
2. In TPWODL licence area there are 938 nos. of HT consumers out of which there are 12 nos. of consumer having steel industries (standalone induction furnace units) with connectivity at 33 KV level with CD more than 1 MW. The industries are as follows:
1. Shree Salasar Castings (P) Ltd.
 2. M/s TOP Tech Steels Pvt. Ltd.
 3. M/s Maa Girija Ispat Pvt. Ltd.
 4. M/s Scan Steels Ltd.
 5. M/s AURN Steel Industries Pvt. Ltd.
 6. M/s Subha Ispat Pvt. Ltd.
 7. M/s Bajrang Steel & Alloys (P) Ltd.
 8. M/s Refulgent Ispat Pvt. Ltd.
 9. M/s Radhakrishna Ispat Pvt. Ltd.
 10. M/s DD Iron & Steel Pvt. Ltd.
 11. M/s Siri Radha Raman Alloys Pvt. Ltd.
 12. M/s Chun Chun Ispat (P) Ltd.
3. The monthly average consumption in total of the above 12 industries in Q1 of FY 2021-22 is 22 MU. These 12 nos. of industries are contributing 18% of monthly HT consumption even though their CD is 7% of entire load under HT category. The Commission in retail supply tariff order for FY 2021-22 considering the plea of the above industries has directed as follows:

“Mini Steel Plants

381. Some objectors representating Mini Steel Plant category of consumers connected at 33 KV voltage level having induction furnaces have approached the Commission to reduce their tariff. They state that the tariff of similar industries in neighbouring States like Chhattisgarh, Jharkhand etc. are comparatively lower than that of Odisha. Thus steel production costs in those States have become low. These industries in neighbouring States procure iron ore, sponge iron, pellets etc. from Odisha and process the same in their induction furnace and supply them again back to Odisha at cheaper rate which

makes the product of Odisha unviable in the market. Considering the surplus power situation in the state and drawal of those industries at 33 KV the Commission directs as follows:

“All the industrial consumers (Steel Plant) having CD of 1 MW and above and drawing power in 33 KV shall be allowed a rebate of 30 paise per unit (kVAh) for the units consumed in excess of 60% of load factor and up to 70% of load factor and 40 paise per units (kVAh) for the units consumed above 70% load factor upto 80% load factor and 50 paise per units (kVAh) for energy drawn in excess of 80% load factor per month. This shall be in addition to all other rebate the consumer is otherwise eligible.”

4. Now the consumers have represented to TPWODL that even though the Commission has allowed incentive above 60% of the load factor in tariff still the same is not sufficient for them to compete with similar industries in the neighbouring state. As a result many furnaces are on the verge of closing or planning to shift to neighbouring states for getting better electricity tariff there. They have stated that the following tariff is extended to steel industries in the neighbouring states.

State	Name of Licensee	Per Unit cost in Rs.
Jharkhand	DVC	Rs.3.82/Unit
	JBVNL	Rs.5.15/Unit
	TSL	Rs.5.60/Unit
Chhattisgarh	Chhattisgarh State Power Distribution Co. Ltd.	Rs.5.52/Unit *
Odisha	TPCODL, TPWODL, TPSODL, TPNODL	Rs.6.21/Unit

* TPWODL has brought to our notice an order of CSERC in Case No. 3, 4, 5 and 9/2021 passed on 02.08.2021 where the Commission has allowed revised rebate to these type of industries from 8% to a cap of 25% on the consumption equal to or over 50% of load factor which is to be achieved at 74% of load factor. By that, the effective tariff has reduced from Rs.6.49 to Rs.5.52 per unit in Chhattisgarh for this type of industries.

5. TPWODL has stated that the tariff in DVC area (Jharkhand) is cheaper since load factor incentive is allowed as a percentage on the total consumption if load factor goes beyond 65% level. Similarly, in the JBVNL area load factor incentive is allowed beyond 45% level for the entire energy. In TSL area the load factor incentive upto 15% is allowed on entire energy consumption if load factor exceeds 55% level.
6. TPWODL states that the Commission in the last tariff order considering the surplus power situation in the State has allowed special tariff to industries having CGP for the

units consumed beyond 80% load factor @3.50/kVAh. The above benefit is not available to the steel industries connected at 33 KV without CGP. TPWODL further states that out of 12 nos. of above industries 2 industries have applied for closure and 3 nos. of industries have applied for load reduction. Rest of the industries are planning for closure or shifting to the neighbouring states.

