

BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION

BHUBANESWAR

IN THE MATTER OF

An Application for approval of Open Access Charges for the financial year 2021-22, in accordance with the para 22, 23, 24 & 25 of chapter 5 of OERC (Terms and Conditions of Intra state Open Access) Regulation, 2020, Wheeling Charges, Cross Subsidy Surcharge, Additional Surcharge & Stand by charges applicable to open access customers for use of intra-state transmission/ distribution system, in view of section 42 of the Electricity Act-2003.

AND

IN THE MATTER OF

Wesco Utility

Head Office Burla, Sambalpur, Odisha-768017.

-----WESCO Utility

Humble application of the Utility above named for determination of wheeling charges, Cross subsidy surcharges, Additional surcharges and standby charges for FY 2021-22 applicable to Open Access customers

MOST RESPECTFULLY SHEWETH :

1. Wesco Utility, Burla,(WESCO), is the holder of the Odisha Distribution and Retail Supply License, 1999 (No 4/99) and has been carrying out the business of distribution and retail supply of electricity in the nine districts of Odisha, namely, Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonapur and Jharsuguda. This submission is made by the Utility before the Honorable Commission for the determination of Open Access Charges for the Financial Year 2021-22.
2. That, Hon'ble Commission in their Order dated 04.03.2015 in Case No. 55/2013 have revoked the Licences of NESCO, WESCO and SOUTHCO (Distribution Companies) under Section 19 of the Electricity Act, 2003.
3. Consequent upon such revocation and considering the situation at hand due to such revocation of Licences of NESCO, WESCO & SOUTHCO and also keeping in view, the salient objectives and

purpose of the Electricity Act, 2003 Hon'ble Commission in exercising powers conferred on it under Section 20 (d) of the Electricity Act, 2003 vests the management and control of NESCO, WESCO and SOUTHCO utilities along with their assets, interests and rights with Chairman-Cum-Managing Director, GRIDCO (CMD, GRIDCO) in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern Zone (area of supply of NESCO, WESCO and SOUTHCO) in the interest of consumers and the public interest at large. This is an interim arrangement under Section 20 (d) of the Electricity Act, 2003.

4. Hon'ble Commission further directs that the management and control of the utilities of NESCO, WESCO and SOUTHCO with all the assets, interests and rights shall vest with Chairman-Cum-Managing Director, GRIDCO with immediate effect and he shall manage the electricity supply activities in the revoked licensed area of NESCO, WESCO and SOUTHCO respectively till further orders of the Hon'ble Commission.
5. Subsequent to above direction of Hon'ble Commission the Administrator of the Utility has appointed an Authorised officer to look after the day to day operation of the utility without affecting the consumer service of the western part of the state.
6. That, as per OERC (Terms and Conditions of Intra state Open Access) Regulation, 2020 the licensee is required to file the application with Hon'ble Commission. Accordingly, this application is being filed along with ARR and tariff application for FY 2021-22.
7. The Orissa Electricity Regulatory Commission (herein after referred to as Commission), in exercise of the power vested in it under Sections 42 read with section 39,40, 86 and 181 of the Electricity Act 2003 (36 of 2003) and all other powers enabling in this behalf, determines the frame work for computation and implementation of cross subsidy surcharge for open access transactions within the State of Orissa.
8. The Hon'ble Commission in its Notification dated 2nd November 2020 has repealed the OERC (Terms and conditions of open access) Regulations, 2005 and OERC (Determination of open access charges) Regulations, 2006, and notified the new Regulations for open access to the intra-state transmission and distribution systems and terms and conditions thereof.
9. In view of above the Utility submits as under:

10. That the Utility in accordance with regulations framed by Hon'ble Commission under the provision of Electricity Act 2003 is required to file the wheeling charges, cross-subsidy surcharge, additional surcharge and stand by charges before the Commission for approval.
11. That the licensee is required to provide non-discriminatory open access to the consumers within the period as stipulated by the Commission in accordance with the provisions of Section 7 (d) under Chapter-III of the OERC (Terms and Conditions for determination of tariff) Regulations 2004.
12. That the Utility is required to get compensation for the loss of cross subsidy element from the consumers or category of consumers who have opted for Open Access to take supply from a person other than the licensee in accordance with the provisions of Section 7 (c) under Chapter-III of the OERC (Terms and Conditions for determination of tariff) Regulations 2004.
13. That the Utility is required to get additional surcharge to meet the fixed cost arising out of his obligation to supply to the consumers or category of consumers who have opted for Open Access in accordance with the provisions 7.74 and 7.75 of the OERC (Terms and Conditions for determination of wheeling tariff and retail supply tariff) Regulations 2014.
14. That the Utility submits before the Commission that at present no consumer is permitted by the utility to opt for Open access for getting compensation towards additional surcharge to meet the fixed cost. The utility reserves the right to file before the commission with the relevant short fall of fixed cost as and when the issue comes in future.
15. That, the present application is presented before the Honourable Commission for the approval of the wheeling charges and Cross-Subsidy surcharge for FY 2021-22.

Background

16. Wesco Utility is the holder of license No.4/99 granted by OERC under Section 15 of the OERA vide their order dated 31st March, 1999 and has been operating under the license granted by the Commission.
17. The Electricity Act 2003 (EA 2003) enables eligible consumers to have non-discriminatory Open Access (OA) to the network of a Licensee on payment of applicable charges. The EA 2003 and National Electricity Policy (NEP) formulated therein mandate the State Electricity regulatory Commissions to frame the terms and conditions and timeframe for introduction of OA in the State.

18. The Commission notified the OERC (Terms and Conditions for determination of wheeling and retail supply Tariff) Regulations, 2014 for Utilities in the State of Odisha as well as OERC (Terms and Conditions of Intra state Open Access) Regulations, 2020. However, in order to implement Open Access in the State, Hon'ble Commission is required to determine the following charges to be paid by the OA consumers:

- a. Wheeling charges;
- b. Cross-subsidy surcharge;
- c. Additional surcharge.
- d. Stand by charges

The Commission has defined the methodology in chapter 5 of (Terms and Conditions of Intra state Open Access) Regulation, 2020 for determination of transmission charges, wheeling Charges, Cross Subsidy surcharge, Additional Surcharge and stand by charges for use of the intra-State transmission network within the State. Further, the Commission will determine the above open access charges during the tariff determination process currently underway for all Utilities in the State.

In the said Regulation 2020 the Hon'ble Commission prescribed the issue of methodology to be followed for determination of transmission charges, wheeling charges, cross-subsidy surcharge, additional surcharge and stand by charges. It is envisaged that based on the prescribed methodology, the transmission charges, wheeling charges, cross-subsidy surcharge would be calculated during the tariff determination exercise currently underway.

Open Access Charges

The OERC (Terms and Conditions of Intra state Open Access) Regulation, 2020 provides that the Open Access Customers shall pay the following charges besides the other charges mentioned in the regulation for the use of the intra-state distribution system.

19. Transmission/Wheeling Charges

- (i) Wheeling charges payable to distribution licensee, by long-term or medium-term open access customer for usage of its system shall be as determined as under:

$$\text{Wheeling Charges} = (\text{Wheeling Cost}) / (\text{ALSDX365}) \text{ (in INR/MW-day)}$$

Where,

Wheeling Cost= Cost towards wheeling business as approved in the Tariff Order of the distribution licensee in the concerned year

ALSD= Total Average load projected to be served by the concerned distribution system in the concerned year

Provided that Wheeling charges for short-term open access consumers shall be payable as determined by the Commission for the relevant financial year on the basis of scheduled load/ energy in the Tariff Order. For Open Access for a part of a day, the wheeling charges shall be payable on prorata basis;

Provided further that where a dedicated distribution system used for open access has been constructed for exclusive use of an open access customer, the wheeling charges for such dedicated system shall be worked out by distribution licensee for their respective systems and got approved by the Commission and shall be borne entirely by such open access customer till such time the surplus capacity is allotted and used for by other persons or purposes;

Provided further that Wheeling Charges shall not be applicable in case dedicated lines (as defined under Section 2(16) of Electricity Act 2003) constructed by generator are being utilized for supply to the open access customer.

