

**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR.**

1

Case No.78 of 2019

In the matter of : WESCO Utility

And

In the matter of : M/s. Indian Energy Exchange Limited, Fourth Floor, TDI Centre, Plot No. 7, Jasola District Centre, New Delhi-110025.

Rejoinder to objections received by the Secretary, Odisha Electricity Regulatory Commission against the Open Access Charges Application by WESCO for the year 2020-21.

As regards to observation of the objector to the extent of 'C' & 'L' component for calculation of CSS, it is to state that in case of EHT category the licensee is not entitled for wheeling charges as OPTCL is the separate entity who is the beneficiary for transmission charges. So, while deriving CSS for EHT category, in cost component the cost of power purchase includes per unit BSP & Transmission charges. If per unit Transmission charges would be removed the CSS for EHT category would be increased. Similar practice has also been adopted for HT, but loss component after EHT sale is being factor in 'L'.

It is pertinent to mention here that, in Odisha Discoms are not procuring power directly from the generators. Gridco is the nodal agency who is procuring from all the generators through long term PPA. Similarly, OPTCL is the STU who has been assigned with transmission license, responsible for transmission of power for the Discoms.

As regards to limiting of CSS within 20% of average billing, Hon'ble Commission is keeping the level of 20% limit as prescribed in National Tariff Policy. The same may be perused from RST order for FY 2019-20 vide para 293 & 299.

The proposed calculation as suggested by the objector may kindly be perused by Hon'ble Commission.

Restriction of Open Access up to Contract Demand:

In this regard it is once again reiterated that the Utility's distribution network is meant for all the consumers including open access customers. When the incumbent open access consumer draws beyond CD under open access, system constraints invites disruption of supply to other consumers who are availing power supply from the Utility. So, it is quite justified to limit the drawal of the open access customer to the extent of CD only.

Submission of Annual Plan by Open Access Consumers:

The Utility is projecting its input as well as sales considering the drawal pattern of all the consumers. Based on the same Hon'ble Commission is approving the RST as well as BST of the DISCOMs. Without giving annual plan, if a customer draws power under open access the power which was projected for the consumer remains un-utilised as a result the revenue of the licensee affected. At the same time, if annual plan would have been provided the utility would not have plan its purchase and its input would have reduced for which the BST might have fixed in lower rate.

So, it must be made mandatory to give annual plan. Hon'ble Commission may kindly be looked into it.

For and on behalf of WESCO Utility

Burla

Authorised Officer

Dated: 24.01.2020

C.C. : M/s. Indian Energy Exchange Limited, Fourth Floor, TDI Centre, Plot No. 7, Jasola District Centre, New Delhi-110025.

Note- This is also available at the licensee's website-www.wescodisha.com

**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR.**

2

Case No.78 of 2019

In the matter of : WESCO Utility
And

In the matter of : M/s Confederation of Captive Power Plant (CCPPO), N-3-160, IRC
Village, Nayapalli, Bhubaneswar-751015.

Rejoinder to objections received by the Secretary, Odisha Electricity Regulatory Commission against the Open Access Charges Application by WESCO for the year 2020-21.

Higher CSS & wheeling in Odisha

It has been suggested that due to higher CSS and wheeling charges development of open access market is not happening in Odisha. Further, CGP's are forced to sell their surplus power to GRIDCO ` 2.75 per unit & not able to sell under Open Access.

In view of the above it is to state that Hon'ble commission has approved average RST for EHT is ` 5.77 per unit & for HT ` 5.79 per unit vide para 293(table-29).

The CSS of EHT category as approved by Hon'ble Commission vide para 299(table-32) is ` 1.23 p/kwh and for HT CSS and wheeling is ` 1.29 p/kwh. So, an intending open access customer factoring the above open access charges with respect to average tariff can create gap of `4.54 p/kwh (`5.77-`1.23) for EHT and in case of HT `4.50p/kwh (`5.79-`1.29). With such huge margin of `4.54 p/kwh & `4.50p/kwh respectively for EHT and HT category, the intending open access customer has ample opportunity to deal with the CGP who is selling surplus power to GRIDCO @ `2.75 per unit.

Gradual reduction of open access charges

Every year the levy of cross subsidy surcharge is being reduced. Hon'ble Commission while approving open access charges is allowing certain percentage (%) of the derived Gap. During the current year Commission has approved only 63% of the loss margin as against 65% of previous year. So the per unit charges of Cross Subsidy Surcharge depends on Average tariff and cost to serve the consumers as a whole, where BST plays important role. Therefore, in absolute term Cross Subsidy Surcharge may decrease or increase but Hon'ble Commission is allowing the Gap to certain % in reducing trend previously it was 75%, 70% etc.

Calculation of CSS and Wheeling

The objector has the opinion that the Utility has not calculated the CSS as per terms instituted in the Regulation or Act.

