

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

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**Present: Shri G. Mohapatra, Officiating Chairperson**

**Shri S. K. Ray Mohapatra, Member**

**Case No. 94/2021**

M/s. Satyam Casting Pvt.Ltd.

..... Petitioner

Vrs.

TPCODL

..... Respondent

**In the matter of: Application under Regulation 139 of the OERC Distribution (Conditions of Supply) Code, 2019 proposing Special Agreement with steel industries (Standalone Induction Furnace Units) having connectivity at 33 KV levels with contract demand of 1 MW and above.**

**For Petitioner:** Shri A.K.Sahani, the authorised representative.

**For Respondent:** Shri V.Wagle.

**ORDER**

**Date of hearing: 24.05.2022**

**Date of order: 26.05.2022**

The petitioner M/s. Satyam Casting Pvt. Ltd. is a consumer under the jurisdiction of TPCODL with a Contract Demand (CD) of 2350 kVA at supply voltage of 33 kV and has a Induction Furnaces Unit fed through two numbers of transformers of 33/08 kV, 3150 kVA and 33/08 kV, 2500 kVA. Since twelve (12) numbers of Steel Industries of TPWODL are enjoying power supply through special agreement as per the Commission's order dated 27.08.2021 in Case No.68 of 2021 the petitioner prays for extension of such benefit to the petitioner's unit under Regulation 139 of Supply Code, 2019.

2. The petitioner has submitted the followings:

- a) The petitioner has submitted that 12 nos. of steel industry (connected at 33 kV level and CD of more than 1 MW) in the area of operation of TPWODL have got the benefit against OERC's order in Case No.68 of 2021. This tariff structure has encouraged high end HT consumers to draw more power so that loss due to subsidised consumers will be compensated. In Case No. 68/2021, TPWODL had submitted before the Commission that the benefit of the special tariff allowed by the Commission in its RST order for the FY 2021-22 is not available to these

steel industries connected at 33 kV without CGP and in its area of supply out of twelve numbers of such industries, two numbers of industries have applied for closure and three numbers of industries have applied for load reduction and rest of the industries are planning for closure or shifting to the neighbouring State. In such scenario there would be negative impact on the revenue of TPWODL. Therefore, TPWODL had proposed for a special tariff to the steel industries (standalone induction furnace units) availing power through 33 kV level under Regulation 139 of OERC Supply Code, 2019.

- b) In the above scenario TPWODL in Case No. 68/2021 had proposed that:
- 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.
  - 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.
  - This shall be in addition to all other rebate the consumer is otherwise eligible for.
  - Special tariff shall be applicable when load factor exceeds 75% in a month.
  - Load factor for aforesaid specified consumers shall be calculated as per existing Regulation i.e. OERC Distribution (Conditions of Supply) Code, 2019.
  - Load reduction for aforesaid specified consumers shall not be allowed during the present tariff period till March, 2022.
  - Those customers coming in above category 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.

- 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.
  - For availing the benefit of the special tariff during tariff period till 31<sup>st</sup> March, 2022, the above mentioned consumer/industries shall ensure that there is no closure of industry.
  - 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.
  - Open access shall not be allowed during the continuity of the agreement.
  - 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.
  - The duration of the special agreement for special tariff is upto 31<sup>st</sup> March, 2022.
- c) Considering the above prayer of TPWODL, the Commission vide its order dated 27.08.2021 in Case No. 68 of 2021 have passed as follows:

*“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 31<sup>st</sup> 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.”*

- d) From the above averments, the standalone induction furnace unit of the petitioner is eligible for such special rebate as per the above order of the Commission. The operating load factor of the petitioner’s unit is well within 75% and if such benefit is extended, their units will be encouraged to operate at higher load factor. In this regard, the petitioner had approached to the Respondent-TPCODL but the respondent informs that they will not be able to enter into any such special agreement/arrangement. Therefore, the petitioner has approached the Commission with the present application.
- e) TPCODL has given such benefits to M/s. New Laxmi Steel Power (Pvt.) Ltd. (Consumer A/C No. 80000211682) Sarua, Khordha. Hence, such benefits may also be extended to the petitioner.