- (ii) Wheeling charges as calculated by WESCO is annexed as **Annexure-A**.

Table showing wheeling charge:-

Description	EHT	HT
Wheeling charges (Paise per unit)	Not Applicable	107

20. Cross Subsidy-Surcharge

- (i) If open access facility is availed of by a subsidising consumer of a distribution licensee of the State, then such consumer, in addition to transmission and/or wheeling charges, shall pay cross subsidy surcharge determined by the Commission. Cross subsidy surcharge determined on Per Unit basis shall be payable, on monthly basis, by the open access consumers based on the actual energy drawn during the month through open access. The amount of surcharge shall be paid to the distribution licensee of the area of supply from whom the consumer was availing supply before seeking open access.

Provided also that such cross subsidy surcharge shall not be levied in case distribution access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.

- (ii) Further submitted that the methodology prescribed by Hon'ble Commission in line with National Tariff Policy is as under;

Surcharge formula: $S = T - [C / (1 - L / 100) + D + R]$

Where S is the surcharge

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

C is the per unit bulk supply tariff as determined by OERC for sale of power from GRIDCO to distribution licensees.

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

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

R is the per unit cost of carrying regulatory assets. Provided that cross-subsidy surcharge shall be progressively reduced to reflect 20% of the tariff applicable to the category of the consumers seeking open access.

Accordingly the Licensee computed the cross subsidy surcharge which is mentioned in the following table. The statement of detail computation is annexed as **Annexure-B**.

Table showing Cross Subsidy Surcharge

Surcharge (P/KWH) EHT	Surcharge (P/KWH) HT
341	101

The above cross subsidy surcharge has been calculated considering the average EHT Tariff derived from proposed EHT sale in MU and value for FY 2021-22.

For HT category of consumers Wheeling charge @ 107 paise per unit and System loss at HT supply has been considered at 8%. The Cross-subsidy surcharge has been calculated considering the average HT tariff derived from proposed HT sales in MU and value for FY 2021-22.

The Power Purchase cost is the combination of Bulk Supply price of 322.60 paise per unit, Transmission charge 25 paise per unit, SLDC charge 0.0017 paise per unit as per prevailing tariff w.e.f. 01.05.2020 for transmission and SLDC charges & w.e.f 01.10.2020 for BST has been considered.

21. Additional Surcharge

(i) An open access consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge on the charges of wheeling, in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of section 42 of the Act.

(ii) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. Note: Fixed costs related to network assets would be recovered through wheeling charges.

(3) The distribution licensee shall submit to the Commission on six monthly basis, a detailed calculation statement of fixed cost, which the licensee is incurring towards his obligation to supply.

The Commission shall scrutinize the statement of calculation of fixed cost submitted by the distribution licensee and obtain objections, if any, and determine the amount of additional surcharge;

Provided that any additional surcharge so determined by the Commission shall be applicable on all open access customers.

(4) Additional surcharge determined on Per Unit basis shall be payable, on monthly basis, by the open access consumers based on the actual energy drawn during the month through open access;

Provided that such additional surcharges shall not be levied in case distribution access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.

