

ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT – VIII, BHUBANESWAR – 751012

Present : Shi B K Das, Chairperson
Sri S K Jena, Member
Sri K C Badu, Member

Case No. 5/2008

South Eastern Electricity Supply Company of
Orissa Limited (SOUTHCO)

... Petitioner

- Vrs -

M/s Jayshree Chemicals Limited (JCL)

... Respondent

For the petitioner : Mr. S.S. Kalya, Vice President, Jayshree Chemicals Ltd.

For the respondent : Mr. S.K. Choudhury, DGM (C), SOUTHCO

Date of Hearings : 15.04.2008

Date of Order : 19.04.2008

ORDER

1. This is an application to approve Special Tariff Agreement between Jayshree Chemicals Ltd. (JCL) and Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) as per Regulation 81 of OERC Distribution (Condition of Supply Code) 2004. The petitioner i.e. SOUTHCO at the same time also prefer to review of Commission's Order arising out of Case No. 26/2007.
2. The Commission vide para 5.31 of their Retail Supply Tariff Order dtd. 23.03.2007 (Case 60 of 2006) have inter alia stated that

“..... SOUTHCO has been granted a bulk supply price much lower than the price they were charged during FY 06-07 compared to other licensees. This should incentivise their functioning and SOUTHCO and JCL should work out a special agreement so that JCL continues as a consumer of SOUTHCO to the mutual advantage of both.”

3. Subsequently JCL came up before the Commission with an application stating that without any rhyme and reason SOUTHCO was avoiding and delaying implementation of the above Order of the Hon'ble Commission passed in Paragraph No. 5.31 of Retail Supply Tariff Order dtd. 23.03.2007 in Case No. 60 of 2006. The Commission registered the application as Case No. 26 of 2007.
4. After hearing both the parties the Commission vide Para 8 of Case No. 26 of 2007 dtd. 01.12.2007 inter alia stated that
“..... Hence, SOUTHCO and JCL should come into settlement about a tariff to be mutually arrived at which will be a win-win situation for both as a part of special agreement.

However, the Commission would like to clarify that the differential between normal and special tariff as agreed between the parties will not be allowed as a pass through in ARR which has to be met out of the efficiency gain of the licensee and this shall not be considered as a precedent for fixation of tariff for either this consumers or consumers similarly placed which has to be decided following the normal rules of procedure.”

5. In pursuance to the above Order of the Commission SOUTHCO and JCL entered into an agreement on 08.12.2007 for providing Special Tariff for the electricity consumed by JCL. In the said agreement SOUTHCO agreed to provide following Electricity Tariff to JCL.

For the year 2007-08 the tariff will be applicable as follows:-

- i. *Rs. 2.62 per Kwh, if payment made within 3 days of submission of bill.*

- ii. *Rs. 2.65 per Kwh, if payment made from 4th day, but within 15 days of the submission of bill. Thereafter DPS @ 15% per annum will be charged for delayed period.*

For the year 2008-09 & 2009-10, the tariff will be applicable as follows:-

- i. *Rs. 2.57 per Kwh, if payment made within 3 days of submission of bill.*
- ii. *Rs. 2.62 per Kwh if payment made from 4th day, but within 15 days of the submission of bill.*
- iii. *Rs. 2.65 per Kwh in case payment delayed beyond 15 days of the submission of bill together with DPS @ 15% per annum.*

Any increase in Bulk Supply Tariff for SOUTHCO for the year 2008-09 and 2009-10 would be added to the above tariff.

- 6. Subsequently SOUTHCO preferred this petition for review of the Order of the Commission passed in Case No. 26 of 2007 stating that Special Agreement between SOUTHCO and JCL be approved along with terms and condition laid down in the said agreement and further requested to accommodate the loss on account of the difference in RST and Special Tariff for FY 2007-08 as per special agreement in the ARR of FY 2008-09 of the petitioner.
- 7. The Commission in its RST Order for FY2008-09 dtd. 20.03.2008 in para 299 stated that

“SOUTHCO and JCL, Ganjam submitted that they have arrived at a mutually agreed tariff of Rs.2.57/kwh for 2008-09 and accordingly SOUTHCO has reflected the impact of the revenue in the ARR pertaining to 2008-09. In this regard, the Commission would like to reiterate that as indicated in its order dt.10.12.2007 in case No.26/2007 that the differential between normal and special tariff as agreed between the parties will not be allowed as a pass through in ARR which has to be met out of the efficiency gain of the licensee and this shall not be considered as a precedent for fixation of tariff for either this

consumers or consumers similarly placed which has to be decided following the normal rules of procedure.”

8. In the light of above order of the Commission it is clear that the views of the Commission is consistent both in Case No. 26 of 2007 and RST Order for FY 2008-09 dtd. 20.03.2008. Hence, it is now reiterated that “the differential between normal and special tariff as agreed between the parties will not be allowed as a pass through in ARR which has to be met out of the efficiency gain of the licensee and this shall not be considered as a precedent for fixation of tariff for either this consumers or consumers similarly placed which has to be decided following the normal rules of procedure.”
9. With the above observations, the Commission approves the special tariff agreed between JCL and SOUTHCO as per agreement dtd.08.12.2007.

The petition is accordingly disposed off.

Sd/-
(K.C. BADU)
MEMBER

Sd/-
(S.K. JENA)
MEMBER

Sd/-
(B.K. DAS)
CHAIRPERSON