98.43	The Open Access customer availing open access shall pay Rs.6720/MW/Day (Rs.280/MW/Hour) as transmission charges
TPNODL	149.32	57.50	113.69	
TPWODL	123.19	53.60	77.12	
TPSODL	212.30	127.08	112.01	

The Hon'ble Commission may make a judicious call in this regard balancing all stakeholders requirements, and consequential impact on other consumer categories tariffs.

3. Non Compliance/ Misinterpretation of Regulations for Energy Accounting

We are unable to comment on the same as the issue has been addressed to SLDC.

4. Electricity Duty Withdrawal

This issue does not pertain to TPCODL, and hence we have no comments to offer on the same.

10. Reply to Objections/ Suggestions by Shri Kamalakanta Das

1. **No reason or logic why Discoms should be allowed to charge MMFC and Demand Charges**

Response

While Tariff Design and its determination is the sole prerogative of the Hon'ble Commission, we wish to clarify the following:

While it is a fact that the Discoms pay GRIDCO BSP on single part basis, the Discoms are levied penalty for exceeding by more than 10% of their approved SMD, subject to average annual SMD exceeding the approved SMD. Hence, the Discoms also are not entitled to draw indiscriminately.

As per present Tariff Structure, MMFC and Demand charge constitute only around 9% % of the Revenue of the Discom.

"Demand Charge" is a charge on the consumer based on the capacity reserved for him by the licensee/supplier, mutually agreed in the agreement as Contract Demand or Maximum Demand (as the case may be) whether the consumer utilizes such reserved capacity in full or not. Further, demand charge for HT & EHT consumers is Rs.250/KVA since RST2011-12 and there is no hike in demand charge till date. CD ensures better commitment and planning of consumer Demand (and onward tie-up of power by GRIDCO), Electrical Infrastructure requirement, etc. Together with MMFC, these charges help in part meeting the fixed costs of the Discom (Other than Power Purchase Cost) which are approximately 40-50% of its total costs, against which the MMFC / CD is only around 9%-10%.

2. **TOD Metering**

Presently, the Hon'ble Commission has fixed an off peak tariff which is 20 paise / unit lower than the applicable tariff for rest of the day. The Off Peak hours are defined from 22.00 hours to 06.00 hours the next morning. The same is applicable for three phase consumers barring () Public Lighting (ii) Emergency Supply to Generating Plants) (iii) LT Domestic and LT General Purpose.

Based on changing load curves, TPCODL has proposed change in off peak hours for summers to 13:00 hours to 18:00 hours with another off-peak during the day from 16:30 hours to 18:00

hours. Further, based on winter load curves, Off-peak hours have been proposed to be introduced from 00:00 hours to 00:500 Hours.

11. Reply to Objections/ Suggestions by Shri Jyoti Prakash Das

The Respondent has largely raised issues which do not pertain to the Tariff filing. Consequently, we are limiting our replies to certain specific issues raised by the Respondent.

1. **Replacement of Ceramic Insulator in Working Condition with Polymer insulation**

Response

We wish to clarify that only defective insulator (and not in working condition) are being replaced. The replacement of defective insulators is by way of Polymer Insulation due to multiple benefit of enhanced reliability, longevity, etc. , which is also approved by the Hon'ble Commission as part of its DPR Approval.

2. **AB switches of 400 A for 11 KV not needed considering current capacity of conductor**

Response

In 11 KV, the highest conductor size is 100 sq mm which have a current carrying capacity of 360 A and hence 400 A AB Switches are appropriate for the same which is also approved by the Hon'ble Commission as part of its DPR Approval.

3. **Low interest on Security Deposit**

Response

The interest on Security Deposit is allowed by the Hon'ble Commission as per OERC Distribution (Conditions of Supply Code), 2019 which has been linked by the Hon'ble

Commission in the FY 22-23 Retail Supply Tariff Order to the prevailing Bank Rate notified by RBI in the March 22.

The fixation of Benchmark/ Rate for interest on security deposit is the sole prerogative of the Hon'ble Commission who shall decide the same for FY 23-24.

4. **No DSM initiatives**

Response

TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

We are also working towards collaborating with Energy Service Companies (ESCO) who offer energy intensive consumers'. Energy Audit Services as well as innovative plans for reducing energy consumption through Revenue Sharing models, without Capex/ Opex by the Consumer.

