

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN, PLOT No-4,
CHUNOKOLI, SHAILESHREE VIHAR,
CHANDRASEKHARPUR,
BHUBANESWAR - 751 023**

**Present : Shri S. P. Nanda, Chairperson
 Shri S. P. Swain, Member
 Shri A. K. Das, Member**

Case No. 68/2012

CESU	...	Petitioner
- Vrs. -		
GRIDCO & another	...	Respondents

IN THE MATTER OF : An Application compliance to the directives of the Commission under Clause 11 & 32 of the Orissa Distribution and Retail supply license, 2006 conditions for investment proposal of Rs.561.04 crore for infrastructure development and loss control activities to taken up during Fy 2012-13 and 2013-14 as part of CAPEX programme of CESU for FY 2010-14.

AND

Case No.77 of 2012

CESU		Petitioner
Vrs.		
Department of Energy & another		Respondents

In the matter of: An application under Condition 11 of its license conditions for approval of DPR of Phase-2 for infrastructure development and loss control activities starting from FY 2014-15 to 2015-16.

ORDER

Date of Order:30.07.2016

M/s. CESU had got approval of Rs.1092.72 Cr for its CAPEX Programme for FY 2010-11 to 2013-14 of the Commission in Case No.134 of 2010 which were to be taken up in terms of two packages. Thereafter, M/s. CESU has filed the petition in Case No.68 of 2012 in compliance to the directions to the Retail Supply Tariff Order for FY 2011-12 for approval of the Detail Project Report (DPR) Phase-2 investment proposal of 561.04Cr regarding infrastructure development and loss control activities to be taken up during FY 2012-13 to 2013-14 as a part of CAPEX programme. The Commission in

Case No.66/2011 had also given in principle approval of the revised Capex investment plan of Phase-I amounting to Rs.406.49 crore.

2. Earlier the Capex was approved by Govt. of Odisha for 4 years which to be completed within 4 years starting from FY 2010-11 to 2013-14. Accordingly, M/s. CESU had submitted the application before the Commission for approval of DPR Phase-1 to be completed during 2010-11 and 2011-12 and had obtained the approval of the Commission. Due to certain practical constraints the Phase-1 work could not be completed, which is likely to be completed soon.
3. Again M/s. CESU had filed another application on 22.8.2012 for investment proposal of Phase-II for the FY 2012-13 to 2013-14. The Commission fixed the date of hearing of the case on 30.7.2013. Heard the parties and passed the following interim order:-
“Prayer of the petitioner is allowed. Petitioner is directed to file their revised DPR phase – II in accordance with the scheme of Govt. serving copy on the respondent as early as possible.”
4. As per the above order of the Commission M/s.CESU submitted the revised DPR for Phase -2 Capex programme on 14.3.2014. The original DPR of Phase -2 filed by M/s.CESU which was scheduled to be undertaken during 2012-13 and 2013-14 is rescheduled to be taken up during 2014-15 and 2015-16, because of delay in completion of Phase-1 Capex programme. The total revised project cost for Phase 1 and Phase II is estimated at Rs.936.26 crore out of which the Commission had given approval for Rs.406.50 crore for Phase-1. For the balance amount of Rs.529.76 crore (936.26-406.50) for Phase-2, M/s. CESU requested the Commission to approve the investment proposal as has been projected under the revised Project Report Phase-2 (DPR) for the FY 2014-15 and FY 2015-16.
5. The Commission heard the petitioner in both the cases on 28.10.2014 and enquired about the procurement status and details of their utilization. The Commission advised M/s. CESU to take up phase wise procurement of material as the warranty period might lapses due to delay in installation of the equipments to be procured.

Regarding funding of the projects, M/s. CESU submitted that REC has already sanctioned an amount of Rs.183 crores towards Capex, out of which Rs.32.50 crore will be utilized for Capex-I and balance Rs.150.50 crore will be utilized for Capex-II works.

6. After hearing the parties and perusal of the case records, the Commission expressed serious concern regarding delay in execution of the Capex Programme under CAPEX Phase-1I of M/s.CESU and finally accord in principle approval of the revised investment plan of Rs.529.76 crore for Capex phase-1 with the following directions :-
- (i) M/s. CESU is directed to take care for non-repetition of the problem encountered during the execution of capex phase-1 in the proposed Capex-II programme.
 - (ii) As the ODSSP, DESI and other schemes are going concurrently, M/s. CESU is directed to take appropriate precaution and revisit the proposal to avoid redundancy in the system.
 - (iii) CESU shall conduct an outcome audit, indicating improvements in power quality, availability of supply and loss reduction in areas where investments have been made within three months of completion of projects and submit to the Commission within one month thereafter.
7. Accordingly both the cases are disposed of.

Sd/-
(A .K. Das)
Member

Sd/-
(S. P. Swain)
Member

Sd/-
(S. P. Nanda)
Chairperson