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

Present : Shri S. C. Mahapatra, Chairperson
Shri G. Mohapatra, Member
Shri S. K. Ray Mohapatra, Member

Case Nos. 43, 44, 45 & 46 of 2023

In the Matter of: **Applications of Distribution Companies namely TPCODL, TPWODL, TPNODL & TPSODL for approval of their Business Plan for the period from FY 2024-25 to FY 2027-28 in compliance to Regulation 2.1 of the OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022.**

Case No.43 of 2023

TPNODL ………………...Petitioner
Vrs.
DoE, GoO & Others ....Respondents

AND

Case No.44 of 2023

TPWODL ………………...Petitioner
Vrs.
DoE, GoO & Others ....Respondents

AND

Case No. 45 of 2023

TPCODL ………………...Petitioner
Vrs.
DoE, GoO & Others ....Respondents

AND

Case No.46 of 2023

TPSODL ………………...Petitioner
Vrs.
DoE, GoO & Others ....Respondents

For the petitioners: Shri Arvind Singh, CEO, Shri Puneet Munjal (Chief Regulatory & GA) & Shri Praveen Kumar Verma, Chief (Comm.) on behalf of TPCODL, Shri Gajanan Kale, CEO & Shri K. C. Nanda, GM (RA& Strategy) on behalf of TPWODL, Shri Bhaskar Sarkar, CEO & Ms. Malancha Ghose, DGM(RA) on behalf of TPNODL and Shri V. Wagle, Chief Regulatory Affairs on behalf of TPSODL. None-appeared on behalf of DoE, GoO.

For the respondents: Shri B. C. Padhihary CGM (Fin.) & Shri Lalit Kumar Mishra, DGM(Fin.) on behalf of GRIDCO and Ms. Banishree Pradhan, DGM (RT&C) on behalf of OPTCL.

O R D E R

Date of Hearing: 11.07.2023 **Date of order: 14.09.2023**

After the revocation of licenses of four (4) distribution Utilities namely CESU, WESCO, NESCO & SOUTHCO, the Commission has transferred the responsibilities of erstwhile distribution utilities as per Section 21 of the Electricity Act, 2003 to four distribution companies in Odisha namely, Tata Power Central Odisha Distribution Limited (TPCODL), Tata Power Western Odisha Distribution Limited (TPWODL), Tata Power Northern Odisha Distribution Limited (TPNODL) and Tata Power Southern Odisha Distribution Limited (TPSODL) as per the Vesting Order of the Commission issued on 26.05.2020, 28.12.2020, 25.03.2021 & 28.12.2020 in Case No. 11 of 2020, 82 of 2020, 9 of 2021 & 83 of 2020 respectively. The four distribution companies TPCODL, TPWODL, TPNODL & TPSODL have been carrying out the business of distribution and retail supply of electricity w.e.f., dated 01.06. 2020, 01.01.2021, 01.04.2021 & 01.01.2021 respectively in their licensed areas. The details are given in table below:

Table – 1

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

2. In compliance to the Vesting Order, distribution companies (i.e., TPCODL, TPWODL, TPNODL & TPSODL) were required to submit the business plan for the first 5 years of operations covering the specific aspects to achieve successful turnaround of respective utility i.e., CESU, WESCO, NESCO & SOTHCO.

3. The OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 came into effect on 23rd December, 2022. As per this Regulation, the "Control Period" is for a period of five years from FY 2023-24 to FY 2027-28 and distribution companies were required to submit the business plan for the first 5 years of operations not less than 120 days before commencement of the first year of the Control

Period or such other date as directed by the Commission. The extracts from the Regulations are as under:

*"2.1. **Business Plan***

2.1.1. The Distribution Licensee shall file for the Commission's approval, not less than 120 days before the commencement of the first year of the Control Period or such other date as may be directed by the Commission, a Long-Term Business Plan prepared in accordance with these regulations for the entire Control Period. The Business Plan shall be filed for the wheeling and retail supply business and shall, inter alia, contain:

1) Sales/Demand Forecast for each consumer category and sub-category for each year of the Control Period;

2) Distribution loss reduction trajectory and collection efficiency for each year of the Control Period;

3) Power Procurement Plan including details of availability of power from renewable energy source as concurred by GRIDCO for each year of the business plan period as per the terms of Vesting Orders. [The Distribution Licensee shall project the power purchase requirement based on the Quantum of Renewable Purchase Obligation (RPO), and the target set, if any, for Energy Efficiency (EE) and Demand Side Management (DSM) schemes. GRIDCO shall intimate the DISCOMs of its ability and readiness to procure power to meet the forecasted / projected Demand of electricity and the energy requirement of the State, failing which the DISCOMs shall provide their Plan to the Commission for meeting their demand.];

4) The Capital Investment Plan of the Distribution Licensee shall be prepared in accordance with the sales/demand forecast, power procurement plan, distribution loss trajectory, targets for quality of supply etc. The Capital investment plan shall be consistent with the perspective plan developed by the State Transmission Utility (STU) based on the data submitted by the Distribution Licensees and Load Flow studies conducted in line with the requirements of the State Grid Code. The planning of Distribution network, based on load flow study, shall be carried out for minimum five (5) year time frame and shall form the basis for capital investment. The investment plan should also include yearly phasing of capital expenditure along with the financing plan and corresponding capitalization schedule with due consideration of capital expenditure as per the Vesting Order. The capital investment plan shall show separately, on-going projects that will spill over into the Control Period, and new projects (along with justification) that will commence in the Control Period but may be completed within or beyond the Control Period. The Commission shall consider and approve the capital investment plan for the Wheeling Business and Retail Supply Business of the Distribution Licensee. The Commission, for its satisfaction, may require the Distribution Licensee to provide relevant technical and commercial details.

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2.1.2. The variation in revenue/cost on account of uncontrollable factors and controllable factors shall be trued up annually.

2.1.3. For all controllable costs, the Commission may set the targets for each year under review in the approved Business Plan. These targets shall be used for computing revenue requirement.

2.1.4. All non-controllable costs shall be treated as pass-through by the Commission after due diligence and prudence check.

2.1.5. The performance parameters, whose trajectories have been specified as per these Regulations, shall form the basis of projection of these performance parameters in the Business Plan.

2.1.6. Annual review of performance shall be conducted based on the actual vis-à-vis the approved forecast and categorization of variations in performance into controllable factors and uncontrollable factors;

2.1.7. The Commission shall make periodic reviews of the licensee's performance during the control period to address any practical issues, concerns or unexpected outcomes that may arise either in generally or in specific situations.

2.1.8. On receipt of Business Plan application, the Commission shall either:

(a) issue an Order approving the Business Plan for the entire Control Period, subject to such conditions as it may specify in the said Order; or

(b) reject the application for reasons to be recorded in writing, as the Commission may deem appropriate:

Provided that the Applicant shall be given a reasonable opportunity to present/submit his case before rejection of his application."

4. Due to paucity of time, initially four distribution companies had filed their respective Business Plan application for the first year of the first control period (i.e., FY 2023-24) before the Commission and had prayed to grant some more time for filing the business plan for the balance four years of the first control period (i.e., FY 2024-25 to FY 2027-28). The business plan applications for FY 2023-24 had been taken up by the Commission for analogous hearing with the ARR and RST applications for the FY 2023-24 and the Commission passed a common order for them on 23.03.2023 and had allowed time upto 30.04.2023 for filing the business plan for the balance four years of the first control period under para 78 &79 of the RST order. Relevant extracts from paras 78 & 79 of the RST Order dated 23.03.2023 are reproduced hereunder:

"78. Due to time constraint, the DISCOMs have submitted the Business Plan for the FY 2023-24 only through their petitions which are registered as Case No. 11 of 2023 (TPCODL), Case No. 10 of 2023 (TPNODL), Case No. 12 of 2023 (TPSODL) and Case No. 13 of 2023 (TPWODL). The licensees have requested the Commission to grant some more time for filing of Business Plan for the balance period of the present control period i.e. FY 2024-25 to 2027-28.

79. The Commission has reviewed the application of Business Plan of licensees and found it appropriate to approve the ARR for FY 2023-24 (i.e. first year of the present control period). Considering the prayers made by the licensees. The Commission *directed them to submit the business plan for the balance control period by 30th April 2023."*

5. Subsequently, on the request of TPCODL, the Commission vide their letter No. Dir(T)-394/ 2023/692 dated 16th May 2023 had allowed extension of time up to 31st May, 2023 to file the Business Plan for the balance Control Period.

6. Accordingly, the four distribution licensees TPCODL, TPWODL, TPNODL & TPSODL have filed their respective Business Plan applications dated 08.06.2023, 07.06.2023, 31.05.2023 & 09.06.2023 respectively for the remaining four years of the 1st Control period from FY 2024-25 to FY 2027-28 before the Commission for approval. The said applications were duly scrutinized and registered as Case No. 45 of 2023 for TPCODL, Case No. 44 of 2023 for TPWODL, Case No. 43 of 2023 for TPNODL and Case No. 46 of 2023 for TPSODL. All these applications were taken up for analogous hearing as the matters raised therein are mostly similar in nature.

BUSINESS PLAN PROPOSAL FOR FY 2024-25 to FY 2027-28 BY DISCOMS:

Energy Sales Projection:

7. The Sales projection has been submitted by four DISCOMs in their respective business plan application for FY 2024-25 to FY 2027-28 by considering the past trend of energy consumption by the different categories of consumers, approved sales in RST Order for FY 2023-24 by the Commission and expected growth for future. TPCODL has assumed growth rate for approved category of consumers based on the previous year's CAGR, recent trends and overall development visualized by it. The growth rate was applied on the sales quantum approved by the Commission for FY 2023-24. TPWODL has analyzed the past trends and considered the category wise consumer growth of demand and projected the total energy demand of all categories of Consumers for the control period. TPNODL has analyzed the consumption pattern of last 10 years, considered the impact of Covid-19 period and projected the energy demand of each category (i.e. LT, HT, EHT) for the Control Period. TPSODL has assumed growth rate based on previous year's CAGR and recent trends in demand and the growth rate was applied on the category wise sale of FY 2023-24. TPCODL, TPNODL & TPSODL have included energy sales to railways in their sales projection, however, TPWODL has submitted sales projection of railways under two (2) scenarios i.e. inclusion & exclusion of sales to railways. Accordingly, sales projection by DISCOMS (including Railways) for the FY 2024-25 to FY 2027-28 are as under:

Table: 2
Energy Sales (including Railways) projected by DISCOMs for FY 2025-28 (MU)

DISCOMs	Category	OERC Approved in ARR Order for FY 2023-24	Projected for FY 2025-28			
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	LT	5,063.69	5,147.00	5,432.00	5,734.00	6,054.00
	HT	1,946.71	2,041.00	2,162.00	2,292.00	2,429.00
	EHT	1,858.00	1,959.00	2,050.00	2,145.00	2,245.00
	Total	**8,868.41**	**9,147.00**	**9,644.00**	**10,171.00**	**10,728.00**
TPWODL	LT	3,332.37	3,565.64	3,779.57	3,968.55	4,166.98
	HT	2,199.81	2,353.80	2,495.02	2,619.78	2,750.77
	EHT	5,351.54	3,479.15	3,687.90	3,872.29	4,065.91
	Total	**10,883.72**	**9,398.58**	**9,962.50**	**10,460.62**	**10,983.65**
TPNODL	LT	2,649.11	2,668.17	2,896.92	3,063.47	3,245.58
	HT	685.58	752.37	814.52	861.79	906.15
	EHT	2,953.30	3,310.58	3,589.32	3,897.59	4,001.74
	Total	**6,287.99**	**6,731.12**	**7,300.76**	**7,822.85**	**8,153.47**
TPSODL	LT	2,552.77	2,733.00	2,926.00	3,134.00	3,358.00
	HT	430.42	461.00	494.00	530.00	569.00
	EHT	706.95	753.00	802.00	854.00	910.00
	Total	**3,690.14**	**3,947.00**	**4,222.00**	**4,518.00**	**4,837.00**
Total	LT	13,597.94	14,113.81	15,034.49	15,900.02	16,824.56
	HT	5,262.52	5,608.17	5,965.54	6,303.57	6,654.92
	EHT	10,869.79	9,501.73	10,129.22	10,768.88	11,222.65
	Total	**29,730.26**	**29,223.70**	**31,129.26**	**32,972.47**	**34,702.12**

AT&C Loss, Collection Efficiency & Distribution Loss Projection:

8. In the instant petition, TPCODL, TPNODL & TPSODL have considered AT & C loss trajectory as per their vesting orders approved by the Commission for tariff determination. However, TPWODL has considered AT & C loss trajectory which was Committed by TPCL and approved by the Commission for performance evaluation as per vesting order. In respect of Collection efficiency, all DISCOMs have considered 99% as per norm prescribed in OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022. Considering the above AT&C loss trajectory and Collection efficiency norm, they have projected the distribution loss for the control period. Accordingly, the distribution loss projected by DISCOMs for FY 2024-25 to FY 2027-28 are as under:

Table: 3
Distribution Loss projected by DISCOMs for FY 2025-28

DISCOMs	Particulars	OERC Approved in RST Order for FY 2023-24	Projected for FY 2025-28			
			2024-25	2025-26	2026-27	2027-28
TPCODL	AT & C Loss (%)	22.00	20.00	18.00	16.00	15.00
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**21.21**	**19.19**	**17.17**	**15.15**	**14.14**
TPWODL	AT & C Loss (%)	18.90	20.50	18.50	14.50	12.50
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**18.08**	**19.70**	**17.68**	**13.64**	**11.62**
TPNODL	AT & C Loss (%)	17.09	15.00	13.83	12.76	11.77
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**16.25**	**14.14**	**12.96**	**11.88**	**10.88**
TPSODL	AT & C Loss (%)	25.75	25.35	25.00	22.57	20.38
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**25.00**	**24.60**	**24.24**	**21.79**	**19.58**