In view of the above it is humbly submitted that the Utility has calculated the CSS as per norms of the regulation framed by Hon'ble Commission. Hon'ble Commission has also narrated principle in RST order dt.29.03.2019 vide para 293 which are reproduced below:

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

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

According to that Regulation, cross subsidy is to be worked out based on the average cost to supply to all consumers of the State taken together and average tariff applicable to such consumers.

Any way the consumer is not losing while calculating the average tariff for particular category of consumer.

The detail calculation has already been given by Hon'ble commission in para 293 to 300 of RST order for FY 2020-21. Similarly, while purposing wheeling charges for consumer has taken the proposed distribution cost for FY 2020-21. However, Hon'ble commission is considering the same on approved parameters.

Cross subsidy surcharge on renewable energy

Presently there is no cross subsidy surcharge is leviable when power drawn from renewable sources.

Restriction of open access up to contract demand

In this regard it is once again reiterated that the Utility's distribution network is meant for all the consumers including open access customers. When the incumbent open access consumer draws beyond CD under open access, system constraints invites disruption of supply to other consumers who are

availing power supply from the Utility. So, it is quite justified to limit the drawal of the open access customer to the extent of CD only.

Levy on wheeling charges on carry own power from CGP

An industry having CGP can construct dedicated transmission lines /distribution lines to carry his own power to the destination for use without levy of CSS. However, an industry cannot own the distribution system unless having distribution license. Ho'ble ATE and Hon'ble Apex court has already have ruling in this regard. Hence, industry having CGP to carry own power cannot avoid levy of wheeling charges.

Security mechanism for open access (STOA)

Hon'ble commission has already mandated one month security mechanism vide open access regulation (clause 14(4)).

As per the above regulation the consumer has to ensure one month security for availing power supply under open access. SLDC is the nodal agency for STOA should enforce the same and the consumer would institute appropriate security mechanism with SLDC or with Discom as the case may be.

For and on behalf of WESCO Utility

Burla

Authorised Officer

Dated 24.01.2020

C.C. : M/s Confederation of Captive Power Plant (CCPPO), N-3-160, IRC Village, Nayapalli, Bhubaneswar-751015.

Note- This is also available at the licensee's website-www.wescodisha.com

In the matter of : WESCO Utility

And

In the matter of : M/s Vedanta Ltd., Aluminium & Power, Vill-Bhurkamunda, P.O:
Kalimandir, Dist.-Jharsuguda-768202.

Rejoinder to objections received by the Secretary, Odisha Electricity Regulatory Commission against the Open Access Charges Application by WESCO for the year 2020-21.

Guiding Principle of National Tariff Policy:

The objector's opinion regarding adoption of guiding principle as per National Tariff Policy for determination of open access charges has been duly considered by Hon'ble Commission during approval of ARR & open access charges of the licensee. However, as per National tariff policy permission/authority has also been given to the SERC to frame their own regulation as deemed fit to their state commensurate with category of consumers, consumer mix, availability of power. Sources of supply etc. but keeping in mind the overall objectives of the Electricity Act 2003. Therefore, State Commission may differ from suggestive methodology provided as per National tariff policy depending on the requirement of the consumers of the state.

Calculation of CSS:

The objector has the opinion that the Utility has not calculated the CSS as per terms instituted in the Regulation or Act. The utility has taken the average tariff as realized from EHT category as per present practice, however Hon'ble Commission while approving the same is considering the average approved tariff.

Issue regarding determination of CSS:

The objector has the opinion that the Utility has not calculated the CSS as per terms instituted in the Regulation or Act. Further, it has been suggested that the cost of supply has to be calculated in different voltage wise.

In view of the above it is humbly submitted that the Utility has calculated the CSS as per norms of the regulation framed by Hon'ble Commission. Hon'ble Commission has also narrated principle in RST order dt.29.03.2019 vide para 293 which is reproduced below:

Section 62 of the Electricity Act, 2003 empowers OERC to determine tariff for retail sale of electricity. While doing so, the Commission is to be guided by National Electricity Policy and Tariff Policy under the provision of Section 61 (i) of the said Act. In conformity to para 8.3.2 of Tariff Policy and para 5.5.2 of

National Electricity Policy the Commission has framed Regulation 7(c)(iii) of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004 which is reproduced below:

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

According to that Regulation, cross subsidy is to be worked out based on the average cost to supply to all consumers of the State taken together and average tariff applicable to such consumers

Judgment of Hon’ble ATE

As regards to Appeal no.283 of 214, 141 of 215,30 of 2016 & 31 of 2016 of Hon’ble ATE, the court has already given verdict in favour of the utility. The objector has moved to Hon’ble Apex court against the decision of Hon’ble ATE vide civil appeal no.11090 of 2018 Veadnata Vrs OERC and others.

