ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO. 4, CHUNOKOLI,
SHAILASHREE VIHAR, CHANDRASEKHARPUR,
BHUBANESWAR-751021
****

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

CASE NOs. 79, 80, 81 & 82 of 2017

DATE OF HEARING : 07.02.2018 (NESCO Utility), 09.02.2018 (WESCO Utility), 12.02.2018 (SOUTHCO Utility) & 13.02.2018 (CESU)

DATE OF ORDER : 22.03.2018

IN THE MATTER OF: **Applications of Distribution Utilities (NESCO Utility, WESCO Utility, SOUTHCO Utility & CESU) for approval of their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff for the FY 2018-19 under Sections 62 & 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.**

AND

CASE NOs. 83, 84, 85 & 86 of 2017

DATE OF HEARING : 07.02.2018 (NESCO Utility), 09.02.2018 (WESCO Utility), 12.02.2018 (SOUTHCO Utility) & 13.02.2018 (CESU)

IN THE MATTER OF: **Applications under Section 42 of the Electricity Act, 2003 read with Regulations 4 (1) (xiv), 2 (vii) & 3 (vi) of the OERC (Determination of Open Access Charges) Regulations, 2006 and other enabling provisions of the OERC (Terms and Conditions of Open Access) Regulations, 2005 of DISCOMs namely NESCO, WESCO, SOUTHCO & CESU for approval of wheeling charges, surcharges and additional surcharges for FY 2018-19.**

ORDER

The Distribution Utilities in Odisha namely NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU are carrying out the business of distribution and retail supply of electricity in their licensed areas as detailed below:

Table – 1

Sl. No.	Name of DISCOMS	Licensed Areas (Districts)	%age area of the State
1.	**NESCO Utility**	Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur.	18.0
2.	**WESCO Utility**	Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda.	32.3
3.	**SOUTHCO Utility**	Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri.	30.8
4.	**CESU**	Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur.	18.9
Odisha Total			**100.0**

The Commission initiated proceedings on the filing of Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Applications (RST) for FY 2018-19 of these Distribution Utilities under relevant provisions of the Electricity Act, 2003. By this common Order, the Commission considers aforesaid Aggregate Revenue Requirement (ARR), Wheeling Tariff and RST applications of the above mentioned Distribution Utilities and other related tariff matters.

PROCEDURAL HISTORY (PARA 2 TO 18)

2. The Commission vide order dated 04.03.2015 in Suo Motu proceeding Case No. 55/2013 have revoked the licenses granted to NESCO, WESCO & SOUTHCO u/Sec. 19 of the Electricity Act, 2003 due to failure in meeting license requirements and have appointed the CMD, GRIDCO Limited as the Administrator under Section 20 (d) of the said Act, 2003 and vests the management and control of NESCO, WESCO & SOUTHCO Utilities along with their assets, interests and rights with the Chairman-cum-Managing Director, GRIDCO Limited in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern Zone in the interest of consumers. Presently another DISCOM CESU is being managed through a Scheme as per Section 22 (1) of the Electricity Act, 2003 due to exit of AES.

3. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations,

2014 the Distribution Utilities i.e. NESCO Utility, WESCO Utility , SOUTHCO Utility and CESU have filed their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Application (RST) for FY 2018-19 on or before 30th November,2017.

4. The said Aggregate Revenue Requirement (ARR), Wheeling Tariff & Retail Supply Tariff applications were duly scrutinized and registered as Case Nos.79/2017 (NESCO Utility), 80/2017 (WESCO Utility), 81//2017 (SOUTHCO Utility), and 82/2017 (CESU) respectively.

5. As per the direction of the Commission, applicants have published the Aggregate Revenue Requirement (ARR), Wheeling & RST tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspaper in their area of supply in order to invite objections/suggestions from the general public and also posted in the Commission's website www.orierc.org including the website of the Distribution Utilities respectively. The Commission had also directed the applicants to file their respective rejoinder to the objections filed by the all the objectors.

6. In response to the said public notices, the Commission received objections/ suggestions from the following persons/ associations/ institutions/ organizations as mentioned below against each of the respective distribution licensees:

On NESCO Utility's application: -

7. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) M/s. Ferro Alloys Corporation Limited, GD-02/10, Chandrasekharpur, Bhubaneswar-751023,(3) M/s. Tata Steel Limited, Plot No. 273, Bhouma Nagar, Unit-IV, Bhubaneswar, (4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (5) M/s Emami Paper Mills Limited, Balgopalpur, Rasulpur, Dist-Balasore-756020,(6) M/s. North Eastern Electricity Supply Company of Odisha Ltd., Regd. Office at Plot No.N1/22, IRC Village, Nayapalli, Bhubaneswar, Odisha-751015, (7) Shri Ananda Kumar Mohapatra, Power Analyst, S/o Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps- Ainthapali, Dist-Sambalpur-768004,(8) M/s. North Odisha Chamber of Commerce and Industry (NOCCI), Ganeswarapur Industrial Estate, Januganj, Balasore-756019, (9) M/s. Balasore Alloys Limited, Balgopalpur, Balasore-

756020, (10) M/s. Swain & Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, (11) M/s. Visa Steel Limited, Kalinga Nagar, Industrial Complex, At/P.O: Jakhapura, Dist.-Jajpur, Odisha-755026, (12) M/s. IDCOL Ferro Chrome & Alloys Limited, P.O: Ferro Chrome Project, Jajpur Road, Dist-Jajpur-755020, (13) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (14) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (15) M/s. Orissa Consumer Association, Balasore Chapter (Consumer Counsel), At/Po-Rudhunga, Via/Ps-Simulia, Dist-Balasore-756126, (16) Secretary, PRAYAS, Energy Group (Consumer Counsel), Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

8. All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector No.14 &both the M/s. Orissa Consumer Association, Balasore Chapter (Consumer Counsel), At/Po-Rudhunga, Via/Ps-Simulia, Dist-Balasore-756126, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar those who were present during hearing.

On WESCO Utility's application: -

9. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri G. N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur-768003, (3) M/s. Scan Steels Ltd., At-Main Road, Rajgangpur, Dist.-Sundargarh-770017, (4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (5) Director, Western Electricity Supply Company of Odisha Ltd., Regd. Office-Plot No.N1/22, IRC Village, Nayapalli, Bhubaneswar-751015, (6) Shri Ananda Kumar Mohapatra, Power Analyst, S/o. -Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (7) Rourkela Chamber of Commerce & Industry, Chamber Bhawan, BY-pass Road, Civil Township, Rourkela-769004, (8) Er. (Dr) Prasanta Kumar Pradhan, Duplex-244,

Monorama Estate, Rasulgarh, Bhubaneswar-751010, (9) M/s. Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annexe Building, Janapath, Bhubaneswar-751022, (10) M/s. Shree Radharaman Alloys (P) Limited, P4/20, Civil Township, Rourkela-769004, Dist-Sundargarh, (11) M/s. D. D. Iron & Steel (P) Limited, H-4/5, Civil Township, Rourkela-769004, Dist- Sundargarh, (12) M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031, (13) M/s. Bajrang Steel and Alloys Ltd.(BASL),At/P.O: Kalunga, Dist.- Sundargarh-770031, (14) M/s. Vishal Ferro Alloys Pvt. Limited, At- Plot No. 1562/2565, Vill-Balanda, Po-Kalunga, Dist-Sundargarh-770031, (15) M/s. Top Tech Steels(P) Ltd., Regd. Office at Hatibari Road, Kuamunda, Vedvyas, Rourkela-770039, (16) M/s. Swain & Sons Power Tech Pvt. Ltd., At K-8/82, Kalinganagar, Ghatikia, Bhubaneswar-751003, (17) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (18) M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist-Sundargarh, (19) M/s. OCL India Limited, Rajgangpur-770017, Dist-Sundargarh, (20) M/s. JAGDA Welfare Association, JD-36(Lal Building), Jagda, Rourkela-769014, (21) M/s. Electricity Users Association, Rourkela, SA-12, Shaktinagar, Rourkela-769014, (22) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (23) Ms. Vedant Ltd., Vill- Bhurkamunda, P.O: Kalimandir, Dist.-Jharsuguda-768202, (24) Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003 (Consumer Counsel), (25) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012(Consumer Counsel), (26) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel). All the above named objectors were filed their objections/suggestions and out of the above Objectors, Objector No. 22, and the Sambalpur District Consumers Federation, Balaji Mandir Bhavan, Kheterajpur, Sambalpur-678003, Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.- 769012 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsels and the representative of Govt. of Odisha, Department of Energy, Govt. Bhubaneswar.

On SOUTHCO Utility's application*:*

10. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (3) Director, Southern Electricity Supply Company of Odisha Ltd., Regd. Office-Plot No.N1/22, IRC Village, Nayapalli, Bhubaneswar-751015, (4) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (5) M/s. Swain & Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, (6) Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (7) Sri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13,(8) Grahak Panchayat, Friends Colony, Parlakhemundi, Dist- Gajapati – 761200 (Consumer Counsel), (12) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel). All the above named objectors were filed their objections/suggestions and both the Consumer Councils were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt., Bhubaneswar.

On CESU's application:

11. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (3) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (4) M/s. Swain & Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, (5) M/s. IDCOL Ferro Chrome & Alloys Limited, P.O-Ferro Chrome Project, Jajpur Road-755020, (6) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, (7) Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, (8) Secretary,

PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (9) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 (Consumer Counsel).

All the above named objectors were filed their objections/suggestions and out of the above the following objector No.7, and both the Consumer Counsels namely Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors, Consumer Councils and the representative of Govt. of Odisha, Department of Energy, Govt., Bhubaneswar.

Table – 2

Sl. No.	Name of the Organisations/persons with address	Name of the Distribution Utility from where the Consumer Counsel to represent
1	Orissa Consumers' Association, Balasore Chapter, Balasore	NESCO Utility
2	Sambalpur District Consumers' Federation, Balaji Mandir Bhavan, Khetrajpur, Sambalpur	WESCO Utility
3	Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela	WESCO Utility
4	Grahak Panchayat, Friends Colony, Parlakhemundi, Dist : Gajapati	SOUTHCO Utility
5	Secretary, Confederation of Citizen Association, 12/A, Forest Park, BBSR-9.	CESU
6	The Secretary, PRAYAS Energy Group, Pune	NESCO Utility, WESCO Utility, SOUTHCO Utility & CESU

The above named Consumer Counsels, those who have furnished their written submission and also participated in the hearing were considered by the Commission.

12. The dates for hearing were fixed and it was duly notified in the leading English and Odia daily newspaper mentioning the date, place and time of hearing along with the names of the objectors. The Commission issued notice to the Govt. of Odisha represented by the Department of Energy to send their authorized representative to take part in the hearing of the ensuing tariff proceedings.

13. In its consultative process, the Commission conducted public hearings in its Premises at Plot No.4, Chunokoli, Shailashree Vihar, Chandrasekharpur, Bhubaneswar-21, on 07.02.2018 for NESCO Utility, 09.02.2018 for WESCO Utility, 12.02.2018 for SOUTHCO Utility and 13.02.2018 for CESU. The Commission during hearing heard the Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and the persons/institutions/ organizations who had filed their written views and participated in the hearing, the Objectors present during hearing and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.

14. Distribution Utilities of Odisha had filed their application for wheeling charges, surcharges and additional surcharges for financial year 2018-19 under Section 42 of the Electricity Act, 2003 read with Regulations 4(1)(xiv), 4(2) (vii) & 4(3)(vi) of the OERC (Determination of Open Access Charges) Regulation 2006 and OERC (Terms and Conditions of Open Access) Regulation 2005 which were registered as Case Nos. 83, 84, 85 & 86/2017. The Commission had directed the DISCOMs to publish the Public Notice regarding their application in widely circulated Odia and English newspaper inviting views/ suggestion of the public. The Commission had also posted a copy of their applications in its website. The following persons have filed their views / objections in response to such public notice.

Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, Brit Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, M/s. Swain & Sons Power Tech Pvt. Ltd., At-K-8/82,Kalinga Nagar, Ghatikia, Bhubaneswar-751003, M/s. Open Access Users Association, D 21, Corporate Park, 2nd Floor, Block-201B, Dwarka, Sector-21, New Delhi-110075, (9) M/s. OPTCL, Janpath,Bhubaneswar-22, Shri R.P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, M/s. Grasim Industries Ltd.(Chemical Divisions), P.O: Jayshree, Dist.-Ganjam-761025, Er.(DR) P. K. Pradhan, Duplex 244, Manorama Estate, Rasulgarh, Bhubaneswar-751010, M/s. D. D. Iron & Steel (P) Limited, H-4/5, Civil Township, Rourkela-769004, Dist-Sundargarh, M/s. Bajrang Steel and Alloys Ltd.(BASL),At/P.O: Kalunga, Dist.-Sundargarh-770031, M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office- Balanda, Po- Kalunga, Dist-Sundargarh-770031,M/s. Radharaman Alloys(P) Ltd.,P4/20, Civil Township, Rourkela-769004, Dist.- Sundargarh, M/s. Vedanta Ltd., Vill-

Bhurkhamunda, P.O: Kalimandir, Dist.-Jharsuguda-768202, M/s. Vishal Ferro Alloys Pvt. Limited, At- Plot No. 1562/2565, Vill- Balanda, Po-Kalunga, Dist-Sundargarh-770031, M/s. Top Tech Steels(P) Ltd., Regd. Office at Hatibari Road, Kuamunda, Vedvyas, Rourkela-770039, M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist-Sundargarh, M/s. Visa Steel Ltd., Kalinga Nagar Industrial Complex, At/P.O: Jakhpura-755026, Dist.-Jajpur, M/s. Balasore Alloys Ltd., Balgopalpur, Balasore-756020 and M/s. Indian Energy Exchange Ltd., Fourth Floor, TDI Centre, Plot No.7, Josola District Centre, New Delhi-110025.The said filings are also taken on record and duly considered by the Commission.

15. The Commission taken up Case Nos. 83, 84, 85 & 86 /2017 together with the applications of the Distribution Utilities for determination of ARR, Wheeling Tariff & Retail Supply Tariff for FY 2018-19 for analogues hearing as the matter is inter related to fixation of tariff of the utilities and posted the matters for hearing on 07.02.2018, 09.02.2018, 12.02.2018 and 13.02.2018 respectively along with the Tariff applications of DISCOMs in the Hearing Hall of its premises at Bhubaneswar with due notice to the applicants and the objectors.

16. During hearing on Open Access Charges the following persons were present on behalf of applicants and the objectors:

Md. Sadique Allam, CEO, CESU, Shri Gangadhar Patel, Authorized Officer, WESCO Utility, Shri. K. C. Nanda, DGM (Fin.), WESCO Utility**,** Shri Radha Raman Panda, SOUTHCO Utility, Shri Subrat Kumar Routray, Manager (Fin.), SOUTHCO Utility**,** Shri S. C. Upadhyaya, COO, NESCO Utility, Ms. Malancha Ghose, Manager (RA), NESCO Utility**,** Shri S. K. Puri, GM (RT&C), OPTCL**,** Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, Brit Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, Shri R. P. Mahapatra, Retd. Chief Engineer & Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, M/s. Grasim Industries Ltd. (Chemical Divisions), P.O: Jayshree, Dist.-Ganjam-761025, M/s. IDCOL Ferrochrome & Alloys Ltd. Jajpur, Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001, Er. (DR) P. K. Pradhan, Duplex 244, Manorama Estate, Rasulgarh, Bhubaneswar-751010, Shri Bibhu Charan Swain, the authorized representative of M/s. Swain & Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, M/s. D. D. Iron & Steel (P) Limited, H-4/5, Civil Township, Rourkela-769004, Dist-Sundargarh, M/s. Bajrang Steel and Alloys Ltd.(BASL), At/P.O: Kalunga, Dist.- Sundargarh-770031, M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031,M/s. Radharaman Alloys (P) Ltd.,P4/20, Civil Township, Rourkela-769004, Dist.-Sundargarh, M/s. Vedanta Ltd., Vill- Bhurkhamunda, P.O; Kalimandir, Dist.-Jharsuguda-768202, M/s. Vishal Ferro Alloys Pvt. Limited, At- Plot No. 1562/2565, Vill- Balanda, Po-Kalunga, Dist-Sundargarh-770031, M/s. Top Tech Steels(P) Ltd., Regd. Office at Hatibari Road, Kuamunda, Vedvyas, Rourkela-770039, M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist- Sundargarh, M/s. Visa Steel Ltd., Kalinga Nagar Industrial Complex, At/P.O: Jakhpura-755026, Dist.- Jajpur Shri Dwijaraj Dash, DGM(Elect.),M/s. Balasore Alloys Ltd., Balgopalpur, Balasore-756020 and M/s. Indian Energy Exchange Ltd., Fourth Floor, TDI Centre, Plot No.7, Josola District Centre, New Delhi-110025, M/s. Swain & Sons Power Tech Private Limited and the representative of DoE, GoO were present. Nobody was present on behalf of M/s**.** Open access Users Association, Dwarka, New Delhi. The filings made by the parties were taken on record and also considered by the Commission.

17. The Commission heard the applicants, objectors and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.

18. The Commission convened the State Advisory Committee (SAC) meeting on 20.02.2018 at 10.30 AM at its premises to discuss about the Aggregate Revenue Requirement, Wheeling Tariff and Retail Supply Tariff application proposals of the Distribution Utilities. The Members of SAC, Special Invitees, the Representative of DoE, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

ARR & RETAIL SUPPLY TARIFF PROPOSAL FOR 2017-18 (PARA 19 TO 64)

Energy Sales and Purchase

19. A statement of Energy Purchase and Sales by the DISCOM utilities from FY 2016-17 to 2018-19 as submitted by the DISCOMs of Odisha namely Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Ltd. (NESCO), Western Electricity Supply Company of Odisha Ltd.(WESCO)

and Southern Electricity Supply Company of Odisha Ltd.(SOUTHCO) are given below:

Table - 3
Energy Sales and Purchase

		EHT	HT	LT	TOTAL
CESU	Actual Sales during 2016-17	975.27	1219.8	3293.52	5488.59
	Approved Sales for FY 2017-18	872.63	1354.24	4587.63	6814.50
	Estimated Sales for FY 2017-18	926.12	1336.8	3716.27	5979.19
	Proposed Sales for FY 2018-19	932.7	1442.56	4286.03	6661.29
	Proposed rise over Est. FY 2017-18	0.71%	7.91%	15.33%	11.41%
NESCO Utility	Actual Sales during 2016-17	1975.78	410.40	1691.03	4077.21
	Approved Sales for FY 2017-18	1827.45	382.60	2427.67	4637.72
	Estimated Sales for FY 2017-18	1952.74	424.94	2033.83	4411.51
	Proposed Sales for FY 2018-19	2041.09	409.45	2617.76	5068.30
	Proposed rise over Est. FY 2017-18	4.52%	-3.65%	28.71%	14.89%
WESCO Utility	Actual Sales during 2016-17	1234.27	1443.51	2121.08	4798.86
	Approved Sales for FY 2017-18	1235	1450	3015.36	5700.36
	Estimated Sales for FY 2017-18	1135	1550	2355	5040.00
	Proposed Sales for FY 2018-19	1000	1550	2640	5190.00
	Proposed rise over Est. FY 2017-18	-11.89%	0.00%	12.10%	2.98%
SOUTHCO Utility	Actual Sales during 2016-17	321.92	213.4	1631.85	2167.17
	Approved Sales for FY 2017-18	323.06	235.14	2064.2	2622.40
	Estimated Sales for FY 2017-18	323.06	235.14	1836.52	2394.72
	Proposed Sales for FY 2018-19	364.268	238.65	2010.495	2613.41
	Proposed rise over Est. FY 2017-18	12.76%	1.49%	9.47%	9.13%
Total	Actual Sales during 2016-17	4507.24	3287.11	8737.48	16531.83
	Approved Sales for FY 2017-18	4311.63	3404.54	11223.50	18939.67
	Estimated Sales for FY 2017-18	4336.92	3546.88	9941.62	17825.42
	Proposed Sales for FY 2018-19	4338.06	3640.66	11554.29	19533.00
	Proposed rise over Est. FY 2017-18	0.03%	2.64%	16.22%	9.58%
Purchase	Actual Purchase 2016-17				
	Estimated purchase 2017-18				25062.1
	Proposed Purchase 2018-19				26511.6

Sales analysis for FY 2018-19

20. For projecting the energy sale to different consumer categories, the Licensee had analysed the past trends of consumption pattern for last sixteen years i.e. FY 2001-2002 to FY 2016-17.In addition, the Utilities has relied on the audited accounts for FY 2017-18 and actual sales data for the first six months of FY 2017-18. With this, the four distribution utilities have forecasted their sales figures for the year 2018-19 as detailed below with reasons for sales growth.

Table - 4
Sales Forecast

Licensee/ Utility	LT Sales for 2018-19 (Est.)		HT Sales for 2018-19 (Est.)		EHT Sales for 2018-19 (Est.)		Total Sales 2018-19 (Est.) MU
	(MU)	% Rise over FY 17-18	(MU)	% Rise over FY 17-18	(MU)	% Rise over FY 17-18	
CESU	4286.03	15.33%	1442.56	7.91%	932.70	0.71	**6661.29**
Remarks	Substantial increase in domestic and irrigation consumption		Substantial increase in Irrigation and Allied Agriculture and agri-industrial activity.		Flat sales forecast due to economic stagnancy. Also include energy demand by railway traction (324.74 MU)		
NESCO	2617.761	28.71	409.445	(3.65)	2041.086	4.52	**5068.292**
Remarks	Increase in demand is due to electrification under RGGVY, BSVY & BGJY and growth in domestic category consumers		Due to recession in steel and mining sector there is no increase in load further one of the HT consumer is shifting to EHT category		considering growth of railway traction, BRPL, Joda, Dhamara Port Company Ltd, and change of supply system of M/s Joda East Iron and Mines Ltd from 33kV (HT) to 220 kV(EHT). Also includes railway traction demand – 408.489 MU		
WESCO	2640.00	12.10%	1550.00	0.00%	1000.00	- 11.89%	**5190.00**
Remarks	Impact of electrification of new villages under RGGVY, BSVY & BGJY, growth in domestic category and irrigation consumption		Sale are not increasing because of recession in steel and mining sector, slowdown and temporary closure of steel & mining industries, shifting of consumers to open access. HT sales forecast also includes 40MU for railway traction		Reduction in EHT sales because industries are setting their own CPP and purchasing through open access. EHT sales forecast also includes 250MU for railway traction		
SOUTHCO	2010.495	10.69%	238.65	4.69%	364.268	1.00%	**2613.413**
Remarks	Around 1.47 lakh BPL consumers and 1.3 lakh APL consumers will be added by March 2018. Around 1.2 lakh consumers under RGGVY consumers will be brought in billing fold.		No substantial growth in HT is estimated. Nominal addition in consumption considered based on earlier trend.		Marginal increase as there is neither any proposal of enhancement of load from existing consumers nor any new industry is materialised. Consumption may decrease if EHT consumer draws power from open access. Also considers 137.94 MU towards railway traction.		

Rise of BPL Consumers in the State

21. During the past years Odisha has seen a substantial rise in BPL consumers which in turn is affecting the revenue of DISCOMs as submitted by them while filing their ARR for FY 2018-19. The trend observed during last year is as given bellow:

Table - 5
Trend of BPL Consumer and their consumption pattern

	CESU			NESCO			WESCO			SOUTHCO		
Year	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)	No of Consumers as on 1st April	Consumption MU	Consumption per consumer per Month (in Unit)
2011-12 (Actual)	42,483	18.58	36.45	1,07,593	18.05	13.98	68,418	37.86	46.12	65,104	40.38	51.69
2012-13 (Actual)	1,01,041	45.88	37.84	1,69,264	38.94	19.17	1,43,740	53.78	31.18	1,50,767	99.34	54.91
2013-14 (Actual)	1,64,864	53.19	26.89	1,69,264	124.31	61.2	2,10,608	62.3	24.65	2,63,345	136.65	43.24
2014-15 (Actual)	1,52,862	62.14	33.88	2,15,528	106.91	41.34	3,18,026	128.45	33.66	3,07,803	186	50.32
2015-16 (Actual)	175671	60.81	28.85	2,09,651	85.07	33.81	2,87,211	143.21	41.55	3,69,028	228	51.46
2016-17 (Actual)	1,80,309	62.36	28.91	1,79,336	52.01	24.17	1,73,966	66.87	32.03	4,04,454	209	43.05
2017-18 (Estimated)	1,52,918	124.51	67.91	1,58,571	66.64	35.02	1,81,796	70	32.09	3,63,322	186	42.85
2018-19 (Projected)	2,21,293	144.26	54.32	2,32,845	86.55	30.98	3,50,000	219	52.14	5,10,322	203	33.27

Losses

22. The Distribution Loss, Collection Efficiency and AT&C Loss as fixed by OERC and actual attained by the Utilities since FY 2014-15 onwards along with their proposal for the ensuing year are given hereunder

Table - 6
Loss Statement of the DISCOMs (in %)

	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17(Actual)	2017-18 (Approved)	2017-18 (Estimated by the Licensees)	2018-19 (Proposed by the Licensees)
DISTRIBUTION LOSS (%)							
CESU	34.63%	33.90%	33.42%	32.57%	23.00%	31.57%	28.79%
NESCO	33.84%	31.10%	26.73%	23.50%	18.35%	21.00%	19.00%
WESCO	36.68%	35.46%	33.76%	31.22%	19.60%	30.00%	28.00%
SOUTHCO	40.99%	39.00%	36.70%	34.59%	25.50%	32.06%	29.37%
ALL ODISHA	**35.88%**	**34.46%**	**32.51%**	**39.39%**	**21.38%**	**28.83%**	**26.32%**
COLLECTION EFFICIENCY (%)							
CESU	92.56%	94.30%	94.26%	96.56%	99.00%	98.60%	99.00%
NESCO	96.85%	96.96%	95.72%	96.25%	99.00%	97.00%	97.00%
WESCO	93.75%	95.37%	93.45%	88.00%	99.00%	96.00%	97.00%
SOUTHCO	90.85%	90.75%	88.60%	89.90%	99.00%	95.00%	96.00%
ALL ODISHA	**94.02%**	**94.02%**	**93.80%**	**92.91%**	**99.00%**	**96.97%**	**97.55%**
AT & C LOSS (%)							
CESU	39.50%	37.67%	37.25%	34.89%	23.77%	32.53%	29.50%
NESCO	35.93%	33.19%	29.87%	26.37%	19.17%	23.37%	21.43%
WESCO	40.64%	38.45%	38.10%	39.38%	20.40%	32.80%	29.52%
SOUTHCO	46.39%	44.64%	43.92%	41.20%	26.25%	35.46%	32.19%
ALL ODISHA	**36.52%**	**38.38%**	**36.70%**	**35.33%**	**22.17%**	**30.99%**	**28.13%**

Revenue Gap Proposed by the DISCOMs

23. The Revenue requirement trend in Odisha DISCOMs as observed since FY 2016-17 is as given bellow:

Table - 7
Possible Revenue Requirement

		EHT	HT	LT	TOTAL
CESU	Actual revenue during FY 2016-17				0
	Approved Revenue for FY 2017-18	512.6	791.96	1917.26	3221.82
	Estimated Revenue for FY 2017-18	579.95	801.33	1629.39	3010.67
	Proposed Revenue for FY 2018-19	584.98	858.53	1847.8	3093.76
	Proposed ARR for FY 2018-19				3979.73
	Proposed gap during FY 2018-19				-689.33
NESCO	Actual revenue during FY 2016-17	1154.56	243.33	666.16	2064.05
	Approved Revenue for FY 2017-18				0
	Estimated Revenue for FY 2017-18	1139.17	249.08	804.57	2192.82
	Proposed Revenue for FY 2018-19	1185.25	243.18	1007.76	2436.19
	Proposed ARR for FY 2018-19				2722.43
	Proposed gap during FY 2018-19				-286.26
WESCO	Actual revenue during FY 2016-17	884.09	838.12	895.88	2618.09
	Approved Revenue for FY 2017-18				0
	Estimated Revenue for FY 2017-18	784.01	894.34	1029.17	2707.52
	Proposed Revenue for FY 2018-19	711.49	895.8	1101.88	2709.17
	Proposed ARR for FY 2018-19				3048.6
	Proposed gap during FY 2018-19				-354.2
SOUTHCO	Actual revenue during FY 2016-17	205.43	128.87	659.77	994.07
	Approved Revenue for FY 2017-18				0
	Estimated Revenue for FY 2017-18	212.3	153.02	733.97	1099.29
	Proposed Revenue for FY 2018-19	215.61	163.4	813.7	1192.71
	Proposed ARR for FY 2018-19				1443.33
	Proposed gap during FY 2018-19				-322.41
TOTAL	Actual revenue during FY 2016-17	2244.08	1210.32	2221.81	5676.21
	Approved Revenue for FY 2017-18	512.6	791.96	1917.26	3221.82
	Estimated Revenue for FY 2017-18	2715.43	2097.77	4197.1	9010.3
	Proposed Revenue for FY 2018-19	2499.78	2160.91	4771.14	9431.83
	Proposed ARR for FY 2018-19				9613.7
	Proposed gap during FY 2018-19				1652.2

24. **Inputs in Revenue Requirement for FY 2017-18**

i) Power Purchase Expenses

The Utilities have proposed the power purchase costs based on their current BSP, transmission charges and SLDC charges. They have also projected their SMD considering the actual SMD during FY 2016-17 and additional coming in the FY 2017-18 which is as shown in table given below.

Table - 8
Proposed SMD and Power Purchase Cost

DISCOMs	Est. Power Purchase in (MU)	Estimated Sales (MU)	Distribution Loss (%)	Current BSP (P/U)	Estimated Power Purchase Cost (Rs in Cr.) (Including Transmission and SLDC Charges)	SMD proposed (MVA)
CESU	9354.40	6661.27	28.79	274	2797.12	1752
NESCO Utility	6257.150	5068.292	19.00	301	2040.67	1020
WESCO Utility	7200.00	5190.00	27.92	301	2345.00	1350
SOUTHCO Utility	3700.00	2613.413	29.37	199	829.36	650

ii) Employees Expenses

CESU, NESCO, WESCO and SOUTHCO Utilities have projected the employee expenses of Rs 587.91 Cr., Rs 401.08 Cr., Rs 402.85 Cr. and Rs 367.46 Cr respectively for FY 2018-19. Out of these proposed employee expenses, Rs 191.61 Cr, Rs.124.72 Cr, Rs 123.30 Cr and Rs 126.21 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2018-19. All the Utilities have included the impact of 7th pay Commission by multiplying 2.57 factor to (basic pay + Grade Pay) of 2015-16 and considered the arrears from 1.1.2016 to 31.03.2018 and included those arrears in the ensuing years salary cost.

iii) Administrative and General Expenses

CESU, NESCO, WESCO and SOUTHCO Utilities have estimated the A&G expenses of Rs 214.30 Cr, Rs 58.73 Cr, Rs 103.04 Cr and Rs 65.77 Cr respectively based on actual expenses till September 2017. The 7% increase is taken on account of inflation on the normal A&G expenses. Apart from this, all the Utilities have proposed additional A&G expenses for some of the activities as IT automation and ERP module, automated meter reading activities, replacement and shifting of meters etc. Additional A &G expenses projected by Utilities are CESU – Rs. 29.15 Cr., NESCO – Rs. 17.60 Cr., WESCO – Rs. 25.25 Cr., SOUTHCO – Rs. 37.51Cr.

iv) Repair and Maintenance (R&M) expenses

All the DISCOMs have calculated R&M expenses as 5.4% of GFA including the RGGVY, BGJY assets and future assets to be created under SAUBHAGYA scheme at the beginning of the year. With regard to the R&M of the assets created through funding of the RGGVY and BGJY schemes, the

Commission in Para 387 the RST order for FY 2017-18 had allowed an additional sum of Rs. 8.00 Cr to each of the Utilities on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. Utilities have also prayed to allow the R&M on the RGGVY & BGJY assets so that they can maintain the assets. The details of proposal under R&M expenses for ensuing financial year FY 2018-19 are given below:

Table - 9
R&M Costs (Rs in Cr)

DISCOMs	GFA as at 1st April of Ensuing FY 2018-19 (Rs. Crore)	R&M (5.4% of GFA) (Rs. Crore)	Additional R&M Requested for RGGVY and BGJY assets	Total R&M Requested (Rs. Crore)
CESU	2333.70	126.02	20.00	146.02
NESCO	1662.84	89.79	--*	89.79
WESCO	1711.39	92.42	--*	92.42
SOUTHCO	2304.90	59.55	65.92	125.46

(R&M for RGGVY and BGJY assets is included in R&M (5.4% of GFA))

v) Provision for Bad and Doubtful Debts

CESU has considered 1% each of LT and HT billing of FY 2018-19 as provision against bad and doubtful debts. While NESCO, WESCO and SOUTHCO utilities stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection inefficiency, therefore they have considered the amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2018-19. NESCO, WESCO and SOUTHCO Utilities have requested the Commission to consider the mentioned amounts to enable the petitioner to recover its entire costs after duly considering the performance levels.

Table - 10
Provision for Bad and Doubtful Debt

DISCOMS	Collection Efficiency (%)	Proposed Bad Debts (Rs in Cr.)
CESU	99%	27.06
NESCO Utility	97%	73.09
WESCO Utility	97%	80.83
SOUTHCO Utility	96%	47.71

vi) Depreciation

All the four DISCOMs have adopted straight-line method for computation of depreciation at pre-92 rate. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2018-19 is projected at Rs 123.29 Cr for CESU, Rs 60.02 Cr for NESCO Utility, Rs 61.36 Cr for WESCO Utility and Rs 39.59 Cr for SOUTHCO Utility.

vii) Interest Expenses including Interest on Security Deposit

CESU, NESCO Utility, WESCO Utility & SOUTHCO Utility have submitted the interest expenses and the interest income for the FY 2018-19. The net total interest expenses proposed by these Utilities are Rs 106.30 Cr, Rs 77.69 Cr, Rs 93.43 Cr and Rs 47.11 Cr respectively. The major components of the interest expenses of these licensees are as follows:

viii) GRIDCO Loan

The Commission in its Order dated 29.03.2012 and 30.03.2012 resolved the dispute on the Power Bond and the amount arrived after the settlement adjustments issued as New Loan to three DISCOMs. SOUTHCO and WESCO utilities do not have any outstanding payable to GRIDCO towards New Loan with regard to NTPC power bond while NESCO has liability of Rs. 48.91 cr payable to GRIDCO. For CESU, no interest has been calculated on Rs. 174 Cr cash support provided by GRIDCO Ltd.

ix) World Bank Loan Liabilities

The Distribution Utilities NESCO, WESCO & SOUTHCO Utilities have calculated the interest liability of Rs 11.87 Cr, Rs 11.82 Cr and Rs 9.44 Cr respectively against the loan amount at an interest rate of 13% and repayment liability of Rs 9.10 Cr and Rs 7.26 Cr respectively for WESCO & SOUTHCO Utilities.

x) World Bank (IBRD) Loan

CESU has submitted that the interest on World Bank Loan has been calculated as Rs 26.587 Cr @ 13% as per the subsidiary loan & project implementation agreement with Government of Odisha.

xi) Interest on CAPEX Loan from Govt. of Odisha

WESCO & SOUTHCO Utilities have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 6.84 Cr and Rs 1.92 Cr respectively for the ensuring year. NESCO Utility has also estimated amount of Rs. 3.41 Cr towards interest on Government of Odisha capex plan loan.

CESU has submitted one revised DPR for 17.58 crore vide Case No.65 of 2017 for taking up balance works with utilisation of left out OSM Materials limiting to the available Govt .fund for an amount Rs.342.22 crores. But after introduction of IPDS & DDUGJY Scheme by Govt. of India, the proposed scopes under CAPEX Ph-II, has already been incorporated in IPDS & DDUGJY schemes.

xii) Interest on APDRP Loan Assistance

About loan from Govt, CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt. of Odisha whose interest cost works out to be Rs 4.451 Cr.

In the ensuing year, NESCO, WESCO & SOUTHCO Utilities have estimated nothing to be expended under APDRP scheme. For the assistance already availed by the utilities previously interest @ 12% per annum has been considered for the ensuing year on the existing loan. NESCO, WESCO and SOUTHCO Utilities have estimated an interest of Rs 0.76 Cr, Rs 0.66 Cr and Rs 0.76 Cr, respectively on this account.

xiii) Interest on SI scheme Counterpart funding from REC for GoO CAPEX

SOUTHCO Utility has existing balance of loan of Rs 2.19 Cr taken from REC for system improvement and counterpart funding against APDRP and the interest on such loan for FY 2018-19 is estimated as Rs 0.91 Cr.

xiv) Interest on Security Deposit

CESU, NESCO, WESCO and SOUTHCO Utilities have submitted that the interest on security deposits for FY 2018-19 have been worked out at 6.75% on the closing balance for 2017-18 based on the existing approval of the Commission for FY 2017-18. This interest on security deposit proposed as Rs 46.749 Cr, Rs 33.88 Cr, Rs 44.03 Cr and Rs 12.92 Cr respectively. However, due to fall in Bank Rate SOUTHCO has proposed to reduce the rate of interest of security deposit as per prevailing Bank rate declared by RBI for FY 2018-19.

25. **Revenue and Truing up ARR**

i) **Non Tariff Income**

NESCO, WESCO and SOUTHCO Utilities have proposed non□tariff income for FY 2018-19 to the tune of Rs 95.41 Cr, Rs. 138.65 Cr. and Rs 17.43 Cr respectively. However, NESCO and WESCO Utilities have proposed to exclude the income from meter rent as the same is intended to be used towards replacement of the meters. CESU has proposed miscellaneous income of Rs.102.32 crore.

ii) **Provision for contingency Reserve**

NESCO, WESCO and SOUTHCO Utilities have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2018-19 The exposure towards contingency provisions is to the tune of Rs 6.24 Cr, Rs 6.42 Cr and Rs 4.07 Cr respectively.

iii) **Return on Equity/Reasonable Return**

CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three Utilities submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. As it is followed by various Commissions, the Utilities submit that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services. Therefore, NESCO, WESCO, SOUTHCO Utilities have assumed reasonable return amounting to Rs. 10.55 Cr, Rs. 7.78 Cr and Rs. 6.03 Cr as calculated @ 16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

iv) **Truing Up for FY 2016−17**

Based on the actual sales, revenue and expenses for the first half of the current year 2017-18 and based on estimates for next half of current year, the uncovered gap for FY 2017-18 for NESCO, WESCO and SUTHCO Utilities are Rs.92.83 Cr, Rs.180.77 Cr and Rs. 215.36 Cr as against the approved surplus of Rs.8.74 Cr, Rs.8.15 Cr and Rs. 0.12 Cr respectively.

v) Revenue at Existing Tariff

The Utilities have estimated the revenue from sale of power by considering the sales projected for FY 2018-19 and by applying various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs. 3290.40 Cr, Rs. 2436.18 Cr, Rs. 2694.41 Cr and Rs. 1192.71 Cr by CESU, NESCO, WESCO and SOUTHCO Utilities respectively.

Summary of Annual Revenue Requirement and Revenue Gap

26. The proposed revenue requirement of DISCOMs with and without railway have been summarised below:

Table – 11
Proposed Revenue Requirement of DISCOMs (with railways) for the FY 2017-18
(Rs in Cr)

	CESU	NESCO Utility	WESCO Utility	SOUTHCO Utility	Total DISCOMs
Total Power Purchase, Transmission & SLDC	2797.10	2040.67	2344.99	829.36	8012.12
Total Operation & Maintenance and Other Cost	1273.31	760.38	734.64	693.09	3461.42
Return on Equity	11.64	10.54	7.78	6.03	35.99
Total Distribution Cost (A)	**4082.05**	**2811.60**	**835.86**	**1528.48**	**9257.99**
Total Special Appropriation (B)	0	623.57	641.77	4.07	1269.41
Total expenditure including special appropriation (A+B)	**4082.05**	**2817.84**	**3187.27**	**1532.55**	**11619.71**
Less: Miscellaneous Receipt	102.32	95.41	138.65	17.43	353.81
Total Revenue Requirement	3979.73	2722.43	3048.62	1515.12	11265.9
Expected Revenue(Full year)	3290.40	2436.18	2694.41	1192.71	9613.7
GAP at existing(+/-)	**(689.33)**	**(286.25)**	**(354.21)**	**(322.41)**	**(1652.2)**

Table – 12
Proposed Revenue Requirement of DISCOMs (without railways) for the FY 2017-18
(Rs in Cr)

	CESU	NESCO	WESCO	SOUTHCO
Present traction contract demand (kVA)	--	142000	105500	71700
Projected railway traction energy consumption for FY 2018-19 (MU)	324.74	408.489	290	137.94
Expenditure including Special Appropriation	3973.49	2677.62	3084.95	1495.63
Reasonable return	11.64	10.55	7.78	6.03
Sub Total	**3985.13**	**2688.17**	**3092.73**	**1501.65**
Revenue from sale of power at existing tariffs	3093.75	2188.10	2513.74	1101.79
Non-Tariff Income	102.32	95.41	138.65	17.43
Total revenue gap without Railway	**(789.05)**	**(404.66)**	**(440.34)**	**(382.43)**

Tariff Proposal

27. CESU has proposed the change in distribution wheeling tariff from 50.32 Paisa/Unit to 87.82 Paisa/Unit to meet the wheeling business revenue gap of Rs 315.85 Cr. Apart from this CESU has made some proposals on retail tariff. NESCO, WESCO and SOUTHCO Utilities have proposed to reduce the revenue gap through revision in Retail Tariff and/or Govt. subsidy as the Commission may deem fit or combination of all above as the commission may deem fit to the extent as given below. .