5. **SOP without Third Party Audit**

Response

TPCODL has carried out the Standard of Performance Audit for FY-22 through a third party and the Audit Report for the same has been submitted to the Hon'ble Commission.

6. **Procurement from Group Companies**

All significant procurements are made through Open Tenders. Provisions of Companies Act, 2013 and License Provisions with regard to procurement through Related Parties are being fully complied with.

12. Reply to Objections/ Suggestions by Shri Priyabrata Sahu

1. **ARR filed being exuberant in expenditure, revenue gap arisen would increase per unit cost and increased Power Outages.**

Response:

TPCODL in its ARR Petition has given detailed justifications for Employee expenses, A&G expenses and R&M expenses at Page Nos. 37-54. Further, prudent check of the cost as estimated by the licensee shall be done by Hon'ble Commission before approval.

With regard to the observation of the respondent on power outage, we wish to submit that the distribution system reliability is measured by some of the indices i.e. SAIDI and SAIFI. The indices for the period FY 2021-22 and 9 months period of FY 20222-23 are provided below:

KPI Parameters	TPCODL	
	FY 21-22	FY 22-23 As on 31.12.2022
SAIDI (hrs)	155	114
SAIFI (nos.)	377	282

The above table shows that there has been a considerable decrease in numbers. Also, in case on planned outages, consumers are informed beforehand and in case of every major breakdown, the same is communicated to our centralized Call Centre so that consumers may be benefitted.

2. **Timely serving of bills to consumers, Rebate passed on to Consumers, DPS levied on Domestic and Commercial Consumers @ 1.25%**

   Response:

   It is submitted that the bill copy is being served to the consumer on time with proper due date. Also e-copy of bill are served immediately after generation of bill through whatsapp, e-mail and message to the registered number/email id.

   In case there is any specific instance of not following the order of the Hon'ble Commission, the same may be brought to the attention of TPCODL

   Further, rate of DPS is as per the rate specified by the Hon'ble Commission in its Tariff Order.

3. **Disconnection of power supply without notice**
   Response:

It is to clarify that TPCODL is strictly guided by and follows the appropriate Codes and Appendix of OERC (Conditions of Supply) Code, 2019 and is well within the ambit of the same. As part of the disconnection process, for Spot Billing customers on defaulting the payment, Disconnection notice is send along with next Bill and connection is disconnected as per timelines defined in the notice if payment is not received within the said timelines.

In case there is any specific instance, it may be brought to the attention of TPCODL for addressing the issue

4. **Interest on Capex loan charged for the full year. Detail of loan availed and interest rate required**

   Response:

   As per the Regulation, TPCODL has calculated interest on capex loan on the normative average loan by applying weighted average rate of interest. However, TPCODL has also submitted to the Hon'ble Commission the detail of loan availed along with interest rate in Form F3 and F17.

5. **DISCOM shall give detail financial benefits derived from the CAPEX plan on account of loss reduction and its impact on tariff**

Response:

It is clarified that TPCODL in its CAPEX plan for FY 2023-24 submitted to the Hon'ble Commission on 22.12.2022 has provided a detailed cost benefit analysis.

6. **The billing to HT Consumers should be on KWH instead of KVAH till the DTRs of power utilities are standardized as per the BEE and Discom should refund the excess amount collected.**

Response:

We wish to clarify that tariff is being charged from the consumers based on extant Regulations and Tariff Order issued by the Hon'ble Commission. The Hon'ble Commission has allowed KVAH billing instead of the KWH billing and at the same time, the Power Factor (PF) penalty and incentive has been withdrawn.

Hon'ble Commission may decide on the contentions of the Respondent.

7. **Tax on return on equity may not be considered as it has to be paid out of licensee's return on capital. Passing the same to the consumer is not acceptable. Further, DERC has fixed RoE as 10% which is much below the RoE fixed as per regulation.**

   Response:

   We wish to clarify that the Licensee strictly follows the provisions of the extant Regulations as per which tax on ROE is pass through. Refer 3.6.3 of Tariff Regulations, 2022. With regard to fixation of RoE of 10% by DERC, it is submitted that the applicable regulation i.e. DERC (Business Plan) Regulations, 2019 at Regulation 20 provides as under:

   "20. RATE OF RETURN ON EQUITY

(1) Wheeling Business: Return on Equity in terms of Regulation 4(1) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 shall be computed at the Base Rate of 14.00% on post tax basis.