Quantum of Power Purchase Projection:

9. By considering the projected sales of energy and distribution loss as above, the DISCOMs have determined the quantum of power purchase (MU) requirement for the control period. Accordingly, the quantum of power purchase projected by DISCOMs for FY 2024-25 to FY 2027-28 are as under:

Table: 4
Quantum of Power Purchase (MU) projected by DISCOMs for FY 2025-28

DISCOMs	Particulars	Unit	OERC Approved in RST Order for FY 2023-24	Projected for FY 2025-28			
				FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Sale of Power	MU	8,868.41	9,147.00	9,644.00	10,171.00	10,728.00
	Dist. Loss	%	21.21	19.19	17.17	15.15	14.14
	Power Purchase	**MU**	**11,256.00**	**11,319.00**	**11,644.00**	**11,987.00**	**12,495.00**
TPWODL	Sale of Power	MU	10,883.72	9,398.58	9,962.50	10,460.62	10,983.65
	Dist. Loss	%	18.08	19.70	17.68	13.64	11.62
	Power Purchase	**MU**	**13,286.00**	**11,704.00**	**12,102.00**	**12,112.00**	**12,427.00**
TPNODL	Sale of Power	MU	6,287.99	6,731.12	7,300.76	7,822.85	8,153.47
	Dist. Loss	%	16.25	14.14	12.96	11.88	10.88
	Power Purchase	**MU**	**7,508.00**	**7,839.77**	**8,387.77**	**8,877.37**	**9,148.74**
TPSODL	Sale of Power	MU	3,690.14	3,947.00	4,222.00	4,518.00	4,837.00
	Dist. Loss	%	25.00	24.60	24.24	21.79	19.58
	Power Purchase	**MU**	**4,920.00**	**5,233.70**	**5,573.20**	**5,776.90**	**6,013.50**
Total	Sale of Power	MU	**29,730.26**	**29,223.70**	**31,129.26**	**32,972.47**	**34,702.12**
	Power Purchase	MU	**36,970.00**	**36,096.47**	**37,706.97**	**38,753.27**	**40,084.24**

Power Purchase Cost Projection:

10. DISCOMs have derived power purchase cost for the control period by considering the approved rate of Bulk Supply Price (BSP), Transmission Charges and SLDC Charges for FY 2023-24 by the Commission without any escalation. Accordingly, the total power purchase cost projected by DISCOMS for the for FY 2024-25 to FY 2027-28 are as under:

Table: 5
Power Purchase Cost including Transmission & SLDC Charges projected by DISCOMs for FY 2025-28

DISCOMs	Particulars	Unit	OERC Approved in RST Order for FY 2023-24	Projected for FY 2025-28			
				FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Power Purchase	MU	11,256.00	11,319.00	11,644.00	11,987.00	12,495.00
	BSP	P/U	305.00	305.00	305.00	305.00	305.00
	Trans. Charges	P/U	24.00	24.00	24.00	24.00	24.00
	SLDC Charges	Rs. Cr	1.74	1.74	1.74	1.74	1.74
	Power Purchase Cost	**Rs. Cr**	**3,704.96**	**3,725.69**	**3,832.62**	**3,945.46**	**4,112.60**
TPWODL	Power Purchase	MU	13,286.00	11,704.00	12,102.00	12,112.00	12,427.00
	BSP	P/U	390.00	390.00	390.00	390.00	390.00
	Trans. Charges	P/U	24.00	24.00	24.00	24.00	24.00
	SLDC Charges	Rs. Cr	2.06	2.06	2.06	2.06	2.06
	Power Purchase Cost	**Rs. Cr**	**5,528.46**	**4,847.47**	**5,012.15**	**5,016.55**	**5,146.92**
TPNODL	Power Purchase	MU	7,508.00	7,839.77	8,387.77	8,877.37	9,148.74
	BSP	P/U	335.00	335.00	335.00	335.00	335.00
	Trans. Charges	P/U	24.00	24.00	24.00	24.00	24.00
	SLDC Charges	Rs. Cr	1.16	1.16	1.16	1.16	1.16
	Power Purchase Cost	**Rs. Cr**	**2,696.53**	**2,815.64**	**3,012.37**	**3,188.14**	**3,285.56**
TPSODL	Power Purchase	MU	4,920.00	5,233.70	5,573.20	5,776.90	6,013.50
	BSP	P/U	210.00	210.00	210.00	210.00	210.00
	Trans. Charges	P/U	24.00	24.00	24.00	24.00	24.00
	SLDC Charges	Rs. Cr	0.76	0.76	0.76	0.76	0.76
	Power Purchase Cost	**Rs. Cr**	**1,152.04**	**1,225.45**	**1,304.89**	**1,352.55**	**1,407.92**

Capital Investment Plan Projection:

11. DISCOMs have submitted that, at the time of takeover, the distribution network was inadequate to cater the need of the consumers and inefficient to achieve the overall performance in the distribution business. Considering the above aspects, to improve power supply reliability, reduce the AT&C losses, ensure the safety and security of network, cater to load growth and implementation of the technology & refurbishment of infrastructure (i.e., Office, Stores, Customer Care/Service Centers etc.), DISCOMs have submitted total own

capital investment plan of Rs.3713.25 Cr (TPCODL -Rs.1124.00 Cr, TPWODL-Rs.870.23 Cr, TPNODL-Rs918.62 Cr & TPSODL -Rs. 800.00 Cr) for the control period from FY 2024-25 to FY 2027-28 under five major heads as given in the table below:

Table: 6
Own Capex Plan Projected by DISCOMs for FY 2024-25 to FY 2027-28

Rs. Crore

DISCOMs	Major head	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
TPCODL	Statutory, Safety & Security	21.00	20.00	20.00	17.00	**78.00**
	Loss Reduction	45.00	50.00	40.00	40.00	**175.00**
	Reliability	127.00	134.00	146.00	132.00	**539.00**
	Load Growth	65.00	60.00	55.00	45.00	**225.00**
	Technology & Infrastructure	43.00	26.00	20.00	18.00	**107.00**
	Total	**301.00**	**290.00**	**281.00**	**252.00**	**1,124.00**
TPWODL	Statutory, Safety & Security	30.98	20.19	16.00	11.00	**78.17**
	Loss Reduction	29.57	30.32	40.00	50.01	**149.90**
	Reliability	55.97	60.58	63.99	59.99	**240.53**
	Load Growth	126.68	50.52	56.00	64.00	**297.20**
	Technology & Infrastructure	25.03	40.39	24.01	15.00	**104.43**
	Total	**268.23**	**202.00**	**200.00**	**200.00**	**870.23**
TPNODL	Statutory, Safety & Security	46.83	38.05	33.12	31.12	**149.12**
	Loss Reduction	28.56	19.83	19.50	19.50	**87.39**
	Reliability	58.42	55.70	65.26	52.69	**232.07**
	Load Growth	73.18	60.08	55.48	65.50	**254.24**
	Technology & Infrastructure	66.19	43.51	35.70	40.21	**185.61**
	Reducing Carbon Footprint	5.00	3.00	1.20	0.99	**10.19**
	Total	**278.18**	**220.17**	**210.26**	**210.01**	**918.62**
TPSODL	Statutory, Safety & Security	14.37	19.11	20.08	23.43	**76.99**
	Loss Reduction	30.89	30.22	8.55	7.89	**77.55**
	Reliability	125.36	67.14	67.86	89.12	**349.49**
	Load Growth	9.52	10.05	32.79	51.71	**104.07**
	Technology & Infrastructure	104.31	39.00	23.00	26.00	**192.31**
	Total	**284.44**	**165.53**	**152.28**	**198.14**	**800.40**
DISCOMs Total	Statutory, Safety & Security	113.18	97.35	89.20	82.55	**382.28**
	Loss Reduction	134.02	130.37	108.05	117.40	**489.84**
	Reliability	366.75	317.42	343.11	333.80	**1,361.09**
	Load Growth	274.38	180.65	199.27	226.21	**880.51**
	Technology & Infrastructure	238.53	148.90	102.71	99.21	**589.35**
	Reducing Carbon Footprint	5.00	3.00	1.20	0.99	**10.19**
	Total	**1,131.85**	**877.70**	**843.54**	**860.15**	**3,713.25**

12. Apart from the above projected own CAPEX plan, DISCOMs have also proposed the capex through Government grants and Loan, Consumer contribution and GRIDCO's share of equity to be contributed in kind (i.e. distribution assets) which shall be taken into consideration for respective DISCOM's own capitalization. Accordingly, they have submitted their projected assets addition and projected own Gross fixed Assets (GFA) position during the Control period. The sources wise and year wise assets addition by the respective DISCOM is given in the table below:

Table:7

DISCOM's Projected Own Gross Fixed Assets (GFA) for FY 2025-28

(Rs. Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	**Opening GFA**	**6,058.60**	**6,767.73**	**7,325.57**	**7,872.30**
	Capitalisation During the Year				
	Own Capex	478.34	336.96	323.92	308.18
	GRIDCO Share	82.41	58.05	55.81	53.10
	Meter & Cables	138.38	152.83	162.00	173.19
	Govt. Grant	10.00	10.00	5.00	5.00
	Closing GFA	**6,767.73**	**7,325.57**	**7,872.30**	**8,411.77**
TPWODL	**Opening GFA**	**3,343.46**	**3,910.08**	**4,400.62**	**5,065.66**
	Capitalisation During the Year				
	Own Capex	287.58	265.45	461.61	481.03
	GRIDCO Share	42.27	39.02	67.86	70.71
	Consumer Contribution & Govt Grant	236.77	186.07	135.57	125.93
	Closing GFA	**3,910.08**	**4,400.62**	**5,065.66**	**5,743.33**
TPNODL	**Opening GFA**	**4,406.89**	**5,393.58**	**5,858.16**	**6,299.34**
	Capitalisation During the Year				
	Own Capex	319.86	236.78	216.82	214.59
	GRIDCO Share	55.12	40.80	37.36	36.98
	Meter & Cables	110.13	-	-	-
	Consumer Contribution	187.00	187.00	187.00	187.00
	Govt. Grant	314.57	-	-	-
	Closing GFA	**5,393.58**	**5,858.16**	**6,299.34**	**6,737.91**
TPSODL	**Opening GFA**	**2,060.00**	**2,449.60**	**2,683.90**	**2,881.00**
	Capitalisation During the Year				
	Own Capex	332.40	199.90	168.20	208.50
	GRIDCO Share	57.20	34.40	28.90	35.90
	Closing GFA	**2,449.60**	**2,683.90**	**2,881.00**	**3,125.40**

13. Besides the above capitalization, DISCOMs have also submitted that, several other projects are being executed through different Government funded schemes like, Revamped Distribution Sector Scheme (RDSS), Odisha Distribution System Strengthening Project (ODSSP-IV), Special Assistance to State for Capital Investment 2023-24 (SACI), State Disaster Mitigation Fund (SDMF -I &II), Chief Minister Power Development Programme (CMPDP), Biju Gramya Jyoti Yojana (BGJY) , Elephant Corridor & Disaster Resilient etc, for the interest of the Consumers. Some projects have been completed, work of some of the projects are in progress and some projects are to be executed during the control period and accordingly DISCOMs have projected assets capitalization under different Government funded schemes. The scheme wise and year wise assets addition by the respective DISCOM under Government funded schemes are given in the table below:

Table:8
DISCOM's Projected Capital Addition under Govt. Funded Scheme for FY 2025-28

(Rs. Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	**Opening GFA**	**2,228.00**	**2,908.00**	**3,164.00**	**3,164.00**
	Addition During the Year				
	CWIP	125.00	-	-	-
	ODSSP-IV	350.00	-	-	-
	CMPDP	130.00	-	-	-
	SDMF-II	75.00	-	-	-
	SACI	-	256.00		
	Closing GFA	**2,908.00**	**3,164.00**	**3,164.00**	**3,164.00**
TPWODL	**Opening GFA**	**3,398.17**	**4,298.51**	**5,198.51**	**5,898.51**
	Addition During the Year				
	ODSSP-IV	100.00	200.00	237.00	101.00
	CMPDP	100.05	203.00	-	-
	RDSS	226.00	390.00	390.00	337.00
	SACI	299.29	-	-	-
	Disaster Resilient	75.00	-	-	-
	Elephant Corridor	50.00	57.00	73.00	-
	BGJY	50.00	50.00	-	-
	Closing GFA	**4,298.51**	**5,198.51**	**5,898.51**	**6,336.51**
TPNODL	**Opening GFA**	**2,172.98**	**3,068.10**	**3,605.00**	**3,819.76**
	Addition During the Year				
	RDSS	506.22	536.90	214.76	-
	ODSSP-IV	278.00	-	-	-
	ODSSP-V	110.91	-	-	-
	Closing GFA	**3,068.10**	**3,605.00**	**3,819.76**	**3,819.76**
TPSODL	**Opening GFA**	**3,832.00**	**5,300.00**	**5,375.00**	**5,375.00**
	Addition During the Year				
	RDSS	1,200.00	-	-	-
	CMPDP	239.00	-	-	-
	SDMF-I	29.00	-	-	-
	SDMF-II	-	75.00	-	-
	Closing GFA	**5,300.00**	**5,375.00**	**5,375.00**	**5,375.00**

Manpower Recruitment Plan Projection:

14. TPCODL, TPWODL, TPNODL & TPSODL have submitted their manpower recruitment (CTC employees) plan during the control period from the date of commencements of operation till 31.03.2023 & to be recruited during FY 2023-24 based on the Commission's approval in the RST order of FY 2023-24. Considering the inherited manpower of erstwhile DISCOMs (i.e., CESU, NESCO Utility, WESCO Utility & SOUTHCO Utility), they have projected to achieve the employee's strength benchmark target of 1.4 nos. of manpower per 1000 consumers as per direction of the Commission. TPWODL, TPNODL & TPSODL have projected their manpower position within the Commission's benchmark for every year of the

control period. However, TPCODL has projected manpower strength which will reach the Commission's benchmark target by the end of control period. Accordingly, they have projected their manpower recruitment plan, manpower (employee) to consumers ratio and total manpower position for the control period from FY 2024-25 to FY 2027-28. The details are given in the table below:

Table:9
DISCOM's Projected Manpower Plan for the Control Period FY 2025-28 (in Nos)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	**Inherited Employees:**				
	Opening Balance	**4,163**	**4,025**	**3,889**	**3,759**
	Retired/deletion	138	136	130	117
	Closing Balance	**4,025**	**3,889**	**3,759**	**3,642**
	CTC Employees:				
	Opening Balance	**998**	**1,108**	**1,218**	**1,318**
	Addition	110	110	100	100
	Closing Balance	**1,108**	**1,218**	**1,318**	**1,418**
	Total Employees	**5,133**	**5,107**	**5,077**	**5,060**
	Total Consumers	32,72,562	33,75,562	34,82,677	35,92,970
	Ratio of Emp. To 1000 Consumers	**1.57**	**1.51**	**1.46**	**1.41**
TPWODL	**Inherited Employees:**				
	Opening Balance	**1,894**	**1,838**	**1,797**	**1,756**
	Retired/deletion	56	41	41	30
	Closing Balance	**1,838**	**1,797**	**1,756**	**1,726**
	CTC Employees:				
	Opening Balance	**1,628**	**1,853**	**2,078**	**2,253**
	Addition	225	225	175	175
	Closing Balance	**1,855**	**2,078**	**2,253**	**2,428**
	Total Employees	**3,691**	**3,875**	**4,009**	**4,154**
	Total Consumers	28,35,413	29,98,305	31,70,451	33,52,387
	Ratio of Emp. To 1000 Consumers	**1.30**	**1.29**	**1.26**	**1.24**
TPNODL	**Inherited Employees:**				
	Opening Balance	**1,918**	**1,850**	**1,795**	**1,742**
	Retired/deletion	68	55	53	48
	Closing Balance	**1,850**	**1,795**	**1,742**	**1,694**
	CTC Employees:				
	Opening Balance	**1,302**	**1,416**	**1,602**	**1,807**
	Addition	114	186	205	226
	Closing Balance	**1,416**	**1,602**	**1,807**	**2,033**
	Total Employees	**3,266**	**3,397**	**3,549**	**3,727**
	Total Consumers	23,32,857	24,26,178	25,35,356	26,62,142
	Ratio of Emp. To 1000 Consumers	**1.40**	**1.40**	**1.40**	**1.40**
TPSODL	**Inherited Employees:**				
	Opening Balance	**1,704**	**1,668**	**1,627**	**1,591**
	Retired/deletion	36	41	36	30
	Closing Balance	**1,668**	**1,627**	**1,591**	**1,561**
	CTC Employees:				
	Opening Balance	**1,434**	**1,570**	**1,711**	**1,847**

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Addition	136	141	136	130
	Closing Balance	**1,570**	**1,711**	**1,847**	**1,977**
	Total Employees	**3,238**	**3,338**	**3,438**	**3,538**
	Total Consumers	24,53,000	24,93,000	25,33,000	25,73,000
	Ratio of Emp. To 1000 Consumers	**1.32**	**1.34**	**1.36**	**1.38**

Employees Cost Projection:

15. By considering the above manpower position and assumptions for annual escalation in basic pay, DA other allowances etc., & terminal liabilities each DISCOM has estimated employees cost for inherited erstwhile employees. Considering the CTC employees cost & outsources employees cost they have projected the net employees cost (excluding employees cost capitalized) for each year of the control period from FY 2024-25 to FY 2027-28. The details are given in the table below:

Table:10
DISCOM's Projected Employees Cost for the Control Period FY 2025-28 (Rs Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Inherited Employees	693.07	732.71	766.63	794.17
	CTC Employees:	146.23	164.73	184.98	207.58
	Outsource Employees	71.07	77.82	85.21	93.30
	Total Employees Cost	**910.37**	**975.26**	**1,036.82**	**1,095.05**
	Less: Capitalised	28.80	31.50	34.50	37.80
	Net Employees Cost	**881.57**	**943.76**	**1,002.32**	**1,057.25**
TPWODL	Inherited Employees	432.77	454.20	476.48	499.81
	CTC Employees:	153.23	180.59	207.48	237.89
	Outsource Employees	40.18	41.39	42.63	43.91
	Total Employees Cost	**626.18**	**676.18**	**726.59**	**781.61**
	Less: Capitalised	10.05	9.67	7.91	8.69
	Net Employees Cost	**616.13**	**666.51**	**718.68**	**772.92**
TPNODL	Inherited Employees	443.78	476.99	512.18	553.44
	CTC Employees:	96.83	114.08	133.66	155.80
	Outsource Employees	-	-	-	-
	Total Employees Cost	**540.61**	**591.07**	**645.84**	**709.24**
	Less: Capitalised	19.12	22.21	25.70	29.66
	Net Employees Cost	**521.49**	**568.86**	**620.14**	**679.58**
TPSODL	Inherited Employees	329.00	347.00	365.00	383.00
	CTC Employees:	145.00	168.00	193.00	221.00
	Outsources Employees	8.00	9.00	9.00	10.00
	Total Employees Cost	**482.00**	**524.00**	**567.00**	**614.00**
	Less: Capitalised	28.00	16.00	14.00	17.00
	Net Employees Cost	**454.00**	**508.00**	**553.00**	**597.00**

Administrative & General (A&G) Expenses Projection:

16. The Wheeling and Retail Supply Tariff (RST) Regulations, 2022, permits 7% escalation for estimating the normal A&G expenses for each subsequent year over the previous year excluding additional or special A&G expenses allowed by the Commission. Considering the

above norm of the Regulation, for the control period FY 2024-25 to FY 2027-28, TPCODL & TPWODL have projected A& G Expenses @7% escalation over normative A&G expenses approved by the Commission for FY 2023-24. In addition to this, they have projected additional/special A&G expenses per year of Rs. 30 Cr & Rs.50 Cr respectively. Whereas, keeping license fees constant for the control period, TPNODL has estimated its A& G expenses @7% escalation over normative as well as additional/special A&G expenses approved by the Commission for FY 2023-24. It has projected additional amount of Rs 1.09 Cr towards expenditure for DSM under A&G for the FY 2024-25 and onwards with 7% annual escalation. Further it has considered outsource employees cost under A& G expenses @7% escalation over outsource employees cost of Rs.59.14 Cr approved by the Commission for FY 2023-24 under employees' cost. TPSODL has projected A&G expenses by considering 7% annual escalation over its own revised estimated normal & statutory A&G expenses instead of the Commission's approval for FY 2023-24. Further it has projected MBC & other consumers related expenses under A&G expenses with annual escalation of 2% for FY 2024-25 & FY 2025-26 and 3% for FY 2026-27 & FY 2027-28 over revised MBC & other consumers related expenses estimated for FY 2023-24. Accordingly, DISCOMS have projected their A&G expenses for the control period from FY 20224-25 to FY 2027-28. The details are given in the table below:

Table:11
DISCOM's Projected A& G Expenses for the Control Period FY 2025-28 (Rs. Crore)

DISCOMs	Particulars	Approved for FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Normal A& G Cost	142.01	152.00	163.00	174.00	186.00
	Additional/Special	-	30.00	30.00	30.00	30.00
	Total A&G Expenses	**142.01**	**182.00**	**193.00**	**204.00**	**216.00**
TPWODL	Normal A& G Cost	118.12	126.39	135.24	144.70	154.83
	Additional/Special	40.00	50.00	50.00	50.00	50.00
	Total A&G Expenses	**158.12**	**176.39**	**185.24**	**194.70**	**204.83**
TPNODL	License Fees	2.50	2.50	2.50	2.50	2.50
	Normal A& G Cost	87.63	93.77	100.32	107.35	114.87
	Additional/Special	30.00	32.10	34.35	36.75	39.32
	Outsource Emp. cost	-	63.28	67.71	72.45	77.52
	Expenses for DSM	-	1.09	1.17	1.25	1.34
	Total A&G Expenses	**120.13**	**192.74**	**206.05**	**220.30**	**235.55**
TPSODL	Normal A& G Cost	82.66	84.94	90.89	97.25	104.06
	Additional/Special (MBC & Other Consumer related Expenses)	30.00	102.50	104.55	107.69	110.92
	Total A&G Expenses	**112.66**	**187.44**	**195.44**	**204.94**	**214.98**

Repair & Maintenance (R&M) Expenses Projection:

17. DISCOMs have projected their R&M expenses for the control period as per the norms stipulated in the Regulations 3.9.19 & 3.9.22 of the OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022. They have determined the R&M expenses on the projected opening GFA under own capex as well as Government funded scheme. However, in case of Government funded Scheme, TPWODL has projected R&M expenses by considering the closing GFA instead of opening GFA as mandate in regulation. Further TPWODL has projected additional R&M expenses over and above the normative R &M expenses. TPNODL & TPSODL have projected R & M expenses as per the norm of the Wheeling & RST Regulation, 2022. However, they have submitted R& M expenses for each year of the control period as per their requirements basing on actual cost incurred under R & M expenses in the past years. The details are given in the table below:

Table:12
DISCOM's Projected R &M expenses for FY 2025-28

DISCOMs	Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	**Projected Own GFA**	**Rs. Cr**	**6,058.60**	**6,767.73**	**7,325.57**	**7,872.30**
	Rate of R& M on GFA	%	4.00	3.50	3.00	3.00
	R&M Expenses on Own GFA	**Rs. Cr**	**242.34**	**236.87**	**219.77**	**236.17**
	Projected Govt Funded GFA	**Rs. Cr**	**2,228.00**	**2,908.00**	**3,164.00**	**3,164.00**
	Rate of R& M on GFA	%	3.00	3.00	3.00	3.00
	R&M Expenses on Govt Funded GFA	**Rs. Cr**	**66.84**	**87.24**	**94.92**	**94.92**
	Total R& M Expenses	**Rs. Cr**	**309.18**	**324.11**	**314.69**	**331.09**
TPWODL	**Projected Own GFA**	**Rs. Cr**	**3,343.46**	**3,910.08**	**4,400.62**	**5,065.66**
	Rate of R& M on GFA	%	4.20	4.00	3.00	3.00
	R&M Expenses on Own GFA	**Rs. Cr**	**140.43**	**156.40**	**132.02**	**151.97**
	Projected Govt Funded GFA	**Rs. Cr**	**4,298.51**	**5,198.51**	**5,898.51**	**6,336.51**
	Rate of R& M on GFA	%	3.00	3.00	3.00	3.00
	R&M Expenses on Govt Funded GFA	**Rs. Cr**	**128.96**	**155.96**	**176.96**	**190.10**
	Additional R&M expenses	Rs. Cr	50.00	40.00	30.00	20.00
	Total R& M Expenses	**Rs. Cr**	**319.39**	**352.36**	**338.98**	**362.07**
TPNODL	**Projected Own GFA**	**Rs. Cr**	**4,406.89**	**5,393.58**	**5,858.16**	**6,299.34**
	Rate of R& M on GFA	%	4.20	4.00	3.00	3.00
	R&M Expenses on Own GFA	**Rs. Cr**	**185.09**	**215.74**	**175.74**	**188.98**
	Projected Govt Funded GFA	**Rs. Cr**	**2,172.98**	**3,068.10**	**3,605.00**	**3,819.76**
	Rate of R& M on GFA	%	3.00	3.00	3.00	3.00

DISCOMs	Particulars	Unit	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	R&M Expenses on Govt Funded GFA	**Rs. Cr**	**65.19**	**92.04**	**108.15**	**114.59**
	Total R& M Expenses as per norm	**Rs. Cr**	**250.28**	**307.78**	**283.89**	**303.57**
	Tota R& M Expenses claimed	**Rs. Cr**	**276.31**	**295.65**	**316.35**	**338.49**
TPSODL	**Projected Own GFA**	**Rs. Cr**	**2,060.00**	**2,449.60**	**2,683.90**	**2,881.00**
	Rate of R& M on GFA	%	4.50	4.20	3.50	3.00
	R&M Expenses on Own GFA	**Rs. Cr**	**92.70**	**102.88**	**93.94**	**86.43**
	Projected Govt Funded GFA	**Rs. Cr**	**3,832.00**	**5,300.00**	**5,375.00**	**5,375.00**
	Rate of R& M on GFA	%	3.00	3.00	3.00	3.00
	R&M Expenses on Govt Funded GFA	**Rs. Cr**	**114.96**	**159.00**	**161.25**	**161.25**
	Total R& M Expenses as per norm	**Rs. Cr**	**207.66**	**261.88**	**255.19**	**247.68**
	Tota R& M Expenses claimed	**Rs. Cr**	**254.00**	**254.00**	**254.00**	**254.00**

Debt -Equity Position and Projected Interest on Debt, Return on Equity (RoE) & Income Tax:

18. DISCOMs have estimated their opening and closing debt position by considering 70% of projected own capitalization including proportionate equity share of GRIDCO to the total capitalization of each year for the control period. For projection of 1nterest on Debt, TPCODL, TPNODL & TPSODL have considered weighted average rate of interest @ 9%, 9% & 7.5% respectively and estimated interest on debt on the average debt position of each year for the control period. However, TPWODL has taken weighted average rate of interest @ 9%, but it has estimated interest on debt by considering debt outstanding at the beginning of the control period. Further, TPWODL has projected interest on debt on one-third of debt added each year of the control period and same has been considered for interest capitalization during that year.

