

# **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 13<sup>th</sup> day of July, 2007

## **Case No.29 of 2006**

In the matter of : Clarification of the order dated 23.03.2006 passed in Case No.42 of 2005 by the OERC in the Annual Revenue Requirement (ARR) and Bulk Supply Price of GRIDCO for the FY 2006-07.

AND

Clarification of the order dated 23.03.2006 passed in Case No.43 of 2005 by the OERC in the Annual Revenue Requirement (ARR) and Transmission Tariff of OPTCL for the FY 2006-07 and for passing appropriate order.

In the matter of : Chief Executive Officer & Administrator, CESU, IDCO  
Tower, 2<sup>nd</sup> Floor, Janpath, Bhubaneswar.  
..... Petitioner

And

1. Chairman-cum-Managing Director, GRIDCO,  
Janpath, Bhubaneswar.
2. Managing Director, OPTCL, Janpath, Bhubaneswar.  
..... Respondent

## **ORDER**

1. The case relates to billing of transmission charges and recovery for use of OPTCL system by the DISTCOs. CESU has filed a petition for clarification on Commission's order dated 23.03.2006 passed in case No.42 of 2005 and 43 of 2005 (ARR and Bulk Supply Price of GRIDCO and ARR transmission tariff of OPTCL)

which relates to recovery of transmission charges by OPTCL through GRIDCO from its escrow account.

2. The Commission vide its letter dated 06.06.2006 had clarified as under:

*“Clarifications have been requested on the method of billing to be adopted by GRIDCO and OPTCL for bulk supply and transmission services on the basis of our tariff orders of 06-07. The issues are*

- (a) If a single bill shall be raised by GRIDCO combinedly both for bulk power supply as well as for transmission.*
- (b) If OPTCL raises a bill what shall be the mode of payment of that bill.*
- (c) If two separate bills are to be raised by GRIDCO and OPTCL and money is inadequate to serve both the bills fully what shall be the treatment of rebate.*
- (d) Whether transmission loss shall be billed in addition to the transmission charge raised by TRANSCO and bulk supply bill raised by GRIDCO.*

**Issue - a**

*OPTCL and GRIDCO are separate companies with different licenses. Revenue requirements have been approved separately so also the transmission charge and bulk supply tariff. Hence, two separate bills have to be raised by two separate licensees for the services rendered by them.*

**Issue - b**

*Receivables of DISTCO are escrowed in favour of GRIDCO. As on today there is no escrow arrangement between DISTCOs and OPTCL. According to the Transfer Scheme, the charge of OPTCL shall be duly secured by a first charge over the receivable of GRIDCO in favour of OPTCL. (para 5.9.6 OPTCL order) DISTCOs are customer of OPTCL. OPTCL will bill the Distribution Companies for the use of transmission services on the basis of meter reading at the delivery point to DISTCOs with a copy to GRIDCO. This bill will be paid by GRIDCO to OPTCL from the receivables of DISTCOs escrowed with them.*

**Issue - c**

*Balance amount available shall be utilized for payment of BST. Rebate shall be calculated in accordance with para 6.35 of BST order.*

**Issue- d**

*In Table-13 of BST order 06-07 purchase of power by GRIDCO for DISTCO's use include transmission loss for DISTCOs calculated @ 4% on DISTCO's drawl totaling to 15,414.79 MU. The cost of this power has been considered for determination of BST. (Table-29, Table-37, Para 6.33.5 of BST order) As such, no transmission loss should be charged by GRIDCO to DISTCOs.*

*Revenue Requirement of OPTCL is to be recovered from the units delivered by OPTCL at delivery point. Therefore, transmission loss already taken care of shall not be charged extra to DISTCOs. (Para 5.9.2, Table -20 OPTCL order).”*

3. The petitioner CESU has stated that GRIDCO and OPTCL did not accept the clarification given by the Commission in the above said letter.
4. So, the petitioner has filed the petition for initiation of a proceeding.
5. The Commission issued notice to the respondents for filing reply by 15.09.2006. The respondent No.1 & 2 have filed their counter and Commission ordered to hear the case on 21.06.2007.
6. GRIDCO, respondent No.1, in its counter have stated that as per clause 11(3) of Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005 notified by Govt. of Orissa vide letter No.6892 dated 09.06.2005, GRIDCO the transferor is supplying bulk electricity to DISTCOs by availing transmission capacity of OPTCL i.e. Transferee and it is the responsibility of GRIDCO to pay the transmission charges of OPTCL for the capacities so made available.
7. GRIDCO stated that as per Para-E of Bulk Supply Agreement GRIDCO is responsible to collect both bulk supply and transmission charges from DISTCOs and accordingly continues to serve a consolidated bill on DISTCOs from April, 2006, for demand, energy and transmission charges (payable to OPTCL). OPTCL on the other hand, is raising monthly bill on transmission charges on GRIDCO for each DISTCOs on the quantum of energy drawn during the month.
8. GRIDCO further submitted that the GRIDCO and OPTCL entered in to an agreement named as Transmission Service Agreement (TSA), which clearly indicates that OPTCL shall present monthly bill on GRIDCO for the service rendered by OPTCL to GRIDCO.