Table - 13
Revenue Gap for Ensuing Year 2018-19 (Rs in Cr)

	CESU	NESCO	WESCO	SOUTHCO
Revenue Gap with existing Tariff	689.33	286.25	354.21	322.41
Excess Revenue with Proposed Tariff	315.85	0	0	0
Proposed Revenue Gap	373.48	286.25	354.21	322.41

Allocation of Wheeling and Retail Supply Cost

28. All the Utilities have submitted the allocation of wheeling and retail supply cost of their total ARR based on the Commissions Regulations on Bifurcation of Wheeling and Retail Supply Business.

Initiatives by utility and other performance improvement measures

29. In compliance with RST order dated 23.03.2017, utilities have undertaken various performance improvement measures and have submitted compliance as well as benefits report in the ARR petition. Some of the initiatives by utilities are as follows;

- Printing bill in Odia Language (Direction at para 295)
- Providing various payment options to improve reach
- Mobile phone based photo billing
- Focus on business analytic and key consumer cell at field offices (SOUTHCO)
- Intensification of vigilance and enforcement activities at section level
- Development of franchisee in licensee area and exploring opportunities with SHGs as well as micro franchisees.
- Automated meter reading system and prepaid metering
- Consumer indexing
- Energy audit (details reports are included in ARR petitions)

Tariff Rationalization Measures proposed by Utilities:

(A) Tariff Rationalization Measures Proposed By NESCO,WESCO, SOUTHCO

MMFC compensation for Roof Top solar to LT category of consumers

30. To promote generation of more solar energy in the area of utility, utilities have submitted that compensation in the shape of Monthly Minimum Fixed Charges (MMFC) to the extent of installation of solar generation capacity out of total connected load may be permitted for LT category of consumers who are willing to install roof top solar as per guidelines of the Commission vide order dated 19.08.2016

Concessional tariff for 'Sullav Sauchalaya'

31. Government of India is promoting Swachha Bharat scheme by incentivising construction of toilets in rural and urban areas. Presently all such 'Sullav Sauchalay' are being billed under general purpose category where the highest slab tariff is Rs. 7.10 per unit. NESCO and WESCO utilities have requested the Commission to allow concessional tariff for 'Sullav Sauchalay's available in NAC and Municipality area.

Withdrawal of power factor incentives

32. Presently all the machines used by the industries are BSI or ISO certified, similarly pumps or motors used are energy efficient along with capacitor banks, which are the contributor of higher power factor. Hence, Utilities submitted that present scenario continuance of PF incentives is no longer necessary and may kindly be abolished.

Withdrawal of TOD benefits

33. As per RST order TOD benefit is being extended to Three phase consumers except public lighting and Emergency Supply category of consumers having own CGP for the consumption during off peak hour. Off peak hour for this purpose is from night 12.00 PM to morning 6 AM of next day. Now with the introduction of frequency based tariff significance of Off peak hour (TOD) consumption has been lost.

Consumers are reaping the benefit of frequency based tariff and intends to use accordingly as a result the load curve of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required. If continuance of TOD benefit is being permitted to the consumers, similarly the Utility's BSP may also be permitted to reduce for TOD consumption during off peak hour. Further, consumers having contract demand more than 110Kva and above are also availing off peak hour benefit towards drawal to the extent of 120% of their contract demand without levy of penalty. So, further continuance of TOD benefit would be a double benefit for the same cause hence Utilities have requested to withdraw TOD benefits.

Demand charges to HT medium category consumers

34. Due to wide gas in the demand charges, consumers under HT medium category just below 110kVA are always trying to avail demand benefit even though their load is more than 110 kVA. To curb such disparity NESCO and WESCO Utilities have submitted to fix demand charges for HT medium consumer category @Rs. 250 per kVA.

MMFC for LT category of consumers

35. In case of Domestic, General purpose, Specified Public Purpose & PWWS the rate is same as for 1st kw as well as additional Kw. However, in case of other category the rate for additional Kw and part thereof is very much lower for which the revenue of the utility is highly affected as well as creating discrimination among LT category of consumers. In this view, Utilities have submitted to rationalized LT consumers with single rate for 1st kW or part thereof as well as additional kw or part thereof

Billing to Irrigation and Agriculture Category of Consumers

36. Presently due to difficulty in putting meters in case of irrigation category of consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same, the NESCO and WESCO utilities have seeking permission to bill such category of consumers on L.F. basis with L.F. of 30% considering their pump capacity.

Levy of Demand Charges

37. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual demand and energy consumed. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. In view of the same the licensee has proposed to recover the monthly demand charges on the basis of 85% of the CD or MD whichever is higher instead of 80%.

Additional Rebate of 1% to LT category of Consumers

38. The Commission has allowed rebate of 1% additional rebate towards digital payment for LT category of consumers. The intention was to promote cash less transaction to avoid pressure on currency notes which is also saving the time of the consumers for depositing cash in various cash collection centres. So, the licensee is intended to continue with the same for the ensuing year. Therefore the additional rebate of 1% in addition to normal rebate as applicable may be considered for LT Domestic & Kutirjyoti category of consumers who shall make payment through digital mode only.

Levy of meter rent on smart, prepaid meters

39. In view of the revenue deficit of the Utility & for smooth operation of prepaid metering system utilities proposes as follows:

- The Meter Rent need to be reviewed and proposed the new rent of Rs 300/- Per Month and Rs 500 per Month for AMR / AMI Based /Pre-paid type single Phase Meters and three Phase meters respectively.
- The existing meter rent recovered by the Licensee from the consumers are negligible and the leasing as well as vending service charges are high enough as a result, there is a huge difference. Accordingly, the Utilities may be allowed to recover difference in such recoveries and recurring costs.
- A principle may be approved by the commission for adjustment and outstanding arrears along with its part payment before implementation of prepaid metering system.
- SOUTHCO Utility has also requested to withdraw additional rebate of Rs. 0.25 per unit allowed in smart metering scheme.

Introduction of kVAH Billing

40. The Commission in its RST Order dated 22.03.2014 for FY-2014-2015 had given the directions to the DISCOMs vide Para-246. As per this para the implementation of kVAh billing was declined due no non readiness of the Utilities to implement the kVAh based meter readings. Further, the Utilities have submitted that all the 3-phase meters, especially those installed for consumers having Contract Demand 20kW and above are enabled with all the energy parameters and storing dump record of 35 days. All such meters show instantaneous Power Factor and monthly average Power Factor

can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOMs are fully equipped to implement kVAh billing in respect of all those consumers in place of existing kWh Billing. Hence Utilities requested to allow kVAh billing from ensuing year.

Applicability of Power Factor Penalty

41. Utilities submitted that if the kVAh based billing proposal is not accepted by the Commission by any reason, then the Utilities has requested continuance of power factor penalty as RST order of 2017-18 for Large Industries, Public Water Works (110 KVA and Above), Railway Traction, Power Intensive Industries , Heavy Industries , General Purpose Supply , Specific Public Purpose (110 KVA and above), Mini Steel Plant, Emergency Power Supply to CGP.

Till such time KVAH billing approach is adopted the Utility proposes for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation.

- **LT Category :** LT industries Medium Supply, Public Water Works and Swerage Pumping > 22 KVA
- **HT Category :** Specified Public Purpose , General Purpose < 110 KVA, HT Industries (M) Supply

Emergency power supply to Captive Power Plants (CPP)

42. The Emergency / Start up power requirement of Captive generators is very less but as per OERC Distribution (Condition of Supply) Code Regulations-2004 Chapter-VIII, Para-15 the emergency assistance shall be limited to 100% of the rated capacity of the largest unit in the Captive power plant of Generating Stations. As per retail supply tariff for FY-2014-15, no demand charges are payable for emergency power supplies having contract demand of 100% of the rated capacity of largest Unit.

In case of failure of the captive units, those industries draw power from the grid for their industrial consumption in the name of start-up/ Emergency power requirement of their CGP. There is hardly any spinning reserve available with the licensee to manage such huge industrial requirement of the Industries. As a result Utilities are drawing more than their schedule during certain periods in a day resulting over drawal from

State / Central grid with financial burden to the Licensee in Intra-state ABT mode of Operation. Utilities proposed to amend Para-15 of OERC Distribution (condition of supply) code.

43. **Start up Load Requirements:** It has been estimated that the start-up power required for CPPs is around 10 to 12 % of the rated capacity of highest unit and Utilities have requested the Commission to frame norms/ guidelines for estimation of such requirement. Presently the consumers with emergency category under HT & EHT are paying only Energy Charges of Rs 7.30 & Rs 7.20 per KWH and no demand charges are applicable.

The Utility is bound to keep reserve to the extent of their largest unit size for emergency drawal without levy of demand charges. It is a fact that in case of shut down or low generation the CGP's are requested to avail start up power for emergency requirement maximum up to 15%. In view of the above NESCO and WESCO utilities proposed to have demand charges in addition to Energy Charges to such category of consumers. The consumers should keep CD of 15% of lowest unit of CGP with the distribution Licensee

MMFC for Consumers with Contract Demand <110 kVA

44. The Monthly Minimum Fixed Charges are levied to consumers with contract demand less than 110 kVA on the recorded demand rounded to nearest 0.5 kW requiring no verification irrespective of the agreement. For billing purposes this adversely affects the Licensee in case of the recorded demand is lower than the contract demand/connected load. As the licensee is reserving the contracted capacity for the consumers at the same time they are also liable to pay the MMFC/Demand charges on the basis of CD or MD whichever is higher as like of consumers with CD of >110 kVA. In the true spirit of recovery of fixed charges, Utilities proposed that the MMFC for such consumers should be levied at Contract Demand or Maximum Demand whichever is higher.

Demand Charges for GP >70 kVA <110 kVA and HT Industrial (M) Supply

45. The consumers in the above category are required to pay demand charges of Rs. 250 and Rs. 150 per kVA respectively. In para 467 and 468 of RST order FY 17-18, demand charges are meant for consumers with contract demand of 110 and above. In the absence of clear cut guidelines for billing of demand charges to the above two

category of consumers availing HT power supply are raising disputes in various forums and demanding that they are required to be billed as per para 470 of RST order FY 17-18. Presently consumers with CD more than 110 kVA are paying demand charges as per para 468 of RST order for FY 17-18

The licensee is reserving capacity for these consumers to the extent of their CD. Therefore, the utilities submitted that these two categories of consumers availing power supply in HT category and liable to pay Demand charges in kVA should also be billed on the basis of CD or MD whichever is higher irrespective of their connected load.

MMFC/Demand charges to be in kVA only instead of kVA/kW

46. The HT consumers and LT 3 Phase consumers are paying their demand charges/MMFC in kW and some consumers in other category in kVA. The Regulation also specifies for entering into agreement in kVA. Further, it is the responsibility of the consumers to maintain the p.f. The regulation also provides for levy of power factor penalty to these category of consumers or alternatively to bill the consumers at kVA demand. Hence, the Utilities feel that there is need to bill the consumers on kVA demand and the billing on apparent power shall bring additional income as well as will helps in stability of the system. In view of this, the licensee (SOUTHCO) have submitted that they may be allowed to bill the demand charges on the basis of kVA for all the three phase consumers with static meters to avoid disparity among the consumers.

Continuation of bi-monthly billing

47. The monthly billing in rural areas is not cost effective considering the rate being charged by billing agency per bill vis-à-vis the amount billed as well as the collection activity to such subsidized category of consumers. Sometimes meter readers are trying to generate bills without moving to the consumer premises which is also not solving the basic purpose of monthly billing. Therefore to avoid such practices the utility may be permitted to adopt bi-monthly billing system to save extra A&G cost as well as to ensure effectiveness of billing and serving the same to consumers at least where the billing amount as well as consumer coverage is low. OERC (Dist. conditions of supply code), 2004 also permits the Utility to make bimonthly billing

Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers.

48. The utilities are having huge outstanding under LT non industrial category consumers. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC). The utility is also suffering from huge financial loss on account of low collection efficiency and coverage in Domestic and Commercial category of consumers. With this the Utilities requested the Commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly instalments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS and certain percentage of waiver on outstanding amount

Special rebate for consumers availing monthly rebate under LT category (Single Phase) of Consumers

49. To improve collection efficiency under LT category (Single Phase) the utilities requested to approve a special rebate to those LT categories (single Phase) of consumers who are availing monthly rebate on prompt payment of monthly energy bills. Such consumers may also be permitted to avail a special rebate equivalent to the highest rebate availed during the financial year. The special rebate shall be credited at the end of the financial year if the consumer has availed rebate during last one year without fail and the outstanding is zero against such consumers.

Rebate on prompt payment

50. In the BSP Order for the financial year 2017-18, the Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% is paid within 30 days. Further, the Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

Considering the above, it is prayed before the Commission to approve the rebate of 2% to the Utility for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to the extent of payment made within 30th day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

Utilities have further submitted that the above rebate may kindly be also permitted in case of part payment so that cash flow of the Bulk Supplier will improve and at the same time the utility would be tempted to remit the amount collected to GRIDCO to avail such benefit

(B) Tariff Rationalization Measures Proposed by CESU

Cash transactions more than 2 (Two) lakh rupees

51. It is proposed that as per the provision of Income Tax Act 2017 CESU cannot receive any amount more than 2lakh/ Rs 2,00,000.00 as the case may be from its consumers. In such circumstance the Commission may issued appropriate direction to specify the means of acceptance of the bill amount/Security Deposit/Additional Security Deposit as the case may be if this amount is Rs 2lakhs/Rs20,000 or above. It is proposed that in such a situation the consumer may pay the bill amount in Demand Draft, RTGS, NEFT or through online but not by cheque since there is a possibility of bounce of Cheque.

Rebate on instalment

52. In the view of the Regulation-95 of OERC Distribution (condition of supply code) 2004, if a consumer has availed instalment facility is not eligible for rebate, whereas in Para No-495 of order 2017-18 the RST stipulates that the consumer is entitle for rebate on the amount of the monthly bill (excluding all arrears).So the applicability of rebate spelt in regulation and RST order contradicts each other.

Hence, to overcome from the difficulty CESU has proposed not to allow rebate to the consumers who are not paying their energy charges in full (including arrears) for those consumer cover under (a) & (b) Para -493 of RST 2017-18 and Regulation-95 should prevails

Rebate to consumer

53. The Para -493 & Para-494 of RST 2017-18, OERC directed incentive for early and prompt payment and some special rebate to the consumer. As per unaudited accounts

for FY 2016-17 discount on consumer amounted for Rs. 58.70 Cr. Hence, CESU request to the Commission for consideration of rebate as expenditure and same may be considered for fixation of tariff.

Service Charge

54. As per the Para-501 of the RST order dated 23.3.2017 the Commission has directed that, "Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges".

Hence, CESU proposes in case the service connection material is not available with the DISCOM, DISCOM may allow the consumer to supply the material after depositing of Rs 500/- towards service connection charges which includes supervision charges

Rebate in case of cheque payment

55. Presently, CESU allow rebate to the consumer who pay the energy bill through cheque/online bank transfer/credit card on or before due date. Normally this takes 2 to 3 working days for realization of such amount through bank/settlement.

Hence, CESU proposed that the due date for bill payment through cheques shall be 3 days in advance of the normal due date for bill payment, and the due date for bill payment through online bank transfer/credit card shall be 1 day in advance of the normal due date for bill payment.

Phase Contract Demand

56. If power supply to any consumer executed an agreement to avail power supply in phase manner and power supply was released for initial or intermediary phased demands. If the consumer may seek deferment or cancellation of such of the phased demands which are scheduled beyond minimum period of Agreement, by giving 3 months' notice in advance along with balance period of the demand charges of the Financial period (as his demand has been considered in the Annual Revenue Requirement sales projection) towards such deferment or cancellation of such phased demands.

Levy of transformer loss to consumer

57. A lot of litigation and consumer complaint has been countered on the issue transformer loss. So, CESU proposes the following for consideration by the Commission and pass suitable orders.

- Where the LT metering is provided for new as well as existing HT consumer and consumer owns the transformer the billing should be made either on LT units in LT tariff without adding transformer loss or on HT units (LT units + transformer loss) in HT tariff where HT and LT tariff is available for such class of consumers.
- Due to unavailability of LT supply if power supply to the consumer is given at HT even his connected load is less than 70KVA and metering is made at LT, then the consumer is to be billed on LT tariff without addition of transformer loss.
- Not to allow taking over the consumer transformer on deposit of 6% supervision charges by consumer on his request.
- If take over is allowed, then the substation is to be shifted outside the consumer premises for which the consumer shall borne the entire expenses. In such eventuality CESU can extend power supply to other consumers and can take up R&M work without consumer's interaction.
- The levy of transformer loss is applicable to Telecom Towers as laid down in Para-247 of RST Order for the Financial Year 2012-13

Over drawl by existing HT/EHT category consumers

58. The above category consumers pay over drawl penalty only for quantum of load over and above 120% of contract demand in off-peak hours and 100% of contract demand in peak hours. By such over drawl consumer load factor goes up and he gets tariff benefits as per the graded slab tariff structure. Over drawl also leads to Grid indiscipline warranting charges leviable under deviation settlement mechanism. So part of overdrawal penalty is passed on to the consumer as higher load factor benefit. Utility has no control on such overdrawal and in ABT regime Utility has to pay BST plus deviation settlement charges. Therefore CESU proposed that over drawl penalty shall be levied on both demands as well as for energy charges for HT/EHT category consumers

Interest on working capital

59. CESU request to the Commission for consideration (a) Operation and maintenance expenses for one month (b) Receivable for one month (c) Maintenance spares @ 40% of R & M expenses for one month as part of working capital.

Guideline for Net Metering

60. Pursuant to OERC order dated 26/11/2014 and 19.8.2016 on net metering and Solar PV Projects Connectivity, the Commission has allowed third party owned Rooftop PV Net metering /bidirectional arrangement. Accordingly, Project Implementation Agreement (PIA) has been signed between GEDCOL (providing leased premises to private operator to set up roof top project), CESU and Project Developer, M/s Azure Power India Pvt. Ltd. As per this Agreement, the meter reading, both net meter and solar generation meter shall be taken by the Distribution licensee and shall form the basis for commercial settlement. But CESU shall continue to bill the consumer against its total consumption i.e. summation of energy from solar generation (i.e. Solar Consumption) and from grid energy from CESU (i.e. Grid Consumption) as per the applicable OERC Regulations and tariff order as usual and collect the dues from consumers against its total consumption. After the collection of dues, CESU will reimburse the Energy Charges collected against the solar generation from the consumers to GEDCOL for payment to Private Operators and retain the remaining amount of energy charges and misc. charges.

CESU prayed the Commission to approve the aforesaid mechanism of commercial settlement between CESU, GEDCOL and M/s Azure Power being a Government project implemented in Government Buildings

Revenue impact of renewable power generation

61. Pursuant to Net Metering order dated 19.8.2016 of the OERC, there will be an enabling environment where a good nos. of consumers from high paying domestic, commercial, Special Public Purpose category at different voltage level will go for installation of Solar Roof Top Units. Though it is an encouraging move for generation of more and more power from renewable sources, but its revenue impact on Distribution Utilities will have a telling effect on its financial health in days to come. As the consumers consuming energy in higher slab (or at higher tariff than the cost of supply of Rs.4.80) cross subsidies some other categories of consumers, the reduction

of sales in those categories of consumers will lead to DISCOMs paying for the subsidized category of consumers on account of revenue loss; this is an additional burden on DISCOMs. There will, however, be some reduction in technical losses [commercial losses are not generally attributed to the consumers opting for solar power arrangement for obvious reasons]. From a sample calculation as shown in the table below, the revenue loss works out to be Rs. 2.36 for every unit of sole generation by its consumers and assuming saving on account of technical loss 8%, the net revenue impact will be Rs.2.17 per unit.

Hence, CESU prays the Commission to adopt the gross generation metering where the energy bill of CESU billed as per relevant RST order will be adjusted against gross generation of meter data (Solar Generated Unit on Bulk Supply Price) of corresponding Year

Perform Achieve and Trade (PAT) Cycle-II

62. Clauses (i) and (k) of Section 14 of the Energy Conservation Act, 2001 stipulates that every designated consumer (DCs) shall get energy audit conducted by an accredited energy auditor and furnish the same to the concerned designated agency, details of information on energy consumed and details of the action taken on the recommendation of accredited energy auditor.

CESU being a Designated Consumer(DC) under PAT Cycle -II vide S. O. No. 1264(E) dated 31/03/2016 will engage an accredited energy auditor following a transparent procedure to conduct energy audit, wherein, the fund of approx. Rs 50 lakh is to be arranged by CESU for taking up such works.

Meter Rent

63. As per clause (bb) of OERC Regulation 2004 as amended upto May'11 "meter means an equipment used for measuring electrical quantities like energy in KWh or KVAh, maximum demand in KW or KVA, reactive energy KVAr hours etc. including accessories like Current Transformers (CT) and Potential Transformer (PT) where used in conjunction with such meter and any enclosure used for housing for fixing such meter or its accessories and any devices testing purposes."

64. Hence, CESU prays the Commission to consider the Meter Cost along with its accessories and amount invested for fixation of meter rent. The Proposed meter rent is enclosed at Form No F.8.

OBJECTIONS & QUERIES SUBMITTED BY THE OBJECTORS AS WELL AS RAISED AT THE TIME OF HEARING (PARA 65 TO 165)

65. Public hearing on ARR and Tariff application of all the DISCOMs for the FY 2018-19 was initiated with a Power Point Presentation followed by presentation by World Institute of Sustainable Energy, Pune who was the consumer counsel appointed by the Commission. The consumer counsel presented the summary of the submissions made by the licensee, analysis of the ARR with observations.

66. Consumer associations, individuals in their written submission had raised issues contesting the proposal of the DISCOMs. The Commission has considered all the issues raised by the participants in their written as well as oral submissions made in the public hearing. Many objections were found common in nature. These are summarized and addressed as follows:

<u>Performance Related Issues</u>

AT&C Loss and Collection Efficiency

67. Some of the objectors submitted that, in spite of AT&C loss targets fixed by the OERC, DISCOMs have not reduced the same and projecting fictitious loss figures at the beginning of a financial year and ending up with increased losses year after year. Further, some of the objectors submitted that the figures related to AT&C losses are fabricated and not realistic as all the feeders and substations are not metered. DISCOMs are not taking action for AT&C loss reduction and its prayer for bridging the revenue gap through increase in RST, decrease in BST, and by truing up exercise may be rejected.

68. Some of the objectors submitted that to show the collection efficiency, the DISCOMs are forcing the consumers to make payments on faulty bills and in some cases the licensee is disconnecting the power supply without giving any notice to the consumers for such faulty bills which is not in line with the provision of law.

69. Some of the objectors submitted that in the absence of actual energy audit, technical and commercial losses cannot be segregated and DISCOMs have failed to achieve the targets set by Hon. Commission and it is the deliberate action of DISCOMs to overstate distribution loss to obtain higher tariff.

70. Some of the objectors submitted that the collection efficiency includes the collection

of past arrears. However, the licensee should submit the data related to the collection of past arrears.

71. Some of the objectors submitted that the AT&C loss trajectory set by Hon. Commission is constant since past few years and the same needs to be reduced progressively.

Energy Audit and Metering

72. Several objectors submitted that none of the Utilities have been able to conduct proper Energy Audit. The DISCOMs have claimed that they have taken serious effort for metering of HT and LT feeders as per direction of the Commission in 2003. However, the data submitted by the DISCOMs suggests that there is substantial absence of metering to carry out "Energy Audit". The Energy Audit data has not been submitted by DISCOMS along with the application for approval of ARR. They further submitted that the DISCOMs should carry out third party verification of energy audits through the accredited energy auditors.

73. Some of the objectors submitted that all the DTRs are not having energy meters and in such case the energy audit activity will not yield desired results. The Energy audit activity should be carried out only after the implementation of 100% DTR metering.

74. At the hearing, several objector pointed out very high losses are recorded in pilot energy audit itself. Objector submitted that responsibility of the losses should be fixed and corrective action should be taken on priority.

75. One of the objector raised discrepancy that, under flagship program of APDRP all DTRs are metered however present filings by utilities have shown very less numbers of operative meters.

76. One of the objector submitted that as per BEE guidelines, if the DISCOMs fail to implement the energy efficiency measures so as to bring down the distribution loss below the base line determined for them, then they will be required to purchase energy saving certificates under the PAT scheme. Hence, the Utilities need to execute third party energy audits from the accredited energy auditors and improve the energy efficiency.

Employees' expenses

77. Most objectors have requested for prudent check of employee costs for all DISCOMs.

They pointed that, major activities like billing and collection are being outsourced and hence the employee cost should come down. The Utilities may be directed to submit the audited statement for O&M expenses including the employee cost.

78. Some of the objectors have objected on the proposed manpower recruitment plan of the DISCOMs. As many activities of DSCOM are outsourced or executed through franchisees hence the proposed increased manpower is not justified.

79. One of the objectors submitted that the Utilities may be directed to submit the incentive and disincentive scheme to improve the productivity of the employees.

Administrative &General expenses

80. Some of the objectors submitted that prudent check of A&G cost is required and submitted that the additional A&G expenses may not be approved as the Utilities have failed to reduce losses and improve the collection efficiency.

81. Some of the objectors submitted that Intra State ABT and Energy Audit activities are carried out with existing employees and no third party has been engaged by Utilities, hence these costs are included in employee costs and should not be allowed under A&G expenses.

Depreciation cost

82. Objectors submitted that depreciation should not be allowed on assets funded by consumer contribution and capital subsidy/grants.

Repair and Maintenance expenses

83. Objectors submitted that DISCOMs should furnish details of plan and budget for periodic maintenance of distribution network including emergency repairs and restoration work under each division. Further, DISCOMs should furnish the details of work and expenditure incurred for undertaking critical activities towards loss reduction, energy audit. Also furnish the detailed breakup of gross fixed assets and detailed lists of RGGVY, BGGY assets taken over by the DISCOM.

84. Some of the objectors submitted that since details of RGGVY, BGJY assets taken over by DISCOMs are not furnished, no additional R&M expenses on these assets may be allowed.

85. Objector has submitted that the percentage claimed under R&M head should not be

allowed as these lines and sub stations are new and having guaranteed period. If any incidental expenditure comes on it, it should be passed on the executing agency within the guarantee period. Beyond the guarantee period.

86. Some of the objectors submitted that the licensee has failed to execute the proper R&M of distribution infrastructure. Despite of approval of R&M expenses the Utilities are not able to spend the budget under the R&M and most of the R&M expenses are incurred in the last six months of the financial year. In such scenario the additional R&M requirement by DISCOMs is unjustified.

Provision for Bad and Doubtful Debts

87. Some of the objectors objected on the higher provision for bad and doubtful debts and submitted that it should not be allowed more than 1% of the LT and HT revenue realisation. They further submitted that Hon. Commission may direct the license to meet its working capital requirement by recovering the outstanding receivables.

<u>Issues Related to Retail Supply Tariff</u>

Demand Charges for GP > 70 KVA < 110 KVA and HT Industrial (M) Supply

88. Objectors submitted that proposal of DISCOMs for consumers having contract demand more than 70KVA but less than 110KVA to bill based on contract demand or maximum whichever is higher irrespective of connected load is without ant rationale and should not be accepted.

89. It is submitted that the tariff should progressively reflect cost of supply and hence the tariff for HT supply should be lower than at LT. In addition sample provided by utilities is not adequate to raise demand charges further. Objector submitted that to prevent above category consumers to go back for LT supply, the Commission may reduce demand charges from Rs. 150/KVA to Rs. 100/KVA.

Over Drawl by Existing HT/EHT Category Consumers

90. Objectors submitted that Commission may reject the submission of DISCOMs for penal demand charges for over drawal beyond contract demand. The objector requested the Commission to determine a period of continuous overdrawal (Beyond 120% of contract demand) which shall be treated as guide line to take action against evading the enhancement of contract demand.

91. Some of the objectors submitted that with the availability of surplus power the

restriction on overdrawl during the off-peak period should not be imposed and the consumers may be allowed to overdraw during the off-peak period.

Take or Pay Benefit

92. Some objector requested to reintroduce the take or pay benefit scheme or special tariff for energy intensive industries /consumers having contact demand of 110 kVA and more and industries should guarantee in writing to pay for minimum load factor of 70%.

93. Some of the consumers proposed to allow special rebate of 50 paise per unit under this scheme.

Withdrawal of Reliability Surcharge on all HT/EHT consumers

94. Many objectors raised issue of reliability surcharge @ 10 paise per unit for HT & EHT consumers and prayed for its withdrawal.

95. Objectors submitted that in obedience to the tariff order of the Commission none of the DISCOMs are providing reliability index calculation as well as voltage variation report along with energy bill in case reliability surcharge is to be assessed and claimed.

96. One of the objector submitted that the reliability surcharge may be deleted. Availability of EHT lines and corresponding voltage of supply is related to performance of Transmission Licensee. Therefore, a second incentive and that too to DISCOM on same parameters is not justifiable.

97. Further, some of the consumers submitted that when reliability surcharge is payable by a consumer to the licensee for achieving a certain level of performance on “availability” and “voltage of supply”, a penalty should also have been imposed for not achieving these standards.

Introduction of KVAH Billing (OR) PF Penalty for Three-phase Consumers having CD<110 KVA

98. One of the objectors submitted that kVAh billing may require huge investment and may not be implemented immediately. Similarly, there is no justification on imposition of PF penalty for HT and LT consumers with CD above 20 kW and less than 110 kVA.

99. One of the objector submitted that if KVAH billing is adopted, the SI, MI & other

consumers who are not under PF folder in present tariff system will be affected badly which is not desired for the common ignorant consumers.

100. The objector further submitted that demand for Power Factor penalty itself is absurd when the Utilities are insisting for implementation of KVAH billing for consumers.

101. One of the industrial consumer submitted that kVAh billing shouldn't be implemented as there are chances of leading power factor, high voltages and system instability.

Slab Restructuring for HT & EHT consumers

102. Some objectors have requested to reintroduce the three slab based graded incentive tariff for HT/EHT as it promotes higher consumption industries. Reintroducing this incentive will have the effect of reduction in tariff for all HT and EHT consumers for higher consumption and in turn will help the licensee.

103. One of the objector has proposed to re-introduce 3 slabs based graded incentive tariff i.e. upto 40% load factor, above 40% and below 50 % load factor, and above 50% load factor. This may help the Industries run and not to be tempted for procuring power from third party through open access.

104. One of the objectors submitted that, mega steel plants are contributing substantially to the revenue and employment generation. Hence objector has petitioned for a separate consumer category for 'Mega Steel Plant' as per the provisions of Regulation 80 of the OERC Distribution (conditions of supply) code, 2004, with tariff slabs of load factor consumption as <40%, 40-50%, 50-60%, 60-70% and >70%.

Interest on Security Deposit and acceptance of Bank Guarantee

105. Some objectors submitted that security deposits should not be obtained in cash from all consumers including HT/EHT consumers whose monthly electricity charges are in terms of crores. Option may be given to all consumers whose security deposit is more than Rs 1 lakhs to furnish Bank Guarantee as security deposit.

106. Some objectors requested suitable amendment in OERC Distribution (Condition of Supply) Code 2004 to permit bank guarantee against the security deposit.

Applicability of MMFC and Fixed Charges in the Tariff design

107. One of the objectors strongly objected the proposed enhancement of MMFC by utilities and pray for a direction from the Commission to collect MMFC from

consumers as per recorded maximum demand and not contract demand during the month and adjust extra amount already collected in the bills as per contract demand.

108. One of the objectors submitted that MMFC and demand charges are without any basis and should not be taken into consideration. Further the objector pointed out that NESCO Utility, WESCO Utility and SOUTHCO Utility have made a wrong statement that in case of consumers with CD > 110 KVA, the demand charges are made on the basis of CD or MD whichever is higher. The demand charges in such cases are actually based on the MD or 80% of the CD whichever is higher, as per the orders of the Commission.

Meter Rent

109. Objectors submitted that the recovery of meter rent for tri-vector and bi-vector meter is very high considering the actual cost of meter for a recovery period of 60 months in place of 40 months earlier. For instance, the cost of three phase tri-vector meter is about Rs.20,000.00, but as per the present order the consumer has to pay Rs.60,000. Collection of meter rent may be allowed only till the recovery of landed cost of the meter.

110. It is further submitted that the commission may direct the DISCOMs to submit the data related to meter rent collected and may reduce the same thereafter conducting detailed scrutiny.

Emergency Supply to Captive Power Plants (CPPs)

111. One of the objector submitted that the CPPs are paying at higher rate than the other category of consumers. CPPs do not avail power regularly & they should not be burdened with paying the demand charge throughout the month. Further Hon. Commission has done detailed examination of the provision in the supply code and tariff structure and the present single part tariff is taking care of the demand charges and energy charges for this category of consumers.

112. Objector submitted that, ‘emergency power supply’ category provided under regulation 80(15) is to meet not only requirement of start up of the unit but also to meet their essential auxiliary and survival requirements. Hence utility’s submission contravenes the regulations 80(15) of the Distribution Code, 2004 and should not be accepted.

113. Some objectors submitted that there is no justification for levy of demand charges or limiting the quantum of drawal to only 15% of the “lowest unit” for emergency power supply to CGPs as proposed by DISCOMs and permit use of emergency power supply upto 100% of the capacity of the largest unit in the CGP for drawl of power for production purpose during long shutdown of the CGP and emergency power can be utilized for running the essential units of the plant before the CGP unit is restored.

114. Further the objectors submitted that it is possible to submit a “day ahead schedule” for drawal of emergency power only in case of pre-arranged shut down of a Unit and not during failure of Unit due to tripping. Hence commission may direct the industry drawing emergency power to intimate the 15 minute drawal schedule within a reasonable time say within one and hour of such drawal.

Calculation of Load Factor for Industrial Consumers

115. One objector submitted that load factor should be calculated based on the actual period of availability of unrestricted power supply during the month and that the demand charges be calculated be calculated on prorate basis if the total period of shutdown of the plant due to interruptions and planned shutdowns exceed 30 hours in a month instead of 60 hrs a month.

Power Factor Incentive

116. Some objectors requested that the power factor incentive may be continued in the future RST orders considering investments done by consumers to maintain highr power factor.

117. Some objectors proposed to provide 1% incentive for every 1% increase in power factor above 97% instead of 0.5% for every 1% increase as approved in the Order of 2015. Alternatively, power factor incentive be provided at 0.5% for every 1% increase in of above 92%.

Verification of CGP status

118. On the issue of generation data in the case of CGPs, few objectors submitted that the Hon Commission may pass an order that the 51% consumption on annual basis to be classified as CGP should be based on net generation which is gross minus auxiliary consumption.

119. One of the objector submitted that, Hon. Commission may issue orders to the

concerned Chief Electrical Inspector to submit the data relating to the captive consumption and CGP status by June of next financial year.

ToD Benefit

120. Some objectors have requested the Commission to modify the present TOD Off-peak period from 00:00 Hrs to 06.00 Hrs of Next Day to 22.00 Hrs today to 06.00 Hrs of the Next Day.

121. Some consumers have also requested to increase TOD benefit from 20 paisa per unit to 30 or 50 paisa per unit to encourage off-peak consumption.

122. One of the objector has submitted that CESU has not extended TOD benefit to consumers of CD less than 110 kVA and the same may be extended with retrospective effect.

Cross Subsidy

123. Some objectors submitted that the cross subsidy of EHT and HT category are very high and needs reduction at a faster rate in view of the provisions of Electricity Act 2003.

124. The objector further proposed that the cross subsidy may be reduced @ 5% per year and the tariff for a particular consumer may be determined based on the cost to serve the consumer and not based on the "average cost of supply". Globally, the EHT tariff is the lowest and the LT tariff is the highest, based on cost to serve a consumer of that category.

125. Some of the HT consumers submitted that DISCOMs do project higher purchase and sales of energy intentionally for LT category which ultimately leads to more cross subsidy to be paid by HT / EHT consumers.

126. One of the objectors submitted that cross subsidy in several states is around +/-40%, however in Orissa it is +/-20%. The gap between industrial and domestic retail tariff of Odisha has been set at a low level among all states in India, thereby causing very much hardship to domestic consumers. Therefore, Commission may consider the cross subsidy of around +/-30% to 35% so as to keep the domestic tariff at reasonable.

127. One of the industrial consumer submitted that Commission may determine a separate tariff for EHT industries assuming 15% cross subsidy or lower and also consider a separate Tariff for the Industry considering the "purpose for which power supply is required".

Special Tariff Measures

128. **Power Intensive Tariff:** One of the industrial consumer requested to reintroduce special tariff for industries more than 100MVA and above with a guaranteed off take of 80% shall pay a consolidated energy charge of 400 paisa/unit.

Supervision Charges

129. One of the objector submitted that supervision charges are being charged when no supervision is done and even when the transformers are being maintained by consumers. The objector submitted that the Commission may review the decisions of GRF & Ombudsman on the issues where they have extended benefit under such scheme.

130. The Utilities are issuing quotations for proposed line extensions / infrastructure developments for issue of new service connections. One of the objectors submitted that, on completion of the works the Utilities are required to issue final bill of completed works to the consumer in compliance to the OERC Regulations. However, none of the Utilities are issuing such bills to their consumer which is violation of the Regulations of the Hon. Commission.

131. One of the objector submitted that the Electricity Duty charged in the bills is not properly shown and requested for the audit of electricity duty collected by the licensee and that paid to the Government.

General Operational Issues

Energy Sales Forecast and Addition of BPL & LT Consumers

132. Many objectors submitted that the sales projections made by the Utilities are not realistic and are overestimated; The trend of LT sales, LT sales approved and the power purchase data shows that the LT sales are never been achieved and the same are projected only to procure more power.

133. The objectors further submitted that sales to the LT consumers needs to be done based on the realistic distribution loss and the energy purchase should be reduced accordingly by adopting bottom up approach. Present practice of keeping power purchase proposal same and raising LT sales to match it, increases burden of cross subsidy on HT and EHT consumers.

Review of Inefficient Operations and Quality of Power Supply

134. One of the objectors submitted that the DISCOMs have not taken any interest for quality power supply to the consumers. Most of the consumers' especially rural consumers are suffering a lot due to low voltage and blackout.

135. One of the objectors requested the Hon. Commission to redress the issues of inefficiencies, corruptions, irregularities' and maladministration of Utilities and initiate necessary action as per rules of law so as to decrease the RST.

136. One of the objectors had submitted that the licensee is deliberately interrupting the power supply for minimum 60 hours in a month and in some cases the power supply is available for less than 18 hours a day. In such cases no bills are prepared as per availability of power supply which is the violation of RST Order for FY 2013-14 (Para 194 and 195).

137. One of the objectors submitted that the operation of Franchisees in CESU area is inefficient and corrupt for which T&D and AT&C losses have increased in the franchisee operated zones. Operation of these franchisees is not better and they are focusing on collection of revenue and consumers are forced to pay illegal bills for avoiding disconnection.

138. Many objectors have raised the issue where utilities consistently fail to meet the Standard of Performance as per regulation and could not satisfy the consumers.

139. Most of the objectors raised the issue that DISCOMs are delivering false statements that reason for power cuts is because of power scarcity.

140. One of the objector submitted that Utilities need to undertake meter ceiling and inspection activities. Further, he submitted that Utilities need to maintain meter replacement history. Further, Utilities do not have accredited meter testing facility.