(2) Retail Business: Return on Equity in terms of Regulation 4(1) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 shall be computed at an additional Base Rate of 2.00% on post tax basis."

Accordingly, the said statement is not in conformity with the DERC Regulations as per which 16% ROE is still continuing.

8. Non-Tariff income (Rebate to consumers, Supervision charges, over drawl penalty and DPS) to be passed on to consumers fully.

Response:

With respect to NTI for FY 20-21 and FY 21-22 True up, TPCODL has provided its rationale in its Petition for allowing part of the DPS to be retained. Meter Rent has been retained in line with the Tariff Order for FY 2022-23 wherein entire meter rent has been allowed to be retained. Rebate given to consumers is an expense and not an income for the Discom, hence is not part of NTI. Supervision charges and over drawl penalty have been considered fully as part of NTI.

9. **Increase in meter rent of Smart Meter**

Response:

The requirement for replacement of existing meters by smart meters in prepaid mode is a statutory mandate as per CEA and MoP notifications. Since the rent is not sufficient to compensate for the cost of single phase Smart Meters, increase in the rent has been proposed.

13. Reply to Objections/ Suggestions by Shri Panchanana Jena, Working President Bijuli Karamchari Sangh

1. **Basis and detail of recruitment of employees**

Response

We have noted the concerns of Respondent relating to recruitment of personnel in TPCODL. We wish to submit that we have been operating TPCODL on the basis of the terms of the Vesting Order of the Hon'ble Commission. The extracts of the Vesting Order with regards to the grant of operational flexibility to the Company is provided below:

"All employees shall be governed by the terms of their appointment. The terms and conditions of employment of these employees in TPSODL shall not be made inferior to their existing service conditions in any manner. TPSODL shall have the operational flexibility to design the organization structure to ensure efficiency in operations and staff deployment"

Further the recruitment of manpower is carried out on the basis of the approval of the Hon'ble Commission from time to time.

14. Reply to Objections/ Suggestions raised by Shri Subrat Kumar Behera

1. Transfer Policy of Employees and Dress Code of TPCODL/BA employees

Response

We have noted the Respondent's observation. However, since the matter does not relate to ARR filing by TPCODL, we are not able to provide suitable reply to the same.

Notwithstanding the above, we wish to clarify that the Vesting Order permits TPCODL to have operation flexibility to design the organization structure to ensure efficiency in operations and staff deployment. Employees are posted based on organizational needs from time to time.

With regard to the TPCODL/its BA employees approaching consumers, all have been provided with valid Identification cards which they are expected to display all the time. Any, transgression on this may be brought to our notice. Lastly, we have started distribution of uniforms to TPCODL employees.

15. Reply to Objections/ Suggestions raised by Shri A. K. Sahani

The respondent has raise several issues besides those covered under the ARR filing. While we appreciate the same, we have provided the replies to the queries/observations relevant to the ARR**.** For the Balance, we request the respondent to provide specific instances for us to address the issues raised

20. No Remunerative benefit being extended .

Response:

Any consumer who approaches TPCODL for power supply under remunerative schemes as per the provision of the Supply Code ,2019 will be provided with the remunerative calculation and depending upon the outcome of the calculation required action will be taken.

21. **All the Consumers with less than 110 kVA are not being extended with demand charges as per Tariff Order.**

Response:

The Tariff Order state that " Billing demand in respect of consumers with Contract Demand of less than 110 KVA for all category of consumers having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.

- Further the Tariff order also state that demand charge/MMFC charge for consumers with contract demand <110KVA, GP>70KVA<110KVA & HT industrial medium supply are billed on highest demand recorded in the meter during the financial year.
- Further wherever demand charge/ MMFC charge is billed on contract demand that is due to maximum demand reading is not provided to the system for generation of bill. So, while such cases are coming for correction of bill, the bills are revised basing on the dump data and as per the RST Order.
- Therefore, it is to state that TPCODL is strictly following the Regulation & RST Order notified by the Hon'ble OERC.

