

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

**Present : Shri U. N. Behera, Chairperson
Shri A. K. Das, Member
Shri S. K. Parhi, Member**

CASE NOS. 74, 75, 76 and 77 of 2018

**DATE OF HEARING : 08.02.2019 (WESCO Utility),
07.02.2019 (NESCO Utility),
11.02.2019 (SOUTHCO Utility) and
12.02.2019 (CESU)**

DATE OF ORDER : 29.03.2019

IN THE MATTER OF: Applications of Distribution Utilities (NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU) for approval of their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff for the FY 2019-20 under Sections 62 and 64 and other applied provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004 and other Tariff related matters.

AND

CASE NOS. 78, 79, 80 and 81 of 2018

**DATE OF HEARING : 08.02.2019 (WESCO Utility),
12.02.2019 (CESU),
07.02.2019 (NESCO Utility) and
11.02.2019 (SOUTHCO Utility)**

IN THE MATTER OF: Applications under Section 42 of the Electricity Act, 2003 read with Regulations 4 (1) (xiv), 2 (vii) and 3 (vi) of the OERC (Determination of Open Access Charges) Regulations, 2006 and other enabling provisions of the OERC (Terms and Conditions of Open Access) Regulations, 2005 of DISCOM Utilities namely NESCO, WESCO, SOUTHCO and CESU for approval of wheeling charges, surcharges and additional surcharges for FY 2019-20.

ORDER

The Distribution Utilities in Odisha namely NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU are carrying out the business of distribution and retail supply of electricity in their licensed areas as detailed below:

Table – 1

| Sl. No. | Name of DISCOM UTILITIES | Licensed Areas (Districts) | % area of the State |
|----------------|---------------------------------|--|----------------------------|
| 1. | NESCO Utility | Mayurbhanj, Keonjhar, Bhadrak, Balasore and major part of Jajpur. | 18.0 |
| 2. | WESCO Utility | Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda. | 32.3 |
| 3. | SOUTHCO Utility | Ganjam, Gajapati, Kandhamal, Boudh, Rayagada, Koraput, Nawarangpur and Malkanagiri. | 30.8 |
| 4. | CESU | Puri, Khurda, Nayagarh, Cuttack, Denkanal, Jagatsinghpur, Angul, Kendrapara and some part of Jajpur. | 18.9 |
| Odisha Total | | | 100.0 |

The Commission initiated proceedings on the filing of Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Applications (RST) for FY 2019-20 of these Distribution Utilities under relevant provisions of the Electricity Act, 2003. By this common Order, the Commission considers aforesaid Aggregate Revenue Requirement (ARR), Wheeling Tariff and RST applications of the above mentioned Distribution Utilities and other related tariff matters.

PROCEDURAL HISTORY (PARA 2 TO 17)

2. The Commission vide order dated 04.03.2015 in Suo Motu proceeding Case No. 55/2013 have revoked the licenses granted to NESCO, WESCO and SOUTHCO u/Sec. 19 of the Electricity Act, 2003 due to failure in meeting license requirements and have appointed the CMD, GRIDCO Limited as the Administrator under Section 20 (d) of the said Act, 2003 and vests the management and control of NESCO, WESCO and SOUTHCO Utilities along with their assets, interests and rights with the Chairman-cum-Managing Director, GRIDCO Limited in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern distribution Zone of Odisha in the interest of the consumers. Presently another DISCOM CESU is being managed through a Scheme as per Section 22 (1) of the Electricity Act, 2003 due to exit of AES.
3. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations,

2014 the Distribution Utilities i.e. NESCO Utility, WESCO Utility , SOUTHCO Utility and CESU have filed their Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff Application (RST) for FY 2019-20 on or before 30th November,2018.