Demand Side Management

141. Many objectors submitted that NESCO Utility, WESCO Utility, SOUTHCO Utility should submit detailed action taken for implementation of DSM regulations in its area.

142. As a part of DSM measure CESU proposed to offer more discount in TOD tariff so as to encourage the consumers to use more electricity during off-peak period. On the said proposal one of the objector welcomed the initiative however objected on any

proposal to reduce the contract demand drawl limit during off-peak period.

Audit of Books of Accounts

143. Many objectors submitted that, DISCOMs have not submitted the audited account for 2016-17. In view of non-availability of audited statements the licensee's prayer for truing up of revenue requirement should be rejected.

Consumer Awareness and Consumer Grievances

144. One of the objector submitted that, NESCO shall make a copy of "Consumer Rights Statement", "Code of practice on Payment of Bills", "Complaint Handling Procedure", "Copy of the Tariff Schedule", both in English and Oriya Language, as revised from time to time, available to the public.

145. One objector submitted that, GRFs are not acknowledging the grievance petition and not dispatching orders to the petitioners. They further submitted that though the GRF and Ombudsman can't adjudicate the cases u/s 126 and 135 of the Electricity Act, 2003 but they should be able to adjudicate as to whether a case is coming under purview of section 126 of Electricity Act, 2003 or not.

146. Some the objector suggested creation of 'Consumer Awareness Fund' in line with other government acts, where amount collected as penalty or in excess of due to DISCOM should be deposited for the awareness of consumers towards energy conservation and their duties and rights.

Other Issues

Electrical Accidents, Death of Animals and Human beings

147. Some of the objectors submitted that licensee has to produce the division wise details of death of human beings and animals due to electric shock and compensation paid to them for the period from 2001 to Dec 2017.

148. One of the objectors submitted that as per the IE Rules the Utilities are required to depute safety officers in their area of operation to ensure proper human and animal safety and requested its compliance by the Utilities.

149. **Concessional tariff to 'Sullav Sauchalaya':** Some of the objector argued that, as 'Sullav Sauchalaya' operates on commercial basis by collecting charges from users, utility's proposal for concessional tariff should not be accepted.

150. **Regarding amnesty scheme,** objector submitted that utilities should strictly adhere to regulation 10 of the Code, 2004, and the Commission may approve OTS scheme as per order of 2011-12.

151. **LF based billing to irrigation and agriculture consumers**

Objector opposed such proposal sitting that LF of 30% considering CD and pump capacity contravenes applicable statutory provisions. Objector raised that it is DISCOMs utility to maintain meters and take readings, hence claim of meter being inaccessible is shall not be accepted.

Prompt Payment Rebate

152. Increase in rebate on bills for prompt payment: Some of the Objectors submitted that Utilities are getting 2% rebate on the BST tariff. The same rebate should also be allowed to the consumers. Further, they have submitted to increase the time limit for payment of electricity bill to avail rebate.

Regarding effectiveness of tariff exercise design by the Commission

153. As per the EA 2003, Hon. Commission should gradually move towards rationalized tariff and the tariff should actually reflect the cost of supply. Further, as per section 62(3) of EA the Commission shall not show undue preference to any consumer but differentiate according to LF, PF, voltage, total consumption etc. In spite of these the Industrial Consumers are being charge very high as compared to other consumers of same voltage level. The Objector has given the table containing tariff across different category of consumers with load factor to justify that the Industrial tariff are comparatively on higher side. Subsidizing any category of consumer can be done u/s 65 of EA by the state government by giving appropriate tariff subsidy for that category of consumer.

154. The retail electricity tariff of various categories of consumers of Odisha is much higher than that of the other states. Therefore, reasonable, rational, competitive and affordable tariff concepts have not been taken in to consideration during determination of RST.

155. Some of the objector presented the comparative data with neighbouring state and submitted that the Commission may consider viability of industries while determining tariff.

156. As per these provisions the Commission should make an effort for rationalization of tariff based on voltage level, load factor, power factor, voltage, total consumption from 2018-19.

157. One of the objectors submitted that, during the tariff proceedings / hearings there is no presence of the representatives from Govt. of Odisha, Electrical Inspector, other distribution Utilities representatives, OREDA etc. He further submitted that, there is no synchronization among the Utilities.

Franchisee Operation

158. One of the objectors submitted that the operation of Franchisees in CESU area is inefficient and corrupt for which T&D and AT&C losses have increased in the franchisee operated zones. Operation of these franchisees is not satisfactory and they are only focusing on collection of revenue and consumers are forced to pay illegal bills for avoiding disconnection.

159. The franchisees were expected to bring in investment to the tune of 500 Crs in infrastructure and network so as to bring down the loss levels by 15%. However, the losses have not reduced.

160. One of the objectors had objected on the poor performance of franchisees in some of the divisions in terms of collection efficiency and proposed to revoke the mandate issued to them.

Electricity Billing and Payment

161. The proposal of DISCOM to bill the rural consumer bimonthly needs to be reviewed. Further, one of the objector submitted that the billing be made fully computerised. 100% photo billing be implemented to reduce the billing related issues.

162. There are many complaints related to energy bills. One of the objector requested the information related to bills issues, no of discrepancy of bills complaints received, no of complaints still not complied and pending with reasons etc.

163. There are complaints that the bills are not being delivered to end consumers and hence, one of the objector submitted that to avoid this, payment to the billing agencies be made on the basis of acknowledgments of consumer. Further one of the objector raised issue to harassment of consumers by DISCOMs even for minor delays in payment.

Regarding burden of depreciation and interest on loans

164. Erstwhile DISCOM companies (Viz. NESCO Company , WESCO Company and SOUTCO Company) submitted that, though their licences have been revoked in 2015, they are still bearing burden of depreciation and interest on loans. Objectors claimed that earlier Utilities are not liable for operational losses.

165. Accordingly objector prayed to pass necessary orders to administrator of utilities to accept their claim towards reimbursement of approved cost components as per RST order 14-15 and onwards, on depreciation, interest on loans and RoE. Objector also requested utilities to share status of fixed assets owned by companies as on date of revocation of licenses.

REJOINDER BY DISCOMS ON THE ISSUES RAISED BY THE OBJECTORS (PARA 166 TO 271)

Performance related issues

AT&C Loss and Collection Efficiency

166. WESCO UTILITY submitted that, desired level of AT&C Loss reduction as directed by the Commission has not been made due to various factors. They submitted that. the Commission is approving the T&D loss and AT&C loss as 19.60% & 20.40% respectively however the actual loss is more than 30%. In view of this their humble submission is to approve loss figures as proposed in the ARR by considering the ground realties. The target of 19.6% distribution loss is continuing since long & with all sort of ground reality the same has been reduced from a figure of 38.89% during FY 2010-11 to 31.14% during FY 2016-17. Fixing of lower T&D loss as suggested by the respondent will not only increase the notional sale of the Utility but definitely widen the GAP of recovery of approved cost. Therefore the Utility submits before the Commission for approval of proposed distribution loss of 28% instead of normative of 19.6% or less.

167. The AT&C loss of CESU has reduced from 62.4% in FY 1999-00 to 37.29% in FY 2015-16, resulting AT&C reduction of 25.11%. Similarly, AT&C loss has reduced by 6.31% between FY 2009-10 to FY 2015-16 i.e. from 43.6% to 37.29%. CESU is adopting the following measures on revenue improvement to achieve the AT&C loss target set by the Commission:

(i) Improving Billing Efficiency

(ii) Reducing Technical loss

(iii) Improving Collection Efficiency

168. SOUTHCO Utility has reduced AT&C loss by 5.19% during last four years ending FY 2016-17 and committed to achieve loss reduction of 5.74% during FY 2017-18 and 3.27% during FY 2018-19 respectively. In order to reduce AT&C loss the utility has taken several steps. Further to improve the billing and collection efficiency utility has taken various steps in spite of the fact that out of 16.21 lakh consumers 7.10 lakh are BPL category consumers. To improve the billing of industrial high value consumers many steps has been taken by the utility.

169. NESCO Utility submitted that APTEL has already given direction to the Hon. Commission to re-determine the distribution loss trajectory based on the ground realities. The LT AT&C loss has been reduced by 7.04% in the FY 2016-17 in comparison to 2015-16 and overall AT&C loss by 3.5%.

Revenue requirement

170. SOUTHCO Utility has prayed to bridge the Revenue Gap for the FY 2018-19 through reduction in Bulk Supply Tariff (BST), grant/ subsidy from the Government of Odisha and balance if any through increase in Retail Supply Tariff. The logic to bridge the revenue gap has been enumerated in different paras of the ARR and RST application.

171. NESCO Utility submitted that the assets were made under the operational control of the Administrator for the uninterrupted power supply to its large stake holders- the consumers. As per the terms of ownership of the assets and the liabilities, then NESCO Utility may have the financial value in their books and not a single pie has been expended aftermath revocation in real term since they have no access to the assets since been debarred from the distribution business. As regards the claim of depreciation being the non-cash entries and so also the interest which are not in fact expended although been made in their books as book entries. So far as the tariff settling is concerned, the regulator as determined the ARR taking all the affairs of the business including all the assets, liabilities , expenses and revenues summing up in entirety irrespective of the ownership. Moreover, the administrator is now having the

operational control of the assets and to run the assets or say to replace the assets, the depreciation and interest has been allowed to mitigate the future capital expenses for replacement.

Energy Audit

172. WESCO Utility submitted that the progress made under energy audit has already been submitted by the Utility in the ARR filing vide page 22 to 41. The suggestion of the respondent regarding reduction of T&D loss through energy audit in a scientific manner would be possible only when the actual loss would have been less than 20%. When the actual overall loss is more than 30% and LT loss is more than 60%, the real meaning of Energy Audit is being diluted. Suitable suggestion to curb high LT loss is the only need of the hour.

173. CESU submitted that the energy audit is being conducted in CESU for the feeders & DTs with correct meter readings. These data when received from field units are verified at HQ level before incorporation in Energy Audit exercises. It is correct to point out that some data are being scientifically apportioned in case of defective meters and these figures are negligible while taking into account of the average loss calculation. The details of feeder audits are being submitted to the OERC & a half yearly audit report is enclosed for reference of the objector. However the energy audit has been carried out with all the constraint and scanty of available funds. As per direction of Hon. Commission, CESU has submitted energy audit of 107 number of 33 KV feeders out of 162 and 674 number of 11 KV feeders out of 838 in their ARR filing.

174. SOUTHCO Utility submitted that the energy audit is already carried out in 169 nos. of 11 KV feeders and submitted before the Commission. During the FY 2017-18, SOUTHCO Utility has metered 237 nos. of 11 KV feeders against total 11 KV feeders of 622 nos. In order to complete metering arrangement at all 33kv feeders, 11kv feeders, Distribution transformers and consumers, an amount of Rs 156.58 Cr & Rs 27.3 Cr has been approved under DDUGJY & IPDS Schemes respectively. The work will be taken up soon as per receipt of funds in this regard. The details of EA of 33 KV and 11 KV feeders is enumerated in Para 5.7 of the application. In reply to Para-12&13 it is submitted that the licensee has already submitted detail report of energy audit carried by the utility in Para 5.7the ARR RST application 2018-19. The 100%

Energy audit is not achieved is due to shortage of funds which is beyond control of licensee. SOUTHCO Utility further stated that as per direction of the commission the utility is carrying out energy in earmarked four pilot feeders of utility where the T&D loss is very high. Aska Bus stand, Gangapur, Nuagoan College square & Nabarangpur and installed around 5554 meters in place of 8682 defective meters. The T&D loss was reduced to a considerable extent in those feeders.(254RST 2016-17) . The same was submitted to the Commission during performance review.

175. NESCO Utility has stated that the details of energy audit report is being submitted to the Commission from time to time. The progress of energy audit has been given in the ARR application. NESCO Utility has also engaged accredited energy auditor to carry out energy audit as per the mandates of Energy Conservation Act.

Non-submission of truing up activities

176. CESU stated that for statutory auditing purpose the auditing firms are being engaged following due procedure. In the process for a financial year auditing activity it starts in the mid of the next financial year and the audit report received after the stipulated time for filing of truing up of CESU. For this reason CESU could not be able to submit the audited figures of previous financial year which has an impact on ARR. Further, the Petitioner is in the process of filing of truing up application up to FY.2016-17 in the current year.

Separation of wheeling cost and retail cost

177. CESU has stated that the as per the decision/guidelines of the OERC, ARR on Wheeling and Retail Business has been submitted considering the same principles which demonstrate its commitment towards a more pragmatic approach towards both the Retail & Wheeling business and supply of power to consumer which is more realistic parameters for accurate and competitive tariff determination in the interest of consumers.

178. SOUTCO Utility stated that the increase in tariff is always commensurate with the increase in cost of Supply. The power purchase Cost of the Utility has been increased substantially since FY 2010-11 as well as the inflation of the economy. Considering these factors the RST has not been increased simultaneously. Within a period of 5 years, SOUTHCO Utility's BST has been increased by 2.31 times.

Employees' expenses

179. WESCO Utility has analysed & concluded that the employee cost is a controllable one and it has to be reduced. From the table submitted by respondent where in comparison of employee expenses to the extent of proposed, approved of actual has been given, in all the years the actual audited employee expenses is more than the approved figures. The difference of actual expenses w.r.t. approved are yet to be factored in tariff now at this juncture suggestion for less employee cost is not correct.

180. CESU stated that the Commission has approved an expenditure of 349.41 crores in ARR filed for FY 2017-18. However the projection of employee cost for the FY 2017-18 comes to Rs. 425.19 Cr (Actual for 1st six month and projection for last six month). The Projection of employee cost for the FY 2018-19 has been made on the basis of implementation of 7th pay commission which arrives at Rs.587.91Cr for the entire financial year. The employee strength in consideration to increase consumer strength and different ensuing project is a factor for increase employee cost for the ensuing financial year.

181. The details of Employee Cost projected by SOUTHCO Utility for FY 2018-19 is based on the actual employee existing as on Sept 2017, actual retirement during FY 2016-17 & 2017-18 and the number of employees to be recruited during FY 2016-17.Above cost has been projected considering the effect of 7th Pay Commission which is due from 1st January 2016.

182. NESCO Utility has submitted employee expenses based on historical cost and loading normative increase, expected DA and projection of terminal benefits. The utility is getting some of the works through outsource activities and the payments so made are of statutory in nature and tantamount contractual obligations being the principal employer and as such disclosed in the ARR as Contractual Obligations under Employee Cost. The rise of employee cost despite reduction in of number of employees is due to the consideration of 7th pay wage revision. and the regular increase of DA dose to which the utility is duty bound as the service conditions of all the employees shall apply mutatis mutandis to that of the parent company GRIDCO's/OPTCL's employees.

Administrative &General expenses

183. WESCO Utility proposed Rs.103 crore towards A&G expenses for FY 2018-19

however the respondent has erroneously proposed as Rs.270.96 Ccrore. The proposed A&G expenses for FY 2018-19 is considering 7% annual hike over previous year actual, which may be approved.

184. SOUTHCO Utility, CESU and NESCO Utility submitted that A&G expenses for the ensuing year have been forecasted based on estimated expenses during FY 2017-18 in line with the Commission’s earlier Orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2017-18 along with additional expenses for the ensuing year.

Depreciation Cost

185. CESU submitted that due to increase in volume of the assets under various schemes like Capex, Deposit Works, System Improvement, Desi, Elephant Corridor etc., there is an increase of GFA to the tune of Rs. 260.22 Crs. during the FY 2018-19.

186. SOUTHCO Utility submitted that the proposed depreciation is against the proposed addition of fixed assets during the FY 2018-19.

187. WESCO Utility submitted that if depreciation would not be considered on the RGGVY and BGJY then in case of replacement of the same how the same would be funded.

188. NESCO Utility submitted that depreciation has been provided only on the assets available at beginning of year and no depreciation has been provided on assets added during the period.

Repair and Maintenance expenses

189. WESCO Utility submitted that, suggestions regarding disallowance of R&M expenses on assets created under RGGVY & BGJY are not correct. They raised the question that without the R&M expenses, how these assets would be maintained. In view of this, they submitted that the R&M expenses as projected by the utility may kindly be approved.

190. CESU submitted that the demand for R&M was based on GFA as on 31.03.2018. There is an increase of GFA during the year 2018-19, for which CESU require additional R&M expense. Further, for special R&M a sizeable amount is required. Due to the funds flow problem, CESU could not spend the required amount for R&M as per the norms of OERC i.e. 5.4% of GFA (opening). They submitted that,

considering expected improvement in performance of CESU during the FY 2018-19, they will have better cash flow for meeting R&M expenses. CESU has engaged Franchise to maintain its Distribution Sub-Station lines and further to reduce AT&C loss.

191. It is submitted that SOUTHCO Utility is carrying out all R&M activities as per directives of the Commission.

192. NESCO utility stated that the projection of Repair and Maintenance Expenses in the ARR so calculated and submitted is in accordance to the norms fixed by the Commission @ 5.4 % of opening G.F.A. The utility has not given any additional R&M on RGGVY &BGJY.

Provision for Bad and Doubtful Debts

193. CESU submitted that, while finalizing the accounts of CESU, the Bad & Doubtful Debts was considered at 1% of the total revenue billing of last 36 months. The same data has been derived from the database of the consumer. The Commission had also allowed the same in the last ARR.

<u>Issues related to Retail Supply Tariff</u>

Overdrawl by Existing HT/EHT Category Consumers

194. WESCO Utility submitted that some objectors have tried to establish that nowhere in the Regulation or Tariff order, provision has been made for levy of penalty U/s 126 of Electricity Act 2003. In reply to that they submitted that if the detail procedure would have been notified in the tariff order for levy of penalty U/s 126 in case of over drawal beyond CD, the Utility would not have requested/submitted for including the same in the RST order for FY 2018-19. Therefore, they requested the Commission to approve the same as proposed.

195. CESU submitted that, over drawl by a consumer leads to over drawl beyond the agreed contract demand. Such over drawl always destabilizes a balanced system. Over drawl also leads to deviation of petitioner’s drawl schedule as per OGC; warranting deviation charges. So, any over drawl beyond agreed load is against Grid discipline which should be discouraged by levy of penalty both in demand as well as energy. As per supply code provisions, EHT/HT consumers choose their contract demand and they should not get a free hand to draw load as per their wish.

196. CESU further submitted that, the over drawl penalty is a discouraging factor and penal amount is not considered as revenue from sale of energy. Cross subsidy inbuilt into the retail tariff is estimated on the approved sales which does not include estimation for any future over drawl. The licensee further clarified that over drawl penalty on demand is already in force. The Objector's proposal for penalty on proportionate energy charge is justified because that will make further caution for over drawl by a consumer which leads to deviation of Utilities's scheduled drawl from the Bulk Trader and such deviation charge is applicable on energy drawl by the licensee. Further, for a single block of overdrawal by consumers, SMD of the licensee may exceed the permitted SMD, for which Utilities are liable to pay SMD charges excess of the permitted SMD in monthly basis and again may pay SMD charges if the annual average SMD exceeded the approved SMD to the bulk supplier.

197. NESCO Utility submitted that, the factors, views of the proposal for overdrawal beyond CD, charges and issues are clearly spelt in the application. NESCO also stated that the fact and means of imposition of penalty under section 126 of EA has no relevance in the tariff setting and there is no locus standi of the respondents in these issue so far as the ARR application is concerned.

Take or Pay Benefit

198. SOUTHCO Utility submitted that, the Commission has withdrawn the "Take or Pay" Tariff during FY 2013-14 and the reason were also mentioned in the Tariff Order for FY 2013-14. Licensee is not in favour of further introduction of Take or Pay Tariff.

199. WESCO Utility submitted that suggestion made by the consumer for reintroduction of take or pay tariff may be considered but with proper evaluation. . Earlier during 2012-13 when it was pronounced to avail such benefit most of the industries have reduced their contract demand, which was a major setback of the earlier scheme. So keeping in mind if take or pay scheme would be re-introduced load reduction should not be allowed. The special rebate should be applicable only for the consumption beyond > 60% LF. The minimum assured LF may be made applicable at least 80% or actual whichever is higher.

200. CESU submitted that, during the enforcement of 'Take or Pay' tariff, on achieving higher Load Factor, none of the consumers have come forward to avail the tariff. The main reason was long duration annual shut-down of plants by CGP/CPPs. Due to this

the consumers didn’t perceive to achieve the targeted LF to get the benefit of “Take or Pay” tariff. The licensee has no objection for reintroduction of the “Take or Pay” tariff as this will make optimum utilization of system capacity and guaranteed revenue gain.

201. NESCO Utility submitted that the idea of introduction of ‘Take or Pay’ tariff was to encourage the consumers with low load factor to draw power at higher load factor and thereby avail special rebate. This would have been win-win situation for both the consumers and NESCO utility. Whereas in actual none of the consumer enhanced their consumption to avail the said benefit, instead the consumers who were already drawing power at load factor more than 80% in the FY 2011-12 got this benefit in addition to graded slab benefit without any increase in their load factor.

As per introduction of ‘Assured Energy’ concept no such industries are coming forward to avail the same. That means in the previous method there was no such efficiency gain, but they were benefited because of Commission’s order only. The purpose of take or pay tariff was defeated and accordingly the same was discontinued by the Commission in the Tariff order for FY 13-14.

Imposition of Reliability Surcharge on all HT/EHT Consumers

202. WESCO Utility submitted that the complaint regarding non-submission of reliability index report along with the bill is not correct. Where ever reliability surcharge is being levied reliability index calculation and voltage variation report are being attached. As regards to levy of 10 paise per Kwh, the same may please be enhanced to 20 paise per Kwh which was earlier applicable. The suggestion regarding EHT lines which are of OPTCL & no role of DISCOM for operation & maintenance, hence no reliability should be applicable for EHT consumers. In this regard it is to submit that to wheel entire power of the DISCOMs EHT network is required for which DISCOM is paying transmission charges and the Commission has also directed OPTCL to ensure reliability of EHT network to facilitate power supply.

203. SOUTHCO Utility submitted that, the Commission introduced the Reliability Surcharge as per Regulation 87 of OERC Dist. (Conditions of Supply) Code, 2004 to the EHT and HT category of consumers. As there is compensation as per the Standard of Performance Regulation, so there must be reliability surcharge for providing reliable power supply. The reliability index calculation and voltage variation report is attached with the energy bill in case of SOUTHCO Utility.

204. CESU submitted that more than 95% of the consumers are availing supply in LT and rest 5% are only availing supply in HT and EHT. Reliability surcharge is levied to customers who draw load in HT or EHT and satisfying the reliability conditions. The Petitioner always intends to maintain reliable supply by adequate maintenance of the network and timely capacity addition. When HT and EHT supply network is maintained efficiently, then only more reliable power will be available in the LT. So, a consumer availing supply in such condition enjoys quality and reliable power. This surcharge is levied only when the required reliability index is achieved by the licensee. Under power deficit situations, LT consumers being large in number are subjected to situational black outs whereas dedicatedly supplied consumers are excluded from black outs and are getting reliable supply. Hence, the proposal of the Objectors for withdrawal of reliability surcharge should not be considered by the Commission.

Introduction of kVAh Billing (OR) PF Penalty for Three-phase Consumers having CD<110 kVA

205. WESCO submitted that, the objector is of the opinion that if kVAh billing would be adopted then system will collapse. SI, MI & other category consumers will incur severe loss etc. This is absolutely incorrect. The actual energy consumption is in kVAh only. The Utility is continuously pleading for introduction of KVAH billing, because to bring fairness in the system only KVAH billing will help & no need of PF penalty & PF incentive. The requisite data & readiness of the Utility has already been explained to the Commission in the past. As like of other neighbouring states KVAH billing may kindly be started with at least with HT & EHT industries.

206. NESCO utility has stated the reason and requisite information justifying the introduction of KVAh Billing in the ARR Application which may please taken into record. That, the Commission has already clarified in the RST order of FY 2013-14 that by maintaining power factor close to unity the consumer's are able to keep their KVA demand at lower side and have become conscious of keeping their PF high for their own benefit. Hence incentive to maintain higher power factor is not justified.

Escrow Relaxation

207. GRIDCO has made Escrow relaxation @ 19.06 crore p.m. during FY 2016-17 towards Employee cost & during FY 2017-18 (till Oct-17) @ 22.86 crore p.m. Since Nov-17 no escrow relaxation has been made. Other than employee cost no escrow

relaxation is being made towards A&G, R&M, Interest etc. for which the Utility is facing lot of difficulties.

Reintroduction of Third Slab for HT & EHT Consumers

208. CESU submitted that, the graded slab tariff is intended for optimum utilization of system capacity. Lowering the ceiling will lead to stranding of capacity. The objector should optimize their utilization to get the benefit of graded slab rates which is available for consumption >60% LF.

209. NESCO and SOUTHCO utilities submitted that, as more and more industries are operating at higher LF, leading to the modification of graded slab structure by the Commission. The Commission has modified the Graded slab tariff during FY 2013-14 considering more and more industries are running in higher load factor. So, further reintroduction of 3 slabs graded incentive tariff during FY 2018-19 is not at all correct.

210. WESCO Utility submitted that before re-introduction of graded slab tariff, whether it can really enhance the consumption pattern of industries may kindly be pursued. It is quite certain that the Commission has given more incentive to the industries as compared to past years' when three slab tariff was in force but still then there is no such significance improvement in consumption pattern.

Interest on Security Deposit

211. CESU submitted that, the existing provision of submission of security deposit in cash should continue and BG should not be accepted as there could be delayed in giving power supply to the prospective consumers due to delay in receiving confirmation from the bank regarding Bank Guarantee, requirement of renewal of BG in regular interval from the bank with the intervention of the consumer and in line with the observations of the Commission made in the para-326 of RST Order for the FY 2010-11. Further, CESU is providing interest on security deposit at the rate approved by the Commission through the RST order. However, the licensee requested to reduce the interest on security deposit instead of giving hike as prayed by the objectors because the Utilities are not getting that amount of interest while parking the amount in bank.

212. SOUTHCO Utility submitted that, the issue of security deposit has been dealt in Regulation 19,20,21 and other allied provisions of OERC Distribution (Conditions of Supply) Code 2004.The utility is regularly paying interest on security deposit to the

consumers as per approved rate and never defaulted in same. Further if the present security deposit is adjusted in the bill of the consumer it will create imbalance the immediate cash flow of the utility there by affecting the sustainability.

213. NESCO Utility submitted that, security deposit other than cash is not acceptable with the introduction of awarding interest on the security deposit to consumers. Deposit is the normal mechanism applied in every retail business other than electricity. The licensee further submitted that, the proposal of deposit other than cash should not be accepted and the interest on SD be made at par with the Bank Rate notified by RBI.

Mode of Payment of SD

214. WESCO Utility stated that the suggestion of respondent regarding keeping SD in shape of BG is not acceptable. The view of respondent that consumers whose SD is more than 1 lakh may be given option to place BG. If the same would be permitted there are thousands of such consumers. Keeping track of paper work day in day out will be very difficult. Its adequacy in case of excess drawal, renewal, maturity, verification of genuinity etc. This will add more consumer litigation. The utility is in opinion that there should not be any interest on SD as the Utility is not earning on the FD so made. It should be 3.5% per annum like as of saving bank account interest.

215. NESCO Utility stated that the Security Deposit other than the cash is not acceptable with the introduction of awarding interest on the Security Deposit to the consumers. Deposit is the normal mechanism applied in every retail business other than electricity. The proposal of Deposit other than cash by the respondent should not be accepted and so also the interest on the Deposit should be at par with the Bank Rate notified by RBI. The details of Security deposit has been furnished in the reply to queries. Further in compliance to direction of the Commission under para 407, compliance has also been submitted before the Commission vide letter no. RA/119/7354 dated 30.6.17.

Hike in Retail Tariff

216. CESU stated that they have estimated the gap considering AT&C loss level of 29.5% for the ensuing year. For the last 2 to 3 years reasonable improvement in AT&C loss could not be achieved due to large scale connection of BPL consumers to the network & reduced EHT sales due to availing CGP share power through open access or from own CGP/ CPP. Retail Tariff during last 10 years was almost static and does not

commensurate with increased cost of supply. This has resulted in non-availability of adequate funds for system improvement, metering technology and different collection mediums for improvement of AT & C. All stakeholders must propose solution to reasonably increase the tariff for bridging the revenue gap.

Meter Rent

217. CESU submitted that the metering cost, all the accessories and investment made by the licensee, the Petitioner proposed the Meter rent in F-8 may be considered by the Commission.

Emergency Power Supply to Captive Generating Plants (CGPs)

218. WESCO Utility submitted that, the Utility has made comprehensive submission for adoption of two part tariff of CGP's and they are supposed to be permitted only to the extent of 15% of the largest unit of the CGP not 100% which is as per Regulation. They are supposed to draw the power for their survival & start-up purposes only and not for regular production. So, the view of objector is not correct & not acceptable.

219. WESCO Utility submitted that, the suggestion regarding penalty for energy overdrawn during overdrawal period of 15 minutes time block on the basis of meter data, if factored in the tariff order as like of demand overdrawn then it will facilitate the DISCOMs for proper assessment.

Power Factor Incentive

220. SOUTHCO Utility submitted that, the power factor is related with the load factor. The load factor of the particular consumer is determined on the basis of maximum demand recorded as well as the power factor. So, once the consumer is getting graded slab tariff, the PF incentive should not be passed on to such consumers. However, they submitted that the present PF incentive may be continued.

221. WESCO Utility submitted that the Commission has rightly withdrawn the power factor incentive during FY 2014-15 and again reintroduced from FY 2015-16 which is not correct. Maintaining adequate power factor is the basic necessity for safety and stability of the grid along with safety and stability of the electrical installations at the premises of the consumer. For better grid discipline there should be PF penalty but there should not be any incentive for the same.

222. NESCO Utility submitted that the Commission has already clarified in the RST order

of FY 2013-14 that by maintaining power factor close to unity the consumers are able to keep their KVA demand at lower side and have become conscious of keeping their PF high for their own benefit. Hence incentive for maintaining higher power factor is not justified. It is further stated that, presently power factor incentive is being extended to HT and EHT category of consumers who are maintaining PF of 97% and above. It is observed that the consumers are double benefited with such incentive. Primarily when requisite PF of 92% is being maintained they are avoiding PF penalty, so avoidance of PF penalty is a direct saving to the consumers. All the machineries used by the industries are certified by BIS or ISO, similarly pumps are designed as energy efficient and motors are copper banded. So use of such star rated energy efficient equipment along with capacitor banks are the contributor for achievement of higher power factor. The Commission was encouraging for installation of capacitor bank for which to facilitate them PF incentive was introduced. Now with the present scenario continuance of PF incentive is no more required which may kindly be abolished.

ToD Benefit

223. WESCO Utility submitted that, the suggestion of the objector to increase TOD benefit from 20 Paise/kWh to 50 Paise/kWh is not at all acceptable. Previously when there was disparity in drawal pattern, TOD benefit was extended to promote off-peak hour drawal. Now, the load curve is almost flat. So, there should not be any increment TOD benefits. Previously, the TOD benefit was 10 Paise/kWh but now it is 20 Paise/kWh which needs to be withdrawn or required to be fixed at 10 Paise/kWh.

224. SOUTHCO Utility submitted that, the present TOD benefit is appropriate so the licensee feels that ToD benefit should be retained as it is.

225. On the issue of not allowing the TOD benefit to all the 3 phase consumers, CESU submitted that they are extending the ToD benefit to all the eligible 3 phase consumers where static meters are installed and the energy measurements is being carried out separately during the peak and off-peak period. The licensee is initiating the process of AMR facility for meter reading for all such meters to simplify the metering process.

226. NESCO Utility submitted that as per RST order TOD benefit is being extended to Three phase consumers except public lighting and Emergency category of consumers

having own CGP for the consumption during off peak hour. With the introduction of frequency based tariff significance of TOD consumption has been lost. Consumers are reaping the benefit of frequency based tariff and intends to use accordingly as a result the load curve of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required.

Abolish of MMFC, Additional Security Deposit and Regression of industrial tariff

227. CESU claims that the MMFC as per tariff which is based on regulation 2(z)(cc) of OERC Distribution (Condition of Supply) Code 2004 aiming to cover fixed charges to incurred by the licensee for affording the supply such as fixed expenses and operational and maintenance expenses .

228. Additional Security Deposit provision should not be abolished. The regulation has been framed incorporating the claim of ASD as well refund of ASD by way of adjustment of energy bill which has the equal financial bearing.

229. CESU states that regarding the regression of industrial tariff the Industrial (HT/EHT) tariff and tariff for LT domestic and GPS consumer have been fixed by the Commission properly and rationally. The industrial tariff is regression in nature and the LT Domestic & GPS tariff is progressive in nature the reason being that the industrial HT/EHT consumer cross-subsidies the LT Domestic & GPS consumer.

CGPs Surplus power price

230. OERC has fixed only Rs 2.75 P/Kwh for sale of surplus power to GRIDCO for which industries are not able to meet their generation cost. The objector’s prime objection that DISCOM’s power purchase cost should be nominal so that ‘C’ component would be reduced as a result CSS amount will also be reduced. But at the same time intends to have higher cost for GRIDCO to facilitate the CGPs.

Open access charges

231. WESCO Utility stated that presently there is no such security mechanism insisted upon by SLDC while approving STOA, as a result the DISCOM is not able to protect its CSS amount receivable from the open access consumer. Even though as per regulation security mechanism is compulsory, till date it is not being adhere. As per regulation for STOA the approving & billing agency is SLDC, after billing the

consumer is making payment to DISCOM s directly with an intimation to SLDC. So before approval for open access by SLDC/GRIDCO to any industry, appropriate security mechanism may be insisted, so that no financial threat would be persist for non-recovery of CSS charges.

232. WESCO Utility stated that no doubt the utility is getting cross subsidy & wheeling charges for the drawal more than the CD under open access but at the same time due to congestion in transmission corridor other normal consumers are affected. Hence, the Utility proposes for non-approval of open access beyond contract demand.

Cross Subsidy

233. WESCO Utility submitted comprehensive calculation of cross subsidy and is in the opinion that the cost of supply should be on the basis of particular class of consumers. The licensee submitted that, objector has completely relied upon "Odisha Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014" while submitting its views in other parameters. However, the objector has taken different stand in the case of calculation of cross subsidy surcharge. As per the said regulation, the cross subsidy difference between average cost of supply to all category of consumers of the state taken together and average voltage wise tariff applicable to such consumers comes to Rs 7.77 Cr.

234. SOUTHCO Utility submitted that, the Commission is determining the Cross Subsidy on the basis of average cost of supply to the all consumers of the State as there is uniform RST. The Commission shall definitely look into the matter for determining tariff and cross subsidy with the different voltage of supply. How over the interest of other category of consumers like BPL, DOM category of consumers should not be overlooked as per mandate of tariff policy and in the better interest of state.

ABT complainant solar meter

235. CESU stated that as per Clause 15 of OERC net metering order No. 1131, Dated 19.08.2016, the DISCOM has to furnish a copy of solar energy generated by the eligible consumer to GRIDCO every year. And, as per Clause 11 of the said order, 90% of the energy generated from Solar will be Offset against total consumption of the consumer at the end of each FY & any excess generation would be consider as free energy. Hence installation of ABT complainant solar meter is necessary.

Supervision Charges, Infrastructure Development Charges and Electricity Duty

236. CESU sometimes due to non-availability of service connection material, the power supply to the consumers is delayed. In that case the consumers are willing to provide the service connection material so it is requested to approve the service connection charge including supervision charge of 500.approximate material cost is around Rs.1000 and balance Rs.500 is proposed towards service connection charge and supervision charge i.e. 4man hour cost.

237. CESU has taken all steps to comply with the requirements as has been as per appendix-I of OERC Dist. (Condition of supply) Code-2004 under Clause-4, it is mentioned that, the license is entitled to collect the requisite supervision charge for checking and ensuring that the capital works have been done as per the standards and in addition, the inspection fees for inspection pertaining to safety and security as notified by Govt. of Odisha form time to time. The Licensee should ensure inspection of works by the Electrical Inspector. Accordingly at present the supervision charge is levied @6% of the cost of the materials while preparing the estimate of works. Now due to increase in employee cost, A & G cost (Vehicle & fuel cost) Tender processing and inspection of materials etc. it is proposed to increase the supervision charges from 6% to 10%.

General Operational Issues

Energy Sales Forecast and Addition of BPL & LT Consumers

238. CESU submitted that, the LT sales projection by the Petition has been made based on the past trends. Detailed category wise sales projection under LT is available at T1 format in ARR document. But in case of KJT category the sales projection seems to be very high as under this category because around 3.5lacs BPL consumers and around 50,000consumers under of 7th plan , total 4lacs consumers considering consumption @ 30units/month has been taken. Instead of 4lacs of consumers CESU has projected 221293 no of consumers as on April'2018 in T1 format i.e additional 1lac of consumer could have been included in billing fold. Hence, as compared to actual billing under this category the projection will be high, that is non-billing sales under this category and additional sale. If, the Petitioner will not propose the higher sales under LT category then the Petitioner will not get power purchase approvals for the non-billing loss under LT category. In other ward, if such non billing resulting higher sales under LT will not be projected then Petitioner will purchase high cost

power with payment of year end charges / UI charges in BSP which will be ultimately pass on to the consumer. Hence, with the interest of LT consumers, the Petitioner is projecting higher LT sales to pass on within the approved power purchase and that will result reduction in the BSP expenditure of the Petition. Further, the Commission is allowing power purchase at normative loss level instead of actual. Hence, the Commission may consider the proposal of the Petitioner.

239. WESCO Utility submitted that the LT sales have been projected as 2640 MU for FY 2018-19 considering past trend. The LT sale for FY 2016-17 was 2121 MU & for 1st six month of 2017-18 is 1276 & the licensee estimate 2355 MU at the end of FY 2017-18. Hence the projected sale of 2640 MU under LT category for ensuing year quite justified which may please be considered.

240. SOUTHCO Utility submitted that they have projected realistic LT sales of 2010.495 MU by considering the growth under Kutir Jyoti Category and loss reduction measures to be undertaken during FY 2017-18. They have considered 1, 50,000 BPL consumers addition during the year and accordingly, the sales forecast were made by them.

241. NESCO Utility stated that the justification regarding sales forecast has already been submitted to the Commission. Regarding actual sales figure category wise for first six months of current FY, it is already submitted in the form T-I. The consumer wise sales forecast for consumers (HT & EHT) with CD above 1 MVA is also submitted to the Commission and same available in applicant's website. For projecting the consumption of different categories, the Licensee has analysed the past trends of consumption pattern for last ten years i.e. FY 2006-2007 to FY 2016-17 along with first six months of 17-18. The same has been explained in detail under Para 2.2 of ARR application for FY 2018-19.From the past trend, it can be seen that the projection submitted by the licensee is justified.

Multi-Year Tariff as per Sec-61(f) of Electricity Act-2003

242. CESU stated that Pursuant to the Multi-Year Tariff Principle and 'Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014', the revised Business Plan for 1st Control Period for five years i.e. from FY 2014-15 to FY 2018-19 of CESU has been submitted to OERC and its hearing has been completed by the Commission.

Review of Inefficient Operations and Quality of Power Supply

243. WESCO Utility submitted that, the quality and reliability of power supply has been drastically improved due to ongoing massive system strengthening works under various government schemes like ODSSP, IPDS, CAPEX, DESI etc. CESU submitted that, the Utility is spending substantial amount in maintaining such infrastructure to extend for such reliable and quality supply to the consumer

244. SOUTHCO Utility committed to provide quality power supply and better consumer services to its consumers. It has taken many steps for improving the voltage by way of augmentation of conductors, Installation of new S/s, up gradation of existing S/s and Power Transformers. SOUTHCO Utility has installed good no's of new transformer and up gradation of transformer of different capacity in its area of operation and power transformer capacity have already been upgraded to provide reliable and uninterrupted power supply. SOUTHCO has added additional transformers into the system to cater the needs of the consumers and to overcome the low voltage. Under various schemes of GoO like ODSSP, the asset addition is being taken to improve the voltage level in addition to the addition of new GRIDs at OPTCL level. The voltage problem is not an issue in SOUTHCO Utility area. The power cut without any notice is not being implemented in SOUTHCO. Further, as per the drawl schedule of SLDC and grid constraints the power restriction is being imposed at SLDC/OPTCL level.

Demand Side Management

245. SOUTHCO submitted that they are implementing DSM activity with the help of ESSL. Till now they have distributed 12 Lakh LED bulbs in SOUTHCO UTILITY area.