22. Standby charges for drawal of power by open access customer from distribution licensee

In cases of outages of generator supplying to open access customer under open access, standby arrangements should be provided by the distribution licensee for a maximum period of 42 days in a year, subject to the load shedding as is applicable to the embedded consumer of the licensee and the licensee shall be entitled to collect tariff under Temporary rate of charge for that category of consumer in the prevailing rate schedule subject to the condition that such tariff shall not exceed the highest consumer retail tariff in the prevailing rate schedule:

Provided that in cases where temporary rate of charge is not available for that consumer category, the standby arrangements shall be provided by the distribution licensee for a maximum of 42 days in a year and on payment of fixed charges of 42 days and energy charges for that category of consumer in the prevailing rate schedule:

Provided also that open access customers would have the option to arrange stand-by power from any other source.

With the above the utility submits that it is required to be addressed the following issues in particular while determining open access charges of the utility for the ensuing year FY 2021-22.

Cross subsidy surcharge during peak and off peak hour:-

During off peak hour the consumer is getting TOD benefit as per prevailing RST as a result tempted to draw more power from DISCOM and avoiding peak hour drawal due to higher RST. So to maintain disparity there should be two rates for CSS.

There should be an annual plan for open access drawal:-

Industries those who are intends to draw power under open access should at least give their annual tentative plan to the DISCOMs or to OERC for proper planning of INPUT requirement of the Utility, so that procurement of costly power would be avoided as well as Utilities BSP would be protected.

Drawal of open access more than the contract Demand :-

To avail open access most of the industries are trying to reduce their CD. So to avoid such difficulties of the DISCOMs open access should not be permitted for the consumer who intends to draw more than its contract demand (CD).

Wheeling of power by industries having CGP:-

CGP are allowed to carry their own power to the destination without levy of CSS. However, they are supposed pay wheeling charges to the respective licensees. But, most of the industries are trying to avoid the same as because they have drawn the line of their own. As per Electricity Act a consumer is not permissible to operate a distribution system without having a distribution licensee and hence the line so drawn is the part of the distribution system and levy of wheeling charges is inevitable. Necessary direction in this regard may kindly be given while approving open access charges for the ensuing year for the utility.

Recovery of Regulatory Assets:-

Recovery of RA should also be a part of CSS or may be recovered through additional surcharge. As because the consumer who is opting for open access was a part of the distribution system when Regulatory Asset were created due to under recovery of tariff.

Recovery of Stranded cost:-

- When an Open Access Consumer's drawal quantum is more Licensee are unable to recover the approved Cost which in turn affects it's BSP.

- The CSS is being determined & recovered based on the ECR, limiting to a capping of (+/-) 20%(as per NTP). However, it is not sufficient enough to neutralise the cost of power being incurred on account of long term PPAs with generators, to whom fixed cost shall have to be paid irrespective of drawl of power in real time.
- Therefore, Additional Surcharge is inevitable in the context of recovery of stranded fixed cost from the Open Access Customers.
- Many States like Gujrat, Maharashtra, Rajasthan, Punjab & Delhi have implemented levy of Additional Surcharge, Standby Charge, Regulatory Surcharges for Open Access Customers.

4 Other proposal

4.1 As per OERC (Terms and Conditions of Intra state Open Access) Regulation, 2020 vide para 35, in case of long-term access and medium-term open access, the applicant for open access will open an irrevocable revolving Letter of Credit in favour of the agency responsible for collection of various charges for the estimated amount of various charges for a period of two (2) months. **however no such security mechanism for consumers availing power under short term open access with the licensee. Therefore, necessary direction may kindly be given in this regard.**

4.2 It is submitted that Hon'ble Commission has pronounced the open access charges applicable from 01.05.2020 vide order dated 22.04.2020 in case no.77,78,79 & 80 of 2019 .

The wheeling charges and surcharge as applicable for HT & EHT industries for WESCO effective **from 01.05.2020 and continued till 30-09-20** are as follows:-

For HT Industries:-

Wheeling charges =57.91 paise per unit
Cross Subsidy Surcharge=71.42 paise per unit.

For EHT Industries:-

Cross Subsidy Surcharge=122.79 paise per unit.

from 01.10.2020 and continued till date are as follows

For HT Industries:-

Wheeling charges =57.91 paise per unit
Cross Subsidy Surcharge=71.29 paise per unit.