Cross Subsidy Surcharge during peak & off-peak Hours:

The reason as suggested by the objector is not appropriate. Now the load curve is almost flat irrespective of peak & off-peak load. So with the benefit of TOD differential CSS would be appropriate mechanism to streamline drawal pattern.

Annual Plan for Open Access Drawal:

The Utility is projecting it’s input as well as sales considering the drawal pattern of all the consumers. Based on the same Hon’ble Commission is approving the RST as well as BST of the DISCOMs. Without giving annual plan, if a customer draws power under open access the power which was projected for the consumer remains un-utilised as a result the revenue of the licensee affected. At the same time, if annual plan would have been provided the utility would not have plan it’s purchase and it’s input would have reduced for which the BST might have fixed in lower rate.

So, it must be made mandatory to give annual plan. Hon’ble Commission may kindly be looked into it.

Drawal of Open Access more than Contract Demand:

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

Wheeling of Power by Industries having CGP:

The contention of the objector citing section 2(19) & 2(15) of Electricity Act 2003 to the extent of non-payment of related open access charges when dedicated transmission line has been drawn for carrying

own power is not correct. In this connection the objector itself was the petitioner before Hon'ble Supreme Court where in Hon'ble Court has directed that the transmission line constructed by Sesa Sterlite as part of distribution system vide para 34 & 35 in Civil Appeal No. 5479 of 2013.

For and on behalf of WESCO Utility

Burla

Authorised Officer

Dated 24.01.2020

C.C. : M/s Vedanta Ltd., Aluminium & Power, Vill-Bhurkamunda, P.O: Kalimandir, Dist.-
Jharsuguda-768202.

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In the matter of : WESCO Utility

And

In the matter of : Er.(Dr) P. K. Pradhan, Duplex-244, Manorama Estate, Rasulgarh,
Bhubaneswar-751010.

Rejoinder to objections received by the Secretary, Odisha Electricity Regulatory Commission against the Open Access Charges Application by WESCO for the year 2020-21.

Reduction in Cross Subsidy Surcharge & Wheeling Charges:

Every year the levy of cross subsidy surcharge is being reduced. Hon'ble Commission while approving open access charges is allowing certain percentage (%) of the derived Gap. During the current year Commission has approved only 63% of the loss margin as against 65% of previous year. So the per unit charges of Cross Subsidy Surcharge depends on Average tariff and cost to serve the consumers as a whole, where BST plays important role. Therefore, in absolute term Cross Subsidy Surcharge may decrease or increase but Hon'ble Commission is allowing the Gap to certain % in reducing trend previously it was 75%, 70% etc.

As regards to wheeling charges the same also under goes changes i.e. increase or decrease depending on the distribution cost and quantum of power wheeled through 33 KV & below. If distribution cost is more and quantum of power wheeled in distribution system is less then per unit wheeling price will increase.

8% Loss in HT:

Hon'ble Commission is approving normative T&D loss in HT system for deriving HT loss of the Utility. However, while deriving wheeling charges, the entire approved loss should be taken, because the entire power (after EHT sale) is moving through HT system for which distribution cost is incurred. In reality the permitted loss should be around 15% instead of 8%.

Cross Subsidy Surcharge on Renewable energy:

Presently there is no cross subsidy surcharge is leviable when power drawn from renewable sources.

Obligation of providing permission for STOA:

All the consumers having CD 1 MW & above are permitted to avail power under STOA subject to adequate system corridor. If system constraints persist, it is the responsibility of the consumer to incur

additional cost for availing open access. In that scenario it is not the obligation of the licensee to invest for the consumer to facilitate open access.

Consideration of HT cost instead of entire cost:

As explained in earlier paragraphs the entire power i.e. input (excluding EHT) of the Utility moving through HT system. The Utility's distribution cost like employee cost, A&G, R&M, Interest etc are also not being incurred/spent voltage wise. Hence, the proposal of consideration of HT cost is not acceptable.

Cross Subsidy Surcharge during power restriction:

As such the Utility is not getting CSS or wheeling charges during breakdown or power interruption.

Security Mechanism for availing STOA:

As per existing regulation the consumer has to ensure one month security for availing power supply under open access. SLDC is the nodal agency for STOA should enforce the same and the consumer would institute appropriate security mechanism with SLDC or with Discom as the case may be. Till date no such security is being deposited by any short term open access consumer with Wesco. SLDC may clarify the same. But as regards to LTOA, the Utility is keeping one month security towards Open Access charges.

For and on behalf of WESCO Utility

Burla

Authorised Officer

Dated: 24.01.2020

C.C. : Er.(Dr) P. K. Pradhan, Duplex-244, Manorama Estate, Rasulgarh, Bhubaneswar-751010.

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