246. CESU has submitted status report of DSM activities being carried out by in CESU to the Commission. The activities carried out as follows:

a. Forecasting of future load/ consumption based on the 'End Use Method' where data for peak (MW) and energy (MU) demand projections is forecasted through extrapolation based on preceding five years actual data on energy requirement for each grid interconnection point by Availability Based Tariff (ABT) Cell.

b. Load management is not being carried out as there is adequate Power is available.

c. Instructions given to all Field officers to purchase of BEE star labeled appliances such as Room Air Conditioners, Tubular fluorescent lamps, Frost free Refrigerators & Distribution Transformers etc. All the CESU field officers requested to consider star labeling as one of the pre-qualification criterion during the process of procurement of appliance

d. Public awareness Campaign named “Bijuli Didi” was carried out on educating consumers on stopping wastage of electricity and energy conservation etc by Energy Management and Conservation Cell. Presently, OERC has initiated Media Campaign across Odisha through DMU, GRIDCO.

e. Tripartite “Project Implementation Agreement” signed between CESU, GEDCOL and M/s Azure Power Mercury Pvt. Ltd for implementation of Grid Connected Rooftop Solar project on Net metering basis with a minimum installed capacity of 4 MWp on govt. buildings in the cities of Cuttack and Bhubaneswar through PPP route on a BOO basis. Till date 1.036 MW of solar Roof top PV project has already been installed under this scheme.

f. Net Metering permission for Solar PV power project is being issued by EMC Cell CESU. Till date, around 5.0 MWp of Solar PV power plant (Rooftop= 2.0 MWp, Ground Mounted = 3.024 MWp) is existing in CESU area and permission for 21.0 MWp Solar power Plant is under process.

g. Replacement of conventional streetlight system with LED streetlight in Puri Municipality area along Puri-Konark Road and other locations in Puri Electrical Division under Projects for “ NABAKALEBARA-2015”.

h. Distribution of 47.49 lakhs nos. of LED bulbs to 9.51 lakhs of consumer, 7339nos. of Energy Efficient Fan and 36395 nos. of LED Tube light as on 31/12/2017 under “UJALA scheme” under CESU area.

Audit of Books of Accounts

247. SOUTHCO Utility submitted that, the segregated Audited Accounts for FY 2014-15 and Wheeling and Retail Business has not yet made. However, the cost allocation of Wheeling and Retail Supply Cost have been submitted vide para 7 of the Petition

248. WESCO Utility submitted that, the books of accounts of the Utility are being audited by Statutory Auditor which is a third party. The objector is in the opinion that the

choice has not made properly by the Utility so that quality auditing has not been made. Observation made by auditors are duly complied with. The intention of the objector is not clear whether he needs auditor’s work has to be supervised by a group of another auditor has not been clearly mentioned.

249. CESU submitted that in audited accounts of 2016-17, the Petitioner have appointed Internal Auditor for FY 2016-17 on 1st June 2016 for all the divisions and the same has been completed before 30th August 2017. M/s Tej Raj & Pal, Chartered Accountants has been re-appointed as Statutory Auditor for the financial year 2016-17, vide letter No-CESU/Fin/26634 dated 28th November 2017 with the approval of Management Board.

The Statutory Auditor have completed the audit of all the divisions and submitted their report which is in process of compliance. The financial information in ARR has been filed on the information of Accounts of divisions duly signed by Internal Auditor i.e CA/CMA firms for the FY 2016-17. However, the Statutory Audit is under process of finalization and expected to be completed shortly.

However, the data relating to *sale of power to consumers, purchase of power, Employee cost, energy audit, metering data for FY 2016-17* are given on the basis of TAX Audit for the FY 2016-17.

Consumer Awareness and Consumer Grievances

250. SOUTHCO Utility is implementing the orders of GRFs and Ombudsman immediately and no such complaints has been received from the consumers. SOUTHCO has complied 7168 no’s of GRF orders against 7310 nos. during FY 16-17 and first half of 2016-17. The same is submitted in ARR & RST application for FY 2018-19.

251. CESU implements all the Order of GRF & Ombudsman, except few cases where it has appealed in Higher Courts. In those cases, it was felt to do so as a best interest for the organization.

252. WESCO submitted that, the Utility has not proposed any tariff hike for domestic category of consumers as apprehended by the objector. GRF is functioning as per guidelines framed under OERC Regulation & periodical review made by the Commission. Appeal before High Court against decision of Ombudsman or GRF etc. is the constitutional right of the Utility, so concern of the objector in this regard is not

correct. The Utility is moving to higher court only when it found error in the judgment of the Ombudsman or GRF.

<u>Other Issues</u>

Electrical Accidents, Death of Animals and Human beings

253. SOUTHCO Utility submitted that, they have submitted the data related to death of animals and human both fatal and nonfatal in the format of ARR.

254. CESU submitted that the details of the Electrical related Accident and death are submitted in the ARR application.

Bill in Odia Language

255. Utilities stated that steps were initiated to print the bills in Odia language, but as learnt from the Hardware suppliers, most of the printers are not compatible with Odia language except few analogical printers. However, due to more favourable features in other category of printers, we have stopped using analogical printers. Hence, it may take some more time to implement printing the bills both in English and Odia language till these printers are Odia compatible.

Less projection in sales due to implementation of Govt. aided scheme

256. CESU stated that it has projected the total power purchase for FY 2018-19 of 9354.40MU based on past & present trend of sales. Further, considering all the Govt. aided scheme, sales and power purchase of CESU for FY.2018-19 has been projected which may be considered by the Commission.

Business Plan

257. SOUTHCO Utility has already submitted business plan for the FY 2014-15 to FY 2018-19 on 24.08.2017. The same is listed as case no-57/2017 and hearing on above is already concluded and it is with the Commission for final orders.

258. WESCO submitted that the Business plan for the 1st control period (2014 to 2019) as per regulation 2014 has already been filed before the Commission & hearing has been concluded with certain direction from the Commission. The reason of delay in submission of the Business Plan has already been narrated in the filing. Filing of Business Plan & ARR application both are two independent activity. Business Plan has also been filed well before in ARR. Hence respondent's views regarding dismissal

of ARR application citing non-submission of Business Plan is not correct.

Franchisee Operation

259. The Year wise division–wise AT&C loss reduction of Distribution Franchisees in CESU and the investment made by the Distribution Franchise has already been submitted in ARR.

260. It is submitted that till to date there was no franchise operation in SOUTHCO utility area.

261. WESCO Utility submitted that the details of Franchisee operation has already been submitted in the ARR application vide page no. 79 to 86 in para-5.3 which may kindly be pursed.

Electricity Billing and Payment

262. It is submitted that SOUTHCO UTILITY the collection system was made online like spot billing by RCS (Module) which was developed by Tech Mahindra. Further a consumer can know its bills from online along with SMS when the bill is generated.

263. SOUTHCO Utility submitted that, in order to reduce AT&C loss no's of steps has been taken to improve the billing efficiency and collection efficiency in spite of the fact that out of 16.21 lakh consumers 7.10 lakh are BPL category consumers.

- In order to improve the billing of industrial high value consumers following steps has been taken as detailed below.
- Installation of AMRs in 3-phase consumers having CD more than 20 KW.
- Key Consumer Business Analytic Cell set up to analyse the dump of the meters of 3-phases for taking action at Corporate and Division level.
- Intensification of Vigilance Activities by creating separate vigilance cell at Circle level. Action is being taken to engage more nos. of vigilance gangs at Subdivision level.
- Dehooking squad operating at Section level and installation of AB cables in rural and urban areas.
- Commencement of installation of Smart meters and prepaid meters.
- Analysis of photo billing is taken at the corporate level to find out the areas of

leakages and necessary action is been taken on the report of Photo Billing agencies.

- No of disconnection squad has increased at the section level to improve the collection and deployment of additional outsources personnel's through the agencies to improve the disconnection activity.
- This has already submitted before the commission in ARR & RST application

264. CESU submitted that, the main reason of CESU's poor performance is its low billing efficiency of 67.43%. In other words, 33% of input is not billed, only due to its inefficient metering and billing system. If technical loss is taken as 20%, then 13% loss is due to commercial loss i.e. non billing & theft.

This loss can be recovered with lesser investment only through a robust monitoring mechanism. CESU has adopted the following measures to improve its billing efficiency:

- Input Based Franchise Operations
- 100% metering and billing.
- Replacement of LT conductor with AB Cable
- MRT Squad operations
- Energy Audit and accounting
- Use of IT as an Analytical Tool

265. WESCO Utility submitted that the utility is continuously pleading for introduction of KVAH billing, because to bring fairness in the system only KVAH billing will help & no need of PF penalty & PF incentive. The requisite data & readiness of the Utility has already been explained to the Commission in the past. As like of other neighbouring states KVAH billing may kindly be started with at least with HT & EHT industries.

266. WESCO Utility submitted that Suggestion for improvement of billing, collection through proper Energy Audit are noted. In case of meter defect billing is being done on the basis of average as LF billing is no longer permitted. Levy of Demand charges on the basis of demand recorded or 85% of CD has been comprehensively submitted in the application. The justification of 85% of CD with a reason that the Utility is

keeping reserve for entire Contract Demand of the consumers when the consumer is not availing its load then there is no such compensation for the Utility with respect to such non drawal/ under drawal rather BST is fixed considering the licensee's approved SMD. So, to insulate the financial loss in term of BST the billing with 85% CD may kindly be approved.

267. NESCO Utility submitted that the Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. The existing method of billing to the consumer for the Demand Charge is on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. Further, most of the industries are going for open access and reducing their load with the licensee. In view of the same it has been proposed that the monthly demand charges may be permitted to be recovered on the basis of 85% of the CD or MD whichever is higher.

Solar Roof Top Net Metering System

268. CESU submitted that, 90% of the energy generated from Solar will be offset against total consumption of the consumer at the end of each FY & any excess generation would be consider as free energy. Hence installation of ABT complainant solar meter is necessary.

269. CESU is issuing net metering/ bidirectional metering permission for solar PV power project within 15 days from the date of submission of application in complete shape by consumers as per OERC net metering Order dated 19/08/2016. However, they informed that in some cases the process is getting delayed due to non-submission of required document by the consumer viz. form-1, single line diagram etc. Also, the numbers of applications for solar PV projects are least and hence, CESU is encouraging the consumer to procure net meter as per OERC net metering Order Once, the number of application goes up CESU will be in a position to procure net meters in bulk.

IPC, CRPC provisions in the Electricity Act 2003

270. CESU stated that since these are provision of law, the applicant had nothing to comment on such provision. But it is respectfully submitted that the Section 142 of EA 2003 empowers of the Commission to impose punishment for non-compliance of direction of the Commission. Though the provision as per Sec-142 of Electricity Act 2003 and the Electricity Act being a complete code in itself, there is no necessity therefore to source his power from the provisions of IPC and CRPC.

271. SOUTHCO Utility has not paid any automatic compensation to its consumers.

OBSERVATION, ANALYSIS AND RECOMMENDATIONS OF CONSUMER COUNSEL "WISE" ON ARR, WHEELING AND RETAIL SUPPLY APPLICATION OF DISCOMS (PARA 272 TO 285)

272. The Utilities have over projected the LT demand and the demand of BPL categories which is not as per the norms of consumption allowed for this category. The overconsumption due to unmetered / unbilled consumption or defective meters cannot be permitted and requested for review.

273. The BPL domestic category should be restricted for consumption up to 30 units per month and the same should be converted to APL after crossing 30 units consumption on annual basis.

274. Increase in LT sales require more cross subsidy from HT & EHT consumers or this needs to be recovered from the Government through tariff subsidy. SOUTHCO is the most affected as their HT & EHT consumer base is very less compared to other DISCOMs of Odisha

275. It is observed form the past data that all the DISCOMs have consistently failed to realize LT revenue per input fixed by the Commission.

276. In case of employees costs all the Utilities have projected an increase in technical and non-technical employees by way of new recruitments. Apart from that, the Utilities have also outsourced many of the activities like meter reading, billing and distribution, collection, energy auditing etc. which has been included in A&G expenditure. Due to inclusion of franchisee operations and outsourcing activities the actual manpower requirement should go down and hence the licensee's submission towards additional manpower requirement and consequential increase in employee cost is not justified. As per the Commission's decision in last year and also at present

there should not be new induction. Further, the impact of 7th pay commission may be considered only after implementation of the pay commission and effect can be realized during true-up exercise.

277. It is observed that the DISCOM's are not utilizing the approved expenses by the Commission for proper R&M of the network due to shortage of funds.

278. In the case of bad and doubtful debts all the Utilities have increased requirement for making provision for bad and doubtful debt. Further, despite appointing various collection franchisees, outsourcing of the billing and collection activities and imposition of DPS to domestic category consumers the billing and collection efficiency of the Utilities have not shown any sign of improvement. The Utilities have also failed to recover the arrears which are pending for more than a year. It has been observed that more than 50% bad debts across all the Utilities are more than 24 months old. This shows that the Utilities are not putting enough effort to recover the old bad debts. The arrears older than 2 years are piling up and DISCOMs need to recover the same to meet their working capital requirements. Further, the proposal of the licensee to introduce the amnesty arrear clearance scheme for LT non industrial category of consumer to recover such old debts if introduced could help to improve the recovery of such bad debts.

279. It is observed that all the DTRs and feeders are not metered and the Utilities have proposed to undertake the energy audit in the next year. The Commission had given clear guidelines to undertake the energy audit in the previous RST orders. However, the Utilities have failed to follow those guidelines. Further, the DISCOMs claims that they undertake energy audit with their own employees and have also not incurred expenditure in first six months. Further, they propose to spend energy audit related expenditure in later six months and have also proposed such expenses for next year. Further, it is observed that the Commission had allocated additional funds to the DISCOMs for installation of energy audit meters above the A&G expenses, which has not been utilized by the utilities The expenditure under this head needs to be reviewed and may only be permitted only after 100% energy metering.

280. It is observed that all the Utilities have not submitted the audited accounts for the FY 2016-17. Hence their proposal related to truing up of the revenue gap for the FY 2016-17 should only be accepted after submission of the Audited Accounts. Also the

audited accounts related to fixed assets have not been submitted by the Utilities for the FY 2016-17.

281. It is observed that there is mismatch between outstanding and collection efficiency claimed by Utilities. Commission may seek further clarification in this regards and effective collection efficiency should be considered, by licensee, for more realistic revenue projections.

282. In case of metering and energy audit it is evident from ARR petitions of Utilities that merely 30-40% of energy input to the LT is actually sold with proper metering. Commission may direct licensee to increase metering as well as submit action plan to do so.

283. The domestic consumers with consumption less than 24 kWh per month are paying less than the BPL consumers. The proposal to charge fix amount of Rs 130 per month for consumption less than 50 kWh is not acceptable. The consumers should be charges based on their actual consumption. Commission may thoroughly check if the tariff enhancement is required or not.

284. It is observed that CPPs are already paying special higher tariff that is 720 paisa per unit by HT and 710 paisa per unit by EHT category during FY 2016-17. Although Demand Charge is not applicable to CPPs yet they are indirectly paying fixed cost to DISCOM because of higher tariff. When DISCOM pays deviation charges only for extra unscheduled energy with drawl how can it ask CPPs to sign an agreement for Demand charges.

285. In the case of emergency power supply to CGP the Utilities have proposed to charge the demand charges at double the normal rate when the load factor of CGP exceeds 10% of their installed capacity. The Regulation has specified the provisions related to maximum demand while adopting the tariff to CGP. However, the Regulation is silent in the case of load factor condition while adopting tariff to CGP. Hence, the licensee should submit the data related to the LF achieved by the CGP to analyse the issue further.

OBJECTIONS ON PROPOSALS OF THE UTILITIES ON OPEN ACCESS CHARGES (PARA 286)

286. The respondents/ objectors have submitted the following points on the proposed Open Access Charges before the Commission for consideration.

- Cross subsidy surcharge ought to be reduced gradually as laid down in Section 42 of EA Act, 2003 hence, the Commission has to constantly Endeavour in this direction as per Section 42(2) of the EA Act, 2003. The CSS proposed by CESU is very high compared to the preceding financial year which is contrary to the provisions of EA, Tariff Policy and Regulations framed by the Commission.

- The Hon'ble ATE in their order dated 02.9.2011 at para 5 in appeal Nos.57, 67-73 of 2011 had directed the Commission to determine voltage wise cost of supply to be calculated on the basis of cost of supply to that consumer category and subsidies not to be increased but reduced gradually to be within $\pm$ 20% of the average cost of supply.

- In the tariff order for FY 2017-18 Commission has not determined any cost of distribution in a particular class of consumers and instead relied upon the average cost of supply to all consumers of the State taken together. Therefore, alternatively it is prayed that the Commission should complete the CSS considering the said amount as the cost of DISCOM to supply electricity to the consumers of the applicable class.

- The calculation "C" needs to be changed and it should be the avoided cost of power procured by GRIDCO instead of the present method of taking BSP of a respective DISCOM in to consideration for calculating Cross Subsidy Surcharge as per Reg 4(2)(iv) OERC (Determination of Open Access Charges) Regulation 2004..

- If the Cross Subsidy has been calculated considering the cost to serve all consumers of the state taken together, then CSS should also have been calculated considering the average cost to serve all consumers of the State taken together.

- The proposal of DISCOMs to recover the cost of stranded assets by imposing additional surcharge should be rejected. In order to levy additional surcharge, DISCOMs must be provided the standard capacity on daily basis and the respective merit order dispatch.

- The proposal of DISCOMs to recover regulatory assets thorough additional surcharge may be rejected. The proposal of DISCOMs to issue direction from the Commission preventing the construction of dedicated transmission line by the Captive Generating Plants should not be allowed which will against Sec.9 of Electricity Act, 2003.

- Due to very high cross subsidy surcharge in SOUTHCO, the total cost of the energy is very high and no consumer in SOUTHCO area can afford to purchase power through open access. In fact Open Access charges should be same throughout the state to speed up industrialization.
- The Commission is adopting dual policy for calculating cost of supply while calculating Cross Subsidy and Cross Subsidy Surcharge. As per para 8.5.1 of national tariff Policy Cross Subsidy Surcharge should not exceed 20% of the cost of supply of that category of consumer.
- The existing open access charges and proposed open access charges of DISCOMs in Odisha is high compared to the other states, due to which consumer is generally disinterested to purchase power from other sources, therefore, very purpose of open access is defeated.
- Further, in case a DISCOM is not able to supply power due to Power Regulation or shortage of power then in such case the industries should be allowed to source from the third party through open access without payment of cross subsidy surcharge.

OBSERVATION OF STATE ADVISORY COMMITTEE (SAC) (PARA 287 TO 294)

287. The State Advisory Committee (SAC) was convened on 20.02.2018 to discuss on the proposed ARR and Tariff Applications of different utilities in the state for FY 2018-19. The members of the SAC deliberated on the various issues and gave following observations /suggestions to the Commission.

288. Most of the SAC members stated that the quality of supply, the financial health of DISCOM utilities as well as performance in terms of LT loss have been remained same even after 20 years of reform. Considering the poor quality of supply there should be no hike in Retail Supply Tariff for the year 2918-19. As stated by some members there should be a differential tariff between rural and urban consumers and that of urban consumers may be hiked. In the name of revenue collection the utilities are adopting unfair practices by using penal provisions of the Act such as section 126 and section 135 which brings bad name to the sector. The utilities are even failed to

100% consumers into billing fold.

289. Some members stated that the Commission has kept loss level for the DISCOMs constant for last 5 years. In view of the huge investment in power sector by Government, Commission may reduce the loss target further by 5%. However they emphasised to verify the loss level by effective energy audit verified by third party.

290. Regarding operational franchises, some SAC members expressed their concerned for continuance of franchisee despite of their poor performance. The accounts submitted by the franchisees needs to be audited to avoid proud irregularities. They suggested that the cost benefit analysis of the franchisee model needs to be analysed before their further renewal. It is regretted that the franchisees have not invested any amount towards improvement of quality of supply.

291. Some member stated that the Commission has directed DISCOM Utilities time and again to carryout energy audit as per Section 2 (i) of the Energy Conservation Act, 2001. The Utilities have failed to make any strategy to undertake energy audit in their area of operation and the progress in this regard is quiet slow. Further as per Section 2 (a) of Energy Conservation Act, 2001, accreditated energy auditor should conduct energy audit of DISCOMs which is now a designated consumer as per PAT Rules, 2016. The Commission may direct DISCOMs to conduct energy audit by third party energy auditor and the results should be submitted to the Commission as per the PAT scheme failing which a penalty of Rs.10 lakh plus Rs.10,000 per day shall be imposed by BEE.

292. Some members suggested that the HT and EHT tariff in the state is quite high and it needs to be reduced for survival of the industries. The reliability surcharge is a bonus to the DISCOMs for their non-performance and should be waived out. They suggested that Commission should re-introduce three slab based EHT tariff and take or pay scheme for industrial consumers. The ToD benefit presently available to the industries is quite negligible to attract the industries to swap their load from peak to off-peak hours and hence needs to be increased further. They alleged that the Commission has not corrected retail supply tariff as per ATE order dt.30.05.2017, 02.09.2011 and 29.09.2013 for fixing cost based tariff to industrial consumers by reducing cross subsidy suitably.

293. Some members suggested that the present system of differential Bulk Supply Price

and uniform RST for the DISCOM utilities needs to be reviewed. They suggested that there should be uniform BSP for all the DISCOMs and differential RST for the utilities depending upon their performance in reducing loss. This will prompt competition among the DISCOMs. At the same time, industries will be attracted to set up their plant in the areas with lower RST.

294. Shri Hemanta Sharma, Commissioner-cum-Secretary, Deptt. of Energy participating in the deliberations, outlined the present status of power sector and effort from the government in order to address the concerns raised by the SAC members:-

(a) Shri Sharma stated that as compared to the last two years, there is no substantial increase in demand and supply of electricity this year in the state. During last three years large number of consumers, primarily rural, BPL consumers etc have been added but at the same time there is a reduction of industrial consumers. This is one of the reasons for higher percentage of loss in distribution sector. However, adequate steps have been taken by the government for development of generation, transmission and distribution sectors.

(b) He informed that with all out effort from the DISCOM Utilities the LT AT &C loss has been reduced by 5% during the FY 2016-17. The LT performance of WESCO & SOUTHCO has shown a sign of improvement.

(c) The present huge investment from the State Government under various schemes will certainly improve quality of power in the state. Recently, OPTCL Board has taken a decision for purchase of 33 lakh meters with state govt. funding. The installation of the said meters will be completed within one year. Further, Rs.300 cr. has been sanctioned for up-gradation of existing conductors under system improvement programme. In addition to it, 6,000 nos. of distribution transformers are being released to DISCOMs to provide quality supply to the consumers. To fulfil the objective of “Power For All”, no consumer should be harassed and devoid of power supply due to non-availability of transformer capacity.

(d) All the heads of departments are directed to adjust electricity dues of their department centrally by directly verifying their outstanding from the DISCOM website. This will make the outstanding govt. arrear NIL in the coming years.

Further, the arrear collection drive shall be continued to recover the arrears pending against other consumers.

(e) Shri Sharma raised concern that there has been reduction of man-power in DISCOMs and efforts have been initiated for appointment of 200 ITI personnel in the DISCOMs for efficient operation and maintenance of distribution infrastructure. The appointment of ITI technicians and investment by Govt. of Odisha will increase the quality of power supply and hard work of the employees will reduce the loss in distribution sector in the years to come.

VIEWS OF GOVT. OF ODISHA ON TARIFF ISSUES (PARA 295)

295. Govt. of Odisha communicated its views on various issues involving Retail Supply Tariff for the year 2018-19 vide their letter No. 2253 dated 12.03.2018 which stated as follows:

- Numbers of LT consumers are increasing due to introduction of various schemes by Govt. of Odisha and Govt. of India. Further the State Govt is committed to provide electricity to all villages and habitations by September 2018.
- Massive financial assistance is being provided by the State Government for upgradation of transmission '"-and distribution systems, which is primarily in the nature of capital subsidy to keep the tariff low for all categories of consumers. For the benefit of people, the State Govt. has planned some modernization project like Radial to Ring Conversation Project (RRCP) to reduce interruption, Disaster Resilient Power System (DRPS) to protect transmission and distribution infrastructure from natural disaster. Technology like SCADA (Supervisory Control and Data Acquisition) for system automation, use of optical fiber composite overhead ground wire in place of earth wire are implemented for better network communication.
- Further State Govt. is making huge investment in power infrastructure through various schemes in the sector of electricity like ODSSP, IPDS, DDUGJY, BGJY, BSVY etc. Government is also making equity infusion in OPGC, OCPl, OHPC, GEDCOL and OPTCL.

- The Commission may strike a balance in fixation of the cross subsidy in tune with the National Tariff Policy and taking into consideration the practical aspect of power supply and consumer base of Odisha which is predominantly rural and low consumption.

OBSERVATION AND DIRECTION OF THE COMMISSION (PARA 296 TO 512)

Tariff Design

296. All the DISCOMs of Odisha have filed their Aggregate Revenue Requirement (ARR), Wheeling and Retail Supply Tariff (RST) applications for the financial year 2018-19 in pursuance to Regulation 6 (1) of (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 within 30th November, 2017. The DISCOMs have proposed segregation methodology for segregating their cost and revenue into wheeling business and retail supply business for approval of the Commission under Regulation 4.4 of said Regulations. As in the previous years Commission has approved the cost allocation matrix provisionally for FY 2018-19 consistent with the Regulations (paras 385 to 393 of RST order 2016-17). The same shall continue for FY 2018-19.

297. In accordance with Regulation 5.1 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 utilities have submitted the Business Plan for third control period 2014-15 to 2018-19 which has been approved by the Commission vide Case Nos. 58/2016 & 53, 56, 57 of 2017. The Commission had segregated the different cost components of the DISCOMs in their first Long Term Tariff Strategy (LTTS) principle for the first control period and also in the MYT orders for successive two control periods. Now while approving the Business plan for the control period 2014-15 to 2018-19 vide Case No. 58/2016 & 53, 56, 57/ 2017 the Commission has also approved various efficiency parameters for the period 2018-19.Those parameters have been adopted in the present order .

298. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that voltage-wise tariff remains within ±20% of the average cost of supply as per Clause 8.3 of National Tariff Policy. In the present State of Odisha power sector, EHT and HT consumers are cross subsidizing consumers whereas the LT consumers are the subsidized consumers. As

shown in the table below the percentage EHT sales has been gradually decreasing in the sales mix. This may be due to Industries switching over to CGPs, Open Access or recession in the market. The share of EHT sales has declined from 37.51% in 2010-11 to around 27.39% is 2016-17 in the State.

Table – 14
Percentage of EHT to Total Sales in Odisha

		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
CESU	EHT	1397.23	1309.32	1267.19	1618.28	1582.05	1229.82	975.27
	Total Sales	4361.45	4469.79	4662.96	5211.93	5484.36	5570.76	5488.59
	Ratio	32.04%	29.29%	27.18%	31.05%	28.85%	22.08%	17.77%
NESCO	EHT	1777.48	1,672.56	1612.34	1532.46	1513.62	1733.76	1975.78
	Total Sales	3435.59	3301.53	3282.87	3337.83	3455.54	3806.67	4077.21
	Ratio	51.74%	50.66%	49.11%	45.91%	43.80%	45.55%	48.46%
WESCO	EHT	1459.62	1364.186	1468.66	1646.45	1704.47	1362.66	1234.27
	Total Sales	3978.72	3775.01	3945.34	4201.06	4552.2	4597.95	4798.86
	Ratio	36.69%	36.14%	37.23%	39.19%	37.44%	29.64%	25.72%
SOUTHCO	EHT	278.525	383.9335	413.844	404.567	386.838	349.492	335.84
	Total Sales	1323.38	1507.68	1660.67	1720.36	1947.73	2077.87	2141.19
	Ratio	21.05%	25.47%	24.92%	23.52%	19.86%	16.82%	15.68%
ODISHA	EHT	4912.86	4729.995	4762.04	5201.76	5186.97	4675.73	4521.16
	Total Sales	13099.1	13054.01	13551.8	14471.2	15439.8	16053.2	16505.9
	Ratio	37.51%	36.23%	35.14%	35.95%	33.59%	29.13%	27.39%

299. Like in the previous years, the Commission has adopted Top Down Approach to calculate sales of ensuing year by applying normative loss approved in the Business Plan Order vide Case Nos. 58/2016, 53, 56 & 57 of 2017.

Table – 15

Proposed and Approved Loss of DISCOM Utilities

	2016-17 (Actual)	2017-18 Approved	2017-18 Estimated	2018-19 Proposed	2018-19 (Approved)
CESU					
Distribution Loss	32.57%	23.00%	31.57%	28.79%	23.00%
Collection Efficiency	96.56%	99.00%	98.60%	99.00%	99.00%
AT & C Loss	34.89%	23.77%	32.53%	29.50%	23.77%
NESCO Utility					
Distribution Loss	23.50%	18.35%	21.00%	19.00%	18.35%
Collection Efficiency	95.72%	99.00%	97.00%	97.00%	99.00%
AT & C Loss	26.77%	19.17%	23.37%	21.43%	19.17%

	2016-17 (Actual)	2017-18 Approved	2017-18 Estimated	2018-19 Proposed	2018-19 (Approved)
WESCO Utility					
Distribution Loss	31.14%	19.60%	30.00%	27.92%	19.60%
Collection Efficiency	88.00%	99.00%	96.00%	97.00%	99.00%
AT & C Loss	39.41%	20.40%	32.80%	30.08%	20.40%
SOUTHCO Utility					
Distribution Loss	34.59%	25.50%	32.06%	29.37%	25.50%
Collection Efficiency	89.90%	99.00%	95.00%	96.00%	99.00%
AT & C Loss	41.20%	26.25%	35.46%	32.19%	26.25%
ODISHA					
Distribution Loss	30.39%	21.35%	28.83%	26.32%	21.35%
Collection Efficiency	92.91%	99.00%	96.97%	97.55%	99.00%
AT & C Loss	35.33%	22.14%	30.99%	28.13%	22.14%

Assessment of Power Purchase Requirement of DISCOM Utilities for FY2018-19

300. The monthly quantity of power purchase of Utilities from April, 2017 to December, 2017 is available with the Commission. It is found that in CESU and WESCO utility open access is more common. By, extrapolating the last six months average power purchase over the entire period, the power purchase of Utilities in the FY 2017-18 can be estimated. Similarly for NESCO and SOUTHCO utilities the average power purchase up to December 2017 is extrapolated for the whole year for arriving at estimated power purchase for the 2017-18. The details are given below.

CESU - 8342.78 MU

NESCO - 5511.62 MU

WESCO - 7196.08 MU

SOUTHCO - 3464.94 MU

The Commission has observed additional sales for HT and EHT for the coming year basing on the trend of sales of this year arrived at by averaging and extrapolating sales by above method and sales projected by Utilities FY 2018-19. However, for LT the additional sales has been accepted basing on the projection made by the Licensees.

Table - 16

	LT Sales (In MU)	HT Sales (In MU)	EHT Sales (In MU)
CESU	569.76	148.66	(-) 41.26
NESCO	583.93	(-) 32.18	39.00
WESCO	285.00	(-) 84.57	(-) 285.93
SOUTHCO	194.14	6.43	(-) 21.46

For additional sales in HT and EHT the Commission allows appropriate power purchase basing on 8% distribution loss in HT. But in case of LT power purchase for

75% of additional sales has been allowed basing on the normative HT and LT loss. The rest 25% of additional sales is supposed to be met from reduction of distribution loss in LT.

Therefore, power purchase requirement for the Utilities in the year 2018-19 is estimated as follows:

Table – 17

(Figures in MU)

	CESU	**NESCO Utility**	**WESCO Utility**	**SOUTHCO Utility**
Estimated annual power purchase for 2017-18	8342.78	5511.62	7196.08	3464.94
Additional estimated power purchase requirement for 2018-19	727.49	626.28	(-) 74.15	192.42
Total power purchase for 2018-19	9070.26	6137.90	7121.93	3657.36
Total Power purchase estimated for 2018-19 (Rounded)	9070.00	6140.00	7120.00	3660.00

Estimation of Sales of DISCOMs for FY 2018-19

301. As explained above, we have adopted the HT and EHT sales in full, as projected by the licensee. The estimation of LT sales has been found out basing on the distribution loss approved in the Business Plan following top down approach as mentioned in the Regulation. Therefore, the purchase and sales estimation of DISCOMs for FY 2018-19 are approved as follows:

Table – 18

(In MU)

All ODISHA PURCHASE & SALES PROPOSED & APPROVED BY THE COMMISSION FOR FY 2018-19										
	CESU		**NESCO**		**WESCO**		**SOUTHCO**		**ODISHA**	
	Proposed	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**	**Proposed**	**Approved**
Purchase	9354.43	9070.00	6257.15	6140.00	7200.00	7120.00	3700.00	3660.00	26511.58	25990.00
Sales										
EHT	932.70	932.70	2041.09	2041.09	1000.00	1000.00	364.27	364.27	4338.05	4338.05
HT	1442.56	1442.56	409.45	409.45	1550.00	1550.00	238.65	238.65	3640.66	3640.66
LT	4286.03	4608.64	2617.76	2562.78	2640.00	3174.48	2010.49	2123.78	11554.28	12469.68
Total Sales	**6661.29**	**6983.90**	**5068.29**	**5013.31**	**5190.00**	**5724.48**	**2613.41**	**2726.70**	**19532.99**	**20448.39**

Revenue Assessment

302. Basing on normative parameters like distribution loss, AT&C loss and collection efficiency as approved in this Retail Supply Tariff order of the Commission, we proceed to determine the revenue on the following principles.

EHT & HT Category

303. The average revenue billed per unit (P/Kwh) category-wise by DISCOMs for the first nine months of current financial year (in T-6 Format) after normalization has been multiplied by the category wise estimated sales for FY 2018-19 to arrive at the revised revenue in the respective category of each licensee.

LT Category

304. The Commission has approved the sales of DISCOMs at LT level by considering normative losses both at HT and EHT and applying the same on the estimated power purchase for 2018-19. Contrary to the Commission's expectation for high growth in LT sales, the licensees have projected less sale in LT assuming losses higher than that of approved by the Commission. This estimated sales approved by the Commission is apportioned among various LT categories of consumers basing on the sales ratio among them.

305. Therefore, relying on the above principle we approve the expected revenue of DISCOMs for FY 2018-19 as given in the table below:

Table – 19
Revenue of DISCOM Utilities for FY 2018-19

(Rs. Crs.)

	CESU		NESCO Utility		WESCO Utility		SOUTHCO Utility	
	Pro.	**Approved**	**Pro.**	**Approved**	**Pro.**	**Approved**	**Pro.**	**Approved**
EHT	584.08	544.66	1185.24	1170.29	701.73	575.40	215.61	212.20
HT	858.53	840.33	243.17	233.49	890.88	895.94	163.40	138.85
LT	1847.80	1923.27	1007.75	1009.47	1101.79	1217.37	813.70	821.75
Total	**3290.41**	**3308.26**	**2436.16**	**2413.25**	**2964.40**	**2688.71**	**1192.71**	**1172.80**

Tariff Related Issues

Retail Tariff in Odisha Vrs. Other State

306. Some objectors submitted that the retail tariff in Odisha is high compared to some other states is not true. A comparative statement on retail supply tariff of some States for FY 2017-18 is given in the table below which shows that the average tariff in Odisha is either lower or at par with that of other states of India.

Table – 20
Comparative Tariff Of Various States in Paise per unit

Sl. No	Name of the state	Year under consideration	Domestic 100 Units	General Purpose-Commercial	Large Industries-EHT
1	Odisha	2017-18	360.00	570.00	568.65
2	West Bengal-Rural	2017-18	541.00	647.00	712.50

Sl. No	Name of the state	Year under consideration	Domestic 100 Units	General Purpose-Commercial	Large Industries-EHT
3	Uttar Pradesh	2017-18	590.00	703.00	642.84
4	Karnataka	2017-18	471.50	920.00	740.66
5	Bihar	2017-18	607.50	630.00	675.23
6	Andhra Pradesh	2017-18	202.50	804.50	647.20
7	Jharkhand	2017-18	350.00	825.00	690.23

Investment in Odisha Power Sector

307. Some of objectors submitted that the development of power infrastructure in Odisha is not upto the mark in spite of huge investment in the sector. We studied the investment proposal and projects underway in the power sector. Some of the projects are DDUGJY, IPDS, ODSSP, dedicated fishery feeders etc. Many of them are halfway through and will be completed in near future. Once these projects are completed the consumers will avail the benefit. We are giving status of some distribution/transmission projects as submitted by GRIDCO below:

Table - 21

DISTRIBUTION PROJECTS						
SI. No.	**Name of Scheme**	**Scope**	**Project Cost**	**Funding**	**Project Period**	**Status of Project as on Dec 2017**
1	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	Construction of New 33/11 kVSubstations,33kV bay extension, construction of 33 kV, 11 kV & LT lines, Installation of distribution transformer and providing service connection to BPL consumer spread all over the State	Rs.1648.26 Cr.	Gol: GoO—60:40	18 Months	258 UE Villages electrified, 9 SAGY villages electrified , 19 SAGY villages work in progress, 478 PE villages electrified & 116 PE villages work in Progress, 11 no. Feeder separation completed, Out of proposed new 13 nos. out of which Boundary wall completed 8 nos. , 10 nos. of Control room are in Progress & 03 nos. roof casting completed.
2	Integrated Power Development Scheme (IPDS)	Formulated for urban areas (Statutory Towns) only and will cover works relating to strengthening of sub-transmission including provisioning of solar panels on Govt. building, Net-metering, metering of feeders /distribution transformers/consumers	1079 Cr.	GoI:GoO 60:40	24 Months	Boundary Wall Completed =5, Poll erected= 26000,DTR installed=188

		and IT enablement extended to the statutory towns.				
3	Odisha Distribution System Strengthening Project (ODSSP)	Construction of 500 nos. 33/11 KV Substations across the State to improve the quality of supply of power.	3600 Cr.	GoO : 100%	2014-19	167 S/s charged
4	Dedicated Fishery Feeder	Dedicated 19 nos. of Fishery feeders	151.00 Cr.	GoO: 100%	FY 2016-17	5 completed , 14 work on progress
5	Rajiv Gandhi Grameen Vidyuti karanYojana (RGGVY- II)	Electrification of un-electrified villages/partially electrified villages and BPL households	Rs.3550.45 Cr.	-	FY 2014-17	

TRANSMISSION PROJECTS

SI. No.	Name of Scheme	Scope	Project Cost	Funding	Project Period	Status of Project as on Dec 2017
1	State Capital Region Improvement of Power System (SCRIPS)	To meet the energy needs of the state capital region ensuring 24x7 uninterrupted stable power supplies to all classes of consumers. This scheme envisages setting up of GIS grid stations & GIS 33/11 KV S/s, underground cabling for 132 kV and below voltage level. Automation and use of Smart Grid Technology	Rs.1492 Cr.	GoO: 100%	FY 2015-16 to FY 2019-20	COMPLETED: 1No. (Cuttack 220kV Grid and its Associated Line)
2	Radial to Ring Conversion Projects (RRCP)	To strengthen the electrical infrastructure by providing alternate source for smooth and reliable quality power supply and to improve the system availability by reducing the outage of Distribution System	Rs.249.94 Cr.	GoO: 100%	FY 2015-16 to FY 2017-18	Completed 2, Ongoing 6, Tendered 1 and To be tendered 2
3	Disaster Resilient Power System (DRPS)	To increase the Grid efficiency, reliability and resilience making the network less vulnerable to all types of adverse weather conditions.	Rs.231.43 Cr.	GoO: 100%	FY 2015-16 to FY 2017-18	Completed 1, Ongoing 4, Tendered 1 and To be tendered 1
4	Disaster Response Centre (DRC)	For quick restoration of power supply disrupted due to occurrence of disaster/calamities and restore the power supply within minimum time span	Rs.151.33 Cr.	GoO: 100%	FY 2015-16 to FY 2017-18	Spare for ERS Tower DG Set all Grids received, 160 MVA Trf charged at Chandaka & Balesore, 40 MVA Spare Trf charged at Jajpur Road & Khurda

5	Smart Grid	For adoption of Smart Grid technology for power system having components i.e GIS, SCADA, OPGW & AMI, in order to ensure uninterrupted power supply to the consumers.	Rs.249.70 Cr.	GoO: 100%	FY 2015-16 to FY 2017-18	Chandaka B Completed, UAT of AMI to be completed, GIS for Pilot Project Completed, SCADA for 19 grids 35 RTU's and Back up Meramunduli completed , OPGW all 132KV Grids completed, OPGW all 220KV Grids will likely to be completed by Dec'18.
6	Odisha Power Sector Externally Aided Projects (JICA)	To strengthen transmission capacity of OPTCL.17 nos. of GRID sub-stations and 590 Kms of line.	Rs.1146.68 Cr.	GoO 100%	FY 2016-17 to FY 2019-20	1. Work in Progress in 3 Packages 2. Tendering completed for 2 Packages 3. Tendering is in process for 2 Packages 4. Tendering for 1 Package will be done after getting clearance from JICA

MMFC for LT category of consumers

308. NESCO, WESCO and SOUTHCO utilities have submitted that MMFC has been fixed for consumers in two different ways. For one group of consumers the rate is uniform and for other group the rate is reduced after first KW of load. They have prayed to fix uniform MMFC rate across all categories of consumers who are liable to pay the same. The Commission observes that the reduced rate is adopted mostly for agriculture and its related activities. This has been done to keep the electricity tariff for these categories low for affordability and growth in the sector. The revenue of DISCOMs as a whole has been balanced without any consequential loss.