3. The Respondent-TPCODL has submitted the followings:
- a) The Commission vide its order dated 27.08.2021 in Case No. 68 of 2021, had permitted TPWODL to enter into a special agreement with Steel Industries (with stand alone Induction Furnace) subject to certain condition in respect of load factor. M/s Satyam Casting has sought applicability of concessional tariff to them as per above order of the Commission.
  - b) In the said order, the Commission had approved for the special agreement under Regulation 139 of OERC Supply Code, 2019. The provisions of the Supply Code stipulates the following:

***“Consumers under Special Agreement***

*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 in such cases shall be separately approved by the Commission.”*

- c) As per the above provision, there cannot be any compulsion on the licensee to enter into such special agreement with the consumer. A special agreement can be made between the DISCOM and a consumer to arrive at a special tariff which needs to be approved by the Commission. In the present case, since no agreement has been reached between TPCODL and the petitioner, the case needs to be dismissed on that ground.
- d) Further, the condition in the Commission’s order dated 27.08.2021 in Case No. 68 of 2021 stipulates that the revenue loss, if any, would not be factored in the ARR i.e the revenue loss to the DISCOM due to special agreement/tariff would not be passed on to other consumers. In case of TPWODL, the purpose of seeking such concession was to revive the closure or near closure of certain industries which were operating at very low load factor and consequently the revenue to the DISCOM was correspondingly low. The concessions in tariff were offered to incentivize them to move to a zone where load factor is greater than 75%. Such industries on reaching this level would effectively increase the existing revenue of the DISCOM i.e. revenue earned by the DISCOM even after considering concession, would be higher than that earned presently by the DISCOM. But in case of the petitioner’s industry, the load factor is already high and if any

concession is made available to them there would be a revenue loss to TPCODL, which is not envisaged under the above order of the Commission.

- e) The Respondent-TPCODL has not provided any special tariff to M/s. New Laxmi Steel Power (Pvt.) Ltd. as permitted to TPWODL, vide Commission's order dated 27.08.2021 in Case No. 68 of 2021. The petitioner has mistakenly considered the load factor rebate offered to the above consumer as special tariff. The load factor rebate of Rs.1,42,375.60 provided to this consumer is as per the provision at Para-(vi) of the Annexure to the RST order for FY 2021-22 which is reproduced below:

*"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."*

- f) The applicability of special tariff for TPWODL is not part of any tariff order of the Commission and as such cannot be binding on the licensee. In view of the above, there cannot be any compulsion on the part of TPCODL or any consumer to enter into such special agreement at the risk of loss of revenue.

4. The case is taken up for hearing through virtual mode. Heard the parties at length. The Commission observes that as per the Regulation 139 of the OERC Distribution (Conditions of Supply) Code, 2019, the licensee/supplier of electricity may fix a special tariff and conditions of supply for a consumer/ a section of consumers through special agreements with approval of the Commission, considering the nature and purpose of such supply of power. TPWODL prayed to enter into special agreements with 12 nos. of steel industries having connectivity at 33 kV level with CD of 1 MW and above, as such offer of special tariff would help the TPWODL to increase its overall revenue by retaining the subsidising industrial consumer and encouraging higher energy consumption at higher voltage. Accordingly, the Commission in its order in Case No. 68 of 2021 dated 27.08.2021 allowed the Licensee-TPWODL under Regulation 139 of the OERC Distribution (Conditions of Supply) Code, 2019 to enter into special agreement with the 12 steel industries by extending special tariff upto 31<sup>st</sup> March, 2022 as agreed by them. But in the instant case, TPCODL-Respondent has not filed any application before the Commission for approval of its agreement with the

Petitioner under Regulation 139 of the OERC Distribution (Conditions of Supply) Code, 2019. Rather the Respondent-Licensee has showed its reluctance to enter into such agreement with Petitioner citing revenue loss. In view of provisions of Regulation 139 of the OERC Distribution (Conditions of Supply) Code, 2019, the Commission cannot compel the Licensee to enter into any agreement with a Petitioner when there is apprehension of revenue loss. The licensee has also clarified to our satisfaction that they have not discriminated the present Petitioner vis-a-vis other similarly placed industries. The claim of the Petitioner is not buttressed by factual scenario. The prayer of the Petitioner does not strictly fall within the ambit of Regulation 139 of the OERC Distribution (Conditions of Supply) Code, 2019

5. In view of the above discussions, the present petition is devoid of any merit. Hence the prayer of the Petitioner is rejected.
6. With the above observations, the case is disposed of.

Sd/-  
**(S. K. Ray Mohapatra)**  
**Member**

Sd/-  
**(G. Mohapatra)**  
**Officiating Chairperson**