

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

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**Present** : Shri B. K. Das, Chairperson  
Shri S.K. Jena, Member  
Shri K.C. Badu, Member

**Dated the 3<sup>rd</sup> day of July, 2007**

**CASE NO. 24 OF 2006**

In the matter of : **Applicability of two-part tariff at OHPC old power stations from FY 2006-07**

And

In the matter of : Orissa Hydro Power Corporation Limited,  
Bhubaneswar - 751022  
..... Petitioner

And

In the matter of : (1) Grid Corporation of Orissa Limited (GRIDCO),  
Janpath, Bhubaneswar.  
(2) North Eastern Electricity Supply Company of Orissa  
Limited (NESCO), Balasore  
(3) Mr Jayadev Mishra, Nayapalli, Bhubaneswar  
(4) Mr R P Mahapatra, Jayadev Vihar, Bhubaneswar

..... Respondents

For the Petitioner : Mr. Jagannath Padhi, Director (Operation), OHPC

For the Respondents : Mr. Laxmidhar Mahapatra, AGM, GRIDCO  
Mr. D Mukhopadhyaya, Manager (F), NESCO  
Mr Jayadev Mishra  
&  
Mr. R. P Mahapatra

**ORDER**

1. Orissa Hydro Power Corporation (OHPC) has filed an application on 03.06.2006 before the Commission, which is registered as Case No 24/2006. OHPC in the aforesaid application requested the Commission to consider

applicability of two-part tariff for all the old power stations of OHPC for the Financial Year 2006-07 and onwards.

2. The Commission vide Letter No. 956 dtd. 19.06.2006 informed OHPC that the aforesaid petition dtd. 03.06.2006 suffered from the following defects, which were to be rectified within 7 days of receipt of the Commission's letter:-
  - (a) OHPC has not filed any delay condonation petition for review of Commission's order dtd. 17.04.2006 and not furnished an undertaking that no appeal has been preferred by OHPC against such order.
  - (b) OHPC has not filed true copies of the Commission's order passed in Case No. 53/2005 and in Case No. 43/2005 as Annexures to OHPC petition.
3. OHPC vide Letter No. 7408 dtd 22.06.2006 complied with the aforesaid defects mentioned in Para 2 above through an affidavit indicating that the applicant have not filed any appeal before any Courts / Forum / Tribunal against the said order of the Commission as well as filed the true copies of the Commission's order dtd 23.03.2006 and dtd 17.04.2006.
4. The Commission vide Letter No. 1170 dtd. 31.07.2006 informed OHPC and GRIDCO that the matter would be heard on 11.08.2006 for admission.
5. GRIDCO through an affidavit dtd. 10.08.2006 submitted before the Commission as under:
  - (a) That GRIDCO does not oppose the adoption of two-part tariff for old stations but proposes to adopt the same from the year 2007-08 after completion of the followings:-
    - (i) Signing of PPA for individual station.
    - (ii) Month wise distribution of design energy for old stations
    - (ii) Completion of required metering arrangement.
  - (b) That month-wise distribution of design energy is a pre-requisite for computation of capacity charge based on CERC norms. For UIHEP both OHPC and GRIDCO have arrived at month wise design energy, taking the average of past years. But for old stations, OHPC has not

discussed the issue with GRIDCO and has unilaterally proposed to take a 10-year average. Since generation data for longer period is available, GRIDCO proposes to take the average of the last 20-25 years excluding abnormal years, if any, for better accuracy.

Based on the above submission GRIDCO prayed before the Commission to consider to adopt two-part tariff in respect of old power stations of OHPC from the year 2007-08 onwards.