4. The said Aggregate Revenue Requirement (ARR), Wheeling Tariff and Retail Supply Tariff applications were duly scrutinized and registered as Case Nos.75/2018 (NESCO Utility), 74/2018 (WESCO Utility), 76//2018 (SOUTHCO Utility), and 77/2018 (CESU) respectively.
5. As per the direction of the Commission, applicants have published the Aggregate Revenue Requirement (ARR), Wheeling and RST tariff Applications in the prescribed formats in the leading and widely circulated Odia and English newspapers in their area of supply in order to invite objections/suggestions from the general public and also posted in the Commission's website www.orierc.org including the website of the Distribution Utilities respectively. The Commission had also directed the applicants to file their respective rejoinder to the objections filed by all the objectors.
6. In response to the said public notices, the Commission received objections/suggestions from the following persons/ associations/ institutions/ organizations as mentioned below against each of the respective distribution licensees:

On WESCO Utility's application: -

7. (1) M/s. Shree Salasar Castings Pvt. Ltd., Regd. Office-Balanda, Po-Kalunga, Dist-Sundargarh-770031,(2) M/s. D. D. Iron and Steel (P) Limited, H-4/5, Civil Township, Rourkela-769004, Dist-Sundargarh,(3) M/s. Shree Radharaman Alloys (P) Limited, P4/20, Civil Township, Rourkela-769004, Dist-Sundargarh,(4) M/s. Maa Girija Ispat (P) Ltd., Regd. Off-BB-2, Ground Floor, Civil Township, Rourkela-4, Dist-Sundargarh,(5) M/s. Bajrang Steel and Alloys Ltd.(BASL),At/P.O: Kalunga, Dist.-Sundargarh-770031, (6) M/s. Vishal Ferro Alloys Pvt. Limited, At- Plot No. 1562/2565, Vill- Balanda, Po-Kalunga, Dist-Sundargarh-770031, (7) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar-7, (8) Er.(Dr) Prasanta Kumar Pradhan, Duplex-244, Monorama Estate, Rasulgarh, Bhubaneswar-751010,(9) M/s. Utkal Chamber of Commerce and Industry Ltd,N-6, IRC Village, Nayapalli, Bhubaneswar-751015,(10) M/s. Dalmia Cement(Bharat)Ltd., AT/P.O: Rajgangpur-770017, Dist.-Sundargarh,(11) Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Takapani Road,P.S: Badagada, Bhubaneswar, Dist-Khurda-751002,(12) M/s. Swain and Sons Power Tech Pvt. Ltd., At K-8/82, Kalinganagar,

Ghatikia, Bhubaneswar-751003,(13) Sri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour and President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(14) Shri Prabhakar Dora, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001,(15) M/s. Larsen and Toubro Ltd., Rourkela Campus, At/P.O:Kansbahal Works, P.S: Rajgangpur, Dist.-Sundargarh-770034,(16) Shri Biswanath Pattanaik, S/o.-Late Banchhanidhi Pattanaik,SA-12,Shakti Nagar, Rourkela-14, P.S: Sector-3, Dist.-Sundargarh,(17) Shri G.N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur-768003 (Consumer Counsel),(18) Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela.-769012(Consumer Counsel),(19) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel).

All the above named objectors filed their objections/suggestions and out of the above Objectors, Objector No. 14,16, Sundargarh District Employee Association, At-1, Basanti Nagar, Rourkela.- 769012 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsels and the representative of Government of Odisha, Department of Energy, Government of Odisha Bhubaneswar.