22. **Shopping malls, Cinema Halls , industries with more than 110 kVA load suffered during COVID -19 restriction as they have to pay 80% of CD but not on actual basis. Same problem with other consumers with less than 110 kVA load. Such consumer's bills may be revised as per their recorded demand.**

Response:

We appreciate the concern of the respondent. We will abide by the directions of the Hon'ble Commission

23. **The proposal of petitioner on amendment on ToD time is confusing and hence the ToD time may continue as per RST 2022-23.**

Response:

We have proposed the amendment to ToD time based on the findings of the load curves. The Hon'ble Commission may take appropriate decision after considering after proposal.

24. **Meter Rent – the proposal of the petitioner for Smart prepaid meter may be accepted by the Hon'ble Commission. However the ,as per RST 2021-22 the directive of meter rent to be collected for 60 months may be withdrawn and it may be ordered that meter rent to be collected till recovery of landed cost. The respondent has cited one example- cost of 3 phase trivector meter is Rs. 20,000 but consumer has to pay rent of Rs. 60,000.00.**

Response:

We appreciate that the Respondent has recommended for approval of our proposal on smart meter rent.

On the other issue , we wish to submit that expenditure towards meter installation does not merely consists cost of meters alone but also includes associated accessories, installation cost including, CT PT units. Also the licensee makes all expenditure upfront at the time of meter installation whereas meter rents are collected over a period of 5 years. Hence appropriate present value factor must be considered while comparing the meter installation cost with amount recovered through Meter rents.

25. **Proposal for considering Contract demand in case of conversion of connection from Emergency into two part tariff after continuous violation for 3 months should not be accepted by the Hon'ble Commission.**

Response:

In-order to ensure no misuse of the Emergency Supply provision and to allow Discoms to estimate and plan for their demand better, it has been proposed by TPCODL that that in addition to the provision for Emergency Supply being restricted to 10% of the load factor of the highest capacity of Generating Unit, the maximum demand should also be restricted upto 100% of highest Generation Capacity.

26. **Overdrawl penalty & Demand charges for all consumers with CD>= 110 KVA – This proposal should not be accepted.**

Response:

The Hon'ble Commission may take appropriate decision after considering our submission made in our ARR petition.

27. There should not be any penalty clauses on Reconnection Charges

Response:

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals ,inculcate discipline and provide a deterrence to repeated defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Cod, thereby also jeopardising safety.

Further it is submitted that it is not possible to monitor post disconnection 24 X 7 with the available resources as well as it is not cost effective, and hence it is critical for the consumers to be cognizant of the implications of repeated disconnections / reconnections without due process.

28. Arrears collected from the consumers out of past arrears to be reported.

Response:

We have submitting the data on regular basis to the Hon'ble Commission and GRDICO.

29. kVAH billing may be withdrawn

Response:

That the Hon'ble Commission has introduced kVAh billing in FY-2021-2022 which was supposed to be introduced in FY-2014-2015. Observation of Hon'ble Commission as rendered at Para-202 of the present RST Order is quoted below;

"The Commission always aim for rationalisation of tariff structure by progressive introduction of a cost-based tariff and has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining the Energy Charge, the principle of higher rate for supply at low voltage and gradual reduction in rate as the voltage level goes up has been adopted. The Commission has introduced kVAh tariff for HT and EHT consumers since FY 2021-22. This method of billing for energy charge captures

both active and reactive energy consumed by the consumers and the same will continue for FY 2022-23."

Aforesaid observation of Hon'ble Commission would establish the fact that kVAh billing system would give benefit to both the consumer as well as the licensee in maintaining system stability, ensuring power quality and achieving loss reduction.

In this regard it would be prudent to submit that Hon'ble APTEL has dealt with the issue of kVAh billing on several occasions. In Prime Ispat Ltd. and Another vrs Chhattisgarh State Electricity Regulatory Commission and Others (A.No.263 of 2014, decided on 10.04.2015), the issue of kVAh billing was discussed. Relevant observations of Hon'ble Tribunal are quoted here-in-below.

"8.9. Now we explain the advantage of High-Power Factor and kVAh billing as under:

(a) Higher the Power Factor, lower is the Load Current and thereby Technical Losses of the transmission lines i.e. I^2R losses will be reduced considerably.

(b) Due to increase of Power Factor (nearer to one), the consumer's demand charges will be reduced and also the kVAh billing will also be correspondingly reduced.