Meter Rent

309. All the DISCOMs submitted that the existing meter rent recovered by the Utilities from the consumers is far less than their cost of purchase/ leasing from the suppliers, causing recovery shortfall. In absence of any information enabling objective evaluation of the claim, the Commission is not inclined to accept the views of the Utilities. Hence the existing monthly meter rent will continue as follows:

Table - 22

Type of Meter	Monthly Meter Rent (Rs.)
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOMs shall be collected for a period of 60 months only. After it is collected for sixty months, meter rent collection should be discontinued and excess collected, if any, shall be adjusted in subsequent energy charges. In addition to Meter rent any other applicable taxes and duties levied by Govt. shall also be payable by consumers to the Utilities.

Withdrawal of TOD benefits

310. In view of the frequency based tariff regime in the state resulting in flattening of the load curve, NESCO, WESCO & SOUTHCO Utilities proposed to abolish TOD benefit extended to the consumers. Industries are getting double benefit in the present system of TOD tariff one by availing incentive and second by becoming eligible for overdrawal upto 120% of their contract demand during off peak hours. It is to be mentioned here that the overdrawal upto 120% is calculated on the demand whereas ToD is given on energy. The purpose of both are different.

Status of CGP, Emergency power supply to Captive Power Plants (CPP) and Start up Load Requirements:

311. In line with the decision of the Commission in the Para-283 of RST order for FY 2017-18 Government has submitted the CGP consumption for FY 2015-16 and 2016-17 to all the utilities. DISCOMs are required to verify those information and claim the surcharge form the industries if due whose CGPs are losing their status. Regarding tariff of CGP drawal we refer to Para 284 of our RST Order for FY 2017-18.

"284. DISCOMs have requested the Commission that if emergency drawal goes beyond 15% load factor of the highest unit of CGP then demand charges should be levied with the concerned consumer. This issue has already been dealt in para 217-219 of RST order for FY 2014-15. Further Commission has made it clear vide para 188 of RST order for FY 2013-14 that once the drawl

of CGP exceeds 100% of the rated capacity of their largest unit they shall cease to be a consumer for emergency supply and they will be required to pay demand charges and energy charges for rest of the financial year. Hence Commission opines that the tariff fixed by the Commission at present is appropriate and there is no reason to depart from our earlier stand."

Calculation of Load Factor for Industrial Consumers

312. One objector submitted that load factor should be calculated based on the actual period of availability of unrestricted power supply during the month and that the demand charges be calculated on prorata basis if the total period of shutdown of the plant due to interruptions and planned shutdowns exceed 30 hours in a month instead of 60 hrs a month. It is to be mentioned that demand charges can be prorated only if the statutory power cuts increases beyond 60 hours as per Regulation 85 (3) of OERC (Condition of Supply) Code, 2004. These issues can be deliberated during revision of Supply Code.

MMFC for Consumers with Contract Demand <110 kVA

313. NESCO, WESCO and SOUTHCO Utilities have proposed that the MMFC for consumers with Contract Demand < 110 KVA should be levied at Contract Demand or Maximum Demand whichever is higher. This is not permissible in view of Regulation 64 of the OERC Supply Code, 2004.

Demand charges to GP consumer with Contract Demand between 70 KVA to 110 KVA and HT medium Industry category consumers.

314. NESCO, WESCO & SOUTHCO Utilities prayed before the Commission to clarify the applicability of Para 468, 469 and 470 of RST Order for FY 2017-18. Presently all the HT consumers are being billed as per Para-468 of RST Order for FY 2017-18 but the consumers are insisting that they should be billed as per Para-470 of the RST Order of the same year. It is clarified that Para 470 is a specific case where all the HT consumers with contract demand of <110 KVA having static meter shall be covered. For sake of clarity we are reiterating the Para 470 of RST Order for FY 2017-18. They cannot be equated with other HT consumers having contract demand >=110 KVA for them as usual Para 468 of the tariff order for FY 2017-18 shall be applicable.

"470. However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA for all category of consumers having static meters should be the highest demand recorded in the meter during the Financial Year

irrespective of the Connected Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.”

Additional Rebate of 1% to LT category of Consumers

315. The DISCOMs have proposed that rebate for digital payment should be limited to LT Domestic and Kutir Jyoti consumers. The high value consumers who usually transact through digital means are taking undue benefit out of it. Therefore, it is directed that 1% rebate over and above normal rebate shall be allowed on the bill to the LT domestic including kutir Jyoti category of consumers only over and above all the rebates who pay through digital means. This rebate shall be applicable on the current month bill if paid in full. This payment shall be strictly made through digital means without help of cash or any paper instrument.

Special rebate for consumers availing consistently monthly rebate under LT category (Single Phase) of Consumers

316. To improve collection efficiency under LT category (Single Phase) the NESCO, WESCO & SOUTHCO Utilities have requested to approve a special rebate to those LT categories (single Phase) consumers who are availing monthly rebate on prompt payment of monthly energy bills. Such consumers may also be permitted to avail an additional special rebate equivalent to the highest rebate availed during the last financial year. The special rebate shall be credited at the end of the financial year if the consumer has availed consistently rebate during last one financial year without fail and the outstanding is nil against such consumers. The Commission considered the above proposal of the Utilities and a Special rebate to the LT single phase consumers in addition to any other rebate he is otherwise eligible. It shall be allowed at the end of the financial year (the bill for month of March) if he has paid the bill for all the 12 months of the financial year consistently without fail within due date during the relevant financial year. The amount of special rebate shall be equal to the rebate of the month of March for timely payment of bill.

Slab Restructuring for HT & EHT consumers

317. Some objectors have requested the Commission in their written submission as well as at the time of hearing to reintroduce the three slabs based graded incentive tariff for HT/EHT as it promotes higher consumption in industries. The Commission has abolished one slab out of three slabs in load factor tariff w.e.f. FY 2013-14 for HT and

EHT consumers. This has been done to rationalise the tariff on voltage level basis which means tariff should be one at a particular voltage if cost of supply at that voltage is considered. Since the Commission is moving towards cost based tariff as per the Act and Tariff Policy reintroduction of third slab in graded slab tariff at this stage cannot be considered.

318. The Commission has observed that the DISCOMs are raising particular issues in each year tariff hearing for which the Commission has already given its finding. These are as follows:

Table - 23

Issues	Commission's Observation
Levy of Demand Charges on the basis of 80% of CD or MD whichever is higher to be changed to 85% of CD or MD whichever is higher.	Para 276 for RST Order for FY 2017-18
Withdrawal of power factor incentives	Para 287 of RST Order 2017-18
Introduction of kVAH Billing	Para 244 of RST order for FY 2016-17 and in Para 304 & 332 RST order for FY 2015-16.
Power Factor Penalty for Three-phase Consumers having Contract Demand less than 110 KVA	Para 280 of RST order for FY 2017-18 and para 326 of the RST Order for FY 2015-16
MMFC/Demand charges to be in kVA only instead of kVA/kW	Para 308 of RST order for FY 2017-18
Continuation of bi-monthly billing	Para 297 of RST order for FY 2017-18
Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers.	Para 285 of RST order for FY 2017-18
Load factor Billing to Irrigation and Agriculture Category of Consumers	Para 244 of RST order for FY 2016-17 and para 332 of RST order for FY 2015-16
Acceptance of Bank Guarantee in lieu of security deposit in cash	Para 282 of RST order for FY 2017-18 and para 326 of RST Order for FY 2010-11
Overdrawl by Existing HT/EHT Category Consumers (Penalty both on demand and energy)	Para 238 of RST order for FY 2016-17.

Rebate on prompt payment

319. NESCO, WESCO & SOUTHCO utilities submitted that they should be allowed to avail rebate of 2% if BSP dues are paid to GRIDCO within three days instead of two days as allowed by the Commission in BSP order for FY 2017-18. Further, the rebate should be 1% of the proportionate amount paid to GRIDCO if it is paid within 30 days similar to offer of NTPC to GRIDCO. The payment of dues of NTPC by GRIDCO and payment of BSP dues by DISCOMs to GRIDCO are two different

issues. The pattern of payment of dues of NTPC by GRIDCO is also different from that of payment of DISCOMs to GRIDCO. Payment of NTPC dues are governed under a special Regulation of CERC. But this is not the case with DISCOMs payment to GRIDCO. Therefore, the contention of DISCOMs cannot be accepted.

Issue of Poultry Farm

320. The Ganjam district layer farmers' Association submitted that the order of the Commission vide para 236 of RST order for FY 2016-17 are not being followed in its true spirit by any DISCOMs and the utilities are applying the principle discriminately. They suggested for the installation of sub-meter for segregation of the load of feed unit as the basis of fixation of tariff instead of counting the connected load. This matter has already been dealt by the Commission vide Para 236 of RST order for FY 2016-17 which is reproduced below:

"236. Hon'ble High Court of Orissa in their judgement dated 18.08.2015 in WP(C) Nos. 22202 & 22589/2010 and WP(C) Nos. 1462, 9778, 9779, 10332, 15437, 25765, 18190, 4178, 4199, 4679, 6264 and 7722/2011 have directed that:

"Applying the said Retail Supply Tariff for the year 2014-15, it is made clear that the captive feed unit attached to the poultry farm being treated as an integral part of Poultry, if the consumption is less than 20% of total connected load, it should be charged on Allied Agro Industrial category not on GP (LT) Tariff basis.

In view of the foregoing reasons this Court is of the considered view that captive feed units attached to the 'Poultry Farm' can be considered to be its integral part and as such 'Poultry' should be charged on the basis of 'Agro Industrial Category' and subsequent by virtue of the amendment made 'Allied Agricultural Activities' not on the basis of GP (LT) tariff basis."

In view of the above order of the Hon'ble High Court Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. As a corollary if the connected load of the attached feed unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be."

In view of the above order, the Commission directs that connected load of feed units should be taken into consideration for determination of the category of Allied Agricultural Activities.

Reliability Surcharge

321. Many Industrial consumers have objected the levy of Reliability Surcharge payable to

the DISCOMs which they are getting without any contribution. Since the industries are getting a premium service which is essentially different from a normal consumer they are to pay a surcharge which is minimal @ 10 paise per unit. Once the network in the State is evenly strengthened throughout the State the Commission may reconsider this.

Cash transactions more than 2 (Two) lakh rupees

322. CESU submitted that as per the provision of Section 269ST of Income Tax Act, 2017 CESU cannot receive any amount more than 2 lakh/ Rs.20000 in cash from its consumers in aggregate in a day / in a transaction. Therefore, it has requested the Commission to issue appropriate direction to specify the means of acceptance of the bill amount/Security Deposit/Additional Security Deposit as the case may be if this amount is Rs.2 lakhs/Rs.20,000 or above. CESU proposed that in such a situation the consumer may pay the bill amount in Demand Draft, RTGS, NEFT or through online but not by cheque since there is a possibility of bouncing of Cheque. As per Regulation 93 (1) (a) of Supply Code 2004 the electricity dues can be collected through cash / cheque/ bank draft/ digital means etc. Therefore, consumers can pay their dues in all the alternative means subject to any other IT/ banking rules.

Rebate on instalment

323. CESU submitted that as per Regulation 95 of OERC Distribution (Condition of Supply Code) 2004, a consumer is not eligible for rebate in case he has availed instalment facility, whereas Para 493 of RST order 2017-18 stipulates that the consumer is entitled for rebate on the amount of the monthly bill (excluding all arrears).So the applicability of rebate spelt in regulation and RST order contradicts each other. Hence, to overcome from the difficulty CESU has proposed not to allow rebate to the consumers who are not paying their energy charges in full (including arrears). This matter examined it is found that there is no contradiction between our Regulation and Tariff Order 2017-18. Tariff order does not indicate rebate on the instalment of arrear dues. The prompt payment rebate is applicable if current dues are paid in full within due date.

Rebate to consumer

324. CESU has requested the Commission to consider the rebate as an expenditure and adjust the ARR accordingly. It is to be stated that DISCOMs are also getting delayed

payment surcharge which is an income. Therefore, expenditure due to rebate and income due to DPS are considered tariff neutral.

Service Charge

325. CESU submitted that as per the Para-501 of the RST order dated 23.3.2017 the Commission have directed that, “Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges”. Hence, CESU proposed that in case the service connection material is not available with the DISCOM, DISCOM may allow the consumer to supply the material after depositing of Rs 500/- towards service connection charges which includes supervision charges. This matter can be deliberated during framing of upcoming supply Regulation.

Rebate in case of cheque payment

326. CESU submitted that as per the present practice rebate is allowed to the consumers who pay the energy bill through cheque/online bank transfer/credit card on or before due date. Normally this takes 2 to 3 working days for realization of such amount through bank/settlement. Hence, CESU had proposed that the due date for bill payment through cheques should be 3 days in advance of the normal due date for bill payment, and the due date for bill payment through online bank transfer/credit card shall be 1 day in advance of the normal due date for bill payment. It is to be mentioned here that as per Regulation 93 (2) the due date of payment for all consumers shall be 15 days from the bill date. Therefore, due date cannot be altered as per the mode of payment.

327. **Tatkal Scheme for New Connection**

The Tatkal Scheme for consumers availing LT supply for Domestic, Agricultural and General Purpose shall continue as directed vide para 293 of the RST order for FY 2017-18. The Tatkal charges will continue to be applied as given below:

Table - 24

Category of Consumers	**Tatkal charges**
LT Single phase upto 5 kW load	**Rs.2000/-**
LT three phase 5 kW and above	**Rs.2500/-**
LT Agricultural consumers	**Rs.1000/-**

Category of Consumers	Tatkal charges
LT General Purpose single phase and three phase consumers	**Rs.4000/-**

The above Tatkal charges do not include meter cost.

Levy of transformer loss to consumer

328. CESU proposed certain mechanisms to reduce increased number of consumer complain on metering and transformer loss as given below.

A. Where the LT metering is provided for new as well as existing HT consumer and consumer owns the transformer the billing should be made either on LT units in LT tariff without adding transformer loss or on HT units (LT units + transformer loss) in HT tariff where HT and LT tariff is available for such class of consumers.

B. Due to unavailability of LT supply if power supply to the consumer is given at HT even his connected load is less than 70KVA and metering is made at LT, then the consumer is to be billed on LT tariff without addition of transformer loss.

C. Not to allow taking over the consumer transformer on deposit of 6% supervision charges by consumer on his request.

D. If take over is allowed, then the substation is to be shifted outside the consumer premises for which the consumer shall borne the entire expenses. In such eventuality licensee can extend power supply to other consumers and can take up R&M work without consumer's interaction.

E. The levy of transformer loss is applicable to Telecom Towers as laid down in Para 247 of RST Order for the Financial Year 2012-13.

The issues of HT GP consumers with CD <70 KVA have been adequately addressed in Regulation 93 (9), Regulation 27 and Tariff order for FY 2012-13 of the Commission.

However, When HT meters could not be provided to HT consumers other than above for any reason, LT meters can be provided for a temporary period not exceeding four months. Transformer loss can be added to arrive at HT units for billing purpose for the above period only. Either HT meter shall be installed within four months or beyond this period the transformer loss shall be borne by the DISCOMs.

Standard of Performance

329. Almost all the objectors have expressed their concern for deteriorating standard of performance from the Utilities. In this context we feel that as per the OERC (licensees Standards of Performance) Regulations, 2004 DISCOMs Utilities are furnishing the Guaranteed standards of Performance for every month, Overall standards of Performance for every quarter and the annual report of such performance at the end of the financial year. These performance standards are to be verified by a third party. In obedience to it CESU had engaged Sri Bibhu Charan Swain, Sr. Consultant, M/s. Power Tech Consultant and Smt. Parvati Sundari Mishra, Ex. Sr. G.M.(Elect.) CESU for third party audit work of SoP for FY 2016-17 for CDD-I, Cuttack, CED, Cuttack, JED, Jagatsinghpur and BCDD-I, Bhubaneswar, PED, Puri, DED, Dhenkanal respectively. NESCO Utility had engaged M/s Power Research Development Consultants (P) ltd. (PRDC) for 3rd party verification of their SoP data for the FY 2016-17. M/s PRDC has conducted audit of four electrical divisions namely, KuED, Kuakhia, BED, Balasore, JED, Joda and UED, Udala. No third party audit of the SoP has been conducted by SOUTHCO & WESCO utility. In this connection the Commission has asked the licensees to explain the reasons of deviations in SoP pointed out by auditors and to cross check/verify the information/data on Standards of Performance for the subsequent years through independent third Party verifiers and submit the same to OERC through affidavit.

Revenue impact of renewable power generation

330. CESU has submitted that pursuant to Net Metering order dated 19.8.2016 of the OERC, there will be an enabling environment where a good nos. of consumers from high paying domestic, commercial, Special Public Purpose category at different voltage level will go for installation of Solar Roof Top Units. Though it is an encouraging move for generation of more and more power from renewable sources, but its revenue impact on DISCOMs will have a telling effect on its financial health in days to come. As the consumers consuming energy in higher slab (or at higher tariff than the cost of supply of Rs.4.80), the reduction of sales in those categories of consumers will lead to DISCOMs paying for the subsidized category of consumers on account of revenue loss; this is an additional burden on DISCOMs. Therefore, CESU has requested the Commission to adopt gross generation method instead of net metering method. The consumption of the consumer should be billed on RST rate

where as solar generation should be adjusted in the consumer bill at BSP rate. The Commission feels that this itself is an issue to be taken up separately and therefore, does not consider it in this order.

Perform Achieve and Trade (PAT) Cycle-II

331. Clauses (i) and (k) of Section 14 of the Energy Conservation Act, 2001 stipulates that every designated consumer (DCs) shall get energy audit conducted by an accredited energy auditor and furnish the same to the concerned designated agency, details of information on energy consumed and details of the action taken on the recommendation of accredited energy auditor. CESU proposed that being a Designated Consumer (DC) under PAT Cycle -II vide S. O. No. 1264(E) dated 31/03/2016 it would engage an accredited energy auditor following a transparent procedure to conduct energy audit, wherein, the fund of approx. Rs 50 lakh is to be arranged by CESU for taking up such works.

The Commission has felt the necessity of energy audit/PAT-II and accordingly has allowed Rs.4 Cr, Rs. 10 Cr, Rs. 5 Cr and Rs. 4 crore respectively to CESU, NESCO, WESCO and SOUTHCO Utilities respectively in this Tariff order to carry out energy audit and consumer indexing which includes energy audit by a third party accredited agency.

Issues of erstwhile DISCOMs NESCO, WESCO and SOUTHCO

332. The erstwhile DISCOMs i.e. NESCO, WESCO & SOUTHCO have submitted that their licences have been revoked w.e.f. 04.03.2015 vide OERC Case No. 55/2013. Since the revocation of licence the DISCOM Utilities are allowed full recovery of costs relating to depreciation, interest and RoE whereas the actual cost is being incurred by the erstwhile DISCOMs. This has increased the loss burden of DISCOMs as no revenue is parted with to the Company after revocation of licence. These cost components may be reimbursed to them by the Administrator. However, the representative of DISCOMs present during the hearing could not explain whether this application has been filed with the approval of their respective Boards. In absence of detailed deliberation and views of the company, the Commission cannot decide the matter without full knowledge in the issue. Therefore, we cannot give any finding on this issue.

No cost to be recovered from consumer upto 5 KW for transformer upgradation

333. During hearing of the views of objectors and consumers and on many occasions the Commission has come across the complains of small consumers who are denied service connection by DISCOMs on the pretext of overloading of area transformer. On the other hand it is learnt from Govt. of Odisha that a large number of distribution transformers have been supplied to DISCOMs. Therefore, there is no shortage of transformers at any DISCOMs. DISCOMs have also concurred this view in the SAC Meeting where this issue was discussed. Therefore, it is directed that while providing new LT supply upto 5 KW, the cost of upgradation of transformer or installation of new transformer shall not be insisted upon or recovered from the consumers in the context of remunerativeness of the connection.

Cross-subsidy in Tariff

334. Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. In conformity to para 8.3.2 of Tariff Policy and para 5.5.2 of National Electricity Policy the Commission has framed Regulation 7(c)(iii) of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004 which is reproduced below:

"7 (c) (iii) For the purpose of computing Cross-subsidy payable by a certain category of consumer, the difference between average cost-to-serve all consumers of the State taken together and average tariff applicable to such consumers shall be considered."

According to that Regulation, cross subsidy is to be worked out based on the average cost to supply to all consumers of the State taken together and average tariff applicable to such consumers. The average cost of supply for Odisha for FY 2018-19 is follows:

Table – 25
Average Cost of Supply (per Unit) FY 2018-19

Expenditure	2018-19 (Approved)
Cost of Power Purchase	7190.34
Transmission Cost	649.75
SLDC Cost	4.07
Total Power Purchase, Transmission & SLDC Cost(A)	**7844.16**
Net Employee costs	1152.42
Repair & Maintenance	305.17
Special R & M for Smart Metering	

Expenditure	2018-19 (Approved)
Administrative and General Expenses	183.30
Provision for Bad & Doubtful Debts	70.81
Depreciation	200.76
Interest Chargeable to Revenue including Interest on S.D	216.32
Sub-Total	2128.81
Less: Expenses capitalised	
Total Operation & Maintenance and Other Cost	2128.81
Return on equity	36.00
Total Distribution Cost (B)	**2164.81**
Amortisation of Regulatory Asset	
True up of Past Losses	
Contingency reserve	
Total Special Appropriation (C)	
Total Cost (A+B+C)	**10008.97**
Approved Saleable Units (MU)	20448.39
Average Cost (paisa per unit)	**489.47**

For the purpose of calculating average tariff, the estimated revenue realization from a category and total sales to that category have been taken into consideration.

Average Tariff realization for a category = Total expected revenue to be realized from a category as per ARR/ Total anticipated sale to that category as per ARR

The cross-subsidy calculated as per the above methodology is given in the table below:

Table - 26
Cross Subsidy Table for FY 2018-19

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Average Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below or cost of supply	Remarks
1	2	3	4	5= (4) – (3)	6= (5 / 3)	7
2014-15	EHT	461.07	552.64	91.57	19.86%	The tariff for HT and EHT category has been calculated based on average tariff.
	HT		553.15	92.08	19.97%	
	LT		369.63	-91.44	-19.83%	
2015-16	EHT	488.81	572.03	83.22	17.03%	
	HT		575.59	86.78	17.75%	
	LT		396.53	-92.28	-18.88%	
2016-17	EHT	480.40	572.36	91.96	19.14%	
	HT		575.86	95.46	19.87%	
	LT		393.36	-87.04	-18.12%	
2017-18	EHT	488.26	580.45	92.18	18.88%	
	HT		581.60	93.34	19.12%	

Year	Level of Voltage	Average cost of supply for the State as a whole (P/U)	Average Tariff P/U	Cross-Subsidy P/U	Percentage of Cross-subsidy above/below or cost of supply	Remarks
	LT		398.95	-89.31	-18.29%	
2018-19	EHT	489.47	576.88	87.41	17.86%	
	HT		579.18	89.71	18.33%	
	LT		398.72	-90.75	-18.54%	

335. It would be noted from the above that Commission, in line with the mandate of the National Electricity Policy and Tariff Policy, has managed to keep cross-subsidy among the subsidised and subsidising category of consumers in the State within ±20%. The Commission makes it clear that the above cross subsidy is meant only for Retail Supply Tariff fixation in the state applicable to all consumers (except BPL and agriculture) and not to be confused with cross subsidy surcharge payable by open access consumers to the DISCOM. The order of the cross subsidy surcharge applicable only to open access consumers is discussed subsequently.

Open Access Charges (Cross Subsidy Surcharge and Wheeling Charges)

336. The tariff for HT and EHT consumers for determination of cross subsidy surcharge has been assumed at 100% load factor since open access drawal is made to utilise the full quantum of the power so availed. The formula prescribed in Tariff Policy in Para 8.5.1 for determination of cross subsidy surcharge is as follows:

Surcharge formula:

S= T – [C/ (1-L/100) + D+ R]

Where:

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

337. As in the previous year Commission accepts 'C' equal to BSP of respective DISCOMs as explained above. Similarly 'T' is the tariff at 100% load factor including demand charges for the respective voltage level. The wheeling charges 'D' is as determined from the distribution cost approved for the FY 2018-19 and 'L' is assumed 8% at HT and nil for EHT since EHT loss is accommodated in transmission charges.

338. Regarding different wheeling charges for 33 KV and 11 KV network Commission does not differentiate between 11 KV and 33 KV in determination of wheeling charges. The wheeling as per our Wheeling Tariff and Retail Supply Tariff Regulations, 2014 includes distribution system and associated facilities of a distribution licensee. This takes care of both the voltage at 11 KV and 33 KV. Therefore, the Commission determines a single wheeling charge for 11 KV and 33 KV.

339. Basing on the above the wheeling charges and cross subsidy surcharges have been determined as follows:

Table – 27
Wheeling Charges Approved for FY 2018-19

	CESU	**NESCO Utility**	**WESCO Utility**	**SOUTHCO Utility**
Energy Handled at HT (MU)	8137.30	4098.91	6120.00	3295.73
Net Distribution Cost (Rs. Crs.)	**439.28**	**314.58**	**291.22**	**236.89**
Wheeling Charge calculated for 2017-18 (Paise per unit)	**53.98**	**76.75**	**47.58**	**71.88**

Table - 28
Computed Surcharge for Open access consumer 1MW & above

DISCOM	**CESU**	**NESCO Utility**	**WESCO Utility**	**SOUTHCO Utility**
Surcharge for EHT Consumer (P/U)	224.90	197.90	198.90	301.90
Surcharge for HT Consumer (P/U)	149.90	97.79	128.04	215.70

340. As per mandate of the Electricity Act, 2003 under Section 42 the cross subsidy surcharge is to be reduced progressively. The Commission is authorized to evolve a methodology for such reduction. Basing on the suggestions during the hearing in the

last year so also in the current proceeding, the Commission have fixed leviable surcharge at 65% of the computed value of the same for this year.

Table – 29
Leviable Surcharge, Wheeling Charge & Transmission Charge for Open access consumer 1MW & above for FY 2018-19

Name of the licensee	Cross Subsidy Surcharge (P/U)		Wheeling Charge P/U applicable to HT consumers only	Transmission Charges for Short Term Open access Customer (applicable for HT & EHT consumers)
	EHT	HT		
CESU	146.18	97.43	53.98	Rs. 1500/MW/day or Rs.62.5/MWh
NESCO Utility	128.63	63.56	76.75	Rs. 1500/MW/day or Rs.62.5/MWh
WESCO Utility	129.28	83.22	47.58	Rs. 1500/MW/day or Rs.62.5/MWh
SOUTHCO Utility	196.23	140.20	71.88	Rs. 1500/MW/day or Rs.62.5/MWh

As per Clause 8.5.1 the cross subsidy surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. For the state as a whole, the above cross subsidy surcharge works out to 17.42% in case of HT and 27.56% in case of EHT consumers.

Additional Surcharge

341. As per principle followed in the previous order, we have not determined additional surcharge over and above the surcharge to be paid to the DISCOMs to meet the fixed cost of licensee arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act. This is because no such case has been brought before us by the DISCOMs.

342. In summary,

(i) The wheeling charge and surcharge as indicated in Table above shall be applicable from the date of this order.

(ii) The normative transmission loss at EHT (3%) and normative wheeling loss for HT level (8%) shall be applicable for the year 2018-19.

(iii) No Cross-subsidy surcharge is payable by the consumers availing Renewable power through open access.

(iv) 20% wheeling charge is payable by the consumers drawing power through open access from Renewable source excluding Co-generation & Bio mass power plant.

These charges as notified for FY 2018-19 will remain in force until further orders.

FINANCIAL ISSUES FY 2018-19

Employees Cost

343. The Commission observes that these DISCOMs are administered under provision of Section 20 of Electricity Act, 2003 and liable for sale under the same provision (Section) of the Act. Therefore, status quo needs to be maintained for the time being as far as possible. No changes should be made in the organizational structure without approval of the Commission. Further since the DISCOMs are passing through serious financial crunch, the establishment and administrative cost should be kept as low as possible. The petitioners WESCO, NESCO, SOUTHCO Utilities and CESU in their ARR and tariff petition for the FY 2018-19 have projected employees cost. A comparison of the approved Employees cost for FY 2017-18 and proposed employees cost by DISCOMS for FY 2018-19 is shown in the following table.

Table - 30
Employee Cost

(Rs. in Cr.)

Sl. No.	Particulars	WESCO		NESCO		SOUTHCO		CESU		Total	
		Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19
1	Basic Pay + GP	64.19	148.72	46.91	125.07	48.89	103.21	82.87	230.82	242.85	607.82
2	DA	92.43	13.38	67.55	11.88	70.40	9.29	119.33	30.01	349.71	64.56
3	Reimbursement of HR	11.55	26.77	9.38	25.01	9.29	19.61	11.22	30.01	41.44	101.40
4	Other allowance	3.22	8.04	2.23	1.37	2.17	1.66	4.92	4.72	12.54	15.79
5	Arrear of 7th Pay Commission		49.07		81.25		45.40		63.05		238.77
6	Bonus	0.06	1.60	0.83	0.05			0.09	4.03	0.98	5.68
8	Contractual/ Outsource Expenses	19.21	22.70	16.10	19.25	20.82	53.63	12.75	29.73	68.88	125.31
10	Total Emoluments (1 to 8)	**179.11**	**270.28**	**133.62**	**263.88**	**142.28**	**232.80**	**219.96**	**392.37**	674.96	1159.33
11	Reimbursement of medical expenses	3.21	7.44	2.35	6.25	2.44	5.16	4.14	11.54	12.14	30.39
12	Leave Travel Concession	0.03	0.12	0.30	0.30	0.21	0.15	0.02	0.02	0.56	0.59
13	Encashment of						0.20			0.00	0.20

Sl. No.	Particulars	WESCO		NESCO		SOUTHCO		CESU		Total	
		Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19	Approved for FY 2017-18	Proposed for FY 2018-19
	Earned Leave										
14	Honorarium	0.16	0.16			0.01	0.01			0.17	0.17
15	Payment under workmen compensation Act	0.20	0.07	0.20	0.10	0.65	0.65	0.92	1.16	1.97	1.98
16	Expense towards uniform to Employees	0.95		0.85		0.75		1.75		4.30	0.00
17	Ex-gratia	0.08	0.08	2.84	3.54					2.92	3.62
18	Other Staff Costs	0.50	0.55	1.54	1.18	0.58	0.35	1.58	1.23	4.20	3.31
19	Total Other Staff Costs (11 to 18)	16.68	8.42	17.46	11.37	13.93	6.52	19.63	13.95	67.71	40.26
20	Staff Welfare Expenses	0.84	0.84	1.26	1.42	3.57	3.02	3.55	3.95	9.22	9.23
21	Terminal Benefits (Pension + Gratuity + Leave)	77.70	123.30	78.69	124.72	66.68	126.22	133.54	194.61	356.61	568.85
22	Total (10+ 19+20+21)	**274.33**	**402.84**	**231.03**	**401.39**	**226.46**	**368.56**	**376.68**	**604.88**	1108.50	1777.67
23	Less: Empl. cost capitalized	0.14	5.85	0.34	0.32	1.16	1.11	27.27	16.97	28.91	24.25
24	Total Employees Cost	**274.19**	**396.99**	**230.69**	**401.07**	**225.30**	**367.45**	**349.41**	**587.91**	1079.59	1753.42
% rise over approved 2017-18		**44.79**		**73.86**		**63.09**		**68.26**		**62.42**	

344. The above table reveals that for the ensuing year all the licensees have proposed a rise in employee's cost compared to the approval for the FY 2017-18. WESCO, NESCO, SOUTHCO and CESU have projected an increase over the approval for the 2017-18 at 44.79%, 73.86%, 63.09% and 68.26%, respectively. The overall projection for all DISCOMs together is 62.42% more than the previous year approval. The projected enhancements are mainly due to higher estimation towards 7th Pay Commission recommendation and Terminal liabilities based on the actuarial valuation estimates by these distribution companies.

345. The Commission allows Employees cost in terms of the MYT principles enunciated in its order dated 20.3.2013. The relevant portion of said order is reproduced below:

" 16.1 Employee Cost

The three DISCOMs, WESCO, NESCO & SOUTHCO submitted to provide employee cost through indexation mechanism linked to CPI during the control period in line with the model FOR MYT Regulations. CESU submitted to take into account the employee cost due to massive RGGVY expansion of network. DISCOMs also submitted that incentive and dis-incentive scheme may be introduced to improve productivity level.

The Commission after considering the submissions has decided to continue with the employee cost allocation in the ARR on the same principles as adopted during the second control period.

Wages and salaries during this control period would include the base year values of Basic pay and Grade Pay escalated for annual salary increments and inflation based on Govt. of Odisha notification. The sixth pay recommendation notified by Govt. of Odisha recommends annual increment @ 3% of the Basic and grade pay. The annual increment would be approved as per such recommendation. Basic Pay and grade pay are to be taken from annual audited accounts of the Licensee. However if as per the Commission's assessment the figures shown in the audited accounts cannot be relied upon, the Commission may take into account the actual payment outgo during the last six months of the year to arrive upon the pay for the ensuing year. Dearness Allowance, HRA and other allowance would be calculated as per rates notified by Govt. of Odisha. Terminal liabilities would be provided based on a periodic actuarial valuation to be made by OERC in line with the prevailing Indian accounting standards. The financial impact of any award by Govt. of India/Govt. of Orissa shall be taken care of in subsequent year in truing up. XXXXXX"

346. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the number of employees as on 31.3.2017 and 31.3.2018 from the submissions are ascertained. The position up to the year ending 2017-18 as proposed by the Licensees is shown in the following table :

Table – 31
Employees Proposed (2018-19)

Particulars	WESCO	NESCO	SOUTHCO	CESU
No. of employees as on 31.03.2017	3007	2770	2532	5691
Add: Addition during 2017-18	573	0	4	0
Less: Retirement/Expired Resignation during 2017-18	229	143	131	248
No. of employees as on 31.03.2018	3351	2627	2405	5443
Add: Addition during 2018-19	266	0	20	756
Less: Retirement/Expired/ Resignation during year 2018-19	218	139	152	198
No. of employees as on 31.03.2019	3399	2488	2273	6001

347. The utilities have submitted that the DISCOMS were created after unbundling of GRIDCO as per 2nd Transfer Scheme, 1998 and thereby all the personnel deployed in Distribution business were transferred from erstwhile GRIDCO. Subsequently, by way of retirement, resignation death etc, there has been drastically reduction of manpower. In view of the large scale energisation of new areas either though rural electrification or due to addition of new consumers, the Utility restructured and

reorganized by creation of new Divisions, sub-division and Sections with reinforcement of allied activities such as MRT , Energy Audit , maintenance of distribution transformers and vigilance activities. Main objective was to improve the 100 % of consumer coverage, reduction in Distribution losses and to meet the Revenue collection target. At present the Utilities have less number of employees on the roll than number of pensioners including family pensioners who are being paid out of revenue due to transfer under the Transfer Scheme.

348. Commission in the previous RST orders observed that the efficiency of the employees in all DISCOMs is below national average. In other words the capacity of the employees have not been fully utilised by the DISCOMs and performance has shown a downward trend. Therefore the Commission in the previous RST orders observed that 'Increase in number of employees may not be a solution for better efficiency as observed in CESU. Moreover, the draft /proposed change in Act and new tariff policy specify renewed direction and purpose to the DISCOM organisation with possibility of restructuring in future. Therefore, adding more employees at a transition point is not prudent.

349. The Commission in continuation to the previous tariff orders decides that at present no new induction shall take place during the current financial year 2017-18 and also during the ensuing year 2018-19. Any addition thereafter shall be based on efficiency audit of each employee, formulation of service condition, market & efficiency based performance. Accordingly Commission approves following number of employees for the DISCOMs for FY 2018-19.

Table – 32
Employees Strength Approved (2018-19)

Particulars	WESCO	NESCO	SOUTHCO	CESU
No. of employees as on 31.03.2017	3007	2770	2532	5691
Add: Addition during 2017-18	0	0	0	0
Less: Retirement/Expired Resignation during 2017-18	229	143	131	248
No. of employees as on 31.03.2018	2778	2627	2401	5443
Add: Addition during 2018-19	0	0	0	0
Less: Retirement/Expired/ Resignation during year 2018-19	218	139	152	198
No. of employees as on 31.03.2019	2560	2488	2249	5245
Average no. of employees for FY 2017-18	2893	2699	2467	5567
Average no. of employees for FY 2018-19	**2669**	**2558**	**2325**	**5344**

350. All the Licensees have projected their employee cost for FY 2018-19 taking into

account the impact of 7th pay commission recommendations including arrears for previous years. The DISCOMs in the reply to queries of the Commission furnished the actual cash outflow on Basic Pay + GP from April 2017 to November 2017 (for a period of 8 months). From the statement it is revealed that they have not implemented the 7th pay recommendations. However it is assumed that this would be implemented during the ensuing year FY 2018-19. The Basic pay and GP for FY 2017-18 as given in the reply to query has been extrapolated to arrive at Basic pay for FY 2018-19 including 7th Pay recommendations. The Commission in accordance with the MYT principle allows 3% escalation on Basic Pay and Grade Pay towards normal annual increment on year to year basis. The same principle shall also continue. The actual Basic pay and GP drawn for the period April 2017 to November 2017 was prorated for the entire year and the quantum of Basic pay and GP for FY 2018-19 was estimated by factoring the average no of employees for 2017-18 and 2018-19.

351. The Basic pay under 7th pay recommendations is to be arrived by multiplying 2.57 factor to the Basic pay and Grade pay as on 01.01.2016. In the present case 3% increment has already been factored while estimating Basic Pay and GP for 2018-19 Therefore the Basic Pay (Grade pay merged in the Basic pay in the 7th pay recommendations) for FY 2018-19 is calculated by multiplying 2.57 factor to the Basic Pay and GP estimated for the year. This is shown in the following table:

Table – 33
Approval of Basic Pay and GP - 2018-19

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
Prorated for 2017-18 (on actual drawal)	58.88	49.38	47.75	70.76
Estimated for FY 2018-19 (Considering Average no. of employees and 3% increment)	55.96	48.20	46.36	69.96
Basic Pay after 7th pay implementation by multiplying 2.57	**143.81**	**123.88**	**119.14**	**179.79**

352. The Commission is of the view that any additional financial benefit extended by DISCOMs to its officers and employee, as a whole should take into consideration the growth in revenue, improvement in O&M performance, reduction in losses, consumer satisfaction, achievement of organization goals and other parameters outlined by management.

The Commission observes that in spite of repeated instructions this is no increase in efficiency and improvement in revenue realisation or reduction of losses.

353. The DA as per the 7th pay recommendations and the projected DA thereof for FY 2018-19 is shown in the following table:

Table - 34

Date effective from	Rate	Status
1.01.16	nil	Approved By GoO
1.07.16	2%	Approved By GoO
1.1.17	4%	Approved By GoO
1.07.17	5%	Approved By GoO
1.1.18	6%	Projected
1.07.18	7%	Projected
1.01.19	8%	Projected

As per the above table the DA rate for FY 2018-19 is assumed to be 7%.

House Rent Allowance and Medical Allowance

354. House rent allowance and Medical Allowances have been allowed for FY 2018-19 equivalents to the amount as approved for the year 2017-18 since there is no provision of increment in the 7th pay recommendations.

