

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.-4, CHUNAKOLI, SHAILASHREE VIHAR
BHUBANESWAR - 751 021**

**Present: Shri U. N. Behera, Chairperson
 Shri A. K. Das, Member
 Shri S. K. Parhi, Member**

Case No. 23/2017

WESCO Utility	Petitioner
Vrs		
GoO, DoE, & another	Respondents

In the matter of: An application under Regulation 52(1) of the OERC (Conduct of Business) Regulations, 2004 read with Clause 8.8, 8.9 & 8.10 of the general conditions of Distribution Licensee laid down under Appendix-4A of the OERC (Conduct of Business) Regulations, 2004 for approval of investment proposal towards construction of Transformer Repairing Workshop at the central store, Burla.

For Petitioner: Shri Amaresh Chandra Bal, Asst Manager (Legal), WESCO Utility.

For Respondent: Shri Srikanta Kumar Sahoo, DGM (Fin.), GRIDCO Ltd. and Ms. Sonali Pattnaik, Dy. Manager (Legal), DoE, GoO.

Order

Date of Hearing: 05.09.2017

Date of Order: 23.10.2017

- The present petition has been filed by M/s. WESCO Utility under Clause 8.8, 8.9 and 8.10 of General Condition of Distribution Licence for approval of Investment proposal of the Utility for construction and maintenance of Transformer Repair Workshop (TRW). The proposed transformer repairing workshop shall be established with the object and intent of repairing the defective / failed transformers specifically burnt transformers and making them usable for the purpose of further operation of the same. This workshop shall minimize the expenditure incurred by the Utility in respect of purchase of new transformers or repairing of defective transformers by the outstation contractors / agencies with high cost.
2. The Utility has submitted that at present when a transformer fails or breaks down it is sent to the store where draining of transformer oil, dismantling of accessories (bushing, stud etc.) take place. After that it is sent to the vendors (at present 30 nos.) for carrying out repairing activities. The Utility has pointed out that they have incurred a sum of Rs.24.064 crore in the last four years towards repairing and transporting the transformers to the vendor and back.

The Utility now points out that if they will have their own repairing workshop the following benefits shall accrue.

- (a) Some of the transformers can be rectified after minor correction in electrical installation.
 - (b) The Utility will only repair transformers to the extent of damage.
 - (c) The studs, bushing and transformer oil can be reused.
 - (d) The proposed workshop shall be constructed on the land owned by the Utility i.e. Central Store Division, Burla.
 - (e) Quality can be assured through rigorous testing.
 - (f) Economy of scale can be achieved and the repairing of higher capacity is scalable.
3. The Petitioner has prepared a detailed report of capital outlay of Rs.74,75,975/- for establishment and operation of TRW. The capital outlay shall comprise of
- (a) Procurement of plant machinery (Rs.25,40,000/-).
 - (b) Testing Equipments (Rs.11,68,000/-).
 - (c) Civil work for construction of factory (Rs.24,00,000/-).
 - (d) Working capital for procurement of raw materials (Rs.13,67,975/-).

Presently the Utility will confine its activity on repairing of distribution transformers with capacity from 10 KVA to 500 KVA.

4. Day-to-day management of TRW shall be made by Executive Engineer, ESD, Burla. The other staff shall be engaged on job contract basis. The Utility has further submitted that there would be a reduction of about 30% in the cost and maintenance of the transformers.
5. The matter was first heard by the Commission on 27.06.2017 and the Commission in its order dated 12.07.2017 had directed the Petitioner to submit detailed expenditure, recurring in nature, for running the TRW, which would inter alia reflect the expenditure on manpower and materials considering the number of transformers both fully and partially damaged which are expected to be repaired in the proposed workshop within coming five years.
6. The Utility in its reply has stated that it is repairing about 2748 nos. of distribution and power transformer per year at an average. The repairing cost depends upon the nature and percentage of damage caused to the transformer. Presently, the vendors are raising invoice for full repairing cost irrespective of the nature and percentage of damage. But the cost benefit analysis has been made on three situations i.e. full repair, full repair with reclaimed

filter oil and part repair with existing tank oil filtered and filled up (assuming 40% coil and other materials used). The Utility expect to repair 1200, 1800, 2400, 3000 nos. of transformers in first year, second year, third year and fourth year respectively. From the fifth years onwards the workshop shall run full fledged repairing on an average 2748 nos. of transformers. The labour charge is fixed per KVA transformer for full repair. For part repair the same is fixed per limb of the transformer. The Utility has shown the following benefit (reduction in cost) for the first five years.

Year	If full repair made	If full repair made with use of reclaimed filtered oil	If part repair made with existing tank oil filtered and filled up
1 st year	Rs.20,84,967	Rs.59,84,651	Rs.1,38,66,665
2 nd year	Rs.31,26,306	Rs.89,83,416	Rs.2,08,14,142
3 rd year	Rs.41,58,822	Rs.1,19,39,196	Rs.2,76,66,798
4 th year	Rs.52,00,161	Rs.1,49,37,961	Rs.3,46,14,275
5 th year	Rs.47,63,437	Rs.1,36,77,953	Rs.3,16,95,055

7. The Utility has stated that the labour contract shall be given to a outsource agency on tender basis. The guarantee period of labour will be one year from date of repair in case of full repair. If one full repaired transformer fails within guarantee period then the agency will repair it free of labour cost.
8. From the above analysis it appears that there will be substantial cost savings if the transformers of WESCO Utility are repaired in its TRW facility. Therefore, the Commission approves the investment proposal of Rs.74,75,975/- for establishment of transformer repairing workshop in WESCO Utility.
9. With the above observation the case is disposed of.

Sd/-
(S.K.Parhi)
Member

Sd/-
(A. K. Das)
Member

Sd/-
(U. N. Behera)
Chairperson