

**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR – 751 012**

**Present : Shri D.C.Sahoo, Chairperson
Shri B.C. Jena, Member
Shri S.K. Jena, Member**

Dated the 18th day of October, 2005

CASE NO.25/2005

M/s.Nava Bharat Ferro Alloys Ltd. **Petitioner**

- Vrs. -

Central Electricity Supply Company of
Orissa Limited and other **Respondents**

For the petitioner : Mr. Ashok Kumar Parija, Sr. Advocate,
Nava Bharat Ferro Alloys Ltd.

For the respondent : Mr. B. K. Nayak, Advocate, CESCO

ORDER

This is an application filed by M/s. Nava Bharat Ferro Alloys Ltd., Dhenkanal challenging the improper calculation of power factor by CESCO for the period from February, 04 to December, 04 in violation of the order dt.05.08.99 passed by this Commission in Case No.17 of 1998.

M/s. Nava Bharat Ferro Alloys Ltd. (PETITIONER) have submitted as follows:

1. That while conveying the grant of consent for setting up a captive power plant in favour of the petitioner, it was specifically directed by the Commission for installation of suitable Export/Import Energy Meter,

properly tested and duly sealed at the interconnection point for recording any energy exchange.

2. On 31.12.03, the petitioner synchronised its captive power plant with grid system. Prior to synchronisation at the interconnection point, the following Export/Import Energy Meters were installed at the premises of the petitioner.
 - (1) From GRIDCO side Energy Meter APEX SL. NO.APM 02687.
 - (2) From CESCO side Energy Meter SEMS SL. NO. OSE 15994.
3. The petitioner prior to the date of synchronisation of the CPP was importing power from the GRIDCO system through CESCO who are the supplier as per the Power Supply Agreement. The Company was maintaining the power factor much above 0.90 for its import power and was availing power factor incentive from CESCO in terms of tariff order. On 19.02.04, CESCO replaced its energy meter installed in the premises of the petitioner by a new energy meter.
4. On 04.05.04, CESCO issued the energy bill for the month of April, 04 which included power factor penalty that was levied due to recording of power factor below 0.90 in respect of its imported power.
5. As the new meter supplied by CESCO did not have any provision for recording import/export energy exchange, the power factor has not been assessed correctly. The MVA recording was being computed without distinguishing export/import separately, for which the MVA was always registering a higher reading than the actual import MVA. This was the cause of calculation of low power factor by CESCO. It was brought to the notice of the CEO, CESCO in letter dt.17.05.04 that even when free power is exported to Grid during shut down of Ferro Alloys Plant the penalty on account of Low Power Factor is being attracted.

6. On 16.08.04, the Supply Engineer was requested by the petitioner to take reading of GRIDCO meter for calculation of power factor for billing purpose, which is installed at the same point having the provisions of Export/Import recording facility.
7. The A.G.M.(Commerce) CESCO issued a letter to the petitioner intimating him to supply a meter with import/export parameters the relevant portion of which is quoted below: -

“ An export-import meter to be utilised in 132 KV system is not available in the Central Store, Bhubaneswar. You are, therefore, requested to procure such a meter at your level and get it tested at State Testing Laboratory, Bhubaneswar for installation of the same. The detail specification in this respect is enclosed herewith for procuremental action at your end. After testing it at S.T.L., Bhubaneswar, the meter may be handed over to Sri. J. T. Rao, A.G.M. (MRT), Bhubaneswar.”

8. After protracted correspondence in the matter, the G.M.(Commerce) CESCO wrote on 02.03.2005 to the petitioner stating inter-alia that

“With reference to the letter cited above, it is to intimate you that as the meter (CESCO) installed at the consumer premises is recording the Maximum Demand without recognising the Import/Export, it is decided to bill the consumer on import maximum demand recorded in the Apex meter of GRIDCO installed at the consumer premises. In order to simplify the billing the reading of the Apex meter (GRIDCO) may be taken for billing purpose till replacement of CESCO meter.”

9. Thus the levy of power factor penalty/incentive by CESCO for the period from February, 04 to December, 04 is illegal, arbitrary, bad in law and liable to be set aside as this particular meter has provision only for

recording of import instead of export of energy for which the power factor penalty/incentive was erroneously imposed/calculated by CESCO. Therefore, the levy of power factor penalty by CESCO for the period from February, 04 to December, 04 is illegal, arbitrary and liable to be quashed on this score alone. As such, the bills may be revised for the period from February, 04 to December, 04 and as a consequence of which differential amount along with interest may be got refunded as per the provisions under regulation 92 of the OERC Distribution (Conditions of Supply) Code, 2004.