355. As regards engagement of manpower, DISCOMs have submitted in the ARR that since no recruitment has been permitted by the Commission there has been drastic reduction in the manpower. In view of the large scale energisation through rural electrification, addition of new consumers, reorganisation, and to carry out MRT, Energy Audit, maintenance of DTRs and vigilance activities present manpower is inadequate. Consequently in order to improve 100% coverage, reduction of distribution loss and to improve collection they have engaged contractual personnel and outsource agencies for maintenance of existing Grid substations, sub stations under ODSSP, watch and ward activity, vigilance activities etc. SOUTHCO have engaged outsourced agency during the year 2017-18 for maintenance of 157 numbers of 33/11 KV substations engaging about 5 persons per substations. DISCOMs were asked to submit the actual expenses on these activities during the current financial year 2017-18. The Commission after scrutiny allows the expenses on outsource employees for the ensuing year 2018-19 on the basis of 10% increase over actual cash outgo for the current year 2017-18. This is shown in the following table.

Table – 35
Cash outgo on Outsource engagement

(Rs in Crs.)

Month	WESCO	NESCO	SOUTHCO	CESU
04/2017	1.47	1.33	2.71	1.09

Month	WESCO	NESCO	SOUTHCO	CESU
05/2017	1.47	1.47	2.71	1.07
06/2017	1.56	1.36	2.71	1.07
07/2017	1.71	1.37	2.72	1.06
08/2017	1.84	1.34	2.71	1.07
09/2017	1.80	1.50	2.72	1.06
10/2017	2.27	1.51	2.71	1.07
11/2017	2.56	1.52	2.71	1.06
Pro-rated for FY 2017-18	22.02	17.10	32.55	12.83
(Assume 10% increase over FY 2017-18)				
Approved for FY 2018-19	24.22	18.81	35.81	14.11

Analysis of LT Division-wise Performance and Employee Performance

356. The Commission have analysed the LT loss level of various divisions of DISCOMs as reported by the DISCOMs. This reveals the performance of the Divisions for FY 2016-17 on the various parameters as given in the tables below:-

Table – 36
LT Division-wise Performance (2016-17) - WESCO

Sl. No.	Name Of Division	No Of Consumers	Energy Input (MU)	Energy Sold (MU)	Loss %	Billing (Rs. Crs.)	Collection (Rs. In Crs.)	Collection Efficiency (%)	At & C Loss (%)	LT P/U Realisation For 2015-16
1	Bargarh(W)	112129	343	162	53%	56	25	45%	79%	73
2	Sonepur	96992	231	128	44%	50	27	54%	70%	118
3	Titilagarh	118840	285	140	51%	58	36	63%	69%	127
4	Bargarh	95830	435	203	53%	86	57	67%	69%	132
5	Bolangir	82680	313	130	58%	53	41	78%	68%	132
6	Nuapada	78542	192	88	54%	34	25	74%	66%	131
7	Sambalpur (East)	79387	281	143	49%	62	45	73%	63%	161
8	KWED	87087	155	91	41%	36	27	74%	57%	173
9	Sambalpur	46951	282	169	40%	80	62	77%	54%	218
10	KEED	90316	195	120	39%	50	38	76%	54%	195
11	Jharsuguda	84872	282	160	43%	67	57	85%	52%	201
12	Sundergarh	69448	164	99	40%	42	34	81%	51%	208
13	Deogarh	47247	70	55	21%	21	14	64%	50%	195
14	Brajrajnagar	35105	117	73	37%	31	26	85%	46%	226
15	Rourkela-Sadar	75559	191	128	33%	60	55	92%	38%	287
16	Rourkela	53522	156	120	23%	59	56	96%	26%	362
17	Rajgangpur	78665	117	113	3%	51	48	94%	9%	412
	Total WESCO	**1333172**	**3809.061**	**2121.082**	**44.3%**	**895.90**	**673.84**	**75%**	**58%**	**177**

The Commission directs WESCO to submit revenue improvement plan within existing resources in Bargarh (W), Sonepur, Titlagarh, Bargarh, Bolangir, Nuapada and Sambalpur (East) within three months and also simultaneously improve upon the losses.

Table – 37

LT Division-wise Performance (2016-17) - NESCO

Sl. No.	Name of Division	No. of Consumers	Energy Input (MU) (Assuming HT Loss 8%)	Energy Sold (MU)	T & D Loss (%) (Assuming HT Loss 8%)	Billing Efficiency (%)	Billing to Consumer (Rs. in Crs.)	Collection Received (Rs. in Crs.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realization Per LT Input P/U
1	BED, Balasore	48351	**276.951**	112.283	25.05%	74.95%	53.67	58.92	109.79%	17.71%	393
2	BTED, Basta	61433	**115.553**	59.081	43.89%	56.11%	20.56	18.86	91.72%	48.54%	179
3	JED, Jaleswar	82884	**211.737**	90.477	37.20%	62.80%	29.59	28.96	97.87%	38.54%	201
4	CED, Balasore	84143	**693.435**	99.489	44.88%	55.12%	39.19	34.35	87.65%	51.69%	190
5	SED, Soro	112140	**173.375**	104.368	32.16%	67.84%	40.63	42.10	103.60%	29.71%	274
6	BNED, Bhadrak(N)	131470	**419.785**	184.152	31.00%	69.00%	73.60	60.41	82.08%	43.36%	226
7	BSED, Bhadrak (S)	79993	**162.312**	88.881	39.62%	60.38%	28.60	27.89	97.49%	41.13%	189
8	BPED, Baripada	174039	**326.222**	183.500	35.48%	64.52%	79.69	68.91	86.47%	44.20%	242
9	UED, Udala	73272	**94.917**	56.074	35.56%	64.44%	20.94	19.94	95.26%	38.62%	229
10	RED, Rairangpur	145326	**216.159**	121.108	34.61%	65.39%	50.44	40.38	80.06%	47.65%	218
11	JRED, Jajpur Road	71329	**1289.584**	126.847	42.42%	57.58%	56.49	54.38	96.25%	44.58%	247
12	JTED, Jajpur Town	80812	**196.993**	88.597	51.11%	48.89%	33.81	34.26	101.35%	50.46%	189
13	KUED, Kuakhia	89878	**241.440**	106.597	47.69%	52.31%	43.25	39.83	92.08%	51.83%	195
14	KED, Keonjhar	72579	**180.624**	83.052	13.11%	86.89%	36.53	35.97	98.47%	14.44%	376
15	JOED, Joda	60144	**571.142**	100.580	22.34%	77.66%	42.95	45.40	105.70%	17.91%	351
16	AED, Anandapur	88055	**159.436**	85.939	38.86%	61.14%	33.25	29.23	87.92%	46.25%	208
NESCO TOTAL		**1455848**	**5329.665**	**1691.025**	**36.79%**	**63.21%**	**683.19**	**639.79**	**93.65%**	**40.80%**	**239**

The Commission directs NESCO to submit revenue improvement and loss reduction plan in CED Balasore, Jajpur Town & Kuakhia and Basta within 3 months and also simultaneously improve upon the losses.

Table – 38

LT Division-wise Performance (2016-17) - SOUTHCO

Sl. No.	Name of Division	No. of Consumer	Energy Input(MU)	Energy Sold (MU)	Loss (%) (Assuming HT Loss 8%)	Billing Efficiency (%)	Collection Received (Cr.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realisation per LT Input p/u
1	Aska-1	50325	127	46	64%	36%	17.15	90%	67%	1.35
2	Malkanagiri	96637	118	86	27%	73%	15.76	47%	66%	1.34
3	Aska-2	48690	113	45	60%	40%	18.09	86%	65%	1.38
4	Nowrangpur	130711	178	118	34%	66%	28.55	59%	61%	1.61
5	Koraput	81020	152	67	56%	44%	24.42	88%	61%	1.61
6	Boudh	78277	100	66	34%	66%	14.38	59%	61%	1.44
7	Chatrapur	85430	191	95	50%	50%	33.19	85%	58%	1.74
8	Purusottampur	85737	148	79	46%	54%	31.66	80%	57%	1.71
9	Hinjili	70290	131	67	49%	51%	25.21	94%	52%	1.92
10	Phulbani	113215	134	81	39%	61%	24.92	79%	52%	1.86
11	Bhanjanagar	98633	167	88	48%	52%	34.15	100%	48%	2.04
12	Jeypore	98751	163	113	30%	70%	38.91	80%	44%	2.39
13	Digapahandi	82991	114	77	33%	67%	27.12	91%	39%	2.37
14	Rayagada	116893	146	125	15%	85%	43.80	82%	30%	3.00
15	Paralakhemundi	104844	118	95	20%	80%	34.31	89%	28%	2.90

Sl. No.	Name of Division	No. of Consumer	Energy Input(MU)	Energy Sold (MU)	Loss (%) (Assuming HT Loss 8%)	Billing Efficiency (%)	Collection Received (Cr.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realisation per LT Input p/u
16	Gunupur	56099	66	53	19%	81%	19.78	99%	20%	2.99
17	Berhampur- III	57348	84	70	16%	84%	31.91	108%	9%	3.81
18	Berhampur- II	50420	133	121	9%	91%	59.08	104%	5%	4.45
19	Berhampur- I	64167	148	139	6%	94%	67.09	102%	4%	4.53
Total SOUTHCO		**1,570,478**	**2,521.7**	**1,630.6**	**35%**	**65%**	**580.68**	**86%**	**44%**	**2.30**

The Commission directs SOUTHCO to submit revenue improvement plan in Aska 1 and Aska 2, Malkangiri, Nawarangapur, Koraput, Boudh, Chhatrapur and Purusottampur within 3 months within the existing resources and also simultaneously improve upon the losses.

Table – 39
LT Division-wise Performance (2016-17) - CESU

Sl. No.	Name of Division	No of Consumers	Energy Input (MU)	Energy Sold (MU)	Loss (%) (Assuming HT Loss 8%)	Billing (Cr.)	Collection Received (Cr.)	Collection Efficiency (%)	AT & C Loss (%)	LT Realization Per LT Input
1	BCDD-1	55402	232.0	223.75	3.6%	122.74	123.83	100.9%	2.7%	5.34
2	BCDD-2	128987	394.1	360.45	8.5%	184.58	189.11	102.5%	6.3%	4.80
3	BEDB	99167	379.1	320.22	15.5%	163.67	158.87	97.1%	18.0%	4.19
4	NEDN	131961	356.2	140.30	60.6%	62.84	49.99	79.6%	68.7%	1.40
5	PED	133529	370.4	240.04	35.2%	102.09	93.25	91.3%	40.8%	2.52
6	NEDN	161884	192.4	150.66	21.7%	59.63	56.64	95.0%	25.6%	2.94
7	KED	147085	348.7	227.71	34.7%	92.43	85.20	92.2%	39.8%	2.44
8	BEDB	88854	165.0	119.98	27.3%	45.25	39.77	87.9%	36.1%	2.41
9	CED	121066	349.0	152.66	56.3%	72.69	60.04	82.6%	63.9%	1.72
10	CDD-1	64206	275.9	235.93	14.5%	121.32	123.78	102.0%	12.7%	4.49
11	CDD-II	62041	247.7	191.16	22.8%	99.12	95.52	96.4%	25.6%	3.86
12	AED	100389	240.9	88.13	63.4%	39.11	31.86	81.5%	70.2%	1.32
13	SED	88300	184.4	92.94	49.6%	41.12	30.21	73.5%	63.0%	1.64
14	KED-I	156374	255.5	154.84	39.4%	67.96	65.08	95.8%	42.0%	2.55
15	KED-II	71014	96.1	52.03	45.8%	21.65	20.75	95.8%	48.1%	2.16
16	PDP	84432	179.0	88.04	50.8%	37.04	32.59	88.0%	56.7%	1.82
17	JED	103881	175.5	107.63	38.7%	45.82	41.33	90.2%	44.7%	2.36
18	DED	146448	434.0	191.46	55.9%	83.31	69.98	84.0%	62.9%	1.61
19	ANED	114699	283.2	134.21	52.6%	62.19	53.59	86.2%	59.2%	1.89
20	TED	110025	326.6	135.92	58.4%	62.24	52.62	84.5%	64.8%	1.61
CESU		**2169744**	**5485.7**	**3408.06**	**37.9%**	**1586.7902**	**1474.00**	**92.9%**	**42.3%**	**2.69**

357. The Commission in the last tariff order had made some observations on high losses at LT level. Improvement is negligible. In CESU loss level is more than 70% at LT level in many divisions. In SOUTHCO and NESCO AT&C loss level is more than 50%. Consequently the 'Realisation per LT input' of these divisions is dismally low and much lower than the Bulk supply price and Average cost of supply. Most of the divisions are spending more on establishment cost than the revenue realisation. This leads to financial unviability.

358. The Commission in previous RST order observed that the average performance of Odisha DISCOMs was much below the national average and also lower than other leading states Gujarat, Karnataka, Maharashtra, Tamil Nadu, West Bengal and

Haryana. This speaks of lack of accountability and commitment. There is lack of proper performance evaluation system that could lead to objective reward and punishment. Metering, billing and collection need to improve with reduction in losses.

Terminal Liability

359. All the DISCOMs have projected increase in their terminal liability for the ensuing year ranging from 50 to 60 percent. A comparative position of the approved terminal liability in ARR of FY 2017-18 vis-a-vis projection made by the DISCOMs for FY 2018-19 is given in the following table:

Table – 40

(Rs. Cr.)

Name of the DISCOM	Approved FY2017-18	Proposed FY 2018-19	Percentage increase (in %)
WESCO	77.7	123.3	63.02%
NESCO	78.69	124.72	63.09%
SOUTHCO	66.68	126.22	52.83%
CESU	133.54	194.61	68.62%
Total	**356.61**	**568.85**	**62.69%**

This is a very alarming scenario.

360. WESCO, NESCO and SOUTHCO in their submission have stated that the the contribution to the Pension Fund and Gratuity Fund and Leave Encashment has been proposed for the year 2018-19 based on the actuarial valuation done by M/s. Bhudev Chaterjee as on 31.03.2017 and the projections provided for 2017-18 and 2018-19. While computing the contribution required by the Utility to the employees trust, the Actual investments as on 01.04.2017, estimated Investments as on 01.04.2018, income from the investments during the year 2018-19 and the payments to retired/retiring employees during the 2018-19 has been considered. CESU in their submission have stated that the terminal benefit has been considered by estimating projection for FY 2018-19 towards pension and leave by multiplying 2.57 factor to Basic pay + Grade pay as on 01.01.2016 and increasing it @5% for 2016-17 and 2017-18. Gratuity projection has been made @ 25% on actual gratuity payment for FY 2016-17 and 2017-18 and further increased by 3% for FY 2018-19.

361. The DISCOMs were asked to submit the actual Corpus fund available up to 31st March 2017. As per the information submitted by the DISCOMs the actual corpus fund available is far less than what actually should have been by 31.3.2017. The

following table shows the actual corpus fund availability:

Table – 41

(Rs. in Cr.)

Actual Corpus Availability						
As on 31.3.2016				**As on 31.3.2017**		
DISCOMs	**Pension Fund**	**Gratuity Fund**	**Total**	**Pension Fund**	**Gratuity Fund**	**Total**
WESCO	134.06	30.98	165.04	181.99	35.90	217.89
NESCO	100.67	16.07	116.74	109.28	16.59	125.87
SOUTHCO	27.04	7.26	34.30	26.2	6.10	32.30
CESU	209.06	30.59	239.65	216.12	31.56	247.68

362. The Commission on analysis found that the actual corpus fund available is much less than the expected and requirement. The Commission in previous RST orders observed that the Licensees have failed to transfer amounts allowed in the previous successive tariff orders for the purpose. Licensees have also failed to submit any plan of action to recoup the corpus fund through enhanced collection. Commission is therefore not inclined to allow the full amount of Terminal liability projection and instead allow only the liability on the actual cash out go basis. The DISCOMs during the present ARR analysis were asked to submit actual cash outgo on terminal liability up to Nov 2017. On the basis of their submission the actual liability paid up to Nov 2017 was extrapolated to full year of 2017-18 and then further by 10% (actual growth observed is around 8.5%) to arrive at expected liability of 2018-19. The details of terminal liability and approval for FY 2018-19 are given in the table below:

Table - 42
Terminal Liability FY 2018-19

(Rs. in Cr.)

Terminal Liability Cash Out go from April 2017 to Nov-2017				
	WESCO	**NESCO**	**SOUTHCO**	**CESU**
04/2017	5.76	6.73	5.81	13.27
05/2017	6.18	4.75	5.11	11.08
06/2017	6.53	8.32	5.32	13.28
07/2017	7.74	6.47	5.30	11.74
08/2017	6.42	6.46	4.87	9.98
09/2017	5.74	6.31	11.26	9.85
10/2017	6.00	6.82	1.45	11.63
11/2017	5.77	5.43	6.09	10.74
Average	6.27	6.41	5.65	11.45
Pro-rated for FY 2017-18	75.20	76.94	67.82	137.36
Approved for FY 2018-19 (with 10% hike over 2017-18)	**82.72**	**84.63**	**74.60**	**151.09**

363. The Commission accordingly allows following amount towards terminal Liabilities of DISCOMs for FY 2018-19 and directs that terminal benefit funds be gradually recouped by the Utilities.

Table – 43

(Rs. in Cr.)

Name of the DISCOM	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Amount to be charged to ARR	**82.72**	**84.63**	**74.60**	**151.09**

364. In light of the discussions in the foregone paragraphs, the Employee cost proposed by the DISCOMs vis-à-vis approval by the Commission for FY 2018-19 is shown in the following table:

Table – 44
Employee Cost (Approved 2018-19)

(Rs. in Cr.)

Sl. No.	**Particulars**	**WESCO**		**NESCO**		**SOUTHCO**		**CESU**		**Total**	
		Proposed for FY 2018-19	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**
1	Basic Pay + GP	148.72	143.81	125.07	123.88	103.21	119.14	230.82	179.79	607.82	566.62
2	DA	13.38	10.07	11.88	8.67	9.29	8.34	30.01	12.59	64.56	39.66
3	Reimbursement of HR	26.77	11.55	25.01	9.38	19.61	9.29	30.01	11.22	101.40	41.44
4	Other allowance	8.04	3.22	1.37	1.37	1.66	1.66	4.72	4.72	15.79	10.97
5	Arrear of 7th Pay commission	49.07		81.25		45.40		63.05		238.77	0.00
6	Bonus	1.60	0.06	0.05	0.83	0.00		4.03	0.09	5.68	0.98
8	Outsource employees Expenses	22.70	24.22	19.25	18.81	53.63	35.81	29.73	14.11	125.31	92.94
10	Total Emoluments (1 to 8)	**270.28**	**192.93**	**263.88**	**162.95**	**232.80**	**174.23**	**392.37**	**222.52**	1159.33	752.62
11	Reimbursement of medical expenses	7.44	3.21	6.25	2.35	5.16	2.44	11.54	4.14	30.39	12.14
12	Leave Travel Concession	0.12	0.12	0.30	0.30	0.15	0.15	0.02	0.02	0.59	0.59
13	Encashment of Earned Leave					0.20				0.20	0.00
14	Honorarium	0.16	0.16			0.01	0.01			0.17	0.17
15	Payment under workmen compensation Act	0.07	0.07	0.10	0.10	0.65	0.65	1.16	1.16	1.98	1.98
16	Expense towards uniform to Employees									0.00	0.00
17	Ex-gratia	0.08	0.08	3.54	3.54					3.62	3.62
18	Other Staff Costs	0.55	0.55	1.18	1.18	0.35	0.35	1.23	1.23	3.31	3.31
19	Total Other	8.42	4.19	11.37	7.47	6.52	3.60	13.95	6.55	40.26	21.81

Sl. No.	Particulars	WESCO		NESCO		SOUTHCO		CESU		Total	
		Proposed for FY 2018-19	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**	**Proposed for FY 2018-19**	**Approved for FY 2018-19**
	Staff Costs (11 to 18)										
20	Staff Welfare Expenses	0.84	0.84	1.42	1.42	3.02	3.02	3.95	3.95	9.23	9.23
21	Terminal Benefits (Pension + Gratuity + Leave)	123.30	82.72	124.72	84.63	126.22	74.60	194.61	151.09	568.85	393.04
22	Total (10+ 19+20+21)	**402.84**	**280.68**	**401.39**	**256.46**	**368.56**	**255.45**	**604.88**	**384.11**	1777.67	**1176.70**
23	Less: Empl. cost capitalized	5.85	5.85	0.32	0.32	1.11	1.11	16.97	16.97	24.25	24.25
24	Total Employees Cost	**396.99**	**274.83**	**401.07**	**256.14**	**367.45**	**254.34**	**587.91**	**367.14**	1753.42	**1152.45**
% rise over approved 2017-18		**44.79**		**73.86**		**63.09**		**68.26**		**62.42**	
Employee cost per unit sales		**48.00 paise**		**51.09 paise**		**93.27 paise**		**52.56 paise**		**56.35 paise**	

365. The Commission observes that arrears on employees cost shall be met from arrear collections after meeting arrear energy charges unless decided otherwise by Commission. This shall not be met from current revenue. The ratio shall be decided in consultation with GRIDCO for relaxation of escrow on information from licensees on arrear collection after obtaining the details.

366. It is directed that any rise in employee cost other than that approved shall require prior approval of the Commission.

Administrative and General Expenses

367. The Administrative and General Expenses covers property related expenses, Licence Fees, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The DISCOMs have projected their estimates for FY 2018-19 in their ARR in the following manner which are compared with approved A&G expenses for previous FY 2017-18.

Table - 45

(Rs. in Cr.)

A&G Expenses	Approved 2017-18			Proposed FY 2018-19		
DISCOM	**Normal A&G**	**Additional A&G**	**Total A&G**	**Normal A&G**	**Additional A&G**	**Total A&G**
WESCO	33.31	24.50	57.81	77.79	25.25	103.04
NESCO	22.27	24.50	46.77	41.13	17.60	58.73
SOUTHCO	19.17	6.95	26.12	28.26	37.51	65.77
CESU	48.01	18.50	66.51	82.49	131.81	214.30

368. WESCO, NESCO & SOUTHCO have submitted that they have forecasted the A&G expenses for FY 2018-19 based on actual expenses till September.

369. The A&G expenses for ensuing year have been forecasted based on estimated expenses to be incurred for the FY 2018-19 in line with the Commission's earlier orders. The increase in A&G expenses for the year has been projected by considering 7% increase on account of inflation over the approved A&G expenses for FY 2017-18. They have proposed to undertake various initiatives to be met under A&G expenses.

The Administration and General expenses for the year FY 2018-19 have been forecast based on estimated expenses during FY 2017-18. The increase in A&G expenses for the year has been projected by considering 7% increase due to inflation over the estimated A&G expenses for FY 2017-18 along with some additional expenses on.

- Installation of Remote Visual Display Unit (RVDU)
- Intra state ABT and Energy Audit
- IT Automation
- Ujala Scheme

370. CESU has submitted that the major share of A & G expenses is contributed to Distribution Franchisees Sharing of BOT model. As Franchisees are operating in 14 divisions of CESU Area, so a huge amount of Rs.80.85 crore. & Rs. 118.37 crore. to be incurred by CESU towards Franchisees expenses for the FY 2017-18 & FY 2018-19 respectively. CESU has submitted to consider the Franchisees expenses as additional A & G expenses. In addition to that Customer care/call centre, Energy Audit, IT related expenses/expenditure on SCADA & STPI, Compensation for accidents, Safety equipment & Training, Rooftop Solar, Market Research & DSM(PATCA) & Uniform Allowance are claimed as additional A & G expenses.

371. The Commission in its order on MYT principles in its order dated 20.03.2013 have decided to the following effect.

"16.3 Commission during the third MYT control period would continue to allow normal A&G expenses at the rate of 7% escalated over the approved base year value of the previous year. Commission may also approve additional expenses in addition to the normal A&G expenses for special measures to be undertaken by the DISCOMs towards reduction of AT&C losses and improving collection efficiency after prudent check."

372. The Commission observes that A&G expenses is a controllable cost as defined in the

MYT order and the DISCOMs would not be allowed more than the approvals in the truing up exercise. The DISCOMs should make efforts to spend A&G expenses prudently and put efforts to curb wasteful and avoidable expenses. The Commission further observes that with the declining employee base, computerized and IT automation, the A&G expenses should be declining over the years. Moreover, the sales have come down in recent years hindering growth in business and restricting further expenditures. Commission in previous ARR approvals have been allowing additional expense towards Customer Care, AT&C loss reduction activities including energy audit, Expenses on IT automation, inspection fees towards SI Works and compensation for electrical accidents.

373. Commission scrutinised the proposal towards A&G and Additional A&G expenses for the ensuing year i.e. FY 2018-19. An escalation of 7% over the normal A&G expenditure for the last year tariff in terms of the MYT order for the current control period has been considered subject to condition that this shall not be used for payment of salary in any form. All activities should be outsourced. Conveyance expenses need to be brought down till situations improve. Restrictions need to be in place in form of austerity measures to control conveyance and other avoidable expenses.

Intra State ABT & Energy Audit

374. In spite of severe financial constraints to the extent that the Utility is unable to make timely payment of bulk power purchase bills and employee salaries, to improve customer services, initiatives proposed by the Utility under the above head during the ensuing year as under:-

a. Installation of (Remote Visual Display Unit) RVDU

b. Creation of infrastructure to carryout Enterprise wide Energy Audit exercise has been factored in the Capex programme.

Ujala Scheme

375. The utilities are facilitating EESL for sale of energy efficient equipments to the consumers of its area under UJALA Scheme for saving energy. As per the scheme 09 Watt LED bulb, LED tube light and star rated energy efficient ceiling fans are being distributed among the consumers of which has ultimately helped in saving energy during last financial year.

376. **IT Intervention –** NESCO, WESCO & SOUTHCO in their ARR submission has stated that in order to implement MBC application additional A&G may be approved

377. The Commission is of the opinion that intervention of IT should be strengthened which is an important aspect to increase efficiency and speed with quality. Attaching much emphasis on this area, Commission allows Rs.5.00 crore to NESCO, WESCO & CESU each and Rs. 4 crore to SOUTHCO for undertaking various automation programmes, IT initiatives and to implement the SAP based MBC application for FY 2018-19.

AT&C loss reduction activities, pole scheduling, consumer indexing, distribution network mapping including Energy Audit

378. The Commission is of the opinion that Energy Audit is a techno commercial activity required to be implemented by DISCOMs so that the financial condition shall be viable. It is observed that the loss reduction performance of the all the DISCOMs is poor. During the review of performance of the DISCOMs it is seen that none of the licensees have taken energy auditing seriously. The overall AT&C losses are stated to be still hovering around 37%. The performance of DISCOMs on Energy Audit front needs closer involvement of the Management / Staff's for making the functioning of company viable. As directed in the last RST order, the Commission directs that the achievement in energy audit shall be a part of performance indicators of all officers and employees and recorded in personal reports for extension of service related benefits. HR wing of the DISCOMs are to act accordingly. The Commission may monitor progress.

379. In spite of repeated directions to conduct energy audit, the progress of all the four DISCOMs on this account is not upto the mark. It is more severe in SOUTHCO and WESCO. The Commission allowed Rs.15.00 crore, Rs.15.00 crore, Rs.3.00 crore and Rs.9.00 crore to WESCO, NESCO, SOUTHCO & CESU respectively towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses in the last RST order for FY 2017-18. This amount should have been utilized to undertake metering of the feeders and DTRs. The Commission in view of such a lackadaisical approach to conduct energy audit expresses displeasure over the management. The financial viability and quality of supply as mandated under the Act and Tariff Policy of Govt. of India are frustrated due to inaction of the licensees to

implement the orders.

380. The Commission in the performance review have directed DISCOMs to carry out the Energy Audit in complete shape of at least 5 feeders. This exercise should be further escalated and replicated to other feeders. The Commission further directs that the DISCOMs should complete pole scheduling, consumer indexing, distribution network mapping linking with indexed consumer and also ensure that reliable & correct meters are installed at all points of consumption for the purpose of Energy Audit to identify revenue leakage. Commission shall also review progress aggressively and pass suitable directions from time to time if orders are not complied.

381. The status of EA as on September 2017 furnished by the Licensees is given in the table below:

Table – 46

FEEDER METERING	CESU	NESCO	WESCO	SOUTHCO	ODISHA
No. of 33 KV feeders (excluding GRIDCO interface)	156	72	108	86	422
No. of 33 KV feeder metering	156	72	106	77	411
No. of 11 KV feeders	827	519	608	612	2566
No. of 11 KV feeder metering	745	519	600	297	2161
No. of 33 / 11 kv transformers	531	331	354	326	1542
No. of 33/11 kv transformer metering position	232	71	29		332
No. of distribution transformers (11/0.4 & 33/ 0.4 kv)	59910	56338	41437	40944	198629
No. of distribution transformer metering position	13334	1583	472	124	15513
MVA Capacity of DTRs	3715.29	1809.83	1904.77	1558.26	8988.151
ENERGY AUDIT					
Energy Audit Carried Out-33 KV	108	50	65	17	240
Energy Audit Carried Out-11 KV	650	474	458	166	1748
Energy Audit Carried out- No of DTRs covered	286	51557	178	124	52145

382. The above table reveals that no progress has been made. The Commission hereby directs again to DISCOMs to submit plan of action for the following energy audit activities during the year 2018-19:

1. Metering of all the 33 KV feeders, 11 KV feeders and Distribution transformers.
2. Energy Audit of balance 33 KV and 11 KV feeders, for which energy audit has not been carried out.

3. Energy audit of all the DTRs and consumers.
4. Consumer and pole indexing.
5. Energy audit of all consumers starting from 33 KV feeders to the end user consumer.

383. The licensee must provide specific timelines division and feeder wise plan for each of the above activity. It must be noted that while devising the plan, the thrust must be given to complete the audit of Industrial feeders and loss making urban feeders first, gradually focusing on other feeders and DTRs. In view of the importance of energy audit activity Commission allows Rs.5 crore each to WESCO & CESU, Rs. 4 crore to SOUTHCO and Rs.10 crore to NESCO towards AT&C loss reduction activities including Energy Audit under the head additional A&G expenses for FY 2018-19. Besides the commission has also allowed allocation under the Additional A&G towards Inspection Fee towards SI works and Compensation for Electrical Accidents.

384. **Training of Personnel out of normal A&G expenditure -** The Commission has laid emphasis on the Capacity building of employees and officers for development of the organization. This is more important in view of the fact that knowledge on evolving technologies and best practices being used by the other organizations are efficiency accelerators. Commission, therefore, gives importance to the training of personnel of the utilities in order to upgrade their skills to cope up with the changing needs. Utilities should have a calendar of training schedule for their employees to take their task efficiently. In spite of past orders, no visible action has been taken. Organising training and efficiency improvement of employees' measurement should be an indicator of HR performance. Commission, therefore, provided Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses previous years. Commission in line with previous RST order directs Licensees to earmark Rs.50 lakh towards training programme for FY 2018-19. The copy of training calendar for the year 2018-19 shall be submitted to the Commission by 31st May, 2018. Failures need to be recorded in the performance of HR Head.

385. In view of the observations as above, the total A&G expenses allowed for FY 2018-19 to the DISCOMs are summarized below:

Table – 47
A & G Expenses Approved for FY 2018-19

(Rs. in Crore)

A & G Expenses Approved for FY 2018-19	WESCO	NESCO	SOUTHCO	CESU
Normal A&G expenses (Escalated @7% over FY 2017-18)	35.64	23.83	20.51	51.37
Additional expenses:				
Expenses for Customer Care Centres/ Call Centres	2.00	2.00	1.00	2.00
AT&C loss reduction activities, pole indexing including Energy Audit	5.00	10.00	4.00	5.00
Automation/IT expenses	5.00	5.00	4.00	5.00
Inspection Fee towards SI works	0.25	0.25	0.25	0.25
Compensation for Electrical Accidents	0.25	0.25	0.19	0.25
Total Additional Expenses	12.50	17.50	9.44	12.50
Total A&G expenses	48.14	41.33	29.95	63.87

The Commission directs that meter rent, funds shall not be diverted towards any other expenses and shall not be escrowed.

Repair and Maintenance Expenses

386. The distribution companies in their ARR and tariff petition for FY 2018-19 have proposed higher requirement for R&M over the previous year's approved expenses as follows:

Table – 48
R & M Proposal for FY 2018-19

(Rs. in Cr.)

DISCOMs	Approved for FY 2017-18	Proposed for FY 2018-19	Proposed % rise over approved FY 2017-18
WESCO	68.48	92.41	25.90%
NESCO	87.97	89.79	2.03%
SOUTHCO	34.91	125.46	72.18%
CESU	110.85	146.02	24.09%
TOTAL	302.20	453.68	33.39%

387. The Commission has been analyzing the spending in R&M by the Licensees, through the information available in the audited accounts of the companies. Audited account for the FY 2016-17 is available for the utilities WESCO, NESCO and SOUTHCO prepared by the Administrator. The audited account of CESU for 2016-17 is not available with the Commission. The approved and audited/provisional figures under R&M expenses are given in the following table:

Table – 49
R & M Expenses

(Rs. in Cr.)

R&M Expenses	WESCO		NESCO		SOUTHCO		CESU*	
Years	**Approved**	**Audited**	**Approved**	**Audited**	**Approved**	**Audited**	**Approved**	**Audited**
99-00	14.43	15.90	14.22	16.19	12.63	13.39	19.05	24.01
00-01	14.43	10.25	14.22	11.02	12.63	7.31	19.57	19.92
01-02	13.62	10.12	16.32	7.02	15.57	9.29	23.43	15.6
02-03	15.33	8.04	14.62	5.65	16.82	6.43	22.11	25.04
03-04	16.89	16.27	17.59	8.84	16.38	9.93	24.12	21.22
04-05	17.28	12.85	17.66	11.13	13.25	8.43	31.95	20.27
05-06	21.30	9.61	22.63	11.21	18.55	6.07	33.67	12.26
06-07	24.25	12.44	24.48	12.88	17.35	5.54	41.31	22.09
07-08	23.82	12.37	24.43	13.00	18.38	5.50	43.64	25.11
08-09	25.66	17.90	25.87	20.86	19.08	7.79	41.87	34.79
09-10	27.01	18.01	27.88	22.79	20.73	11.59	40.46	28.45
10-11	34.77	16.56	37.22	19.26	26.11	13.09	51.19	29.38
11-12	36.81	18.04	47.46	16.39	28.47	8.28	56.77	28.92
12-13	40.06	14.71	51.17	17.52	28.28	8.97	57.78	27.12
13-14	51.30	19.73	56.73	16.16	43.53	15.02	81.87	52.55
14-15	68.48	17.74	87.97	19.90	34.91	12.02	110.85	33.14
15-16	44.24	17.71	61.05	27.70	31.93	16.82	79.64	33.85
16-17	55.55	19.37	70.54	18.62	33.18	9.74	92.43	43.00

Note – The expenses shown for FY 2016-17 in case of CESU are provisional.

388. The above table reveals that the trend of expenditure of DISCOMs in R&M activities is less than 50% of what is being approved by the Commission in the ARRs.

389. Timely and efficient R&M activities are the essential prerequisites to the availability of the distribution network. Commission expects a better system through higher allocations but the activities have to be monitored at field level.

390. The Commission allows the R&M expenses as per MYT order dated 20.03.2013 and have decided therein to the following:

"16.2 In view of the above, the Commission during the third control period would continue to grant R&M at the rate of 5.4% on Gross Fixed Asset added during the year. As regards the R&M expenses for the assets added under RGGVY and BGGY programme Commission may provisionally allow an amount for maintenance of these assets during the third control period.

Commission may also allow special R&M during this control period in order to enable DISCOMs to undertake critical activities such as loss reduction, energy audit, Consumer Indexing, Pole scheduling and all such activities deemed necessary for the up-gradation of network."

391. In the tariff petition for FY 2018-19 the DISCOMs have proposed following asset addition.

Table – 50
Proposed addition of Fixed Assets FY 2017-18

(Rs. in Cr.)

Particulars	**WESCO**		**NESCO**		**SOUTHCO**		**CESU**	
	Capital Exp.	**Addition**	**Capital Exp.**	**Addition**	**Capital Exp.**	**Addition**	**Capital Exp.**	**Addition**
Land Building Furniture and Fixtures	4.75	4.75	0.96	0.96	2.66	2.66		
RE/MNP						1.87		
SCRIPS							96.86	91.53
PMU						7.72		
Unbanked GP							24.40	9.76
APDRP						0.55		
RAPDRP (A)							114.66	69.35
RAPDRP (B)							198.63	109.29
S.I. Scheme	11.89	15.35						
Deposit work	117.15	96.82	121.32	60.75	15.40	9.24	25.94	18.00
RGGVY-II							110.79	103.7
DDUGJY	500.00	300.00					8.72	
DDUGJY (12th Plan)	50.00	25.00						9.61
NH					1.90	1.19		
Biju Gram Jyoti			7.00	7.00			5.57	6.52
Biju Sahar VY			2.01	2.01			0.50	0.65
DESI (GoO)	5.49			43.99			31.50	27.66
RLTAP	4.74	2.38			9.65	4.83		
Capex Plan (GoO)	34.30	51.85	6.57	184.28	55.82	120.80	4.00	20.15
IPDS	30.00	18.00	81.59	81.59	20.00	10.00	21.62	15.87
ODSSP	147.61	59.04			369.52	221.71	310.00	319.37
School/ Anganwadi							3.65	1.5
Deepborewell							96.86	38.74
Ruban							1.84	0.74
District Mineral Fund							2.63	1.05
ODAFF							24.40	15.98
Elephant corridor					0.69	0.35	8.91	4.76
UG Cabling								10.57
Nabakalebar								0.06
Other works	3.68	1.84			41.43	147.81		
Total	**909.61**	**575.03**	**219.45**	**380.58**	**517.07**	**528.73**	**1091.48**	**874.86**

392. Since R&M is computed and allowed at the rate of 5.4% on Gross Fixed Asset added during the year, scheme wise asset addition for FY 2017-18 considered by the Commission are discussed in succeeding paragraphs:

393. **RGGVY & Biju Gram Jyoti Scheme -** The asset addition under these Schemes are entirely funded by Govt. of India and Govt. of Odisha and the projects are being implemented by the Central PSUs as per the terms of agreement. On R&M of the assets, Commission in its tariff order for FY 2009-10 observed that the State Govt. should provide revenue subsidy to the DISCOMs to compensate for undertaking such non remunerative work under RGGVY & Biju Gram Jyoti Scheme. DISCOMs are advised to approach State Government in this regard for obtaining revenue subsidy for maintenance of these assets. DISCOMs have submitted that the provisional additional amount of Rs.5.00 cr. to each DISCOM is not enough given the area over which the RGGVY assets have been spread out.

394. The Commission in line with advice in ARR 2012-13, again advises Government of Odisha to share its obligation to provide quality supply to the lifeline consumers as mandated in the Electricity Act 2003. Government of Odisha therefore may consider allocating revenue subsidy in order to enable Licensees to maintain and operate these lines. Commission is not sure of addition of the exact quantum of assets under RGGVY & Biju Gram Jyoti Scheme during FY 2018-19 for the purpose of determination of R&M and depreciation since these assets continue to be with Government of Odisha. The Commission therefore in order to ensure maintenance of the assets under RGGVY & Biju Gram Jyoti Scheme, which continue to be with the Govt. of Odisha, allows Rs.5.00 crore to each to DISCOMs for FY 2018-19.

395. **System Improvement Scheme –** WESCO has proposed asset addition of an amount of Rs.15.35 cr. under system improvement scheme. After discussions with WESCO Utility, the Commission allows asset addition of Rs.7.00 cr. .

396. **Deposit works -** WESCO, NESCO, SOUTHCO and CESU have proposed asset addition under deposit work to the tune of Rs. 96.82 cr., Rs. 60.75 cr., Rs. 9.24cr. and Rs18 cr., respectively. After discussions with the DISCOMs, Commission allows Rs. 3.00 cr., Rs. 45.00 cr., Rs.9.24 and Rs.12.22 crore to WESCO, NESCO, SOUTHCO and CESU respectively as asset addition towards deposit works.

397. **Capex Plan (GoO) -** WESCO, NESCO, SOUTHCO and CESU have proposed asset addition under Capex Plan (GoO) to the tune of Rs.51.85 cr., Rs.184.28 cr.,Rs. 120.80 cr and Rs.20.15 cr., respectively. After analysis of actual capital expenditure and asset addition, Commission allows Rs.30.00 cr., Rs.158.28 cr., Rs.120.80 cr. and Rs.19.46

cr. to WESCO, NESCO, SOUTHCO and CESU respectively as asset addition towards Capex Plan (GoO).