Similarly, TPCODL, TPNODL & TPSODL have estimated their opening and closing equity capital position by considering 30% of projected own capitalization including proportionate equity share of GRIDCO to the total capitalization of each year for the control period. However, TPWODL has estimated their opening and closing equity capital position by considering 30% of projected own capitalization excluding proportionate equity share of GRIDCO to the total capitalization of each year for the control period. For calculation of RoE, all DISCOMS have considered RoE @16% as per OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022. TPCODL, TPNODL & TPSODL have estimated RoE by considering the average equity position for each year of the control period. However, TPWODL has calculated RoE on the projected opening equity capital at the beginning of each year of the control period and 30% of equity financing on own capitalization for the year excluding GRIDCO proportionate share towards equity capital.

Further, all DISCOM have considered income tax @ 25.17% (Basic tax rate-22%, Surcharge-10% & CESS -4%) on RoE and accordingly they have projected income tax for year of the control period. The detail projections are given in the table below:

Table:13
DISCOM's Projected Debt & Equity Capital, Interest on Debt, ROE & Tax for FY 2025-28
(Rs Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	**Capitalisation During the Year**				
	Own Capex	478.34	336.96	323.92	308.18
	GRIDCO Share	82.41	58.05	55.81	53.10
	Total Capitalisation	**560.75**	**395.01**	**379.73**	**361.28**
	Debt -70%	392.53	276.51	265.81	252.90
	Equity -30%	168.22	118.50	113.92	108.38
	Debt position				
	Opening Debt	738.20	1,045.90	1,205.39	1,332.65
	Addition	392.53	276.51	265.81	252.90
	Repayment	84.83	117.02	138.55	159.43
	Closing Debt	1,045.90	1,205.39	1,332.65	1,426.12
	Equity Position				
	Opening Equity	660.00	828.22	946.72	1,060.64
	Addition	168.22	118.50	113.92	108.38
	Closing Equity	828.22	946.72	1,060.64	1,169.02
	Weighted Avg. RoI on Debt (%)	9.00	9.00	9.00	9.00
	Interest on Avg. Debt	**80.28**	**101.31**	**114.21**	**124.14**
	RoE on Avg. Equity @ 16%	**119.06**	**142.00**	**160.59**	**178.37**
	Tax on RoE @ 25.17%	**40.05**	**47.76**	**54.02**	**60.00**
TPWODL	**Capitalisation During the Year**				
	Own Capex	287.58	265.45	461.61	481.03
	GRIDCO Share	42.27	39.02	67.86	70.71
	Total Capitalisation	**329.85**	**304.47**	**529.47**	**551.74**
	Debt -70%	230.90	213.13	370.63	386.22
	Equity -30%	98.95	91.34	158.84	165.52
	Debt position				
	Opening Debt	628.26	733.51	799.94	1,010.58
	Addition	230.90	213.13	370.63	386.22
	Repayment	125.65	146.70	159.99	202.11
	Closing Debt	733.51	799.94	1,010.58	1,194.69
	Equity Position				
	Opening Equity	426.42	470.42	511.04	581.66
	Addition	44.00	40.62	70.62	73.60
	Closing Equity	470.42	511.04	581.66	655.26
	Weighted Avg. RoI on Debt (%)	9.00	9.00	9.00	9.00
	Interest on Opening Debt	**56.54**	**66.02**	**71.99**	**90.95**
	Interest on 1/3 of Debt Addition	6.93	6.39	11.12	11.59
	RoE on Opening Equity @ 16%	**68.23**	**75.27**	**81.77**	**93.07**

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Tax on RoE @ 25.17%	**22.95**	**25.32**	**27.50**	**31.31**
TPNODL	**Capitalisation During the Year**				
	Own Capex	319.86	236.78	216.82	214.59
	GRIDCO Share	55.12	40.80	37.36	36.98
	Total Capitalisation	**374.98**	**277.58**	**254.18**	**251.57**
	Debt -70%	262.49	194.30	177.92	176.10
	Equity -30%	112.49	83.28	76.26	75.47
	Debt position				
	Opening Debt	641.56	807.67	886.63	936.36
	Addition	262.49	194.30	177.92	176.10
	Repayment	96.38	115.34	128.19	141.82
	Closing Debt	807.67	886.63	936.36	970.64
	Equity Position				
	Opening Equity	595.68	708.17	791.45	867.71
	Addition	112.49	83.28	76.26	75.47
	Closing Equity	708.17	791.45	867.71	943.18
	Weighted Avg. RoI on Debt (%)	9.00	9.00	9.00	9.00
	Interest on Avg. Debt	**65.22**	**76.24**	**82.03**	**85.82**
	RoE on Avg. Equity @ 16%	**104.31**	**119.97**	**132.73**	**144.87**
	Tax on RoE @ 25.17%	**35.09**	**40.35**	**44.65**	**48.73**
TPSODL	**Capitalisation During the Year**				
	Own Capex	332.40	199.90	168.20	208.50
	GRIDCO Share	57.20	34.40	28.90	35.90
	Total Capitalisation	**389.60**	**234.30**	**197.10**	**244.40**
	Debt -70%	272.72	164.01	137.97	171.08
	Equity -30%	116.88	70.29	59.13	73.32
	Debt position				
	Opening Debt	611.10	829.93	925.48	984.92
	Addition	272.72	164.01	137.97	171.08
	Repayment	53.89	68.46	78.53	88.84
	Closing Debt	829.93	925.48	984.92	1,067.16
	Equity Position				
	Opening Equity	487.80	604.68	674.97	734.10
	Addition	116.88	70.29	59.13	73.32
	Closing Equity	604.68	674.97	734.10	807.42
	Weighted Avg. RoI on Debt (%)	7.50	7.50	7.50	7.50
	Interest on Avg. Debt	**54.04**	**65.83**	**71.64**	**76.95**
	RoE on Avg. Equity @ 16%	**87.40**	**102.37**	**112.73**	**123.32**
	Tax on RoE @ 25.17%	**29.40**	**34.43**	**37.92**	**41.48**

Depreciation:

19. Based on the projected capitalization, DISCOMs have projected their depreciation for the control period. TPCODL has projected depreciation on the own assets including GRIDCO proportionate share, Consumers contribution, Government loans and assets created out of CWIP in its opening balance sheet vide the Commission order dated 30.09.2021. But, it has not considered the depreciation on the inherited assets and Government grant assets. In accordance with the Wheeling & RST Regulation, 2022, TPWODL, TPNODL & TPSODL have projected depreciation on inherited assets and their own assets created after the effective date, but excluded assets created out of Consumers contribution and Government grant assets. Accordingly, they have projected depreciation for the control period as given in

the table below:

Table:14
Depreciation projected by DISCOMs for FY 2025-28 (Rs Crore)

DISCOMs	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	117.78	149.96	171.50	192.38
TPWODL	97.11	119.58	144.20	173.22
TPNODL	106.75	125.71	138.56	152.19
TPSODL	68.60	83.17	93.24	103.55

Interest on Working Capital:

20. DISCOMs have projected their working capital requirement in accordance with the norms of the OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022. However, TPSODL has projected working capital requirement by deducting depreciation on inherited assets from erstwhile DISCOM. For calculation of interest on working capital, TPCODL, TPWODL & TPNODL has considered 11.50% (i.e., SBI base rate as on 01.04.2023 plus 300 basis points) and TPSODL has considered 11.00% (i.e., SBI base rate as on 01.01.2023 plus 300 basis points). Accordingly, they have projected interest on working capital for the control period as given in the table below:

Table: 15
DISCOM's Projected Interest on Working Capital for FY 2025-28 (Rs Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Working Capital Requirement	430.02	446.48	460.77	481.93
	Rate of Interest (%)	11.50	11.50	11.50	11.50
	Interest on WC	**49.45**	**51.35**	**52.99**	**55.42**
TPWODL	Working Capital Requirement	478.36	499.52	503.66	521.57
	Rate of Interest (%)	11.50	11.50	11.50	11.50
	Interest on WC	**55.01**	**57.44**	**57.92**	**59.98**
TPNODL	Working Capital Requirement	321.79	345.17	367.35	383.91
	Rate of Interest (%)	11.50	11.50	11.50	11.50
	Interest on WC	**37.01**	**39.69**	**42.25**	**44.15**
TPSODL	Working Capital Requirement	180.99	192.75	201.29	210.36
	Less: Depreciation from Old Assets	14.71	14.71	14.71	14.71
	Net Working Capital Requirement	166.28	178.04	186.58	195.65
	Rate of Interest (%)	11.00	11.00	11.00	11.00
	Interest on WC	**18.29**	**19.58**	**20.52**	**21.52**

Interest on Consumer Security Deposit:

21. TPCODL has projected the quantum of consumer security deposit constant for the control period by considering the consumer security deposit as on 31.03.2023 based on the audited accounts of FY 2022-23. However, TPWODL, TPNODL & TPSODL have projected the quantum of security deposit on the basis of increase in sales of energy projection for the

control period. Considering the rate of interest @6.75% which was approved by the Commission in the RST Order for FY 2023-24, all four (4) DISCOMs have projected interest on consumer security deposit for the control period as given in table below:

Table: 16
DISCOM's Projected Interest on Consumer Security Deposit for FY 2025-28 (Rs Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Consumer Security Deposit	1,013.00	1,013.00	1,013.00	1,013.00
	Rate of Interest (%)	6.75	6.75	6.75	6.75
	Interest on Consumer SD	**68.40**	**68.40**	**68.40**	**68.40**
TPWODL	Consumer Security Deposit	1,106.51	1,146.68	1,188.06	1,230.68
	Rate of Interest (%)	6.75	6.75	6.75	6.75
	Interest on Consumer SD	**74.69**	**77.40**	**80.19**	**83.07**
TPNODL	Consumer Security Deposit	961.12	1,053.64	1,152.77	1,256.09
	Rate of Interest (%)	6.75	6.75	6.75	6.75
	Interest on Consumer SD	**64.88**	**71.12**	**77.81**	**84.79**
TPSODL	Consumer Security Deposit	398.00	426.00	455.00	487.00
	Rate of Interest (%)	6.75	6.75	6.75	6.75
	Interest on Consumer SD	**26.86**	**28.73**	**30.74**	**32.90**

Provision for Doubtful Debts:

22. Based on the revenue from sale of annual energy projected by DISCOMs, they have estimated provision for doubtful debts @1% on total annual revenue billed for the control period. The same is shown in the table below:

Table: 17
Provision for Doubtful Debts Projected by DISCOMs for FY 2025-28 (Rs Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Revenue from Sale of Energy	5,467.98	5,764.63	6,079.21	6,413.01
	Rate of Doubtful debt (%)	1.00	1.00	1.00	1.00
	Provision for Doubtful Debts	**54.68**	**57.65**	**60.79**	**64.13**
TPWODL	Revenue from Sale of Energy	5,449.92	5,776.92	6,065.77	6,369.05
	Rate of Doubtful debt (%)	1.00	1.00	1.00	1.00
	Provision for Doubtful Debts	**54.50**	**57.77**	**60.66**	**63.69**
TPNODL	Revenue from Sale of Energy	3,962.69	4,297.69	4,607.96	4,798.54
	Rate of Doubtful debt (%)	1.00	1.00	1.00	1.00
	Provision for Doubtful Debts	**39.63**	**42.98**	**46.08**	**47.99**
TPSODL	Revenue from Sale of Energy	2,237.00	2,393.00	2,561.00	2,741.00
	Rate of Doubtful debt (%)	1.00	1.00	1.00	1.00
	Provision for Doubtful Debts	**22.37**	**23.93**	**25.61**	**27.41**

Non-Tariff Income:

23. The major component wise Non-Tariff Income projected by the DISCOMs for the control period is shown in the table below:

Table:18
Non-Tariff Income Projected by DISCOMs for FY 2025-28 (Rs Crore)

DISCOMs	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	Miscellaneous Revenue	35.83	37.62	39.50	41.48
	Interest on Bank Deposits	68.40	68.40	68.40	68.40
	Other income	12.48	13.10	13.75	14.44
	Rebate Received	37.26	38.33	39.45	41.12
	Delayed payment Surcharges (DPS)	15.61	16.39	17.21	18.07
	Income from Open Access Charges	22.44	17.95	14.36	11.49
	Sub-total	**192.02**	**191.79**	**192.69**	**195.01**
	Less: Rebate Allowed	59.17	62.43	65.90	69.57
	Total	**132.85**	**129.36**	**126.79**	**125.44**
TPWODL	Power Purchase Rebate	48.47	50.12	50.17	51.47
	ODP/ DPS	12.24	12.86	13.50	14.17
	Supervision Charges	7.00	7.35	7.72	8.10
	FD Interest	58.80	61.74	64.83	68.07
	Sale of Scrap	6.50	6.03	4.58	2.16
	Income from CSS	204.00	185.00	167.00	155.00
	Misc.	15.75	16.54	17.36	18.23
	Total	**352.77**	**339.63**	**325.15**	**317.21**
TPNODL	OA - cross subsidy	35.00	36.75	38.59	40.52
	Interest on FD	64.88	71.12	77.81	84.79
	Supervision	8.64	9.07	9.53	10.00
	Miscellaneous Revenue	6.86	6.52	6.19	5.88
	Overdrawal penalty	8.52	9.11	9.75	10.43
	Rebate Received	43.16	46.17	48.87	50.36
	Other Misc. Income	21.20	22.07	22.61	23.35
	Total	**188.25**	**200.82**	**213.35**	**225.33**
TPSODL	Interest on FD	22.88	24.47	26.19	28.03
	Delayed payment Surcharges (DPS)	6.82	6.82	6.82	6.82
	Other Non-Tariff Income	39.05	39.05	39.05	39.05
	Sub-total	**68.75**	**70.34**	**72.06**	**73.90**
	Less: Net of Discount/Rebate	25.96	27.76	29.71	31.80
	Total	**42.79**	**42.58**	**42.35**	**42.10**

Summary of Projected Annual Revenue Requirement & Gap:

24. Considering the aforesaid submissions, DISCOMs have projected their annual revenue requirement and year wise Revenue Gap - Surplus/(Deficit) for the control period as given in the table below:

Table:19
TPCODL Projected ARR & Gap (Rs. Crore):

Sl No	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
A	**Energy Requirement (MU)**	**11,319.00**	**11,644.00**	**11,987.00**	**12,495.00**
B	**Power Purchase Cost**				
1	Cost of Power	3,452.30	3,551.42	3,656.04	3,810.98
2	Transmission charges	271.66	279.46	287.69	299.88
3	SLDC Charges	1.74	1.74	1.74	1.74
4	**Total power purchase cost (1+2+3)**	**3,725.70**	**3,832.62**	**3,945.47**	**4,112.60**

Sl No	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
C	**Distribution Costs**				
5	Employees cost	881.57	943.76	1,002.32	1,057.25
6	R&M Expenses	309.18	324.11	314.69	331.09
7	A&G Expenses	182.00	193.00	204.00	216.00
8	Depreciation	117.78	149.96	171.50	192.38
9	Interest on Debt	80.28	101.31	114.21	124.14
10	Interest on working Capital	49.45	51.35	52.99	55.42
11	Return on Equity (RoE)	119.06	142.00	160.59	178.37
12	Tax on RoE	40.05	47.76	54.02	60.00
13	Provision for bad and doubtful debts	54.68	57.65	60.79	64.13
14	Interest on Security Deposits	68.40	68.40	68.40	68.40
15	**Total Distribution cost (5+6+…+14)**	**1,902.45**	**2,079.30**	**2,203.51**	**2,347.18**
16	**Less:** Non-Tariff Income	132.85	129.36	126.79	125.44
17	**Net Revenue Requirement (4+15-16)**	**5,495.30**	**5,782.56**	**6,022.19**	**6,334.34**
18	**Revenue from tariffs**	**5,467.98**	**5,764.63**	**6,079.21**	**6,413.01**
19	**Revenue Gap- Surplus/(Deficit)**	**-27.32**	**-17.93**	**57.02**	**78.67**

*(**Note**: The above revenue gap is excluding the finance cost of Rs. 1.92 cr for FY 2024-25, Rs.1.93Cr for FY 2025-26, Rs.1.95Cr for FY 2026-27 & Rs.1.97Cr for FY 2027-28 projected by TPCODL as the same has not explained anywhere in its business plan application)*

Table: 20
TPWODL Projected ARR & Gap (Rs. Crore):

Sl No	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
A	**Energy Requirement (MU)**	**11,704.00**	**12,102.00**	**12,112.00**	**12,427.00**
B	**Power Purchase Cost**				
1	Cost of Power	4,564.51	4,719.64	4,723.80	4,846.61
2	Transmission charges	280.90	290.45	290.69	298.25
3	SLDC Charges	2.06	2.06	2.06	2.06
4	**Total power purchase cost (1+2+3)**	**4,847.47**	**5,012.15**	**5,016.55**	**5,146.92**
C	**Distribution Costs**				
5	Employees cost	616.13	666.51	718.68	772.92
6	R&M Expenses	319.39	352.36	338.98	362.07
7	A&G Expenses	176.39	185.24	194.70	204.83
8	Depreciation	97.11	119.58	144.20	173.22
9	Interest on Debt	56.54	66.02	71.99	90.95
10	Interest on working Capital	55.01	57.44	57.92	59.98
11	Return on Equity (RoE)	68.23	75.27	81.77	93.07
12	Tax on RoE	22.95	25.32	27.50	31.31
13	Provision for bad and doubtful debts	54.50	57.77	60.66	63.69
14	Interest on Security Deposits	74.69	77.40	80.19	83.07
15	**Total Distribution cost (5+6+…+14)**	**1,540.94**	**1,682.91**	**1,776.59**	**1,935.11**
16	**Less:** Non-Tariff Income	352.77	339.63	325.15	317.21
17	**Net Revenue Requirement (4+15-16)**	**6,035.64**	**6,355.43**	**6,467.99**	**6,764.82**
18	**Revenue from tariffs**	**5,449.92**	**5,776.92**	**6,065.77**	**6,369.05**
19	**Revenue Gap- Surplus/(Deficit)**	**-585.72**	**-578.51**	**-402.22**	**-395.77**

Table: 21
TPNODL Projected ARR & Gap (Rs. Crore):

Sl No	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
A	**Energy Requirement (MU)**	**7,839.77**	**8,387.77**	**8,877.37**	**9,148.74**
B	**Power Purchase Cost**				
1	Cost of Power	2,626.32	2,809.90	2,973.92	3,064.83
2	Transmission charges	188.15	201.31	213.06	219.57
3	SLDC Charges	1.16	1.16	1.16	1.16
4	**Total power purchase cost (1+2+3)**	**2,815.63**	**3,012.37**	**3,188.14**	**3,285.56**
C	**Distribution Costs**				
5	Employees cost	521.49	568.86	620.14	679.58
6	R&M Expenses	276.31	295.65	316.35	338.49
7	A&G Expenses	192.74	206.05	220.30	235.55
8	Depreciation	106.75	125.71	138.56	152.19
9	Interest on Debt	65.22	76.24	82.03	85.82
10	Interest on working Capital	37.01	39.69	42.25	44.15
11	Return on Equity (RoE)	104.31	119.97	132.73	144.87
12	Tax on RoE	35.09	40.35	44.65	48.73
13	Provision for bad and doubtful debts	39.63	42.98	46.08	47.99
14	Interest on Security Deposits	64.88	71.12	77.81	84.79
15	**Total Distribution cost (5+6+…+14)**	**1,443.43**	**1,586.62**	**1,720.90**	**1,862.16**
16	**Less:** Non-Tariff Income	188.25	200.82	213.35	225.33
17	**Net Revenue Requirement (4+15-16)**	**4,070.81**	**4,398.17**	**4,695.69**	**4,922.39**
18	**Revenue from tariffs**	**3,962.69**	**4,297.69**	**4,607.96**	**4,798.54**
19	**Revenue Gap- Surplus/(Deficit)**	**-108.12**	**-100.48**	**-87.73**	**-123.85**

Table: 22
TPSODL Projected ARR & Gap (Rs. Crore):

Sl. No.	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
A	**Energy Requirement (MU)**	**5,233.70**	**5,573.20**	**5,776.90**	**6,013.50**
B	**Power Purchase Cost**				
1	Cost of Power	1,099.08	1,170.37	1,213.15	1,262.84
2	Transmission charges	125.61	133.76	138.65	144.32
3	SLDC Charges	0.76	0.76	0.76	0.76
4	**Total power purchase cost (1+2+3)**	**1,225.45**	**1,304.89**	**1,352.56**	**1,407.92**
C	**Distribution Costs**				
5	Employees cost	454.00	508.00	553.00	597.00
6	R&M Expenses	254.00	254.00	254.00	254.00
7	A&G Expenses	187.44	195.44	204.94	214.98
8	Depreciation	68.60	83.17	93.24	103.55
9	Interest on Debt	54.04	65.83	71.64	76.95
10	Interest on working Capital	18.29	19.58	20.52	21.52
11	Return on Equity (RoE)	87.40	102.37	112.73	123.32
12	Tax on RoE	29.40	34.43	37.92	41.48
13	Provision for bad and doubtful debts	22.37	23.93	25.61	27.41
14	Interest on Security Deposits	26.86	28.73	30.74	32.90
15	**Total Distribution cost (5+6+…+14)**	**1,202.40**	**1,315.48**	**1,404.34**	**1,493.11**

Sl. No.	Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
16	**Less:** Non-Tariff Income	42.79	42.58	42.35	42.10
17	**Net Revenue Requirement (4+15-16)**	**2,385.06**	**2,577.79**	**2,714.55**	**2,858.93**
18	**Revenue from tariffs**	**2,237.00**	**2,393.00**	**2,561.00**	**2,741.00**
19	**Revenue Gap- Surplus/(Deficit)**	**-148.06**	**-184.79**	**-153.55**	**-117.93**

25. After submission of the applications by the DISCOMs, a public notice was issued by the Commission on 30.06.2023 inviting suggestions/ objections from the public at large on the Business plan applications submitted by TPCODL, TPWODL, TPNODL & TPSODL for remaining four years (FY 2024-25 to FY 2027-28) of the 1st control period.

The public hearing on the above matter was held on 11.07.2023 through hybrid arrangement (virtual/physical). The Commission during hearing heard the Petitioners and Respondents, who participated in the hearing. OPTCL, GRIDCO have also participated in the public hearing and submitted their views.

26. OPTCL in its oral submission has stated that, DISCOMs have not submitted item wise detailed information regarding proposed CAPEX and their capitalization plan. In absence above information, OPTCL is unable to submit its views on alignment of downstream distribution network with Grid Sub-stations (GSS). OPTCL has requested to the Commission for necessary direction in this regard to DISCOMs and allow more time to submit its views. Accordingly, OPTCL has submitted its written note of submissions as under:

a) As per stipulation at para4 of the Regulation 2.1.1 of Wheeling & RST Regulation, 2022, Load flow study-based capital investment plan is essential due to (i) capital investment can be rationally made in the projects and scheme overlapping can be avoided, (ii) Optimum utilization of the Transmission & Distribution assets can be achieved. Out of present installed capacities, approximately 55% of the Grid Sub-stations (GSS) are below 50% loaded and utilization of 33kV feeder bays at GSS around 35%. (iii) Length & loading of HT feeder can be maintained, voltage profile at PPS (N-1) compliances of the distribution system with better reliability and quicker post-disaster restoration can be addressed.

b) Commission may advise DISCOMs to facilitate commissioning & closer of the remaining Central & State Government funded scheme for determination of Govt. funded assets. Further surplus material out of Govt funded projects, DISCOMs may take over & maintain as emergency stock for disaster preparedness.

27. GRIDCO in its oral submission has stated that, DISCOMs have not forecasted their demand projection in line with GRIDCO projection. GRIDCO has pointed out that Industrial demand projection should be meticulously prepared. Further DISCOMs have considered the present power purchase cost for the entire control period which is not appropriate. GRIDCO has submitted that, CAPEX should be optimally utilized so that the consumer of the State will get the benefit. GRIDCO has requested the Commission to allow 4-week time to submit their detailed view on the instant business plans submitted by DISCOMs. Accordingly, GRIDCO has submitted its written note of submissions as under:

a) **Sales Forecast:** GRIDCO has raised several concerns about the sales projections made by different DISCOMs for the upcoming control period. They have highlighted inconsistencies and lack of logical reasoning in the growth rates considered for specific consumer categories. In particular:

1. TPCODL and TPSODL have projected sales for Agriculture & Railways consumers with lower growth rates than their 10 years and 5 years CAGR. This decision lacks clear justification.
2. TPNODL's projected growth rate lacks logical reasoning and lacks past trend analysis or methodology clarification for demand projections.
3. The DISCOMs have seemingly chosen lower growth rates for subsidizing categories and higher growth rates for others, potentially affecting revenue goals.
4. TPWODL's sales projections are based on assumptions and past data, but lack category-wise trend analysis, justification for assumptions, or method specification.

Due to these concerns, GRIDCO has requested the DISCOMs to revise their sales forecast submissions by including detailed analyses, justifications, and clarity on the methods used for projection to ensure accurate and reliable sales forecasts, which are crucial for accurate ARR (Annual Revenue Requirement) estimation.

b) Estimation of Power Purchase Quantum at Target T&D Loss: GRIDCO has submitted that DISCOMS have considered the BSP charges, STU Charges, SLDC Charges per kWh as constant over the control period and multiplying the above rate with the estimated input to arrive at the total power purchase cost for each year of the control period. DISCOMs have not considered the past trend of increase in the BSP and STU charges, which has resulted in lower estimated power purchase cost for the control period.

GRIDCO has submitted a statement depicting the power procurement cost incurred by it, BSP approved by the Commission and the average power cost of the country for the preceding five years which is produced below.

Table: 23

F.Y	Actual Energy Quantum procured by GRIDCO (MU)	Energy Cost (GRIDCO) (Rs. Cr.)	Power Cost (GRIDCO) (Paise/kWh)	Power Cost (All States Avg.) (Rs./ kWh)	ACoS per kWh (All States Avg.) (Rs./ kWh)
2022-23	36693.90	11660.96	317.79		
2021-22	33131.61	10021.31	302.47	4.77	6.29
2020-21	31792.74	9659.15	303.82	4.68	6.17
2019-20	28159.22	8288.21	294.33	4.71	6.13
2018-19	27438.01	7597.05	276.88	4.64	6.00

GRIDCO has submitted that the State's power procurement cost has increased @ 14.78% over last 5 years period, against 2.80% increase over past 4 years period on all India basis (as per the data collected from the PFC report published during May 2023).

GRIDCO also has submitted that TPWODL has not projected AT&C loss in line with the targets provided in Annexure-III of the OERC Distribution Tariff Regulations, 2022 which is in violation of the OERC Distribution Tariff Regulations'2022 and may not be considered.

c) **Capital Investment:** GRIDCO has raised concerns about the capital investment plans submitted by DISCOMs as per OERC Wheeling & RST Regulations, 2022. It may be noted that the Business Plans lack clear quantifiable benefits from proposed capital expenditures (CAPEX) in areas like Safety, Reliability, and Technology & Infrastructure. In absence of such information, it difficult to assess the validity of these investments.

GRIDCO emphasizes that DISCOMs must provide cost-benefit analyses and detailed project reports for each CAPEX category, not just the five broad ones they have projected. Moreover, they need to offer historical performance, efficiency enhancement strategies, technical studies, and contractual details to support their CAPEX plans.

Additionally, GRIDCO suggests that the CAPEX plans should ensure optimum use of existing assets, considering their remaining lifespan, and include maintenance strategies. The aim is to ensure operational assets and improve overall efficiency while delivering quality power to consumers.

GRIDCO has submitted that DISCOMs must submit well-justified, detailed, and quantified CAPEX plans to ensure effective capital investment, asset management, and power supply quality.