7. TPWODL brings to the notice of the Commission that the above scenario in HT steel industries will have negative impact on revenue of the DISCOMs since these industries have been operating above 70% load factor. In view of the TPWODL proposes special tariff for steel industries (standalone induction furnace units) in 33 KV level for their survival and to lessen the impact on the revenue of DISCOMs under Regulation 139 of OERC Supply Code 2019. The proposal is as follows:

- a) The Special tariff shall be applicable to the 12 nos. of steel industries connected at 33 KV level and contract demand of more than 1 MW.
- b) On achieving of 75% load factor and above till 80% load factor, a discount of Rs.0.40/unit on entire consumption shall be allowed. However, on achieving load factor of more than 80% the discount of Rs.0.50/unit on entire consumption shall be allowed. For clarity industries whose load factor in a month is within 75% to 80% then discount of 40 paise per unit shall be given. Similarly, industries whose load factor will be more than 80% then discount would be 50 paise per unit for entire consumption. Industries whose load factor would be less than 75% in a month no special discount shall be extended during that month.
- c) This shall be in addition to all other rebate the consumer is otherwise eligible for.
- d) Special tariff shall be applicable when load factor exceeds 75% in a month.
- e) Load factor for aforesaid specified consumers shall be calculated as per existing Regulation i.e. OERC Distribution (Conditions of Supply) Code, 2019.
- f) Load reduction for aforesaid specified consumers shall not be allowed during the present tariff period till March, 2022.
- g) Those customers coming in category above and who have reduced the CD after March 2021 are not eligible for the special discount unless and until original CD is restored, or more than previous CD is contracted.

- h) The special tariff shall not be applicable to those consumers who are having CGP as per OERC order, as there is a special scheme altogether already available for CGPs.
 - i) For availing the benefit of the special tariff during tariff period till 31st March, 2022, the abovementioned consumer/industries shall ensure that there is no closure of industry.
 - j) Due to any reason if a consumer is not able to achieve the load factor of 75%, then the said consumer shall not be entitled for special tariff and shall be billed as per applicable existing tariff as per terms and conditions of the agreement.
 - k) Open access shall not be allowed during the continuity of the agreement.
 - l) The application for continuity of this special agreement shall be reviewed by the licensee on any tariff revision by the Commission prior to March, 2022.
 - m) The duration of the special agreement for special tariff is upto 31st March, 2022.
8. TPWODL requested the Commission to approve the above proposal under regulation 139 read with Regulation 138 (n) of OERC Distribution (Conditions of Supply) Code, 2019.
9. The 12 respondent steel industries submit that they are MSMEs connected at 33 KV voltage level to TPWODL system. They are having induction furnaces to manufacture steel ingots. The major raw material for induction furnaces is electricity which constitutes 25% of the total production cost. These industries procure sponge iron from Sundargarh and Jharsuguda Districts and produce ingots and supply them to Odisha as well as to northern states like Punjab, Haryana and Delhi. Though Commission has allowed incentive in tariff above 60% of load factor in the last tariff order still this is not enough to compete with similarly placed industries in the neighbouring states. Considering the precarious situation of steel industries TPWODL has proposed a special tariff to them. They have no objections to the terms and condition enumerated at para 20 of the application to avail special tariff proposed by TPWODL. This special tariff will provide some relief to these standalone induction furnaces. These induction furnaces will now try to achieve more than 75% load factor to get this benefit. This special tariff will increase the sale of power at HT level for TPWODL. They are agreeable to enter into agreement in this regard to avail special tariff.

10. We perused the proposal of TPWODL. Regulation 139 of OERC Distribution (Conditions of Supply) Code, 2019 provides as follows:

“139. The licensee/supplier may, having regard to the nature of supply and purpose for which supply is required, fix special tariff and conditions of supply for the consumers not covered by the classification enumerated in this Code. For such purpose licensee/supplier may enter into special agreements with the approval of the Commission with suitable modifications in the Standard Agreement Form. The tariff such cases shall be separately approved by the Commission.”

11. Tariff determination is a revenue balancing method i.e. the ARR of the DISCOMs is to be recovered through tariff under section 62 of the Electricity Act. In this case, the DISCOM wants to offer a special tariff and, thereby, increase its overall revenue by retaining/ attracting higher load. As prayed for by the DISCOM with conditionalities agreed to by the 12 nos. of steel industries connected at 33 KV level having induction furnaces, we approve the special tariff proposed by TPWODL in its application upto 31st March, 2022 from the date of agreement in this regard with TPWODL. This is with stipulation that any revenue loss due to this agreement shall not be factored in the ARR of TPWODL.

12. With the above observation the case is disposed of.

Sd/-
(G. MOHAPATRA)
MEMBER

Sd/-
(S. K. PARHI)
MEMBER

Sd/-
(U. N. BEHERA)
CHAIRPERSON