(c) The Higher Power Factor will reduce the demand on the system and improve the systems Voltage.

(d) Increases the available transmission and distribution system capacity.

(e) The improvement in Power Factor will reduce the licensee's expenditure on Power Purchase and thereby the consumers will be benefited with lower tariff.

8.10. In view of the above, most of the States are changing their billing system from KWH to kVAh billing system.

8.11. The learned counsel of the Appellant has contended that due to kVAh billing, bill amount has been increased and thereby the Appellant burdened with higher power bill. We do not find any merit in the contention for the following reasons: Because Power Factor = KWH /KVAH

If Power Factor is unity, then KWH =KVAH

In the instant case, the Power Factor is less than unity and hence the consumption recorded in respect of kVAh is high compared to KWH consumption. Further, the power factor surcharge/rebate will not be there in kVAh billing. Thus, the kVAh based billing *will drive the consumers to reach unity power factor and thereby the system performance will be improved and also reactive power drawl from the system will be minimised and thereby better system voltages for the tail end consumers also."*

Forum of Regulators (FoR) also recommended kVAh billing during 2009. As of now, most of the State Electricity Regulatory Commissions (SERC) in various States viz. Himachal Pradesh, Delhi, Uttar Pradesh, Jammu & Kashmir, Andhra Pradesh, Chhattisgarh, Bihar, Haryana, Punjab, Maharashtra etc. have already introduced kVAh based tariff for various categories.

Advantages of kVAh billing system: -

To Consumers	To DISCOM(s)
1. kVAh billing will ensure that the consumers who will utilize the power efficiently will be paying less energy charges as compared to others who are not using the power efficiently. 2. The new billing methodology will be much simpler to understand as number of parameters viz. PF, rkVAh (lead/lag), kWh units) will be reduced.	1. Good system stability, improved power quality, improved voltage profile and reduced capital expenditure. 2. Complete recovery of cost of active and reactive powers. 3. Zero/ minimal drawl of reactive power by consumers. 4. Reduction in power purchase cost

30. That the Power ON hours should be actual power availed by the consumers for the purpose of load factor billing purpose.

Response:

TPCODL is following the direction of Hon'ble Commission while calculating power ON hours as per para no. 205 & 206 of RST order FY 2022-23. Any changes or modification in tariff structure is Hon'ble Commission's prerogative, the licensee will adhere to the same.

31. Penal bill being raised under Section 126 of EA 2003 in the name of enhancement of load of small ,domestic & commercial consumers.

Response:

As per the process circulated to all assessing officers of TPCODL, final bill is mandatory to be served to all theft booked cases where provisional bills have been passed. No penal bill under section 126 of Electricity Act for mere load enhancement cases are being served in TPCODL. We have further strengthened the whole enforcement process through digitisation of whole process in SAP ISU. This has enabled us in monitoring it strictly. For disconnection part, action is being taken as per the regulation 163 of OERC supply code, 2019 as given below

> 163. Upon detection of theft, the licensee/supplier shall immediately disconnect the supply. In case of theft of electricity the licensee/supplier shall make an assessment of amount of theft as per the procedure stated above and the consumer so assessed shall deposit the assessed amount without prejudice to the obligation of the licensee/supplier to lodge the complain as referred to in the second proviso to the clause (1A) of Section 135 of the Electricity Act. On such payment the licensee/supplier shall restore the supply line of electricity within 48 hours of such deposit or payment.

32. Regulation -138 (e) – i.e. Power Supply to LI points in urban area.

<u>Response:</u>

We are levying the tariff category of irrigation based on the OERC supply code (i.e load less than 15 HP).

33. Open Access Charges be reduced.

<u>Response:</u>

Tariff Design and Determination is the sole preserve of the Hon'ble Commission.

16. Reply to Objections/ Suggestions by Shri Prashant Kumar Das, CGM GRIDCO Ltd

1. **Allow exemptions in Cross Subsidy Charges and Wheeling charges as per Odisha RE Policy,2022**

Response

GRIDCO has requested for certain exemptions in line with the Odisha RE Policy, 2022. We wish to point out that we have not considered impact of any such exemptions in our ARR filing and the same needs to be addressed appropriately by the Hon'ble Commission in its Tariff Order.