GRIDCO has further submitted that TPWODL, TPNODL& TPSODL have not submitted the following details in their Business Plan.

a. Status of on-going projects spilled over into the Control Period
b. Detailed break-up of the CAPEX plan for the control period
c. Justification and reasonableness of the proposed CAPEX
d. Cost Benefit Analysis of the proposed CAPEX
e. Load Flow Analysis
f. Performance Targets to be achieved from the proposed CAPEX
g. Break-Up of Past and Proposed CAPEX under Govt. funded Schemes, Consumer Contribution etc.

Accordingly, TPWODL, TPNODL & TPSODL proposed CAPEX plan is not in compliance to the Regulations 2.1.1 and 3.2 of the OERC Wheeling & RST Regulations, 2022. Since Capital Investment is the major expenditure for a distribution licensee after Power Purchase Cost and in absence of comprehensive CAPEX Plan in the Business Plan, the ARR for the ensuing year cannot be filed. However, CAPEX plan submitted by TPCODL may be prudently checked so as to meet the end objectives.

d) **Long Term Manpower Plan:** GRIDCO has submitted that Regulation 3.9.11 of the OERC Wheeling & RST Regulations, 2022 establishes a norm of 1.40 employees per 1000 consumers. GRIDCO has highlighted that DISCOMs have invested significantly in the Reliability, Technology & Infrastructure sectors, aiming to minimize human involvement by implementing advanced technology and automation.

In light of this, GRIDCO suggests that DISCOMs should provide a cost-benefit analysis of their capital investments in comparison to the ideal workforce requirement. They propose that the workforce ratio of 1.40 employees per 1000 consumers, as mandated by the regulations, should be maintained. GRIDCO further requests the Commission's approval for this workforce ratio for each year of the control period. This is to ensure that even if the actual consumer growth doesn't match DISCOMs' projections, the workforce ratio remains intact.

GRIDCO also suggested that the Commission may benchmark manpower cost of the DISCOMs considering practice of other States utilities and allow such cost on normative basis. The comparative analysis of employee cost per 1000 consumers per year for other utilities was also provided for reference:

Employee Cost (Rs. Cr.) per 1000 consumers per year

Table: 24

Discom	FY 20	FY 19	FY 18
DGVCL	0.12	0.11	0.12
MGVCL	0.14	0.14	0.14
PGVCL	0.14	0.12	0.14
UGVCL	0.13	0.13	0.14
NBDCL	0.00	0.03	0.04
SBDCL	0.10	0.08	0.09

e) **Outsourced Employees:** GRIDCO has expressed concerns about the implementation of Regulation 3.9.11 of Wheeling & RST Regulations, 2022 which stipulates that the yearly recruitment projection should be limited to 1.40 employees per 1000 consumers. GRIDCO argues that no additional costs should be claimed under the pretext of expenses related to outsourced employees, as this would undermine the purpose of establishing norms for employee expenses. GRIDCO has urged the Commission to thoroughly review the expenses attributed to outsourced employees, as these expenses appear to violate the regulations in place.

f) **Employees recruited after effective date:** GRIDCO has requested the Commission to consider Regulation 3.9.10 of OERC Wheeling & RST Regulations, 2022 to check for any deviation while approving the employee expenses.

g) **A&G Cost Estimate for FY 2025-28:** GRIDCO has submitted that the DISCOMs claim for extra administrative and general (A&G) expenses are beyond the standard allowance. This practice undermines the purpose of normative A&G expenses. While extra A&G expenses are intended to enhance DISCOMs' efficiency, this allowance should be tied to efficiency gains and not passed on to consumers. The proposal suggests using efficiency benefits to fund these expenses, with regulatory approval and scrutiny to ensure prudence**.** Hence Commission may allow such expense for special earmarked purpose after prudence check only.

h) **Repair & Maintenance Expense:** GRIDCO has submitted that DISCOMs have claimed higher R&M Expense for the control period with its own assumption and also claimed additional R&M expense over and above the normative expenses.

i) **Interest on Capital Loan:** GRIDCO submitted that the weighted average rate of interest on actual loan portfolio as on the beginning of the year need to be considered for allowing the interest on loan subject to actual finance cost incurred as determined during the truing up exercise as per provision of Regulation 3.7.5 of the OERC Distribution Tariff Regulations '2022.

j) **Tax on ROE:** GRIDCO submitted that Regulation 3.6.1, 3.6.2 and 3.6.3 of the OERC Wheeling & RST Regulations, 2022 provides that the tax on RoE shall only be allowed on post tax basis. GRIDCO requested the Commission to defer the claim of tax on RoE to consider at the time of True-Up as per the actual tax paid.

k) **Non-Tariff Income:** GRIDCO has submitted that TPCODL & TPWODL have projected reduction in Non- Tariff Income from open access over a period during the control period. However, there shall be addition to the pool of open access consumers due to favorable Industrial Policy Resolution (IPR) Odisha 2022. Therefore, the assumption of the Petitioner that the income from open access charges would reduce over the period does not hold good and is subject to reconsideration.

Analysis of Estimated ARR and Revenue to be earned at existing tariff: GRIDCO has submitted that in compliance with Regulations 2.1.1(13) of OERC Wheeling & RST Regulations, 2022, DISCOMs have not provided estimation of voltage wise cost of supply. Further, GRIDCO stated that TPCODL, TPWODL & TPSODL has considered constant ABR for LT, HT & EHT category of consumer throughout the control period where as they have shown irregular trend for average cost of supply.

OBSERVATIONS & ORDER OF THE COMMISSION:

28. The Commission observes that, in compliance to the provision of vesting order and OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022, the four distribution licensees (i.e. TPCODL, TPWODL, TPNODL & TPSODL) of Odisha have filed their business plan for remaining four years of the first control period i.e. from FY 2024-25 to FY 2027-28. The chapter 2 OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022 prescribes that the Business Plan shall be filed for the wheeling and retail supply business and shall inter alia contain for each year of the control period as follows:

1) Sales/ Demand Forecast for each consumer category and sub category

2) *Distribution Loss reduction trajectory and collection efficiency*

3) *Power procurement Plan including details of power from RE sources as concurred by GRIDCO as per the terms of vesting order.*

4) *The Capital Investment plan with sales/ demand forecast, power procurement plan, distribution loss trajectory, targets for quality of supply etc. The capital investment plan shall be consistence with the perspective plan developed by STU based on the data submitted by the distribution licensee and load flow studies conducted in line with the requirements of the state Grid Code.*

5) *The purpose of investment shall be strengthening of distribution network, creation of new assets or augmentation/replacement of existing assets, meeting load growth, technical loss reduction, non-technical loss reduction, including loss efficiency, meeting energy requirement etc.*

6) *The distribution licensee shall focus on safety of human, animal and equipment, strengthening of distribution network, standardization of equipment and materials, optimum utilization of assets and adoption of state of art technology including SCADA and automation system, smart metering, and use of modern diagnostic tool for monitoring health of distribution assets.*

7) *The appropriate capital structure and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;*

8) *The Operation and Maintenance (O&M) costs estimated for each year of the Business Plan Period based on the proposed efficiency in operating costs, norms for O&M cost allowance including indexation and other appropriate mechanism, if any;*

9) *Details of depreciation based on useful life of the assets and capitalization schedule for each year of the control period.*

10) *A set of targets proposed for other controllable items such as working capital, quality of supply etc. The targets shall be consistent with the capital investment plan proposed by the Licensee;*

11) *Proposals for other items such as external parameters used for indexation (inflation, etc);*

12) *The Distribution Licensee shall forecast expected revenue from prevailing tariff and charges based on the estimates of quantum of electricity to be supplied to consumers and to be wheeled on behalf of Distribution System Users for ensuing Financial Year within the Control Period as on the date of making the application.*

13) *The Distribution Licensee shall provide voltage wise cost of supply for each year of the control period.*

14) *The filings in addition to the Business Plan period shall also contain the data for the cost and revenue parameters for the previous five years period.*

15) *The Applicant shall provide full details, supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.*

29. The Commission has considered the written submission and argument/views of petitioner and respondents during hearing. The Commission has examined and analysed the Business Plan of four DISCOMs separately in terms of the guiding principles for Business Plan

provided in the OERC (Terms and Conditions for Determination of Wheel Tariff and Retail Supply Tariff) Regulations, 2022 for the control period from FY 2024-25 to FY 2027-28. The analysis and Commission's views are summarized in the following paragraphs.

30. **Sales/Demand Forecast**

(a) **Quantum of Energy Sale & Purchase:** TPCODL has projected sales for the control period considering CAGR based on past data, expected development and other economic driving factors. Accordingly, TPCODL has projected 8 % growth in commercial and Irrigation category and 5 % growth in domestic, industrial consumption, public lighting and public water works. Therefore, TPCODL has projected sales of 10728 MU at the end of control period (FY 2027-28) against the approved sales of 8868 MU for FY 2023-24.

(b) TPWODL has submitted that the increase in demand of power has been significant (@ 15.45 % per annum) over the past five years. The energy sales has increased from 5972 MU (in FY 2018-19) to 10610 MU (in FY 2022-23). The peak load demand has also increased from 3536 .45 MVA (during FY 2018-19) to 4941.81 MVA (during FY 2022-23). TPWODL has further stated that increase in demand is linked to the increase in consumer base which has increased by 46 % in last 5 years. TPWODL has considered historical trends, category wise demand drivers and inhibitors, impact of demand driver/ inhibitors on electricity consumption, energy sales forecast, adjustment due to disruptions and TPA sales adjustments. Accordingly, TPWODL has projected peak load demand of 5284 MVA during FY 2024-25 which will increase to 7135 MVA during FY 2027-28. TPWODL has estimated energy requirement for FY 2024-25, FY 2025-26, FY 2026-27 & FY 2027-28 considering energy sales growth rate of 7% over the FY 2023-24, 6% over the FY 2024-25 and 5% for subsequent years of the control period.

(c) TPNODL has stated that there is appreciable growth in the domestic category consumers due to various initiatives such as customer care center, Anubhav kendras, project Sudha, improvement in billing coverage and enhanced enforcement activities. Accordingly, TPNODL has projected 2482.58 MU for LT sales for FY 2023-24 with a growth rate of 16%. Considering this projected LT sales quantum of FY 2023-24, TPNODL has estimated the LT sales for the respective year of the control period from FY 2024-25 to FY 2027-28 with a growth rate of 16%, 7%, 9% and 6% respectively over the previous year sales. Similarly, for HT category TPNODL has projected 685.58 MU for FY 2023-24 and accordingly has projected HT sales with a growth rate of 10%, 8%,6%, and 5% respectively over the respective previous year sales. For EHT category, TPNODL has projected 3145.04 MU for FY 2023-24 and accordingly has projected EHT sales for subsequent year with a growth rate of 5%, 8%, 9% and 3% over the previous year sales. Accordingly, TPNODL has estimated total energy sales of 6313.21 MU for FY 2023-24 and which would increase to 8153.47 MU during end of the control period i.e., FY 2027-28.

(d) TPSODL has projected sales growth based on recent trends and expected overall development. TPSODL has considered CAGR for projection of sales growth. In the domestic category TPSODL has considered CAGR of 2.5 % for commercial, 7.50 % for domestic, industrial & agriculture, 5 % for railways and 10 % for others. Therefore, TPSODL has projected total sales of 4836 MU at the end of the control period i.e FY 2027-28 against the projected sales of 3690 MU in the ARR for FY 2023-24.

(e) Considering the above projections, four DISCOMs have estimated their quantum of sale of energy for the control period. Respondent GRIDCO in its submission has not agreed with the sales projections submitted by the DISCOMs since growth rates for the future years is not supported by any logical reasoning. GRIDCO has further stated that the DISCOMs have seemingly chosen lower growth rates for subsidizing categories and higher growth rates for others, potentially affecting revenue goals. GRIDCO has therefore submitted that the DISCOMs may revise their sales forecast submissions by including detailed analyses, justifications, and clarity on the methods used for projection to ensure accurate and reliable sales forecasts, which are crucial for accurate ARR (Annual Revenue Requirement) estimation.

(f) The Commission in view of the submissions made by the DISCOMs observes that DISCOMs have projected their sales growth during the control period based on the present trend of rising consumers strength and sales growth under various categories of consumer. On the basis of the 5-year CAGR most of the DISCOMs have projected an overall growth ranging from 5% to 6 % during the control period. All four DISCOMs have followed different methodology for assessing future sales projection. We approve in principle the sales projected by the DISCOMs as follows:

Table:25
Energy Sales approved by the Commission for FY 2025-28 (MU)

DISCOMs	OERC Approved in ARR Order for FY 2023-24	Approved for FY 2025-28			
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	8,868.41	9,147.00	9,644.00	10,171.00	10,728.00
TPWODL	10,883.72	9,398.58	9,962.50	10,460.62	10,983.65
TPNODL	6,287.99	6,731.12	7,300.76	7,822.85	8,153.47
TPSODL	3,690.14	3,947.00	4,222.00	4,518.00	4,837.00
Total	**29,730.26**	**29,223.70**	**31,129.26**	**32,972.47**	**34,702.12**

However, there may be some variation in a particular year due to change in load mix. The Commission during the tariff exercise of relevant year will scrutinize the projection for the next year and shall approve the same in the respective years tariff order. GRIDCO being the shareholder in the DISCOMs may be consulted by DISCOMs before filing the sales projection with the Commission during the annual tariff proceeding.

31. **Distribution loss reduction trajectory and collection efficiency**

Three DISCOMs (TPCODL, TPNODL & TPSODL) have considered the collection efficiency of 99% and the AT&C loss trajectory as specified in the vesting order for determination of tariff. Accordingly, they have projected their distribution loss for the control period from FY 2024-25 to FY 2027-28 except TPWODL. TPWODL has derived the distribution loss from the AT&C loss mentioned by the Commission in the vesting order for the performance review purposes. The distribution loss should be derived from the AT&C loss mentioned by the Commission in the vesting order for tariff purpose after factoring in the collection efficiency of 99%. Accordingly, the Commission approves distribution loss, AT&C loss and collection efficiency for the remaining part of the control period i.e. FY 2025-28.