IT Infrastructure & Distribution Network strengthening under R-APDRP Scheme

398. This scheme is only available to CESU. Projects under the R-APDRP scheme is taken up in two parts. Part-A includes the projects for establishment of baseline data and IT applications for energy accounting/ auditing & IT based consumer service centres where as Part-B includes electrical distribution network strengthening projects.

399. The R-APDRP Steering Committee, constituted by Ministry of Power, GoI in its 30th meeting held on 28.02.2014, sanctioned Rs 395.86 Cr towards the R-APDRP projects (Part-A-IT, Part-B and Part-A-SCADA) for Odisha which is applicable to CESU area. The detail break-up of the sanction is as follows:

Part-A IT : Originally Sanctioned loan - Rs 105.65 Cr. and revised to Rs 133.17 Cr. (for 12 Towns)

Part-A SCADA : 26.57 Cr (For Bhubaneswar and Cuttack)

Part-B : 263.64 Cr and realigned to 248.12 Cr. (For 12 Towns)

The Commission after going through the submissions of the CESU allows asset addition of Rs.26.95 crore towards RAPDRP(A) and Rs.34.44 crore towards RAPDRP(B).

400. **Asset addition under other schemes**: Under DESI (Govt. of Odisha) programme NESCO is allowed asset addition of Rs. 43.99 cr and CESU Rs. 15.37 cr. Under Elephant Corridor scheme SOUTHCO is allowed asset addition of Rs.0 .35 cr and CESU Rs. 1.70 cr. Under School Anganwadi scheme SOUTHCO is allowed asset addition of Rs.0 .16 cr and CESU Rs 0.04 cr. Under National Highway scheme SOUTHCO is allowed asset addition of Rs.1.19 cr. Under RLTAP scheme SOUTHCO is allowed asset addition of Rs.4.83 cr. Under UG cabling scheme CESU is allowed asset addition of Rs.10.57 cr. Under Nabakalebar scheme CESU is allowed asset addition of Rs.0 .06 cr. Under other works SOUTHCO is allowed asset addition of Rs.9.80 cr and WESCO Rs1.84 cr.

401. In view of the discussions above, the total asset addition during FY 2017-18 is determined and approved as detailed below:

Table – 51
Approved addition of Fixed Assets for FY 2017-18

(Rs. in Cr.)

Approved addition of Fixed Assets FY 2017-18	WESCO	NESCO	SOUTHCO	CESU
Land Building Furniture and Fixtures		0.62	0.04	
RGGVY				
Biju Gram Jyoti				
RE/LI/MNP				
PMU				
APDRP				
RAPDRP (A)				26.95
RAPDRP (B)				34.44
System Improvement	7.00			
Deposit work	3.00	45.00	9.24	12.22
Metering & others				
RGGVY				
Biju Gram Jyoti				
Biju Saharanchal				
DESI (GoO)		43.99		15.37
Capex Plan (GoO)	30.00	158.28	120.80	19.46
Elephant Corridor			0.35	1.70
School Anganwadi			0.16	0.04
National Highway			1.19	
RLTP			4.83	
IPDS				
UG Cabling				10.57
ODSSP				
Cyclone Restoration				
Nabakalebar				0.06
Other works (including PMGY)	1.84		9.80	
Total	**41.84**	**247.89**	**146.41**	**120.81**

402. The Gross Fixed Assets as on 01.04.2018 calculated on the basis of the asset addition allowed in the above table is given as below:

Table – 52
Gross Fixed Assets as on 31.03.2018 (Approved)

(Rs. in Cr.)

Gross Book Value	WESCO	NESCO	SOUTHCO	CESU
As on 01.04.1996	139.87	137.89	122.41	188.70
Addition of Fixed Assets (Audited)				
1996-97	13.74	13.54	12.02	18.53
1997-98	16.84	16.60	14.74	22.72
1998-99	0	0	0	0
1999-00	53.32	41.11	37.53	87.16
2000-01	19.90	26.83	13.8	85.09
2001-02	19.58	30.63	20.72	67.25

Gross Book Value	WESCO	NESCO	SOUTHCO	CESU
2002-03	21.31	30.55	7.64	127.01
2003-04	35.14	28.63	12.60	88.42
2004-05	71.74	55.09	39.78	66.26
2005-06	23.52	30.20	13.89	-95.95
2006-07	22.21	30.73	11.10	22.57
2007-08	24.79	32.49	18.91	35.52
2008-09	35.16	92.14	31.85	38.68
2009-10	38.07	101.33	10.70	52.29
2010-11	42.46	64.65	11.46	71.59
2011-12	31.01	59.71	7.32	112.29
2012-13	37.04	75.44	9.00	137.17
2013-14	57.79	60.81	7.58	176.63
2014-15	93.41	76.31	63.57	273.02
2015-16	11.77	120.14	5.08	224.18
2016-17 Provisional for CESU	247.36	107.34	15.00	150.00
2017-18 (Approved)	41.84	247.89	146.41	120.81
Total up to 2017-18	**1097.87**	**1480.05**	**633.11**	**2069.94**

403. The position of Gross Fixed Asset as on 01.4.2018 were computed based on their audited accounts for accounts for WESCO, NESCO and SOUTHCO and provisionally for CESU in absence of Audited accounts as depicted in the above table. Taking into consideration the addition of assets during the FY 2017-18 and the position of GFA as on 01.4.2018, the approved R&M for FY 2018-19 is given in the following table:

Table – 53
R&M for FY 2018-19

(Rs. in Cr.)

R&M for FY 2018-19	WESCO		NESCO		SOUTHCO		CESU	
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
Gross fixed asset as on 01.04.2018	1264.63	1097.87	1662.84	1480.05	1087.19	633.11	2333.77	2069.94
% of GFA	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%
R&M on GFA	68.29	**59.28**	89.79	**79.92**	59.54	**34.19**	126.02	**111.78**
Special R&M for addition of RGGVY and BJGY assets		5.00		5.00	65.92	5.00	20.00	5.00
Total R & M incl Spl R & M	**68.29**	**64.28**	**89.79**	**84.92**	**125.46**	**39.19**	**146.02**	**116.78**

404. The Commission in order to ensure maintenance of the assets under RGGVY & Biju Gram Jyoti Scheme, which continue to be with the Govt. of Odisha, allows Rs.5.00 crore each to WESCO, NESCO, SOUTHCO and CESU respectively subject to detailed scrutiny in next tariff proceedings.

Interest on Loan

405. The source-wise loans and interest burden as proposed by the four DISCOMs for FY 2018-19 is given in the table below:

Table – 54

(Rs. in Cr.)

Source	WESCO	NESCO	SOUTHCO	CESU
World Bank loan	11.82	11.87	9.44	26.59
Gridco New Loan			6.22	
APDRP Net of 50% grant (GoO)	0.66	0.76	0.76	4.45
R-APDRP LOAN Coun terpart Funding part B				0.26
REC/PFC (Counter Part Funding APDRP) and SI Scheme			0.15	
Interest on security deposit	44.03	33.88	12.92	46.75
CAPEX (REC)				
Govt. of Orissa Capex loan	6.84	3.41	1.92	
Other interest including SOD interest and finance charges	30.08	27.77	15.70	28.25
Total interest before capitalisation	93.43	77.69	47.11	106.30
Less: Interest Capitalised				
Total Interest proposed	93.43	77.69	47.11	106.30

World Bank Loan

406. In line with the Commission's previous order, the licensees have calculated the interest on World Bank Loan @ 13%, considering 30% of loan as grant and balance 70% as loan. The loan balance (Net of 30% grant) as projected by the DISCOMs along with the approved interest for the FY 2018-19 is as follows:

Table – 55

(Rs. in Cr.)

World Bank Loan	Loan as on 01.04.2017	Receipt during 2017-18	Repayment Due in 2017-18	Loan as on 31.3.2018	Receipt during 2018-19	Repayment Due in 2018-19	Loan as on 31.3.2019	Interest for FY 2018-19 (Approved)
WESCO	90.95			90.95		9.09	81.86	11.23
NESCO	91.27			91.27			91.27	11.87
SOUTHCO	72.59			72.59		7.26	65.33	8.96
CESU	204.51			204.51			204.51	26.59
Total	459.32			459.32		16.35	442.97	58.65

Accelerated Power Development Reform Programme (APDRP)

407. Licensees in their filling have submitted that no amount is to be spent under APDRP scheme during the year FY 2017-18. The interest liability on APDRP has been considered on the adjustment loan only @ 12% for Govt. of Odisha loan and @13.5% on the loan received from REC/ PFC.

408. The interest liability on loans from GoO & REC/PFC is computed on the basis of the actual expenditure of APDRP during the current year and balance expenditure to be incurred during the ensuing year. The DISCOMs have not projected any receipts on account of APDRP loan from GoO or REC/PFC. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2018-19 are given in the following table:

Table - 56

(Rs. in Cr.)

APDRP	**Balance as on 01.04.2017**		**Receipt during FY 2017-18 & 2018-19**		**Repayment during FY 2017-18 & 2018-19**		**Balance as on 31.03.2019**		**Interest for FY 2018-19 (Approved)**	
	GoO	REC/ PFC		REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC	GoO	REC/ PFC
WESCO	13.45			-			13.45		1.61	
NESCO	6.37						6.37		0.76	
SOUTHCO	6.63	0.64			0.33	0.64	6.30	-	0.78	0.04
CESU	37.09	1.82				1.82	37.09	-	4.45	-

S I Scheme

409. No DISCOMs other than SOUTHCO has loan outstanding under the SI scheme. SOUTHCO has not planned to avail any long-term loan during FY 2017-18 and FY 2018-19 for funding the System Improvement Schemes. Commission allows the interest on the continuing loan under the System Improvement Scheme to SOUTHCO to be included in the revenue requirement for FY 2018-19 as given in the following table:

Table - 57

(Rs. in Cr.)

System Improvement scheme	**Opening Balance as on 01.04.2017**	**Proposed Loan for FY 2017-18**	**Proposed repayment during 2017-18**	**Balance as on 31.03.2018**	**Proposed Loan for FY 2018-19**	**Proposed repayment during 2018-19**	**Balance as on 31.03.2019**	**Interest for FY 2018-19 (Approved)**
SOUTHCO	1.55		0.17	1.38		0.17	1.21	0.17

CAPEX loan from Govt. of Odisha (4% interest)

410. Only WESCO has projected receipt of Loan in this account during the current FY 2017-18. The opening balance as on 1.04.2017 and additions has been considered to arrive at the interest on the loan. The Commission allows the interest on the continuing loan under the CAPEX loan from Govt. of Odisha (4% interest) to

DISCOMs to be included in the revenue requirement for FY 2018-19 as given in the following table:

Table - 58

(Rs. in Cr.)

Capex (GoO Loan 4%)	Opening Balance as on 01.04.2017	Proposed Loan for FY 2017-18	Proposed repayment during 2017-18	Balance as on 31.03.2018	Proposed Loan for FY 2018-19	Proposed repayment during 2018-19	Balance as on 31.03.2019	Interest for FY 2018-19 (Approved)
WESCO	137.29	33.82		171.11			171.11	6.84
NESCO	85.19			85.19			85.19	3.41
SOUTHCO	48.04			48.04			48.04	1.92
CESU	193.28			193.28			193.28	0.00

R-APDRP Loan - Govt. of India (Part –B)

411. CESU has only proposed to avail this loan under the Govt. of India scheme. The Commission after scrutiny allows interest @ 10.50% on the average balance outstanding for FY 2017-18. The Commission also allows the interest on the continuing loan under the R-APDRP Loan Counterpart Funding part B to CESU to be included in the revenue requirement for FY 2018-19 as given in the following table:

Table - 59

(Rs. in Cr.)

R-APDRP LOAN Counterpart Funding part B	Opening Balance as on 01.04.2017	Proposed Loan for FY 2017-18	Proposed repayment during 2017-18	Balance as on 31.03.2018	Proposed Loan for FY 2018-19	Proposed repayment during 2018-19	Balance as on 31.03.2019	Interest for FY 2018-19 (Approved)
CESU	5.47		3.56	1.91			1.91	0.26

Interest on Security Deposit

412. The Commission in its query asked DISCOMs to furnish the details of the investments made out of the Consumer's security deposits. Accordingly DISCOMs furnished the details which have been tabulated as below:

Table - 60
Security Deposit

Licensee	Security Deposit as on 31.03.2017	Security Deposit actually available as on 31.03.2017	Remarks
WESCO	Rs.614.90cr.	Rs.619.87cr.	Rs. 430.42 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.189.45 cr. is free from any lien.
NESCO	Rs.510.92cr.	Rs. 504.30 cr.	Entire amount is deposited in form of fixed deposits and pledged in banks.

Licensee	Security Deposit as on 31.03.2017	Security Deposit actually available as on 31.03.2017	Remarks
SOUTHCO	Rs.188.78cr	Rs. 70.46 cr.	The entire amount is pledged in banks for availing loan towards payments of salary, BST Bills etc.
CESU	Rs.636.01cr.	Rs.338.98 cr.	The entire amount is pledged in UBI for availing loan towards payment of power purchase bill.

413. In view of the large gaps between the figures at Col. 2 & 3 above, we direct the DISCOMs to have a comprehensive audit of the SD and get the figures reconciled within six months.

414. Commission therefore directs the DISCOMs to maintain the security deposit intact so as to meet this liability. Commission further directs the DISCOMs to recoup the deficit of the security deposit through enhanced collection and submit a plan of action by 30.06.2018 for such a programme.

415. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code), 2004.

416. The prevailing bank rate as on 01.03.2017 as notified by RBI is 6.75% per annum as ascertained from the RBI website. The Commission accordingly allows the interest at the rate of 6.75% on the closing balance on consumer's security deposit as on 31.3.2018 as shown in the table below:

Table - 61
Interest on Security Deposit approved

(Rs. in Cr.)

Interest on Consumer's Security Deposit	Proposed interest on Consumer's SD for FY 2018-19	Consumer's Security deposit as on 31.03.2018 (Proposed)	Approved interest on Consumer's SD @ 6.75% for FY 2018-19
WESCO	44.03	642.25	43.35
NESCO	33.88	501.92	33.88
SOUTHCO	12.92	199.20	13.45
CESU	46.75	692.58	46.75

417. Accordingly the total interest on loan proposed by DISCOMs and approved by the Commission for FY 2018-19 is summarized below:

Table - 62
Total Annual Interest approved

(Rs. in Cr.)

Interest on Loans of DISCOMs	WESCO		NESCO		SOUTHCO		CESU	
	Proposed 2018-19	Approved 2018-19	Proposed 2018-19	Approved 2018-19	Proposed 2018-19	Approved 2018-19	Proposed 2018-19	Approved 2018-19
World Bank loan	11.82	11.23	11.87	11.87	9.44	8.96	26.587	26.59
Gridco New Loan					6.22			
APDRP Net of 50% grant (GoO)	0.66	1.61	0.76	0.76	0.76	0.81	4.451	4.45
REC/PFC								
R-APDRP Counterpart Funding							0.26	0.26
SI Scheme	-		-	-	0.15	0.17		
Interest on security deposit	44.03	43.35	33.88	33.88	12.92	13.45	46.749	46.75
Capex (REC)								
Gov of Orissa Capex Loan	6.84	6.84	3.41	3.41	1.92	1.92		
SOD interest and finance charges	30.08		27.77		15.7		28.248	
Total interest	93.43	63.04	77.69	49.92	47.11	25.32	106.297	78.04
Less Interest Capitalized								
Interest chargeable to revenue	93.43	**63.04**	77.69	**49.92**	47.11	**25.32**	106.30	**78.04**

Financing costs of short term loans/cash credits for working capital

418. The Commission in its Order dated 20.3.2013 on MYT principles have set out principle for allowing Financing costs of short term loans/cash credits for working capital in the following manner:

"21. As per the principle in the LTTS order for first control period and MYT order for the second control period, the amount of working capital is the approved shortfall in collection minus amount approved towards bad and doubtful debt. Since the benchmark collection efficiency target is set at 99% for the third control period, the remaining 1% would be treated as Bad and Doubtful debt. Hence there is no allowance for working capital for during the third control period."

In view of the above principle of the MYT no financing on working capital is allowed to the DISCOMs in the ARR for FY 2018-19.

Depreciation

419. DISCOMs have calculated depreciation at Pre-92 rate on the up-valued asset base plus asset addition after 01.4.1996 for FY 2018-19. The depreciation amounts claimed by the four DISCOMs are given as under.

Table – 63

(Rs. in Cr.)

	WESCO	NESCO	SOUTHCO	CESU
Proposed	61.36	60.01	39.59	123.29

420. Hon'ble High Court of Odisha in their judgement dated 28/02/2003 and 14/03/2003 in Misc Case No. 7410 and 8953 of 2002 have directed to calculate the depreciation on the pre-up valued cost of assets at pre-92 rate on the Transmission and Distribution assets as on 01.4.96 apportioned amongst GRIDCO and DISCOMs. Regarding calculation of depreciation, the Commission observed following in the RST order for FY 2009-10:

"388. The Commission has extensively dealt with the matter of calculation of depreciation in successive tariff orders and in the last tariff order for FY 2008-09 (para 399 to 406) considering the book value of the fixed asset as on 01.4.1996 at the pre-up valued cost and subsequent asset additions thereof in later years. The Commission adopts the same principle for determination of depreciation for FY 2009-10."

421. The asset addition from 01.4.1999 has been based on the audited annual accounts of the DISCOMs.

422. The gross book value as on 01.4.1996 and year wise asset addition have already been discussed while calculating R&M expenses and accordingly the position of assets as on 01.04.2017 has been depicted in the Table under R&M expenses.

423. The depreciation is calculated on the approved asset base as on 1.04.2016 at Pre–92 rate in pursuance to the directive of the Hon'ble High Court. The classification of assets has been done proportionately based on the audited accounts and tariff filling submitted by DISCOMs. Accordingly, the Commission approves the following amount towards depreciation for the year 2018-19.

Table – 64

(Rs. Cr.)

Approved Depreciation (2018-19)	WESCO	NESCO	SOUTHCO	CESU
GFA as on 01.04.2018	1097.87	1480.05	633.11	2069.94
Depreciation for FY 2018-19	**41.63**	**56.38**	**24.27**	**78.48**

Provision for Bad & doubtful debts

424. The WESCO, NESCO, SOUTHCO and CESU have proposed Bad and doubtful debts for the ARR for FY 2018-19 which is shown in the table below:

Table – 65
Bad & doubtful debts (Proposed 2018-19)

(Rs. cr)

Bad & Doubtful Debt	WESCO	NESCO	SOUTHCO	CESU
Proposed revenue to be billed	6294.41	2436.18	1192.71	3290.40
Proposed Bad and Doubtful debt	80.83	73.08	47.71	27.06

425. The commission in its Order dated 20.3.2013 on MYT principles have set out principle for allowing bad and doubtful debt in the following manner:

"17. The Business Plan order of the Commission dated 20.03.2010 approved collection efficiency of 99% for FY 2011-12 and FY 2012-13. The benchmark of collection efficiency would continue to be at the level of 99% during the third control period also. Accordingly the Bad and Doubtful debt during the third control period would also be allowed @ 1% of the total annual revenue billing in HT and LT sales only."

426. The Commission in line with the above Order on MYT principles allows on Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only on normative basis. Hence the amount of Bad and doubtful debt as proposed by the DISCOMs and approved by the Commission for FY 2018-19 is summarized below. Commission directs that the procedure for classification of an amount under bad and doubtful debt have to be in place prior to implementation.

Table – 66
Bad & Doubtful Debt FY2018-19 (Approved)

(Rs. in Crore)

DISCOM	Proposed		Approved			
	Revenue	Bad debt	Total Revenue	Revenue from EHT sales	Revenue at HT and LT	Bad debt (1% of LT & HT revenue)
WESCO	2694.41	80.83	2,688.71	575.40	2113.4	21.13
NESCO	2436.18	73.08	2,413.25	1170.29	1243.01	12.43
SOUTHCO	1192.71	47.71	1,173.02	212.20	960.62	9.61
CESU	3290.40	27.06	3,312.80	544.66	2763.64	27.64

The Commission directs that the procedure to write off losses be submitted by 30.6.18.

Truing up of DISCOMs

427. The OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 at Regulation 8 provides for the procedure for Truing up. Reg.8.1 provides that "The Distribution Licensee shall file an application each year for Truing up separately by 1st week of October every year along with the

audited accounts of the relevant year. The Commission shall pass the Truing up order by 1st week of November. The Licensee shall duly consider the Truing up order up to the previous financial year while filing ARR for the ensuing year.”

428. The licensees have not filed any truing up application within the scheduled time therefore, no Truing up is allowed for ensuing year ARR for FY 2018-19. The Commission expresses its displeasure over this lapse.

Return on Equity

429. WESCO, NESCO and SOUTHCO in their ARR filing have submitted that due to negative returns(gaps) in their ARR and carry forward of huge Regulatory Assets in previous years, the Licensee could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. They have further submitted that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous years.

430. The Commission in its Order towards approval of MYT in its order dated 20.3.2013 have enunciated the return all share holder equity in the following manner:

> “22. *The Commission allowed 16% return on equity on the approved equity capital infusion during the first and second control period. The Commission had observed that return on equity incentivises the investor for the equity infusion to the business. A return of 16% suitably covers the risk associated with the distribution business. The Commission would continue to allow 16% return on equity on the approved equity capital infusion during the third control period also. Adjustments on account for variations between the actual and approved values of equity capital shall be made in the ARR subsequently in truing up”.*

431. The Commission examined the provisional annual accounts of WESCO, NESCO, SOUTHCO and audited accounts of CESU for FY 2016-17. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

Table – 67
Return on Equity

(Rs. in cr.)

Name of the Company	Share Capital (Equity Base)
WESCO	48.65
SOUTHCO	37.66
NESCO	65.91
CESU	72.72

432. From the audited accounts, it is revealed that there has been no infusion of owner’s capital by the DISCOMs and the share capital initially invested while acquiring the

distribution Licence by the Licensees remaining unchanged. The Commission thus allows a return of 16% on the equity base (share capital) in terms of MYT principles and approves following amounts against the proposed ROE:

Table - 68

(Rs. in cr.)

Particulars	**WESCO**	**NESCO**	**SOUTHCO**	**CESU**
Amount proposed by DISCOMs	7.78	10.55	6.03	11.64
Amount approved by the Commission	7.78	10.55	6.03	11.64

433. It may be noted that though accumulated loss of all the DISCOMs have far exceeded the equity base but as per the provision in the MYT, the Commission has been allowing return on actual infusion of equity at time of taking over the management of the DISCOMs.

Miscellaneous receipts

434. The miscellaneous receipts proposed by the licensees for the FY 2018-19 against the approved for FY 2017-18 are given in the table below:

Table – 69
Miscellaneous Receipts (Proposed 2018-19)

(Rs. in cr.)

	WESCO	**NESCO**	**SOUTHCO**	**CESU**
Amount approved for FY 2017-18	121.02	113.31	29.89	121.81
Amount proposed for FY 2018-19	138.65	95.41	17.43	102.32

435. The miscellaneous receipt of the DISCOMS is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and Reliability surcharge, open access charges, and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOMs is much more than the proposed receipts in the ARR. The audited account is available up to the year 2016-17 in case of WESCO, NESCO & SOUTHCO and in absence of audited accounts of CESU miscellaneous income for FY 2015-16 have escalated at the rate of 10% to ascertain such quantum for FY 2016-17.

436. Commission observes that the receipts under miscellaneous receipts are of fluctuating nature and the reasonable estimate of future receipts would be on the basis of the analysis of past actual trends. The Commission after scrutiny and analysis allows miscellaneous receipts for FY 2018-19 also as shown in the following table:

Table - 70

(Rs. in cr.)

	WESCO		NESCO		SOUTHCO		CESU	
Year	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**
Misc. Receipt	208.81	214.83	142.50	140.47	38.23	47.60	172.67	189.94
Less: Meter rent, DPS & OD penalty	95.15	33.59	30.85	17.40	12.42	15.18	27.51	30.26
Net Misc Receipt	113.66	181.24	111.65	123.07	25.81	32.42	145.16	159.68
Average Receipt (Approved for FY 2018-19)	147.45		117.36		29.12		152.42	
Approved 2018-19	147.45		117.36		29.12		152.42	

Receivables from DISCOMs and Others

Securitized Dues

437. GRIDCO in its filing submitted that the DISCOMs have defaulted payment of Rs.2135.33 crore by 31.03.2017 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOMs wise default is given below:-

Table – 71

(Rs. Crore)

Particulars	Unpaid as on 31-03-2017
WESCO	294.70
NESCO	303.37
SOUTHCO	259.98
CESU	1227.28
Total	**2135.33**

Rs. 400 Crore NTPC Bond dues

438. GRIDCO submitted that apart from securitise dues, the DISCOMs have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 against the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the erstwhile REL managed DISCOMs to pay Rs.50 Crore by the end of April 2012 and at least @Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The erstwhile R-Infra managed DISCOMs have paid Rs.62 Crore by 31-10-2014, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.195.36 Crore. On this issue the Commission have given direction to both GRIDCO and DISCOMs several times for compliance of the order. The Commission reiterates the same and directs both GRIDCO and DISCOMs to comply the order dtd.29.03.2012 in Case No.107 of 2011.

Non-payment of BSP dues and Year End Adjustment Bills of DISCOMs

439. GRIDCO in the ARR has further submitted that besides the default in securitised dues and Rs.400 crore of bond the DISCOMs have made default in payment of BSP dues and year-end bill amounting Rs.4846.69 crore . The details of which is given below.

Table- 72
Outstanding Dues relating to Current BSP and Year end Adjustment bills of DISCOMs payable to GRIDCO

(Rs. Crs.)

Particulars	WESCO	NESCO	SOUTHCO	Sub-Total	CESU	TOTAL
BSP Bills as on 31.03.2017	1205.00	805.94	382.06	2393.00	508.35	2901.35
BSP Bills-FY2017-18 (April'17 to Sept-'17)	551.87	224.56	285.39	1061.82	219.25	1281.07
Sub Total	**1756.87**	**1030.50**	**667.45**	**3454.82**	**727.60**	**4182.42**
Year-end Adj.Bills-2007-08 to FY 2010-11	137.67	99.16	153.14	389.97	274.30	664.27
Grand Total	**1894.54**	**1129.66**	**820.59**	**3844.79**	**1001.90**	**4846.69**

440. The Commission directs both GRIDCO and DISCOMs to file a reply before the Commission regarding action plan taken for liquidation of the arrears as stated above by 31.05.2018. Pro-active and effective action may be taken for recovery of the arrears.

Revenue Requirement

441. In the light of above discussion, the Commission approves the revenue requirement of 2018-19 of four DISCOMs, as shown in **Annexure-A**.

442. A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2018-19 by the Commission is given below:

Table - 73

(Rs. in Cr.)

DISCOM	Revenue Requirement FY 2018-19		Expected Revenue FY 2018-19		Gap (-)/Surplus(+)	
	Proposed	Approved	Proposed	Approved	Proposed	Approved
WESCO	2694.41	2688.51	2694.41	2688.71	0.00	0.20
NESCO	2722.42	2396.91	2436.18	2413.25	-286.24	16.34
SOUTHCO	1515.12	1172.68	1192.71	1172.80	-322.41	0.12
CESU	3979.75	3304.52	3290.40	3308.26	-689.35	3.74
Total	**10911.70**	**9562.63**	**9613.70**	**9583.02**	**-1298.00**	**20.39**

Segregation of wheeling and retail supply business

443. OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply

Tariff) Regulations, 2014 at Reg. 3.1 mandates that "In accordance with the principles laid out in these Regulations, the Commission shall determine the tariff for : (a) wheeling of electricity, i.e. Wheeling Tariff, (b) Retail sale of electricity i.e., Retail Supply Tariff". Further, Reg. 3.2 provides that the Commission shall determine the Aggregate Revenue Requirement (ARR) and Tariff for (a) Wheeling Business and (b) Retail Supply Business. The Reg.4.3 further provides that "the distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business.

444. The proviso to the Reg.4.4 states that "provided that for such period until accounts are segregated, the licensee shall prepare an allocation statement to apportion cost and revenues to wheeling business and retail supply business and submit it along with its ARR for approval of the Commission.

The DISCOMs in their ARR submissions have proposed allocation statement of wheeling and retail supply cost.

Table - 74
Allocation of Wheeling and Retail Supply Cost

Sl No.	Cost/Income Component	Ratio for consideration in Wheeling Business	Ratio for consideration in Retail Supply Business
1	Cost of Power	0%	100%
2	Transmission Charges	0%	100%
3	SLDC Charges	0%	100%
	Total power purchase cost *		
	O&M		
4	Employee Cost	60%	40%
5	Repair & Maintenance Cost	90%	10%
6	Administrative & General Expenses	40%	60%
7	Bad & Doubtful Debt including Rebate	0%	100%
8	Depreciation	90%	10%
	Interest on Loans		
9	for Capital loan	90%	10%
10	for Working capital	10%	90%
11	Interest on Security Deposits	0%	100%
12	Return on Equity	90%	10%
	Special Appropriation		
13	Amortization of Regulator Assets	25%	75%
14	True Up of Current year GAP 1/3rd	25%	75%
15	Other, if any-Contingency Reserve	90%	10%
	Grand Total		
	Miscellaneous Receipt		
16	Non-Tariff Income - Wheeling	as per actual/assumption	as per actual/ assumption
17	Non-Tariff Income - Retail Business	as per actual/ assumption	as per actual/ assumption

445. The distribution licensees are yet to segregate the accounts of their licensed business into wheeling and retail supply business as provided in the OERC (Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission therefore, based on the above uniform allocation matrix allows cost towards Retail Supply business and Wheeling business in the following manner. The Commission shall monitor this later.

Wheeling Business

446. As per the OERC Tariff Regulation "Wheeling Business" means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of Distribution Licensee. As such the apportioned cost towards wheeling business has been considered while determining Aggregate Revenue Requirement and wheeling charges. The Miscellaneous receipts for the wheeling business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals are considered out of the total approved Miscellaneous receipts in this order from the Annual accounts. However such segregation is not available in the audited accounts of FY 2016-17 of NESCO, WESCO and SOUTHCO. CESU is yet to submit the audited accounts for FY 2016-17. Therefore in order to arrive at the segregated Miscellaneous receipts for FY 2018-19 the approved proportion of the wheeling and retail business of FY 2017-18 is applied. This has been shown in the following table:

Table - 75
Miscellaneous Receipts

(Rs. Cr.)

	WESCO	NESCO	SOUTHCO	CESU
Total Miscellaneous Receipts Approved for FY 2017-18	147.45	117.36	29.12	152.42
Approved Miscellaneous Receipt for Wheeling Business- FY 2017-18	12.98	6.74	0.92	21.97
Approved %age of wheeling business – FY 2017-18	8.80%	5.74%	3.16%	14.41%
Total Miscellaneous Expenses Approved for FY 2018-19	147.45	117.36	29.12	145.16
Approved Miscellaneous Receipt for FY 2018-19 Wheeling Business applying same percentage as in FY 2017-18	12.98	6.74	0.92	20.92
Approved Miscellaneous Receipt for FY 2018-19 Retail Business	134.47	110.62	28.20	131.49

447. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the ARR for wheeling business for WESCO, NESCO, SOUTHCO and CESU is approved at Rs.291.22 cr, Rs. 314.58 cr, Rs. 236.89 cr and Rs. 439.28 respectively. The wheeling charges (per unit) for WESCO, NESCO, SOUTHCO and for CESU has been accordingly determined at 47.58 paise/unit, 76.75 p/u, 71.88 p/u and 53.98 p/u. The details of the Wheeling Business cost allocation and determination of wheeling charges is shown in the following table:

Table - 76
Allocation of cost towards Wheeling Business – FY 2018-19

(Rs. in Crs.)

	Ratio out of Total approval	**WESCO**		**NESCO**		**SOUTHCO**		**CESU**		**TOTAL**	
Expenditure	**(%)**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**	**Approved Total**	**Approved Wheeling**
Employee costs	60	274.83	164.90	256.14	153.68	254.34	152.60	367.14	220.28	1,152.45	691.47
Repair & Maintenance	90	64.28	57.86	84.92	76.43	39.19	35.27	116.78	105.10	305.17	274.65
A & G Expenses	40	48.14	19.26	41.33	16.53	29.95	11.98	63.87	25.55	183.29	73.32
Depreciation	90	41.63	37.46	56.38	50.74	24.27	21.85	78.48	70.64	200.76	180.69
Interest on capital Loan (Excluding SD)	90	19.69	17.72	16.04	14.43	11.87	10.69	31.29	28.17	78.90	71.01
Return on equity	90	7.78	7.00	10.55	9.50	6.03	5.43	11.64	10.48	36.00	32.40
Gross Total		**456.35**	**304.20**	**465.36**	**321.32**	**365.65**	**237.81**	**669.21**	**460.21**	**1956.58**	**1323.54**
Less: Miscellaneous receipts			**12.98**		**6.74**		**0.92**		**20.92**		**41.56**
Less: Expenses capitalised			**0.00**				**0.00**				**0.00**
Total wheeling Cost			**291.22**		**314.58**		**236.89**		**439.28**		**1281.97**
Total MU approved for LT & HT consumers			6120.00		4098.91		3295.73		8137.30		21651.95
Wheeling charges (P/U)			**47.58**		**76.75**		**71.88**		**53.98**		**59.21**

Retail Supply Business

448. As per the OERC Tariff Regulation “Retail Supply Business” means the business of sale of electricity by Distribution Licensee to the category of consumers within its area of supply in accordance with the terms of the Licence for distribution of electricity. The apportioned cost towards Retail Supply business has been considered while determining Aggregate Revenue Requirement. While considering the Miscellaneous receipts for the retail business, receipts on account of wheeling charges

from open access consumers, supervision charges and Service line rentals have been excluded from the total approved Miscellaneous receipts. This has been shown in the given table:

Table - 77
Miscellaneous Receipts- Retail Supply Business

(Rs. in cr.)

Total Miscellaneous Expenses Approved for FY 2018-19	147.45	117.36	29.12	145.16
Approved Miscellaneous Receipt for FY 2018-19 Wheeling Business applying same percentage as in FY 2017-18	12.98	6.74	0.92	20.92
Approved Miscellaneous Receipt for FY 2018-19 Retail Business	134.47	110.62	28.20	131.49

449. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the net retail supply cost for WESCO, NESCO, SOUTHCO and for CESU is shown in the following table:

Table – 78
Revenue Requirement of DISCOMs for the FY 2018-19 – Retail Business

(Rs. in Cr.)

	Ratio out of Total approval	**WESCO**		**NESCO**		**SOUTHCO**		**CESU**		**TOTAL**	
Expenditure	(%)	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling	Approved Total	Approved Wheeling
Cost of power purchase	100	2136.00	2136.00	1848.14	1848.14	721.02	721.02	2485.18	2485.18	7,190.34	7190.34
Transmission Charges	100	178.00	178.00	153.5	153.50	91.50	91.50	226.75	226.75	649.75	649.75
SLDC Charges	100	1.12	1.12	0.96	0.96	0.57	0.57	1.42	1.42	4.07	4.07
Employee costs	40	274.83	109.93	256.14	102.46	254.34	101.74	367.14	146.86	1,152.45	460.98
Repair & Maintenance	10	64.28	6.43	84.92	8.49	39.19	3.92	116.78	11.68	305.17	30.52
A & G Expenses	60	48.14	28.89	41.33	24.80	29.95	17.97	63.87	38.32	183.29	109.98
Bad and Doubtful debt	100	21.13	21.13	12.43	12.43	9.61	9.61	27.64	27.64	70.81	70.81
Depreciation	10	41.63	4.16	56.38	5.64	24.27	2.43	78.48	7.85	200.76	20.08
Interest on Capital Loan (Excluding SD)	10	19.69	1.97	16.04	1.60	11.87	1.19	31.29	3.13	78.90	7.89
Interest on security deposit	100	43.35	43.35	33.88	33.88	13.45	13.45	46.75	46.75	137.43	137.43
Return on equity	10	7.78	0.78	10.55	1.06	6.03	0.60	11.64	1.16	36.00	3.60
Gross Retail Supply Cost		**2835.96**	**2531.76**	**2514.27**	**2192.95**	**1201.80**	**963.99**	**3456.94**	**2996.73**	**10008.97**	**8685.43**
Less: Miscellaneous Receipts			134.47		110.62		28.20		131.49		404.78
Net Retail Supply Cost			**2,397.29**		**2,082.33**		**935.79**		**2865.24**		**8,280.65**

450. The Commission in the last RST order directed to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC

(Terms and Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulations, 2014. The Commission asked for compliance in this regard by the Licensee shall be submitted by 31st July 2017 however no compliance was submitted by any of the DISCOMs. The Commission therefore again directs DISCOMs to take necessary steps in order to segregate their accounts for wheeling business and retail supply business in terms of the said OERC Regulation. The compliance on this account must be furnished by 31st July 2018.

Tariff Design

451. The Commission has been determining Retail Supply Tariffs after examination of all details on the usage and consumption pattern of the different categories of consumers and factors ensuring efficient use of resources. Prudency of licensees' expenses on cost of supply has been checked based on the ARR filings, queries for additional information and subsequent records submitted by the licensees. It is found that Licensees would be able to recover their cost without any Tariff rise for FY 2018-19.

The present tariff structure

452. In line with the prevailing practice of tariff design, the Commission has decided to continue with the prevailing practice of single part, two part and three part tariffs for the ensuing year. While single part tariff is applicable to consumers covered under Kutir Jyoti, the other categories of consumers are covered under two part and three part tariffs.

453. Two part tariff under LT supply covers consumers with connected load/contract demand less than 110 kVA are having MMFC (based on Rs. /kW or KVA) and energy charges (Rs. /kWh).

454. Three part tariff under HT and EHT supply is applicable to consumers with contract demand of 110 kVA and above having demand charges (based on Rs./kVA), energy charges (Rs./kWh) and customer service charge (Rs./month).

Single Part Tariff

Kutir Jyoti consumers: Fixed Monthly Charge (Rs./Month) for consumption upto 30 units per month.

Two Part Tariff - LT Supply less than 100 KW / 110 kVA

All classes of consumers other than Kutir Jyoti

(a) Energy Charge (Paise/unit)

(b) Monthly Minimum Fixed Charge (MMFC) (Rs./KW/Month)

Three Part Tariff - LT consumers with connected load 110 kVA and above

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/unit)

(c) Customer Service Charge (Rs./Month)

HT Consumers

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/Unit)

(c) Customer Service Charge (Rs./Month)

EHT Consumers

(a) Demand Charge (Rs./kVA)

(b) Energy Charge (Paise/Unit)

(c) Customer Service Charge (Rs./Month)

455. In addition, certain other charges like power factor penalty, prompt payment rebate, meter rent, delayed payment surcharge, over drawal penalty/incentive, other miscellaneous charges, etc. are payable in cases and circumstances mentioned in the later part of this order.

456. The details of charges applicable to various categories of consumers classified under OERC Distribution (Conditions of Supply) Code, 2004 are discussed hereafter.

(a) <u>Tariff for Consumers availing Power Supply at LT</u>

457. The consumers availing power supply at LT with CD less than 110 kVA or 100 KW have to pay MMFC and energy charges as described below:

(a) The MMFC is payable by the consumers with contract demand less than 110 kVA who are supplied power at LT.

(b) The Commission decides that rate of MMFC determined for FY 2017-18 shall continue to apply for FY 2018-19.

Table – 79
MMFC for LT consumers

Sl. No	Category of Consumers	Monthly Minimum Fixed Charge for first KW or part (Rs.)*	Monthly Fixed Charge for any additional KW or part (Rs.)
		Approved For FY 2018-19	
	LT Category		
1.	Domestic (other than Kutir Jyoti)	20	20
2.	General Purpose LT (<110 kVA)	30	30
3.	Irrigation Pumping and Agriculture	20	10
4.	Allied Agricultural Activities	20	10
5.	Allied Agro-Industrial Activities	80	50
6.	Public Lighting	20	15
7.	LT Industrial (S) Supply	80	35
8.	LT Industrial (M) Supply	100	80
9.	Specified Public Purpose	50	50
10.	Public Water Works and Sewerage Pumping <110 kVA	50	50

* When agreement stipulates supply in kVA this shall be converted to kW by multiplying with a power factor of 0.9 as per Regulation 2 (j) of OERC Distribution (Conditions of Supply) Code, 2004.