17. Reply to Objections/ Suggestions by Shri Prabhakar Dora

1. **FY 20-21 (June – Mar'20) True – Up : Income Tax (Rs. 13.9 Cr.)**

TPCODL has claimed Tax on eligible RoE as it is entitled to a 16% post tax Return on Equity. The computation for the same is provided in the True-Up Petition for FY 20-21 (June-Mar'20).

2. **Employee & A&G Costs for FY 21-22; higher than Approved**

The Respondent is assured that the entire expenditure claimed by TPCODL is, in our view, legitimate and is in line with the Hon'ble Commission's approval. The details of the same have been explained in our True-Up Petition for FY 21-22.

The Actual Employee Cost appears to be higher than the approved cost for FY 21-22 as the FY 21-22 approved cost in Tariff Order for FY 23 does not factor the additional approvals received /order issued after the issue of Tariff order i.e-Approval for HRA @ 18% /20% on revised payscale of executives employees of erstwhile CESU w.e.f 21.04.2018, Approval for Medical Allowance on revised pay scale of executives employees of erstwhile CESU, Approval for release of 30% of 7th Pay arrear . Further the Employee cost for new TPCODL employees was provisionally approved with cost of additional recruitments in FY 23, as approved by the Hon'ble Commission, not considered in approved cost in the FY 23 Tariff Order

Similarly, the Hon'ble Commission while approving the A& G cost in Tariff Order FY 2021-22 has not taken into account the additional A&G cost approved in Opex Order dated 16th Nov 2020. The actual A&G cost for FY-22 is within the normative A&G after taking into account the additional approval received in above mentioned Opex order .

3. **Return on Equity of 16% unacceptable**

Response

A post Tax RoE of 16% p.a. has been assured in the RfP and Vesting Order and the Tariff Regulations, 2014. The same RoE @ 16% post Tax has been retained by the Hon'ble Commission for the Control Period FY 24-28 as per the Tariff Regulations, 2022.

It is clarified that in our view a post tax RoE @ 16% for Distribution Business is appropriate, considering the risk involved and the increasing interest rates.

4. Capex.

The details have been provided to the Hon'ble Commission who shall be allowing the same for tariff determination after due examination.

5. **Interest on Working Capital**

We have sought Interest on Working Capital based on normative Working Capital Allowance as provided in the extant Tariff Regulations as applicable to TPCODL. Any efficiency gains brought about by TPCODL by way of normative working capital interest allowance vs. actually incurred as per Audited Accounts, would be shared in the ARR as per the extant Regulations, with the Discom being entitled to retain only 1/3rd of the efficiency due to actual Working Capital optimization.

6. **Recruitment of Manpower**

All recruitments are based on manpower count approved by the Hon'ble Commission based on justification of the requirement. It shall be appreciated that only essential manpower which is required to meet specific requirements in various areas of operation is being recruited after careful assessment of skill / resource gap with approval of the Hon'ble Commission.

7. **Collection Efficiency for FY 23-24 to factor Arrear Collection due to OTS implementation**

Response

It is clarified that Past Arrear (Pre-Vesting Period) Collections (including collection of pre-vesting period dues under the OTS Scheme) do not belong to the Discoms and, as per directions of the Hon'ble Commission, are required to be remitted to GRIDCO after retaining only the Collection Incentive allowed as per provisions of the Vesting Order. Till now, TPCODL has remitted approx. Rs. ____ Cr. towards past period collections.

Further, the Hon'ble Commission, in its Tariff Regulations 2022, has stipulated that collection of Past Arrears through OTS Scheme shall not be considered towards computation of Collection Efficiency

8. **Capitalisation of Employee Costs**

Response

TPCODL has a robust process to identify and allocate cost of employees working on Projects, etc. which are capitalized in accordance with the requirements of Indian Accounting Standard (IndAS 16) relating to Property, Plant & Equipment (PPE). The PPE Value includes the Capitalised Employee Cost is part of the FAR as per Financial Statements of the Company which are audited by Statutory Auditors. The cost allocation of Departments such as Meter Relay Testing and Connection Management Group (inadvertently mentioned as Customer Monitoring Group), is with respect to employee cost incurred towards new connection acquisition which is capitalised.

9. **Assets contributed towards GRIDCO Equity**

Response

The fair valuation of such assets has been done by an independent third party valuer whose report including details of assets is being shared with the Hon'ble Commission.