In response to the petitioner, CESCO, the Respondent have submitted as follows:

10. The petition is not maintainable in law as the petitioner has not indicated the provision of the Act under which this application for revision of energy bill for the period from February, 04 to December, 04 has been filed with the Commission. The petitioner has not exhausted the remedies available for disputes resolution relating to erroneous billing under the provisions of clause 91 of the OERC Distribution (Condition of Supply) Code, 2004.
11. There is no provision in the agreement for installation of Export/Import meter for recording of export of energy generated by the company and at no point of time OERC has directed CESCO for installation of export/import meter for recording of any energy exchange at the interconnection point of supply. In terms of the agreement between CESCO and the petitioner, a meter had been installed for recording of the consumption of energy.
12. The dispute regarding erroneous meter reading was referred to the Manufacturer of the meter seeking their opinion about the correctness of calculation of power factor. On due verification of the data recorded in the meter, the manufacturer reported that the calculation of power factor/billing by CESCO is correct. The consumer was accordingly

informed. Therefore, the allegations of incorrect recording of meter at the point of interconnection is denied.

13. However, the GM(Commerce)CESCO has directed the Supply Engineer to take note of the maximum demand recorded in the apex meter of GRIDCO for the purpose of billing, in accordance with the joint discussion between CESCO authority and the petitioner.

Commission's observation

14. With regard to maintainability of the petition as raised by the respondent the Commission would like to observe that the petitioner is not only a consumer of electricity but also a supplier of electricity to the GRIDCO, the Bulk Supply and Transmission Licensee for the State of Orissa. (upto 10.06.05) The question of improper billing as raised by the petitioner stems from improper metering at the point of interconnection between a generator and EHT consumer where import/export takes place. The metering of this energy exchange has to be dealt with in accordance with the relevant provisions of the Grid Code. As such, this issue cannot be sorted out within the ambits of the OERC (Condition of Supply) Code, 2004 as submitted by the respondent for which it can be dealt by the Commission.
15. In that context, the issue before us is whether meter with export/import device should have been installed at the point of interconnection between the transmission system and the generator which is captive to an industry that draws power whenever required for running the industry from the distribution licensee of the area.

In accordance with clause 1.2 of the Grid Code;

*"The **Grid Code** shall be complied with by **GRIDCO** in its capacity as holder of the Transmission and Bulk Supply License and by **Generators, Distribution Companies, Suppliers and Bulk Power***

Consumers in the course of their Generation, and Supply, and utilization of electricity.”

Further according to that Code provision relating to metering are quoted;

14.6 Generation/Drawl Commercial (Tariff) Metering :

14.6.1 This sub-Section specifies provision of commercial (Tariff) metering at **Connection** points between **Generating Stations** and **Transmission System** and between **External Interconnection** points and **Transmission Systems**. It also specifies metering facilities that shall be provided for the measurement of electricity produced by **Generating Units** and for measurement of electricity consumed at **Power Stations**.

14.6.2 Metering shall be done to measure:

- (i) Active Energy for Export
- (ii) Active Energy for Import
- (iii) Reactive energy for Import
- (iv) Reactive Energy for Export

16. From the provisions of the Grid Code, it is abundantly clear that a meter with provision of import/export of energy is imperative for the interconnection point between the consumer and the transmission licensee on and after synchronisation of the CPP. As stipulated in the said code these meters will serve as the meter for calculation of tariff for any transaction of power.

It also transpires from the correspondence between A.G.M.(Commerce)CESCO and the petitioner that the meter in position did not have the facility of export/import of energy for which the petitioner was asked to supply a meter with such provision.

17. The G.M.(Commerce) CESCO has very rightly communicated the decision of CESCO as given in Annexure –16 of the petition regarding recording of

Import/Export of energy by utilising the apex meter of GRIDCO installed in the consumer premises in the absence of a correct meter at the point of interconnection. The respondent has not submitted the analysis made by the manufacturer with regard to correctness of the meter in which billing was made to the petitioner but the fact remains that the meter in question was not equipped to record both import /export in accordance with the Grid Code.

The Commission, therefore, directs that appropriate action must be taken by the respondents in accordance with the Letter No.6904(2) dt.02.03.05 of the G.M.(Commerce) CESCO addressed to the Manager(Electricity)TED, Chainpal for energy billing which should be followed up by revision of bills for the period from February, 04 to December, 04. However, the prayer of the petition for recovery of interest under the provision of clause 92 of the OERC distribution code 2004 is not maintainable as the said provision is not applicable in the instant case.

This disposes of the matter.

Sd/-
(S. K. Jena)
Member

Sd/-
(B.C. Jena)
Member

Sd/-
(D.C. Sahoo)
Chairperson