458. Some consumers with connected load of less than 110 kVA might have been provided with simple energy meters which record energy consumption and not the maximum demand. But the OERC Distribution (Conditions of Supply) Code, 2004, Regulation 64 provides that "contract demand for loads of 110 kVA and above shall be as stipulated in the agreement and may be different from the connected load. Contract Demand for a connected load below 110 kVA shall be the same as connected load. However, in case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 kVA or 100 KW, the above shall form the basis. The licensees are directed to follow the above provision of Regulation strictly.

Energy Charge (Consumers with Connected Load less than 110 kVA)

Domestic

459. The Commission is aware of the paying capability of our BPL consumers. Therefore, the Kutir Jyoti consumers will only pay the monthly minimum fixed charge @ Rs.80/- per month for consumption upto 30 units per month. In case these consumers

consume in excess of 30 units per month, they will be billed like any other domestic consumers depending on their consumption and will lose their BPL status from that month onward.

460. The Commission is also conscious of affordability of non-Kutir Jyoti consumers. Keeping this in view the Energy Charge for supply to domestic consumers availing low tension supply is determined for FY 2017-18 which are given below:

Domestic consumption slab per month	**Energy charge**
Upto and including 50 Units	250 paise per unit
From 51 to 200 units	430 paise per unit
From 201 to 400 units	530 paise per unit
Balance units of consumption	570 paise per unit

461. In accordance with the provision under the OERC Distribution (Condition of Supply) Code, 2004, initial power supply shall not be given without a correct meter. Load factor billing has been done away w.e.f. 1st April, 2004, as stipulated in the Commission's RST order for FY 2003-04. As such licensees are directed not to bill any consumer on load factor basis.

General Purpose LT (<110 kVA)

462. The Commission reviewed the existing tariff structure and also decided to modify the rates for GP LT category of consumers.

Table - 80

Slab	Revised Energy charge (P/U)
First 100 units	540
Next 200 units	650
Balance units	710

Irrigation Pumping and Agriculture

463. The Commission decides that the Energy Charge for this category shall continue to be 150 paise per unit for supply at LT. Consumers in the irrigation pumping and agriculture category availing power supply at HT will pay 140 paise per unit as usual.

Allied Agricultural Activities

464. The Commission decides not to modify the tariff of this category which will continue as 160 paise per unit at LT and 150 paise per unit at HT.

Allied Agro-Industrial Activities

465. The Commission decides not to modify the tariff of this category allow it to continue at 420 paise per unit at LT and 410 paise per unit at HT.

Energy Charges for Other LT Consumers

466. The Commission, in keeping with its objective of rationalisation of tariff structure by progressive introduction of a cost-based tariff, has linked the Energy Charge at different voltage levels to reflect the cost of supply. The following tariff structure is determined for FY 2018-19 for all loads at LT except domestic, Kutir Jyoti, general purpose, irrigation pumping, allied agricultural activities and allied agro-industrial activities.

<u>**Voltage of Supply**</u>	<u>**Energy Charge**</u>
LT	570 paise per unit

The above rate shall apply to the following categories:

1) Public lighting
2) LT industrial(S) supply <22 KVA
3) LT industrial(M) supply >=22 KVA <110 KVA
4) Specified Public Purpose
5) Public Water works and Sewerage pumping < 110 KVA
6) Public Water works and Sewerage pumping >= 110 KVA
7) General Purpose >= 110 KVA
8) Large Industries >=110 KVA

Tariff for consumers availing power supply at LT with contract demand of 110 kVA and above are given hereunder.

Customer Service Charge at LT

467. As explained earlier these categories of consumers are required to pay three part tariff. The existing customer service charge for consumers with connected load of 110 kVA and above shall continue for FY 2018-19.

Table - 81

Category	**Voltage of Supply**	**Customer Service Charge (Rs. per Month)**
Public Water Works (=>110kVA)	LT	30
General Purpose (=>110kVA)	LT	30
Large Industry	LT	30

Demand charges at LT

468. The Commission examined the existing level of Demand Charge of Rs.200/kVA/month payable by the consumers with a contract demand of 110 kVA and above and decides not to revise it. This shall include Public Water Works and Sewerage Pumping, General Purpose Supply and Large Industry of contract demand of 110 kVA or more.

Voltage of Supply	**Demand charge**
LT (110 kVA & above)	Rs.200/ kVA/month

(b) Tariff For HT & EHT Consumers

(i) Customer Service Charge for consumers with contract demand of 110 kVA and above at HT & EHT

469. All the consumers at HT and EHT having CD of 110 kVA and above are liable to pay customer service charge. This charge is meant for meeting the expenditure of the licensees on account of meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts etc. The licensee is bound to meet these expenses irrespective of the level of consumption of the consumer. The customer service charges as existing shall continue as per details in the table below:

Table – 82

<table>
<tr><th>Category</th><th>Voltage of Supply</th><th>Customer service charge (Rs./month)</th></tr>
<tr><td>Bulk Supply (Domestic)</td><td>HT</td><td rowspan="14">Rs.250/- for all categories</td></tr>
<tr><td>Irrigation Pumping and Agriculture</td><td>HT</td></tr>
<tr><td>Allied Agricultural Activities</td><td>HT</td></tr>
<tr><td>Allied Agro-Industrial Activities</td><td>HT</td></tr>
<tr><td>Specified Public Purpose</td><td>HT</td></tr>
<tr><td>General Purpose (HT >70 kVA <110kVA)</td><td>HT</td></tr>
<tr><td>HT Industrial (M) Supply</td><td>HT</td></tr>
<tr><td>General Purpose (=>110kVA)</td><td>HT</td></tr>
<tr><td>Public Water Works and Sewerage Pumping</td><td>HT</td></tr>
<tr><td>Large Industry</td><td>HT</td></tr>
<tr><td>Power Intensive Industry</td><td>HT</td></tr>
<tr><td>Mini Steel Plant</td><td>HT</td></tr>
<tr><td>Emergency Supply to CGPs</td><td>HT</td></tr>
<tr><td>Railway Traction</td><td>HT</td></tr>
<tr><td>General Purpose</td><td>EHT</td><td rowspan="3"></td></tr>
<tr><td>Large Industry</td><td>EHT</td></tr>
<tr><td>Railway Traction</td><td>EHT</td></tr>
</table>

Category	Voltage of Supply	Customer service charge (Rs./month)
Heavy Industry	EHT	Rs.700/- for all categories
Power Intensive Industry	EHT	
Mini Steel Plant	EHT	
Emergency Supply to CGPs	EHT	

(ii) Demand charge for HT & EHT consumers

470. The Commission examined the existing level of Demand Charge of Rs.250/kVA/month payable by the HT and EHT consumers and Rs.150 for HT Industrial (M) Supply consumers only (>=22 kVA and less than 110 kVA) and decides not to revise the same. The class of consumers and the voltage of supply to whom this charge shall be applicable are listed below.

<u>HT Category</u>

Specified Public Purpose

General Purpose (>70 kVA <110 kVA)

General Purpose (>=110 kVA)

Public Water Works and Sewerage Pumping

Large Industry

Power Intensive Industry

Mini Steel Plant

Railway Traction

HT Industrial (M) Supply (>=22 kVA and less than 110 kVA)

<u>EHT Category</u>

General Purpose

Large Industry

Railway Traction

Heavy Industry

Power Intensive Industry

Mini Steel Plant

471. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer

it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. To arrive at that cost the Commission studied the pattern of demand recorded by the demand meters of all such consumers of the licensee for the period from April, 2017 to September, 2017. After taking into consideration this aspect the Commission has decided that the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue. The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2004. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.

472. As per the OERC Distribution (Conditions of Supply) Code, 2004, for contract demand above 70 kVA but below 555 kVA, supply shall be at 3-phase, 3-wire, 11 kV. However, these consumers connected prior to 01.10.95 may be allowed to continue to receive power at LT. But there are some consumers in the categories of Bulk Supply Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities, who have availed power supply at HT. For such types of consumers the Commission have decided to allow the existing Demand Charges to continue. Accordingly, the rates applicable to all such consumers who are to pay demand charges are given below:

Table - 83

Category	**(Rs./KVA/month)**
Bulk Supply Domestic	20
Irrigation pumping	30
Allied Agricultural Activities	30
Allied Agro-Industrial Activities	50

473. However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA for all category of consumers having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.

(iii) Energy Charge for HT and EHT consumers

474. The Commission, aiming at rationalisation of tariff structure by progressive

introduction of a cost-based tariff, has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining Energy Charge, the principle of higher rate for supply at low voltage and gradually reduced rate as the voltage level goes up has been adopted. However, the Commission has made certain exceptions to the above provisions in respect of Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities consumers availing power at HT.

475. For domestic HT bulk supply consumers the energy charges has been fixed at 440 paise per unit.

Graded Slab Tariff for HT/EHT Consumers

476. Considering more and more industries are running in higher load factor the Commission has decided to modify the present Graded slab tariff for HT and EHT consumers where the Demand charges are billed on kVA basis as given below:

Table – 84
Slab rate of energy charges for HT & EHT (Paise per unit)

Load Factor (%)	HT	EHT
= < 60%	535	530
> 60%	425	420

477. Load factor has to be calculated as per Regulation 2 (y) of OERC Distribution Code, 2004. However, in calculation of load factor, the actual power factor of the consumer and power-on-hours during billing period shall be taken into consideration.

478. Power on hours is defined as total hours in the billing period minus allowable power interruption hour. The allowable power interruption hours should be calculated by deducting 60 hours in a month from the total interruption hour. In case power interruption is 60 hours or less in a month then no deduction shall be made.

HT Supply for Irrigation pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities Consumers

479. The Commission has decided to continue with the present tariff structure in respect of Irrigation pumping, Allied Agricultural/Agro-Industrial Activities availing power at HT. The Energy Charge applicable to them has been fixed as follows:

Category		Energy Charge
Irrigation Pumping	**-**	**140 paise per unit**
Allied Agricultural Activities	-	150 paise per unit
Allied Agro-Industrial Activities	-	410 paise per unit

Industrial Colony Consumption

480. Since the purpose of incentive scheme is to encourage higher consumption by the EHT & HT consumers, the Commission after reviewing the scheme, directs that, the units consumed for the colony shall be separately metered and the total consumption shall be deducted from the main meter reading and billed at 440 paise per unit for supply at HT and 435 paise per unit at EHT. For the energy consumed in colony in excess of 10% of the total consumption, the same shall be billed at the rate of Energy Charge applicable to the appropriate class of industry.

Colony / Hostel consumption

481. The bonafied Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in bulk supply domestic category @ 440 paise per unit.

Emergency power supply to CGPs/Generating stations

482. Industries owning CGPs/ Generating Stations have to enter into an agreement with the concerned DISCOMs subject to technical feasibility and availability of required quantum of power/energy in the system as per the provision under the OERC Distribution (Condition of Supply) Code, 2004. For them, (i) a flat rate of 730 paise/kwh at HT and (ii) 720 paise/kwh at EHT would apply. The industry owning CGP and having zero contract demand can draw power supply for its CGP from the Grid maximum upto the capacity of the highest unit of its CGP. If the industry draws more than highest unit of its CGP the energy rate of power supply as allowed would cease and normal industrial two part tariff with payment of demand charge at highest MD for the full financial year shall apply.

Peak and Off-Peak Tariff

483. Section 62(3) of the Electricity Act, 2003 mandates as follows:

"The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required."

484. Further, in accordance with the provision of Para 7(a) (i) of OERC (Terms and

Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. Accordingly, the Commission decides to continue off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 20 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

i) Public Lighting Consumers

ii) Emergency supply to captive power plants

Charges for Overdrawal

Penalty for overdrawal

485. Demand charge shall be calculated on the basis of 80% CD or actual MD whichever is higher during period other than off peak hour. The overdrawal penalty shall be charged on the excess of drawal over the 120% CD during the off-peak hours. The penalty rate is Rs.250/KVA.

No off peak overdrawal benefit will be available if one overdraws beyond off peak hours. In such circumstances, the overdrawal penalty @ Rs.250/KVA shall be levied on the drawal in excess of the CD irrespective of the hours it occurs.

This penalty for overdrawal in all the above cases shall be over and above the normal demand charges where no other penalty due to overdrawal has been levied.

486. When Maximum Demand is less than the Contract Demand during hours other than off peak hours then the consumer is entitled for over drawal benefit limited to 120% of Contract Demand during off peak hours. If MD exceeds 120% of CD during off peak hours then the consumer is liable for overdrawal penalty only on the excess demand recorded over 120% of CD @ Rs.250/- per KVA per month provided no other penalty due to overdrawal is levied. If Maximum Demand exceeds the Contract Demand beyond the off peak hours then the consumer is not entitled to get off peak hour over drawal benefit even if the drawal during off peak hours is within 120% of CD.

Incentive for Overdrawal during off peak hours

487. As per the existing Commission's Order all the consumers who pay two-part tariff with > 110 KVA CD are allowed to draw upto 120% of contract demand during off peak hours on payment of demand charge as per the 80% of the contract demand or maximum demand drawn during other than off peak hours whichever is higher where drawal of maximum demand is within CD.

488. The Commission has decided to continue with the existing tariff provisions wherein there is no penalty for overdrawal during off-peak hours upto 120% of the contract demand. The off-peak hours is defined as 12 Midnight to 6 AM of the next day. However, any consumer overdrawing during hours other than off-peak hours shall not be eligible for overdrawal benefit during off-peak hours. In case of Statutory Load Regulation deemed contract demand shall be the restricted contract demand.

Eligibility for availing over drawal benefit during off peak hours

489. HT and EHT consumers are allowed for 120% over drawal benefit only if, their maximum demand drawn during other than off peak hours remains within the contract demand. In case the consumer overdraws than contract demand during other than off peak hours, but within 120% of contract demand during off-peak hours, no overdrawal benefit shall be allowed to such consumer. In that case the demand charge will be calculated as per the recorded maximum demand, irrespective of hours of its drawal.

Charges for Power Factor

490. The charges for power factor penalty and incentive as decided by the Commission for FY 2017-18 shall continue for 2018-19.

Power Factor Penalty

491. The Commission also orders for continuance of the power factor penalty as a percentage of monthly Demand Charge and Energy Charge on the following HT/EHT categories of consumers:

(i) Large Industries

(ii) Public Water Works (110 KVA and above)

(iii) Railway Traction

(iv) Power Intensive Industries

(v) Heavy Industries

(vi) General Purpose Supply

(vii) Specified Public Purpose (110 KVA and above)

(viii) Mini Steel Plants

(ix) Emergency supply to CGP

492. The penalty for Power Factor below 92% is given as under:

Table - 85

Below 92% upto and including 70%	0.5% penalty for every 1% fall from 92% upto and including 70% plus
Below 70% upto and including 30%	1% penalty for every 1% fall below 70% upto and including 30% plus
Below 30%	2% for every 1% fall below 30%

(Pro-rata penalty shall be calculated and the power factor shall be calculated upto four decimal points). The penalty shall be on monthly demand charge and energy charge of the HT and EHT industries as prescribed above.

However, the licensees shall give a 3 months' notice to install capacitor for reduction of reactive drawl failing which licensee may disconnect the power supply if the power factor falls below 30% as provided in the Regulations.

There shall be no power factor penalty for leading power factor recorded in the meter.

Power Factor Incentive

493. Similarly, the power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

Metering on LT side of Consumers Transformer

494. As per Regulation 54 of OERC Distribution (Conditions of Supply) Code, 2004 Transformer loss, as computed below has to be added to the consumption as per meter reading.

Energy loss = (730 X rating of the transformer KVA) /100.

Loss in demand = 1% of the rating of the transformer in KVA (for two part tariff)

* (The consumer shall select optimum size of the transformer during installation)

Incentive for prompt payment

495. The Commission examined the existing method of incentive and its financial implications. The Commission has decided to grant incentive for early and prompt payment as below:

a) A rebate of 10 paise/unit shall be allowed on energy charges if the payment of the bill (excluding all arrears) is made by the due date indicated in the bill in respect of the following categories of consumers.

LT: Domestic, General purpose <110 KVA, Irrigation Pumping and Agriculture, Allied Agricultural Activities and LT Industrial (S), Public Water Works and Sewerage Pumping.

HT: Bulk supply Domestic, Irrigation Pumping and Agriculture, Allied Agricultural Activities, General purpose >70 <110 KVA, Public Water Works and Sewerage Pumping.

b) Consumers other than those mentioned at Para 'a' above shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding all arrears), if payment is made within 3 working days of presentation of the bill.

496. **Special Rebates**

a. Hostels attached to the Schools run by SC/ST Dept. of Govt. of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT/HT).

b. All Swajala Dhara consumers shall get 10% special rebate on total bill (except electricity duty and meter rent) in addition to other rebates they are otherwise eligible if the electricity bill is paid within the prescribed due date of normal rebate.

c. All rural LT domestic consumers availing power through correct meter shall avail 5 paise per unit additional rebate over and above the 10 paise prompt payment rebate if they pay the bill in time.

d. 1% rebate over and above normal rebate shall be allowed on the bill to the LT category of consumers over and above all the rebates who pay through digital means (cash less).

e. Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual / Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. They will continue to be LT consumers with appropriate tariff category. In addition licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOMs. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.

Reconnection Charge

497. The Commission decided that existing re-connection charges shall continue as follows:

Table - 86

Category of Consumers	**Rate Applicable**
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
HT & EHT consumers	Rs.3000/-

Delayed Payment Surcharge

498. The Commission has examined the present method and rate of DPS and has decided that if payment is not made within the due date, Delayed Payment Surcharge shall be charged for every day of delay at 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as mentioned below:

i. Large industries
ii. LT/HT Industrial (M) Supply
iii. Railway Traction
iv. Public Lighting
v. Power Intensive Industries
vi. Heavy Industries
vii. General Purpose Supply >=110 KVA

viii. Specified Public Purpose
ix. Mini Steel Plants
x. Emergency supply to CGP
xi. Allied Agro-Industrial Activities
xii. Colony Consumption

499. There is a tendency among the category of LT Domestic, General Purpose and HT Bulk Supply Domestic etc. consumers who don't pay delayed payment surcharge to be negligent towards bill payment once the due date is over. But the licensees are to disconnect those consumers after giving them required notice.

500. The Commission after careful consideration of this serious issue has decided that DISCOMs shall charge DPS to the defaulting consumers for every two months of such defaults as per the flat rates shown in the following table:

Table – 87

Category of Consumers	Amount of Arrears	Rate Applicable
LT Single Phase Domestic Consumer	Any amount	Rs.50/-
LT Single Phase other consumers (except Kutir Jyoti Consumers)	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.200/-
LT 3 Phase consumers	Less than Rs.5000/-	Rs.100/-
	Rs.5000/- & above	Rs.300/-
HT & EHT consumers	Less than Rs.10000/-	Rs.500/-
	Rs.10000/- & above	Rs.2000/-

* No DPS shall be charged on Kutir Jyoti Consumers

The tariff as determined above is reflected in Annexure-B. For any discrepancy Annexure-B is final.

Rounding off of consumers billed amount to nearest rupee

501. The Commission directs for rounding off of the electricity bills to the nearest rupee and at the same time directs that the money actually collected should be properly accounted for.

Charges for Temporary Supply

502. The tariff for the period of temporary connection shall be at the rate applicable to the relevant consumer category with the exception that Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection. Connections, temporary in nature, shall be provided as far as possible with pre-paid meters to avoid accumulation of arrears in the event of dismantling of the temporary connection etc.

New Connection Charges for LT

503. Prospective small consumers requiring new LT single phase connection upto and cost including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit and cost of meter as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges. In case of Single phase LT new or load enhancement consumers upto 5 KW shall not be asked to bear the cost of transformer or any other related additional cost for system improvement.

Fuel Surcharge Adjustment Formula

504. The Commission has already prescribed a fuel surcharge adjustment formula for the distribution licensees in the OERC (Conduct of Business) Regulations, 2004, which shall continue to be valid.

Meter Rent

505. The existing meter rent for consumer during FY 2017-18 shall continue as follows:

Table - 88

Type of Meter	Monthly Meter Rent (Rs.)
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOMs henceforward shall be collected for a period of 60 months only.

506. Many objectors raised the issue of meters being declared defective arbitrarily by the DISCOMs. We instruct licensees/ Utilities to address this issue while purchasing the meters themselves or asking the consumers to buy it. Brands of meters having high malfunctioning rate should not be used. If any meter becomes defective for any reason, a notice shall be served on the consumer in writing mentioning, make of the meter, Sl. No of the meter, date of installation, nature of defect, the authority verifying the same (not below the rank of Junior Manager), date of verification, witnesses, if any, and further advice to the consumer as per law for further action. All records of meters shall be maintained.

Disconnection of Supply

507. Objectors also raised the issue of supply disconnection arbitrarily without adequate notice and without providing any opportunity of hearing on any temporary relief. The Commission consider it serious infringement of consumer rights. Any abrupt action is likely to affect the life of citizen adversely. Therefore, licensees/ Utilities are directed to provide adequate clear time as provided under the law to the consumer duly acknowledged before proceeding for disconnection. All request by the consumer to the licensees must be disposed of by the appropriate officer of the licensee as per law and the decision communicated to the consumer before proceeding for disconnection. The relief, if any, from GRF/ Ombudsman/ Appellate Authority on temporary reconnection shall be promptly complied with by the Licensees.

Effective date of Tariff

508. The tariff schedule attached to this order shall be made effective from 01.04.2018. In order to simplify the procedure, we stipulate that if the metering and billing date falls within 15th of April'18 (including 15th), the bill for the consumers will be prepared on pre-revised rate i.e. tariff applicable for the FY 2017-18. If the billing and metering date falls on or after 16th of April, 2018 the bill will be prepared at the revised tariff rate i.e. Tariff applicable for 2018-19. The DISCOMs should ensure that the billing cycle of any consumer should not be disturbed due to the above stipulations.

509. Erstwhile Licensees such as WESCO, NESCO & SOUTHCO in Appeal Nos. 77, 78 & 79 of 2006 in respect of RST Order for FY 2006-07, Appeal Nos. 52, 53 & 54 of 2007 in respect of RST Order for FY 2007-08, Appeal Nos. 26, 27 & 28 of 2009 in respect of RST Order for FY 2008-09, Appeal Nos. 160, 161 & 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149/2011 for RST Order of FY 2011-12, Appeal Nos. 193, 194 & 195 of 2012 for RST Order of FY 2012-13 before the Hon'ble APTEL raised several issues such as those concerning distribution loss, mode of calculation of estimated sales and income and truing exercises etc. The three DISCOMs challenged the Truing up Order dated 19.03.2012 of the Commission passed in Case Nos. 29, 30, 31 of 2007 and 6, 7 & 8 of 2012 before the Hon'ble APTEL in Appeal No. 196 of 2012. The Hon'ble APTEL has set-aside the said Orders of the Commission vide its Judgment dated 03.07.2013 passed in Appeal Nos.160,161,162 of 2010 in respect of RST Order for FY 2010-11,Appeal Nos. 147, 148, 149 of 2011 for RST Order of FY 2011-12 and also Appeal Nos. 193, 194 & 195

of 2012 for RST Order for FY 2012-13. The Hon'ble APTEL has also set-aside both the Truing up Orders dated 19.03.2012 of the OERC passed in Case Nos. 29, 30, 31 of 2007 and 6, 7 & 8 of 2012 in Appeal No. 196 of 2012 preferred by the R-Infra Managed DISCOMs. The Hon'ble APTEL vide their order dated 30.11.2014 has set aside the RST order for FY 2014-15 and has directed the Commission to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15). The Commission has filed an appeal against this order before the Hon'ble Apex Court in CA Nos. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Hon'ble Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter. The above Civil Appeals are now sub-judice before the Hon'ble Supreme Court of India. In the meanwhile, the Commission has revoked the Licences of erstwhile DISCOMs such as NESCO, WESCO & SOUTHCO vide its order dated 04.03.2015 passed in Case No. 55/2013. The said order of revocation of licences of the Commission was upheld by the Hon'ble APTEL in Appeal No. 64 of 2015 and also has been confirmed by the Hon'ble Apex Court vide their Order dated 24.11.2017 in Civil Appeal No.18500 of 2017. Now the distribution utilities are being managed through the Administrator appointed by the Commission under Section 20 (1) (d) of the Electricity Act, 2003.

510. The revised Retail Supply Tariff as stipulated in the order shall be effective from **1st April, 2018** and shall be in force until further orders.

511. The Open Access Charges (Wheeling Charge, Transmission Charge and Cross Subsidy Surcharge) decided in this order (in Case Nos. 83, 84, 85 & 86 of 2017) shall be made effective from 1st April, 2018 and shall be in force until further order. The cases are disposed of accordingly.

512. The applications of NESCO, WESCO, SOUTHCO Utilities and CESU vide Case Nos.79/2017 (NESCO Utility), 80/2017 (WESCO Utility), 81//2017 (SOUTHCO Utility), and 82/2017 (CESU) on approval of Aggregate Revenue Requirement for FY 2018-19 are disposed of accordingly.

Sd/-	Sd/-	Sd/-
(S. K. PARHI) **MEMBER**	**(A. K. DAS)** **MEMBER**	**(U. N. BEHERA)** **CHAIRPERSON**

ANNEXURE- A

REVENUE REQUIREMENT OF DISCOMs FOR THE FY 2017-18

	WESCO			NESCO			SOUTHCO			CESU			TOTAL DISCOMs		
Expenditure	**Approved 2017-18**	**Proposed 2018-19**	**Approved 2018-19**	**Approved 2017-18**	**Proposed 2018-19**	**Approved 2018-19**	**Approved 2017-18**	**Proposed 2018-19**	**Approved 2018-19**	**Approved 2017-18**	**Proposed 2018-19**	**Approved 2018-19**	**Approved 2017-18**	**Proposed 2018-19**	**Approved 2018-19**
Cost of Power Purchase	2134.09	2,164.19	2136.00	1709.68	1,883.40	1848.14	700.48	736.33	721.02	2424.90	2548.76	2485.18	6,969.15	7,332.68	7,190.34
Transmission Cost	177.25	179.75	178.00	142.00	156.43	153.50	88.00	92.50	91.50	221.25	246.62	226.75	628.50	675.30	649.75
SLDC Cost	1.05	1.05	1.12	0.84	0.84	0.96	0.52	0.52	0.57	1.31	1.73	1.42	3.72	4.14	4.07
Total Power Purchase, Transmission & SLDC Cost (A)	**2,312.39**	**2,344.99**	**2,315.12**	**1,852.52**	**2,040.67**	**2,002.60**	**789.00**	**829.35**	**813.09**	**2,647.46**	**2,797.11**	**2,713.35**	**7,601.37**	**8,012.12**	7,844.16
Employee costs	274.19	396.99	274.83	230.69	401.07	256.14	225.30	367.46	254.34	349.41	587.91	367.14	1,079.59	1,753.43	1,152.45
Repair & Maintenance	68.48	92.41	64.28	87.97	89.79	84.92	34.91	125.46	39.19	110.85	146.02	116.78	302.20	453.68	305.17
Discount to consumers											68.44		-	68.44	-
Administrative and General Expenses	57.81	103.04	48.14	46.77	58.73	41.33	26.12	65.77	29.95	66.51	214.30	63.87	197.21	441.84	183.29
Provision for Bad & Doubtful Debts	20.19	80.83	21.13	11.72	73.08	12.43	9.15	47.71	9.61	27.09	27.06	27.64	68.15	228.68	70.81
Depreciation	37.52	61.36	41.63	51.45	60.01	56.38	19.10	39.59	24.27	69.32	123.29	78.48	177.39	284.25	200.76
Interest Chargeable to Revenue including Interest on S.D	60.25	93.44	63.04	48.33	77.70	49.92	24.27	47.11	25.32	60.61	106.30	78.04	193.46	324.55	216.32
Total Operation & Maintenance and Other Cost	**518.44**	**828.07**	**513.06**	**476.92**	**760.38**	**501.12**	**338.86**	**693.10**	**382.68**	**683.79**	**1,273.32**	**731.95**	**2,018.00**	**3,554.87**	**2,128.81**
Return on equity	7.78	7.78	7.78	10.55	10.55	10.55	6.03	6.03	6.03	11.64	11.64	11.64	36.00	36.00	36.00
Total Distribution Cost	**526.22**	**835.85**	**520.84**	**487.47**	**770.93**	**511.67**	**344.89**	**699.13**	**388.71**	**695.43**	**1,284.96**	**743.59**	**2,054.00**	**3,590.87**	**2,164.81**
Less: Miscellaneous Receipt	121.02	138.65	147.45	113.31	95.41	117.36	29.89	17.43	29.12	121.81	102.32	152.42	386.03	353.81	446.34
Net Distribution Cost (B)	**405.20**	**697.20**	**373.39**	**374.16**	**675.52**	**394.31**	**315.00**	**681.70**	**359.59**	**573.62**	**1,182.64**	**591.17**	**1,667.97**	**3,237.06**	**1,718.47**
Special Appropriation													-	-	-
True up of Past Losses													-	-	-
Contingency reserve		6.42			6.23			4.07					-	16.72	-
Total Special Appropriation (C)	-	**6.42**	-	-	**6.23**	-	-	**4.07**	-	-	-	-	-	16.72	-
Total Revenue Requirement (A+B+C)	**2,717.59**	**3,048.61**	**2,688.51**	**2,226.68**	**2,722.42**	**2,396.91**	**1,104.00**	**1,515.12**	**1,172.68**	**3,221.08**	**3,979.75**	**3,304.52**	**9,269.34**	**11,265.90**	**9,562.63**
Expected Revenue (Full year)	**2725.74**	**2,694.41**	**2688.71**	**2235.42**	**2,436.18**	**2413.25**	**1104.12**	**1,192.71**	**1172.80**	**3221.82**	**3,290.40**	**3308.26**	**9,287.10**	**9,613.70**	**9,583.02**
GAP at existing(+/-)	**8.15**	**(354.20)**	**0.20**	**8.74**	**(286.24)**	**16.34**	**0.12**	**(322.41)**	**0.12**	**0.74**	**(689.35)**	**3.74**	**17.76**	**(1652.20)**	20.39
														Saleable Units	**Avg. cost (paisa/unit)**
												Proposed 18-19		19,533.00	594.88
												Approved 17-18		19,774.98	488.26
												Approved 18-19		20,448.39	489.47

<u>**Annexure – 'B'**</u>

RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST APRIL, 2018

Sl. No.	Category of Consumers	Voltage of Supply	Demand Charge (Rs./KW/ Month)/ (Rs./KVA/ Month)	Energy Charge (P/kWh)	Customer Service Charge (Rs./Month)	Monthly Minimum Fixed Charge for first KW or part (Rs.)	Monthly Fixed Charge for any additional KW or part (Rs.)	Rebate (P/kWh)/ DPS
	LT Category							
1	Domestic							
1.a	Kutir Jyoti <= 30 Units/month	LT	FIXED MONTHLY CHARGE-->			80		
1.b	Others							10
	(Consumption <= 50 units/month)	LT		**250.00**		20	20	
	(Consumption >50, <=200 units/month)	LT		**430.00**				
	(Consumption >200, <=400 units/month)	LT		**530.00**				
	Consumption >400 units/month)	LT		**570.00**				
2	General Purpose < 110 KVA							10
	Consumption <=100 units/month	LT		**540.00**				
	Consumption >100, <=300 units/month	LT		**650.00**		30	30	
	(Consumption >300 units/month)	LT		**710.00**				
3	Irrigation Pumping and Agriculture	LT		**150.00**		20	10	10
4	Allied Agricultural Activities	LT		**160.00**		20	10	10
5	Allied Agro-Industrial Activities	LT		**420.00**		80	50	DPS/Rebate
6	Public Lighting	LT		**570.00**		20	15	DPS/Rebate
7	L.T. Industrial (S) Supply <22 KVA	LT		**570.00**		80	35	10
8	L.T. Industrial (M) Supply >=22 KVA <110 KVA	LT		**570.00**		100	80	DPS/Rebate
9	Specified Public Purpose	LT		**570.00**		50	50	DPS/Rebate
10	Public Water Works and Sewerage Pumping <110 KVA	LT		**570.00**		50	50	10
11	Public Water Works and Sewerage Pumping >=110 KVA	LT	200	**570.00**	30			10
12	General Purpose >= 110 KVA	LT	200	**570.00**	30			DPS/Rebate
13	Large Industry	LT	200	**570.00**	30			DPS/Rebate
	HT Category							
14	Bulk Supply - Domestic	HT	20	**440.00**	250			10
15	Irrigation Pumping and Agriculture	HT	30	**140.00**	250			10
16	Allied Agricultural Activities	HT	30	**150.00**	250			10
17	Allied Agro-Industrial Activities	HT	50	**410.00**	250			DPS/Rebate
18	Specified Public Purpose	HT	250	**As indicated in the notes below**	250			DPS/Rebate
19	General Purpose >70 KVA < 110 KVA	HT	250		250			10
20	H.T Industrial (M) Supply	HT	150		250			DPS/Rebate
21	General Purpose >= 110 KVA	HT	250		250			DPS/Rebate
22	Public Water Works & Sewerage Pumping	HT	250		250			10
23	Large Industry	HT	250		250			DPS/Rebate
24	Power Intensive Industry	HT	250		250			DPS/Rebate
25	Mini Steel Plant	HT	250		250			DPS/Rebate
26	Railway Traction	HT	250		250			DPS/Rebate
27	Emergency Supply to CGP	HT	0	**730.00**	250			DPS/Rebate
28	Colony Consumption (Both SPP & Industrial)	HT	0	**440.00**	0			DPS/Rebate
	EHT Category							
29	General Purpose	EHT	250	**As indicated in the notes below**	700			DPS/Rebate
30	Large Industry	EHT	250		700			DPS/Rebate
31	Railway Traction	EHT	250		700			DPS/Rebate
32	Heavy Industry	EHT	250		700			DPS/Rebate
33	Power Intensive Industry	EHT	250		700			DPS/Rebate
34	Mini Steel Plant	EHT	250		700			DPS/Rebate
35	Emergency Supply to CGP	EHT	0	**720.00**	700			DPS/Rebate
36	Colony Consumption	EHT	0	**435.00**	0			DPS/Rebate

Note:

Slab rate of energy charges for HT & EHT (Paise/unit)

Load Factor (%)	HT	EHT
= < 60%	535	530
> 60%	425	420

(i) The reconnection charges w.e.f. 01.04.2015 shall continue unaltered

Category of Consumers	Rate Applicable
LT Single Phase Domestic Consumer	Rs.150/-
LT Single Phase other consumer	Rs.400/-
LT 3 Phase consumers	Rs.600/-
All HT & EHT consumers	Rs.3000/-

(ii) Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection in respective categories.

(iii) The meter rent w.e.f. 01.04.2017 shall remain unaltered as follows:

Type of Meter	Monthly Meter Rent (Rs.)
1. Single phase electro-magnetic Kwh meter	20
2. Three phase electro-magnetic Kwh meter	40
3. Three phase electro-magnetic tri-vector meter	1000
4. Tri-vector meter for Railway Traction	1000
5. Single phase Static Kwh meter	40
6. Three Phase Static Kwh meter	150
7. Three phase Static Tri-vector meter	1000
8. Three phase Static Bi-vector meter	1000
9. LT Single phase AMR/AMI Compliant meter	50
10. LT Three phase AMR/AMI compliant meter	150

Note: Meter rent for meter supplied by DISCOMs shall be collected for a period of 60 months only. Once it is collected for sixty months meter rent collection should stop. ***All statutory levies shall be collected in addition to meter rent.***

(iv) A Reliability surcharge @ 10 paise per unit will continue for HT and EHT consumers availing power irrespective of nature of feeder. This surcharge @ 10 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit. (For details see the order)

(v) Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges.

(vi) A “Tatkal Scheme” for new connection is applicable to LT Domestic, Agricultural and General Purpose consumers.

(vii) In case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis.

(viii) The billing demand in respect of consumer with Contract Demand of less than 110 KVA should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification.

(ix) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @ 20 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as **12 Midnight to 6 AM** of next day.

(x) Hostels attached to the Schools recognised and run by SC/ST Dept., Govt. of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT / HT) which shall be over and above the normal rebate for which they are eligible.

(xi) Swajala Dhara consumers under Public Water Works and Sewerage Pumping Installation category shall get special 10% rebate if electricity bills are paid within due date over and above normal rebate.

(xii) During the statutory restriction imposed by the Fisheries Department, the Ice Factories located at a distance not more than 5 Km. towards the land from the sea shore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period.

(xiii) Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. If the connected load of the attached feed unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be.

(xiv) The food processing unit attached with cold storage shall be charged at Agro-Industrial tariff if cold storage load is not less than 80% of the entire connected load. If the load of the food processing unit other than cold storage unit exceeds 20% of the connected load, then the entire consumption by the cold storage and the food processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be.

(xv) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from **12 Midnight to 6.00 A.M.** of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged on the drawal over and above the 120% of contract demand (for details refer Tariff Order). When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.

(xvi) General purpose consumers with Contract Demand (CD) < 70 KVA shall be treated as LT consumers for tariff purposes irrespective of level of supply voltage. As per Regulation 76 (1) (c) of OERC Distribution (Conditions of Supply) Code, 2004 the supply for load above 5 KW upto and including 70 KVA shall be in 2-phase, 3-wires or 3-phase, 3 or 4 wires at 400 volts between phases.

(xvii) Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual/Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. In such a case licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOM utilities. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.

(xviii) Power factor penalty shall be

i) 0.5% for every 1% fall from 92% upto and including 70% plus

ii) 1% for every 1% fall below 70% upto and including 30% plus

iii) 2% for every 1% fall below 30%

The penalty shall be on the monthly demand charges and energy charges

There shall not be any power factor penalty for leading power factor. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

(xix) The power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

(xx) The rural LT domestic consumers shall get 5 paise per unit rebate in addition to existing prompt payment rebate who draw their power through correct meter and pay the bill in time.

(xxi) **1% rebate over and above normal rebate shall be allowed on the bill to the LT domestic category of consumers only over and above all the rebates who pay through digital means. This rebate shall be applicable on the current month bill if paid in full.**

(xxii) **A Special rebate to the LT single phase consumers in addition to any other rebate he is otherwise eligible for shall be allowed at the end of the financial year (the bill for month of March) if he has paid the bill for all the 12 months of the financial year consistently without fail within due date during the relevant financial year. The amount of rebate shall be equal to the rebate of the month of March for timely payment of bill.**

(xxiii) The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in HT bulk supply domestic category.

(xxiv) The printout of the record of the static meter relating to MD, PF, number and period of interruption shall be supplied to the consumer wherever possible with a payment of Rs.500/- by the consumer for monthly record.

(xxv) **Charging of electric vehicles shall be treated as GP category use if vehicle charged is owned by the concerned consumer.**

(xxvi) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.04.2018.

(For detail please see the complete order)

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<u>Annexure-'C'</u>

Wheeling, Transmission Charges and Cross Subsidy Surcharge From 1st April, 2018 as determined by the Commission In Case Nos. 83, 84, 85, & 86/2017 in accordance to OERC (Terms and Conditions for Open Access) Regulations, 2005 and OERC (Determination of Open Access Charges) Regulations, 2006

1. The Open Access Charges i.e. Cross Subsidy Surcharge, Wheeling & Transmission Charge for Open Access consumer of 1MW & above for FY 2018-19 as determined by the Commission are given in the table below:

Name of the licensee	**Cross Subsidy Surcharge (P/U)**		**Wheeling Charge P/U applicable to HT consumers only**	**Transmission Charges for Short Term Open access Customer (applicable for HT & EHT consumers)**
	EHT	**HT**		
CESU	146.18	97.43	53.98	Rs. 1500/MW/day or Rs.62.5/MWh
NESCO Utility	128.63	63.56	76.75	Rs. 1500/MW/day or Rs.62.5/MWh
WESCO Utility	129.28	83.22	47.58	Rs. 1500/MW/day or Rs.62.5/MWh
SOUTHCO Utility	196.23	140.20	71.88	Rs. 1500/MW/day or Rs.62.5/MWh

Additional Surcharge:

2. No additional surcharge has been determined by the Commission to meet the fixed cost of distribution arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act.
3. The normative transmission loss at EHT (3.00%) and normative wheeling loss for HT level (8%) are applicable for the year 2018-19.
4. Additional Surcharge: No additional surcharge over and above the Cross-subsidy Surcharge needs to be given to the embedded licensee.
5. No Cross Subsidy Surcharge are payable by the consumers availing Renewable power.
6. 20% wheeling charge is payable by the consumer drawing power from Renewable source excluding Co-generation and Bio mass power plant.
7. The charges as notified for the FY 2018-19 will remain in force until further order.

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