10. **Legal Expenses**

Response

Legal expenses includes expenditure on inherited cases and/ or cases arising due to events prior to the Effective Date (i.e. pre-takover) which, as per the statutory Vesting Order, are required to be contested by TPCODL.

It is worthwhile to point out that the Legal expenditure being incurred is not even a fraction of the costs / liabilities that could potentially come on the Discom (requiring allowance through ARR and Consumer Tariffs) if the cases are not contested and adverse decisions are received.

11. **Revision of Meter Rent**

Response

It is reiterated that we have not given any proposal for enhancing rate of meter rent for three phase meters. The proposal is only for enhancement of meter rent for single phase meters as the present meter rent does not ensure full recovery of their cost.

While the benefits that accrue by way of remote metering / disconnection shall be passed on in the ARR and consequently to the Consumers by way of lower Billing and Collection Costs which are part of A&G Expenses, it is imperative that the capital cost of meters , which need to be replaced in accordance with the Government of India mandate, are recovered through Tariffs, either by way of appropriate Meter Rent, or as Discom's other Capital Expenditure which is allowed to be recovered by way of Depreciation, Interest and RoE allowance in ARR. Since the Hon'ble Commission has stipulated recovery of Meter Costs through Meter Rent, we have sought their full cost recovery through suitably enhanced Meter Rent.

12. **Billing Consumers having < 70 KVA load at LT**

Response

Our proposal is in response to consumer requirement who have complained of having to bear high Transformer losses when they are billed on HT Tariff. Since Transformer Losses are billed to the Consumer irrespective of actual consumption by the Consumer, it has been proposed that the Billing be done on LT Tariff as the metering is at LT Level, dispensing with levy of Transformer losses

If the meters are at HT, then HT Tariff will be applicable.

13. Separate HT Public lighting Tariff

Response

It is clarified that TPCODL has a number of Public Lighting Connections on HT, for which a separate tariff is required.

14. Revision of Reconnection Charges

TPCODL has proposed for revision of reconnection charge due to the increase in such costs whereas these charges have remained at the level fixed in 2012.

The proposal for introduction of a penalty is not from the perspective of earning any additional revenue but to give the right signals and provide a deterrence to repeated defaulting consumers as well as those who do not abide by the provisions of the extant Regulations/ Cod, thereby also jeopardising safety.

15. Creation of Energy Police Stations

Response

While we appreciate the concern of the Respondent on the not too successful experience earlier, we assure the Respondent that creation of Energy Police Stations shall have a salutary effect towards theft prevention and control, whose benefits shall accrue to the State and its consumers.

16. Billing of Public Lighting

Response

Wherever no separate streetlight network is laid by the street Light owning Agency, it is not feasible to install meters for each point. Therefore, a clarification of energy computation through on LDHF basis for 11 hours has been proposed.

17. Energy Audit

Response

A dedicated Energy Audit Group is there for carrying out the Energy Audit Activities in TPCODL. The group is further strengthened by appointment of personnel from IT, Finance and Technical departments, which is led by an Energy Manager as per the guidelines of Bureau of

Energy Efficiency (BEE). This group carries out energy audit and submits the Quarterly & Annual Energy Audit Report to BEE, State Designated Agency and OERC in the prescribed format as per the guidelines issued by them time to time. Further, these reports are verified by an External Third Party Accredited Energy Auditor as per the guidelines of BEE and PAT regulations.

Details of Energy Audit Status are provided periodically to the Hon'ble Commission.

18. Billing Deficiencies

Response

TPCODL is carrying out Billing in conformance to the extant Regulations. Any specific issue may kindly be pointed out.

19. Anomalies in Meter Rent

Response

The Meter Rent is being charged in strict conformance to its notification in the applicable Tariff Order.

RESPONSE TO RESPONDENTS LETTER DATED 13.02.2023

34. **There should not be any discrimination in the pricing policy and the price variation should not be more than 15% between the highest & lowest tariff.**

35. **'More Consumption less tariff 'method should be adopted for tariff fixing.**

Response:

Tariff Design is the sole prerogative of the Hon'ble Commission who may decide on the structure of the Tariff.

Further, The Telescopic (increasing) tariff fixation for higher slabs of consumption is premised on the marginal cost of power being higher.