Table: 26
AT & C Loss, collection efficiency and distribution loss Approved by the Commission for FY 2025-28

DISCOMs	Particulars	OERC Approved in RST Order for FY 2023-24	Approved for FY 2025-28			
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	AT & C Loss (%)	22.00	20.00	18.00	16.00	15.00
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**21.21**	**19.19**	**17.17**	**15.15**	**14.14**
TPWODL	AT & C Loss (%)	18.90	17.40	15.90	14.50	13.00

DISCOMs	Particulars	OERC Approved in RST Order for FY 2023-24	Approved for FY 2025-28			
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**18.08**	**16.57**	**15.05**	**13.64**	**12.12**
TPNODL	AT & C Loss (%)	17.09	15.00	13.83	12.76	11.77
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**16.25**	**14.14**	**12.96**	**11.88**	**10.88**
TPSODL	AT & C Loss (%)	25.75	25.35	25.00	22.57	20.38
	Collection Efficiency (%)	99.00	99.00	99.00	99.00	99.00
	Distribution Loss (%)	**25.00**	**24.60**	**24.24**	**21.79**	**19.58**

32. **Power Purchase Cost:**

DISCOMs in their submission, have estimated the quantum of power purchase as per regulations 5.4 of Wheeling & RST Regulations, 2022 taking into account the sales of power and grossing up of the same based on estimated Distribution loss. Accordingly, the estimated power purchase requirement of four DISCOMs for the control period are as follows:

Table: 27
Quantum of Power Purchase projected by DISCOMs for FY 2025-28

DISCOMs	Unit	OERC Approved in RST Order for FY 2023-24	Projected for FY 2025-28			
			FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
TPCODL	MU	11,256.00	11,319.00	11,644.00	11,987.00	12,495.00
TPWODL	MU	13,286.00	11,704.00	12,102.00	12,112.00	12,427.00
TPNODL	MU	7,508.00	7,839.77	8,387.77	8,877.37	9,148.74
TPSODL	MU	4,920.00	5,233.70	5,573.20	5,776.90	6,013.50

The cost of power purchase for the entire control period has been estimated considering uniform BSP, transmission charges and SLDC charges at the rates consider in ARR for the FY 2023-24.

GRIDCO in their submission has stated that the DISCOMs have not considered the past trend of increase in BSP and STU charges which has resulted in lower estimated power purchase cost for the control period.

The Commission after considering the submission of the DISCOMs and objections raised by GRIDCO observes that since the sales estimates for the control period require further analysis and rectification and uniform BSP, STU and SLDC charges have been considered for each year of the control period, the Commission is not inclined to approve quantum & cost of power purchase for the control period. The power purchase cost, therefore, shall be determined by the Commission in the tariff order of the respective year.

33. **Capital Investment**

a. TPCODL in its submission has projected capital investment of Rs.1544.64 Cr as against vesting order target of Rs.1541.00 Cr till the end of first five year (i.e., from FY 2020-21 to FY 2024-25). Further, TPCODL has projected additional capex of Rs. 823 Cr beyond the vesting order period i.e., from FY 2025-26 to FY 2027-28. Accordingly, TPCODL has projected cumulative capital investment of Rs.2367.64 Cr (Rs. 1544.64 Cr. +Rs. 823.00 Cr.) by the end of control period i.e., FY 2027-28.

b. TPWODL in its submission has projected capital investment of Rs.1663.00 Cr as against vesting order target of Rs.1663.00 Cr till the end of first five year (i.e., from FY 2021-22 to FY 2025-26). Further, TPWODL has projected additional capex of RS 400 Cr beyond the vesting order period i.e., from FY 2026-27 and FY 2027-28. Accordingly, TPWODL has projected cumulative capital investment of Rs.2063.00 Cr (Rs. 1663.00 Cr. + Rs. 400.00 Cr.) by the end of control period i.e., FY 2027-28.

c. TPNODL in its submission has projected capital investment of Rs.1516.77 Cr as against vesting order target of Rs.1270.00 Cr till the end of first five year (i.e., from FY 2021-22 to FY 2025-26). TPNODL has projected Rs 226.77 Cr. additional Capex over and above the vesting Order target till the end of year FY 2025-26. Further, TPNODL has projected additional capex of RS 420.27 Cr beyond the vesting order period i.e., from FY 2026-27 and FY 2027-28. Accordingly, TPNODL has projected cumulative capital investment of Rs.1937.04 Cr (Rs. 1516.77 Cr. +Rs. 420.27 Cr.) by the end of control period i.e., FY 2027-28.

d. TPSODL in its submission has projected capital investment of Rs.1267.77 Cr as against vesting order target of Rs.1166.00 Cr till the end of first five year (i.e., from FY 2021-22 to FY 2025-26). TPSODL has projected Rs 101.77 Cr. additional Capex over and above the vesting Order target till the end of year FY 2025-26. Further, TPSODL has projected additional capex of RS 350.42 Cr beyond the vesting order period i.e., from FY 2026-27 and FY 2027-28. Accordingly, TPSODL has projected cumulative capital investment of Rs.1618.19 Cr (Rs. 1267.77 Cr. +Rs. 350.42 Cr.) by the end of control period i.e., FY 2027-28.

e. The Capital Investment as per the Vesting Order and as projected by DISCOMs for the first five years of operation and beyond up to the FY 2027-28 for the Business Plan period, capex approved by the Commission and actual capitalization and achieved are summarized in the following table:

Table:28
Vesting Order Target Vrs Actual/Projected Capex (Rs. Crore)

FY	Vesting Order Target	Capex projected by DISCOM	Capex approved by the Commission	Actual Capitalisation Achieved
TPCODL				
2020-21	201.00	280.63	280.63	247.53
2021-22	393.00	298.73	298.73	226.17
2022-23	310.00	380.56	380.56	143.49
2023-24	338.00	283.72	283.72	-
2024-25	299.00	301.00	-	-
Sub-total	**1,541.00**	**1,544.64**	**1,243.64**	
2025-26	-	290.00		
2026-27	-	281.00		
2027-28	-	252.00		
Additional capex proposed beyond first five years of vesting period	**-**	**823.00**		
Total		**2,367.64**		
TPWODL				
2021-22	306.00	333.13	333.13	333.13
2022-23	500.00	477.72	477.72	403.75
2023-24	333.00	381.91	381.91	-
2024-25	322.00	268.24	-	-
2025-26	202.00	202.00	-	-
Sub-total	**1,663.00**	**1,663.00**	**1,192.76**	
2026-27	-	200.00	-	-
2027-28	-	200.00		
Additional capex proposed beyond first five years of vesting period		**400.00**	**-**	**-**
Total		**2,063.00**		
TPNODL				
2021-22	246.00	258.78	258.78	230.00
2022-23	376.00	326.54	326.54	247.31
2023-24	260.00	433.10	433.10	-
2024-25	247.00	278.18	-	-
2025-26	141.00	220.17	-	-
Sub-total	**1,270.00**	**1,516.77**	**1,018.42**	

FY	Vesting Order Target	Capex projected by DISCOM	Capex approved by the Commission	Actual Capitalisation Achieved
2026-27	-	210.26		
2027-28	-	210.01		
Additional capex proposed beyond first five years of vesting period	**-**	**420.27**		
Total		**1,937.04**		
TPSODL				
2021-22	227.00	184.65	184.65	183.74
2022-23	316.00	294.82	294.82	272.50
2023-24	240.00	338.33	338.33	-
2024-25	233.00	284.44	-	-
2025-26	150.00	165.53	-	-
Sub-total	**1,166.00**	**1,267.77**	**817.80**	
2026-27	-	152.28		
2027-28	-	198.14		
Additional capex proposed beyond first five years of vesting period	**-**	**350.42**		
Total		**1,618.19**		
All DISCOM				
2020-21	201.00	280.63	280.63	247.53
2021-22	1,172.00	1,075.29	1,075.29	973.04
2022-23	1,502.00	1,479.64	1,479.64	1,067.05
2023-24	1,171.00	1,437.06	1,437.06	-
2024-25	1,101.00	1,131.86	-	-
2025-26	493.00	877.70	-	-
Sub-total	**5,640.00**	**6,282.18**	**4,272.62**	
2026-27	-	843.54	-	
2027-28	-	860.15	-	-
Total		**7,985.87**		
Additional capex proposed beyond first five years of vesting period		**1,993.69**		

f. GRIDCO has raised concerns about the capital investment plans submitted by DISCOMs without clear quantifiable benefits from proposed capital expenditures (CAPEX) in areas like Safety, Reliability, and Technology & Infrastructure.

g. Respondent OPTCL has stated that as the Regulation, Load flow study-based capital investment plan is essential in order to avoid overlapping of schemes, avoid underutilization of grid capacity, improve voltage profile and optimum utilisation of assets.

h. The Commission has analyzed the projected Capex plan submitted by the DISCOMs for control period and has taken cognizance of the concerns raised by respondents GRIDCO and OPTCL regarding the Capex plan for the business plan period. The Commission in this regard observes that the Capex plan has already been committed by the DISCOMs as per the Vesting Order which covers the major part of the business plan period. For TPCODL, the commitment period of Vesting Order ends in FY 2024-25 and balance three years of the business plan are covered now. As regards other three DISCOMs, the commitment period of Vesting Order ends in FY 2025-26 and balance two years are covered now under the proposed business plan period ending in FY 2027-28. The cumulative commitment capex for all the DISCOMs is Rs.5640 Cr. as per vesting order and in the business plan the DISCOMs have proposed for additional cumulative Capex of Rs. 1,993.69 Cr. The Commission have already approved cumulative Capex of Rs 4272.62 Cr upto the FY 2023-24 and the remaining capex of Rs.1367.38 Cr. (Rs.5640 Cr. – Rs.4272.62 Cr.) will be considered by the Commission in the balance period of the vesting order. The actual capitalization reflected in the books of account is Rs. 2287.62 Cr, which is about 50% of the approved amount. Many works are in progress and are expected to be completed within the scheduled period.

i. The Regulation 3.2 of the OERC's Wheeling & RST Regulations, 2022 provides that the capital investment plan shall be prepared with the purpose of strengthening and augmentation of distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc. DISCOMs have proposed the CAPEX under five different broad heads including safety and statutory, Loss reduction, Reliability, Load Growth and Infra development as per commitment in the Vesting Orders. However, in the Business Plan, no quantifiable benefits and cost benefit analysis due to investment under the proposed CAPEX have been outlined. The details of investment plan under each head have not been submitted by the DISCOMs for each year of the control period. TPCODL has proposed major expenditure for augmenting 33 kV and 11 kV network including augmentation of power transformation capacity in order to ensure reliable power supply and improvement in reliability indices such as SAIDI & SAIFI. Other DISCOMs have also proposed major investment under Capex to cover load growth, network reliability and AT&C loss reduction.

j. The Commission opines that the Capital expenditure involves multidimensional aspects which undergoes changes due to rapid urbanization & industrial growth. Ensuring reliability of power supply, reducing interruptions & AT&C loss and providing electricity at an affordable tariff to the consumers etc. are major challenges. In view of such dynamism in the system, the Commission directs t the DISCOMs to submit the year wise Capex plan for the control period for approval of the Commission. The Commission also observes that the DISCOMs are required to catch up in capitalization with the approval by the Commission.

34. **Manpower Position & Employees Cost:**

a. DISCOMs have projected their manpower positions and employees cost for each year of the control period by considering the inherited employees as well as CTC employees recruited by them and likely to be recruited during the control period. The three DISCOMs (TPWODL, TPNODL & TPSODL) have submitted their manpower recruitment plan within the benchmark target of 1.4 employees per 1000 Consumers as per direction of the Commission. However, TPCODL has submitted that its manpower position per 1000 consumers is currently about 1.83 and have planned to bring it down gradually to 1.4 by the end of control period.

b. The cost estimates for the erstwhile employees have been factored with 3 % escalation on basic salary, assumed DA increase for six-month period, HRA @ 20 %, medical expenses @ 5%, escalation of outsourced employees, escalation toward terminal benefits and other costs such as staff welfare and other allowances etc.

c. As regards erstwhile employees, the DISCOMs have projected their expenses for the business plan period in the following manner:

Table:29

DISCOM	FY2023-24	FY 2024-25	FY2025-26	FY2026-27	FY 2027-29
TPCODL	127.50	146.20	164.70	185.00	207.60
TPWODL		150.51	178.17	205.97	236.23
TPNODL	69.28	80.73	95.11	111.44	129.89
TPSODL	112.00	145.00	168.00	193.00	221.00

d. The escalation of the total employee cost projected by the DISCOMs in their business plan is summarised in the following table:

Table:30
Employee cost during the Business Plan Period

(Rs. Cr)

DISCOMs	Particulars	Approved in ARR for FY 2023-24	Projected by DISCOMs			
			FY 2024-25	FY 2025-26	FY 2 026-27	FY 2027-28
TPCODL	**Net Employees Cost**	**776.93**	**881.57**	**943.76**	**1,002.32**	**1,057.25**
	Increase over Previous FY (%)	3.37	13.47	7.05	6.20	5.48
TPWODL	**Net Employees Cost**	**554.91**	**616.13**	**666.51**	**718.68**	**772.92**
	Increase over Previous FY (%)	22.32	11.03	8.18	7.83	7.55
TPNODL	**Net Employees Cost**	**512.79**	**521.49**	**568.86**	**620.14**	**679.58**
	Increase over Previous FY (%)	30.20	1.70	9.08	9.01	9.58
TPSODL	**Net Employees Cost**	**495.76**	**454.00**	**508.00**	**553.00**	**597.00**
	Increase over Previous FY (%)	23.19	-8.42	11.89	8.86	7.96
Total	**Net Employees Cost**	**2,340.39**	**2,473.19**	**2,687.13**	**2,894.14**	**3,106.75**
	Increase over Previous FY (%)	16.93	5.67	8.65	7.70	7.35

e. The Commission has taken cognizance of the respondent GRIDCO’s submission. GRIDCO has submitted that the DISCOMs have made huge investments on reliability, technology, infrastructure and implementation of automation which is expected to reduce human intervention. As regards to ratio of manpower and consumer, GRIDCO has submitted that this ratio should be approved each year considering the active consumers only. There shall be optimum utilization of the existing manpower and the DISCOMs have not specified the methodology of estimating the cost of employees recruited after the effective date as per Regulation 3.9.10 of OERC’s Wheeling & RST Regulations, 2022.

f. The Commission observes that the petitioners have projected their manpower requirements for the business plan period to cover safety, operation & maintenance, monitoring breakdown and addressing consumer grievances etc. Besides the regular and contractual employees all the DISCOMs have engaged Business Associates for R&M and A&G activities etc. Therefore, total engagement of manpower including regular employees and employees of BA taken together is quite substantial. The Commission is of the opinion that engagement of skilled and professional manpower are required for efficient operation of the system. However, due to increase in unmanned PSS and introduction of automation for various activities, the employee cost should be reduced over the years. Therefore, DISCOMs shall submit the realistic assessment of the manpower deployment for various activities in their ARR for each year of the control period for approval of the Commission as per norms of the OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022.