For EHT Industries:-

Cross Subsidy Surcharge=123.67 paise per unit.

- 4.3 It is submitted that the open access to existing consumer should be allowed within limited Transmission / Distribution capacity. A limit should be fixed by the Hon'ble commission so that the distribution licensee may be allowed to reserve adequate transmission/ Distribution corridor for new consumer, to safe guard the interest of the new consumers in the state.
- 4.4 It is submitted that the industries opting for open access may also be required to provide their tentative schedule for the year in advance so that the distribution licensee would schedule it's intake from GRIDCO. Industries those who are not providing their annual schedule they should not be permitted to draw power more than their CD.
- 4.5 It is submitted that the BST rate for the units consumed by the open access consumer from DISCOM other than the incumbent distribution utility may be determined at a higher rate in order to avoid the unwanted competition/ discrimination among the DISCOMs.
- 4.6 Hon'ble Commission has approved that no cross subsidy surcharge are payable by the consumers availing Renewable Power. In view of the same it is the Humble Submission of the utility that the renewable power should be made available to the subsidised category i.e. LT category of consumer through BSP. Industries are not supposed to be given benefit of such cheaper power. Industries should make their own arrangement for creation of adequate infrastructure to harness renewable power as per RPO obligation. If CSS would be made applicable then industries will try to generate renewable power and GRDICO as the obligated entity will avail the renewable power for DISCOM in cheaper rate for benefit of LT category of consumers. Therefore, CSS may kindly be made applicable for the consumers who are directly availing from the IEX or through bilateral mechanism.

Prayer

In the aforesaid facts and circumstances, the utility requests that the Hon'ble Commission may be pleased to:

- Consider the proposal of WESCO in this application for determination of Wheeling Charges and Cross Subsidy Surcharge on record.
- Approve the Wheeling charges and Cross Subsidy Surcharge as prayed for FY 2021-22.

- Fixation of Additional Surcharge in addition to CSS and Wheeling towards recovery of stranded FC, Recovery of Regulatory Assets.
- Approval of CSS for Peak and Off peak hour.
- Fixation of limitation for drawal of open access charges beyond CD.
- Direction to pay wheeling charges by CGPs who are carrying own power through own Line or Net Work Assets created by them.
- Submissions of annual plan by open access consumers with the licensee or before State Commission as the case may be.
- Levy of cross subsidy surcharge to the consumer availing renewable power.
- Any other relief, order or direction which the Hon'ble Commission deems fit to be also issued.

by the Applicant
Through it's Authorised Officer

Place:

Date:

BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION

BHUBANESWAR

IN THE MATTER OF

An Application for approval of Open Access Charges for the financial year 2021-22, in accordance with the para 22, 23, 24 & 25 of chapter 5 of OERC (Terms and Conditions of Intra state Open Access) Regulation, 2020, Wheeling Charges, Cross Subsidy Surcharge, Additional Surcharge & Stand by charges applicable to open access customers for use of intra-state transmission/ distribution system, in view of section 42 of the Electricity Act-2003.

AND

IN THE MATTER OF

Wesco Utility

Head Office Burla, Sambalpur, Odisha-768017.

-----WESCO Utility

Affidavit verifying the application for approval of Open Access Charges for the year FY 2021-22.

I, Tapas Pattnaik, Son of Late Umesh Ch. Pattnaik, aged about 58 years, residing at, Burla, Sambalpur, do hereby solemnly affirm and state as follows:-

I am the Authorised Officer of Administrator for Wesco Utility (WESCO), HQ. Office-Burla, Sambalpur, Odisha-768017.

The statements made above along with the annexures annexed to this application are true to the best of my knowledge and the statements made are based on information and records and I believe them to be true

Place

Date

DEPONENT

Authorised Officer, WESCO UTILITY