9. GRIDCO, therefore, prays to the Commission to consider the raising of monthly consolidated bill by GRIDCO to DISTCOs both for Bulk Supply and Transmission charges.
10. The Respondent No.2, OPTCL in its counter has stated that in terms of clause 11(3) of the Orissa Electricity Reforms (Transfer of Transmission and related activities) Scheme, 2005, the transmission function is vested with OPTCL, the transferee. GRIDCO, the transferor, is supplying bulk electricity to DISTCOs by availing the transmission capacity of OPTCL i.e. the Transferee and it is the responsibility of GRIDCO, the Transferor, to pay the transmission charges to OPTCL for the capacities so utilised.
11. Further, OPTCL submitted before the Commission that:
- (i) DISTCOs have no separate agreements including the payment security mechanism with OPTCL for availing the transmission services. Needless to mention that the transmission charges of OPTCL are duly secured by a first charge over the receivables of GRIDCO as per Para 11(4) of the Transfer Scheme of 2005.
  - (ii) Besides, DISTCOs have no contract with any generating company(ies) either within the State or outside for availing the power in their licensed area of operation through the corridors of OPTCL.
  - (iii) DISTCOs do not have any separate agreements with PGCIL, the CTU, for availing the transmission services to get the power from Central Generating Companies and to pay for the transmission charges towards such services.
12. As regards to availing of rebate on transmission charges, OPTCL submitted that OPTCL is entitled to receive its charges from GRIDCO which is secured as first charge over all the receivables of GRIDCO as per Para 11 of the transmission service agreement between OPTCL and GRIDCO and the mode and quantum of

rebate is to be decided between GRIDCO and OPTCL as per the terms of rebate approved by the Commission in the tariff orders.

13. OPTCL submitted to the Commission that the present system of monthly billing by GRIDCO on the DISTCOs for Bulk Supply Price and Transmission Charges and that by OPTCL on GRIDCO for transmission charges which is secured as the first charge over the receivables of GRIDCO as per the Transfer Scheme, 2005 suffers from no infirmity, irregularity and unfairness.
14. OPTCL therefore prays that the petitioner is liable to pay the full cost of the monthly bill consisting of bulk supply price and transmission charges to GRIDCO as per the approved rates of the Commission.
15. After hearing both GRIDCO and OPTCL, the Commission holds that OPTCL and GRIDCO are two separate companies with different licenses. Revenue requirement are approved separately as also the transmission charge and bulk supply price. The Commission reiterates that as per Section 39(2) of the Electricity Act, 2003, the transmission capacity of the State is opened to all stake-holders such as DISTCOs, CGPs, Open Access Customers, Traders, etc. As such, GRIDCO has no exclusive right on the total capacity of the OPTCL network. The Commission in their Transmission Tariff Order for FY 2006-07 (Para 5.9.4) has clearly dealt with this aspect which is reproduced below:

***5.9.4 GRIDCO shall purchase power from the generator end and at inter-state points from outside sources while OPTCL will bill the customers at the delivery point.***

16. Further, the Commission remarked that as per Clause 10(1) of the Transfer Scheme, the transferee shall be deemed to be a licensee u/s 14 of the Electricity Act for undertaking the business of transmitting electricity in the State. At the time of transfer all contracts and obligation relating to transmission have been transferred and vested with OPTCL. Hence, two separate bills have to be raised on the customers by two separate licensees for the services rendered by them. Any

provisions in the agreement entered between GRIDCO and OPTCL but not in conformity with the provision of the Act, 2003 shall be treated as void. That cannot be cited as a reason for preparation of bill covering both supply and transmission which are to be treated as distinct activities.

17. Hence, the Commission directs that the decision communicated vide letter No.910 dated 06.06.2006 regarding modalities of billing and payment mechanism is binding on all concerned.

18. The case is disposed off accordingly.

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

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

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