6. The matter was heard on 11.08.2006 as scheduled. Mr R R Das, Director (F) on behalf of OHPC submitted before the Commission for application of two-part tariff for all the old power stations of OHPC from FY 2006-07 onwards. Mr. L D Mahapatra on behalf of GRIDCO submitted the views of GRIDCO as stated in their affidavit dtd. 10.08.2006 mentioned in Para 5 above and prayed for adoption of two-part tariff in respect of old power stations of OHPC from the year 2007-08 onwards. The Commission after hearing both the sides at length decided to admit the petition. The Commission directed OHPC during hearing to amend its application treating the petition as a clarificatory one and not as a review petition. The Commission further directed that all those objectors to the Tariff Application of OHPC for FY 2006-07 may be added as Opposite Parties and notice served on them to appear in the next hearing.
7. In accordance with the Order of the Commission, OHPC through affidavit dtd. 21.08.2006 requested to treat this as a petition for clarification. This is registered as Case No. 24/2006, as a petition for clarification.
8. The Commission vide Letter No. 896 dtd 05.06.2007 fixed the next date of hearing on 03.07.2007 and informed OHPC, GRIDCO, NESCO, Mr Jayadev Mishra, Mr R P Mahapatra and Mr R C Satpathy of National Institute of Indian Labour to attend the aforesaid hearing.
9. Mr Jagannath Padhi, Director (Operation) on behalf of OHPC, Mr Laxmidhar Mahapatra on behalf of GRIDCO, Mr. D Mukhopadhyaya, Manager (F), on behalf of NESCO, Mr Jayadev Mishra and Mr R P Mahapatra attended the hearing on 03.07.2007. The National Institute of Indian Labour was not

represented by any person. Mr Padhi on behalf of OHPC submitted that the two-part tariff may be considered to be applied to old OHPC stations w.e.f FY 2006-07 and a part of UI charges presently collected by GRIDCO may kindly be ordered to be passed on to OHPC as OHPC is the only power utility which is helping the Grid during low frequency regime resulting in net UI gain. Mr Mahapatra on behalf of GRIDCO reiterated the earlier stand of GRIDCO that two-part tariff may be allowed for OHPC old stations from 2007-08 onwards. Mr Jayadev Mishra supported a two-part tariff for OHPC old stations in the present ABT regime and advised OHPC to take the advantage of UI to wipe out their past liabilities. He was of the opinion that capacity charge recovery of a hydro station should cover interest, depreciation and return on equity to provide an assured revenue stream for the investor. Mr R P Mahapatra submitted during hearing that the CERC Tariff norms are only a guiding factor for OERC and it is not mandatory that OERC should strictly follow the same. He objected to the very recommendations of CERC on linking to variable cost of ER NTPC stations with the cost of primary energy of OHPC hydel stations and that of equal rate for both primary energy and secondary energy of Hydel Power Stations. He suggested that some incentives may be appropriate for generation of secondary energy but it should not be equalized with primary energy charges to provide a relief to the consumer. Besides, for effective implementation of two-part tariff 50% of the Annual Fixed Charge in respect of a hydro-station should be assigned towards capacity charge and balance 50% towards energy.

10. The Commission heard the views of the Petitioner and the Respondents. The Commission informed during the hearing that the Commission vide Para 5.4.8 of Order dtd 22.03.2007 in Case No 54 Of 2006 in the matter of approval of Annual Revenue Requirement and Generation Tariff for financial year 2007-08 has approved to implement two-part tariff structure i.e. capacity charge and primary energy rate in respect of all power stations of OHPC w.e.f. FY 2007-08 onwards. Similarly, the Commission in Para 5.4.10 of the said Order has clearly stated that after introduction of ABT, benefits accrued from the

Unscheduled Interchange (UI) shall be utilized for Hydro Development in Orissa. The Commission vide Para 5.4.8.3 of the Order dated 22.03.2007 approved the two-part tariff for the hydro stations of OHPC as mentioned hereunder:

<b>Name of the Power Stations</b>	<b>Primary Energy P/U</b>	<b>Capacity Charge Rs. Cr.</b>
Rengali HEP	35.17	-
Upper	21.24	-
Balimela HEP	41.10	14.55
Hirakud Power System	41.10	15.91
Upper Indravati HEP	41.10	50.62

Suggestion received during the course of hearing will be considered by the Commission at appropriate time.

This disposes the Case No. 24 of 2006 filed by OHPC.

Sd/-  
**(K.C. BADU)**  
**MEMBER**

Sd/-  
**(S.K. JENA)**  
**MEMBER**

Sd/-  
**(B.K. DAS)**  
**CHAIRPERSON**