35. **Repair & Maintenance (R&M) Expenses:**

a. The DISCOMs have submitted that the network inherited by them comprises assets created out of Govt. funded schemes, deposit works and own Capex. All the DISCOMs have deployed Business Associate in addition their own employees to look after preventive maintenance, ensuring uninterrupted power supply, attending the consumers' complain, metering & billing and revenue collection etc.

b. R&M cost of the DISCOMs is to be estimated as per Regulation 3.9.19 of OERC's Wheeling & RST Regulations, 2022. The said regulation provides for allowing R&M based on the opening gross fixed assets. The expenses towards R&M of own assets of the DISCOMs and the assets created & maintained by the DISCOM under various Government schemes are to be treated separately. The regulation further provides that for undertaking critical activities, which are not covered in capital investment plan, the Commission may allow special R&M.

c. The three DISCOMs viz TPWODL, TPNODL &TPSODL have projected expenses towards special R&M during the control period without giving the details of such expenses. The projection of GFA and R&M expenses for the control period are summarized in the following table.

Table: 31

DISCOM	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
GFA owned by DISCOMs				
TPCODL	6059.00	6768.00	7326.00	7872.00
TPWODL	3445.66	4055.46	4573.54	5258.73
TPNODL	4406.89	5393.58	5858.16	6299.34
TPSODL	2060.00	2450.00	2684.00	2881.00
GFA for Govt. owned Assets maintained by DISCOMs				
TPCODL	2227.00	2908.00	3164.00	3164.00
TPWODL	4298.51	5198.51	5898.51	6336.51
TPNODL	2172.98	3068.10	3605.00	3819.76
TPSODL	3832.00	5300.00	5375.00	5375.00

d. Commission observes that Repair & Maintenance activities are one of the most important aspects of the distribution business to ensure healthiness of the distribution system. Healthy network ensures minimal interruption, right voltage, minimal down time, easy of repairs, faster restoration and ultimate consumer satisfaction. DISCOMs in Odisha have challenges due to geographical and environmental constrains, low population density and long length of 33 / 11 kV feeders etc. However, due to Capex commitments of DISCOMs and infusion of funds by government through various schemes such as ODSSP-IV, GFA has increased over the years and the distribution system is slated to improve appreciably and such assets are to be maintained by the DISCOMs. The Commission accordingly will have to examine such additions of the assets each year and allow expenses towards R&M as per the OERC's Wheeling & RST Regulations, 2022.

36. **Administrative & General (A&G) Expenses Projection:**

a. The Commission has taken cognizance of the submission made by the DISCOMs regarding A&G cost estimates for the control period. The DISCOMs have projected their A&G cost for the control period considering normative increase at the rate of 7% over the base year (i.e. FY 2023-24) as per OERC's Wheeling & RST Regulations, 2022. The DISCOMs have covered activities such as communication, upgrading IT infrastructure, mobile applications, efficiency in consumer portals, improving metering billing and collection activity, vigilance and enforcement activity etc. under A&G expenses. The DISCOMs have also proposed additional A&G expenses for enhancing operational efficiency reliability and overall performance.

b. As per Regulation 3.9.16 of OERC Tariff Regulations, 2022, the normal A&G Expenses for each subsequent year will be determined by escalating the approved A&G Expenses (excluding additional or special A&G expense) for the previous year by the factor of 7% to arrive at permissible A&G expenses for each year of the control period. Further Regulation 3.9.17 allow additional expenses in addition to the normal A&G expenses and the Commission will undertake a prudence check before allowing such expenditure.

c. The respondent GRIDCO has submitted that as regards the additional A&G expense the DISCOMs may fund such additional expense from benefits out of efficiency gain and no additional amount may be allowed in the ARR.

d. Considering the provisions of the regulations and the activities to be undertaken by the DISCOMs, particularly metering, billing, collection and enforcement activities, the Commission needs to assess requirement of the DISCOMs for the A&G expense. The normal and additional A&G expenses for the respective year of the control period shall, therefore, be allowed as per the norms of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2022 and based on actual A&G expenses (subject to maximum of approved amount) considered for true-up purpose.

37. **Depreciation:**

The DISCOMs have submitted to allow depreciation during the control period in line with Regulation 3.8 of OERC's Wheeling & RST Regulations, 2022. The said Regulation has distinguished the rate of depreciation for various types of assets including the inherited assets. The Commission will accordingly analyze the fixed asset position during scrutiny of ARR of respective year of the control period and allow depreciation at the rates prescribed therein the Regulation.

38. **Interest on Capital Loan:**

a. The DISCOMs have projected interest on Capex Loan for the control period in terms of the Regulation 3.7 of OERC's Wheeling & RST Regulations, 2022. The three DISCOMs (TPCODL, TPNODL & TPWODL) have considered the rate of interest as 9% whereas TPSODL has considered rate of interest as 7.5%. GRIDCO, in its submission, has stated that as per the provisions of the Regulation 3.7.5, the weighted average rate of interest on actual loan portfolio as on the beginning of the year need to be considered for allowing the interest on loan subject to actual finance cost incurred as determined during the Truing up exercise.

b. The Commission, therefore, observes that the interest on capital loan varies on the year to year basis and this will be approved in line with Regulation 3.7 of OERC's Wheeling & RST Regulations, 2022 in respective years of control period.

39. **Interest on Working Capital:**

a. The DISCOMs have projected interest on working capital for the control period in terms of the Regulation 3.10 of OERC's Wheeling & RST Regulations, 2022. The three DISCOMs (TPCODL, TPNODL & TPWODL) have considered the rate of interest as 11.50 % whereas TPSODL has considered rate of interest as 11.00 %.

b. The Commission, therefore, observes that the interest on working capital for the control period will be approved in line with Regulation 3.10 of OERC's Wheeling & RST Regulations, 2022 in respective years of control period.

40. **Interest on Consumer Security Deposit:**

The interest on security deposit payable by the licensee will be allowed to the DISCOMs for the control period based on Regulation 57 of the OERC Distribution (Condition of Supply) Code, 2019.

41. **Return on Equity (RoE):**

a. The DISCOMs have projected their RoE as per Regulation 3.6 of the OERC's Wheeling & RST Regulations, 2022. The regulation allows RoE on approved reserve price of the utility from the effective date of operation at the rate of 16 % per annum (post tax). As per the said Regulation RoE shall also be allowed on assets put to use under these regulations at the same rate of 16 % per annum (post tax).

b. GRIDCO has submitted that the DISCOMs have calculated the tax on RoE on pretax basis. Regulations 3.6.1, 3.6.2 & 3.6.3 of said Regulation provides that the tax on RoE shall only be allowed on post tax basis. Further, Regulation 3.11 of the said Regulation provides that income tax for the distribution licensee shall be allowed through the tariff charged on the distribution system users on submission of documentary evidence of the actual tax paid. GRIDCO has therefore submitted that the claim of the DISCOMs with regard to tax on RoE may be considered as per actual tax paid and to be considered at the time of true up.

c. The Commission in view of the submissions of DISCOMs and GRIDCO will allow the RoE, and tax on RoE in respective year of the control period based on the OERC's Wheeling & RST Regulations, 2022.

42. **Non-Tariff Income:**

DISCOMs have projected their non-tariff income based on the Regulation 4.3 **(**for wheeling business) and Regulation 5.9 (for retail supply of electricity) of OERC's Wheeling & RST Regulations, 2022. The Commission will allow the same in respective year of the control period based on such Regulations.

43. **Provision for Doubtful Debts:**

DISCOMs have projected doubtful debt based on the Regulation 5.8 of OERC's Wheeling & RST Regulations, 2022. The Commission will allow the same in the respective year of the control period based on such Regulation.

44. The Commission has following broad observation on the submission of business plan by the DISCOMs.

(a) All four DISCOMs have followed different methodology for assessment of projected/future load growth.

(b) In the business plan, the capex investment plan has been made keeping lump sum provision under five board categories without giving detail work plan in each division/circle under each category.

(c) All four DISCOMs have assumed uniform BSP, transmission charge and SLDC charge for Business plan period, which is very much unlikely.

(d) Different consideration has been made by four DISCOMs for estimation of (i) A&G expenses (ii) interest rate for debt & working capital (iii) Depreciation (iv) Non-tariff income.

(e) Projected interest on consumer security deposit has been considered uniform across the business plan period of TPCODL which is not correct.

45. In view of the above observations, the Commission accords in principle approval to the Business Plan of all four DISCOMs (TPCODL, TPNODL, TPWODL, TPSODL) for the period from 2024-25 to 2027-28. Those proposals which are not specifically approved shall be separately considered by the Commission. Accordingly, the investment plan & other proposal will be examined in detail on yearly basis for Business Plan period and approved in the separate order of respective year.

46. DISCOMs are directed to submit the following before the tariff filing of the next year.

a) Power Procurement Plan in consultation with GRIDCO giving details of availability of power from RE sources to meet RPO, and target, if any, for Energy Efficiency (EE) and Demand Side Management (DSM) Schemes.

b) Output of load flow study conducted for the business plan period (considering the expected load growth due to urbanization, commercialization & industrialization and consumer growth etc.) giving the details of augmentation/strengthening/expansion of distribution network (i.e. requirement of additional PSS & augmentation of existing lines and augmentation of PTRs & DTRs, etc.) for each circle/division in the operating area of the DISCOMs.

c) The projected peak demand along the energy requirement for each year of the business plan period.

d) Justification for high Debt requirement for TPCODL & TPSODL compared to TPWODL & TPNODL.

e) Justification for reduction in projected EHT category load in case of TPWODL during the 5 years business plan period.

f) Justification and details for very high capex investment plan by TPCODL compared to other three DISCOMs (TPNODL, TPWODL, TPSODL) for the period from FY 2024-25 to FY 2027-28 although energy requirement is even less than TPWODL.

g) Future Plan and norm for engaging out sourced employee through Business Associates for business plan period, which is expected to reduce over the years.

47. Effort shall be made by three DISCOMs (TPCODL, TPNODL, TPSODL) to reduce the manpower requirement over the years like TPWODL i.e. employees per thousand consumers should be reduced over the year because of implementation of automation & unmanned operation of PSS.

48. As far as possible the various norms & practices should be uniform across all four DISCOMs. Uniform methodology should be adopted for assessment of projected load growth in the operating area of the DISCOMs.

49. DISCOMs should avoid mixing of investment under CAPEX & OPEX. R &M expenses should cover some of the expenses covered under CAPEX like cost of diagnostic tool, augmentation of transformation capacity of some DTRs & PTRs, replacement of conductors with higher size, replacement of existing bare conductor by ABC etc,

50. Standardization of MVA capacity of PSS & MVA rating of PTRs & DTRs, standard specification of the network elements should be in place for optimum utilization of assets in order to derive maximum benefit from the investment.

51. There should be a practice of Condition Based Maintenance (CBM)/ Reliability center Maintenance (RCM) for assessment of substation equipment/materials to prevent premature failure and keep the assets in healthy conditions resulting in reducing down time and increased availability of the system which is essential to achieve the prime objective of 24x7 quality power supply to all.

52. The quantifiable benefits or benchmark target for various achievements is to be submitted

by all DISCOMs in terms of:

(i) Increase in availability of power supply (in Hrs)

(ii) Reduction in technical & commercial loss (in %) separately.

(iii) Improvement in SAIDI, SAIFI, CAIDI

(iv) Reduction line interruption at 33 kV & 11 kV level

(v) Reduction failure of DTR, PTR (in %)

(vi) Asset mapping & consumer indexing (in %)

(vii) Achievement in terms of providing reliable protection system for lines, transformers etc. (in %)

(viii) Achievement in providing redundancy in PSS in terms of incomers & DTRs (in %)

(ix) Coverage of Energy Audit of 33 kV feeders & PTRs (in %)

(x) Achievement in term of unmanned PSS (in %)

(xi) Progress in development of cyclone resilient distribution network etc.

53. The Applications for approval of Business Plan for the period FY 2024-25 to FY 2027-28 of TPCODL, TPWODL, TPNODL and TPSODL in Case Nos. 45 of 2023, 44 of 2023, 43 of 2023 and 46 of 2023 respectively are disposed of accordingly.

Sd/-	Sd/-	Sd/-
(S. K. Ray Mohapatra)	**(G. Mohapatra)**	**(S. C. Mahapatra)**
Member	**Member**	**Chairperson**