On NESCO Utility's application: -

8. (1) M/s. Ferro Alloys Corporation Limited, GD-02/10, Chandrasekharpur, Bhubaneswar-751023,(2) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (3) M/s Emami Paper Mills Limited, Balgopalpur, Rasulpur, Dist-Balasore-756020,(4) Sri Santosh Kumar Nayak, S/O. Shri Kahnei Chandra Nayak, At-Bhagia, P.O: Markona, Via/P.S: Simulia, Dist.-Balasore-756126,(5) Sri Pravat Biswal,S/o. Late Abhaya Biswal, At- Chittola,P.O: Anatapur, Via/P.S: Soro, Dist.- Balasore-756046,(6) Sri Banamali Biswal,S/O.Late Bhaskara Biswal,At/P.O: Markona,Via/P.S: Simulia, Dist.-Balasore-756126,(7) M/s. Utkal Chamber of Commerce and Industry Ltd,N-6, IRC Village, Nayapalli, Bhubaneswar-751015,(8) M/s. Balasore Alloys Limited, Balgopalpur, Balasore-756020,(9) Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Takapani Road,P.S: Badagada, Bhubaneswar, Dist-Khurda-751002,(10) M/s. Swain and Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-

751003,(11) M/s. Tata Steel Limited,Kalinganagar Industrial Complex,, Duburi, JK Road,, Dist.-Jajpur-755026,(12) M/s. IDCOL Ferro Chrome and Alloys Limited, P.O: Ferro Chrome Project, Jajpur Road, Dist-Jajpur-755020,(13) M/s. North Odisha Chamber of Commerce and Industry (NOCCI), Ganeswarapur Industrial Estate, Januganj, Balasore-756019,(14) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour and President,Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(15) Shri R. P. Mahapatra, Retd. Chief Engineer and Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13,(16) Shri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, Dist. Rayagada-765001,(17) Shri Nilambar Mishra, S/o.-Late Khetramohan Mishra, M/s. Orissa Consumer Association, Balasore Chapter (Consumer Counsel), At/Po-Rudhunga, Via/Ps-Simulia, Dist-Balasore-756126,(18) Shri Radhakanta Mishra, S/o. Late Dibakar Mishra,At Sanmaitapur, P.O: Maitapur, Simulia, Dist.- Balasore-756131,(19) M/s. Orissa Consumer Association, Balasore Chapter (Consumer Counsel), At/Po-Rudhunga, Via/Ps-Simulia, Dist-Balasore-756126,(20) Secretary, PRAYAS, Energy Group (Consumer Counsel), Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India.

All the above named objectors filed their objections/suggestions and out of the above Objectors, Objector No.5,16 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were not present during tariff hearing. All the written submissions filed by the objectors were taken on record and also considered by the Commission. The Commission heard the applicant, the Objectors, Consumer Counsels and the representative of Government of Odisha, Department of Energy, Bhubaneswar and those who were present during hearing.

On SOUTHCO Utility's application:

9. (1) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (2) M/s. Utkal Chamber of Commerce and Industry Ltd., N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (3) Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Tankapani Road, Ps-Badagada, Bhubaneswar, Dist-Khurda-751002.,(4) M/s. Swain and Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003,(5) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour and President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(6) Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, 3rd Line, Dist. Rayagada-

765001, (7) Grahak Panchayat, Friends Colony, Paralakhemundi, Dist-Gajapati-761200. (Consumer Counsel),(8) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel).

All the above named objectors were filed their objections/suggestions and both the Consumer Councils were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors/their representatives and the representative of Government of Odisha, Department of Energy, Bhubaneswar.

On CESU's application:

10. (1) Shri. Akshya Kumar Sahani, Retd. Electrical Inspector, Goo, B/L-108, VSS Nagar, Bhubaneswar,(2) M/s. Utkal Chamber of Commerce and Industry Ltd., N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (3) Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Tankapani Road, Ps-Badagada, Bhubaneswar, Dist-Khurda-751002, (4) M/s. IDCOL Ferrochrome and Alloys Limited, Po-Ferro Chrome Project, Jajpur Road, Dist-Jajpur-755020, (5) M/s. Swain and Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, (6) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour and President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (7) Shri R.P.Mahapatra, Retd. Chief Engineer and Member (Gen.), Plot No-775 (P), Lane-3, Jayadev Vihar, Bhubaneswar-751013, (8) Sri Prabhakar Dora, Advocate, Vidya Nagar, 3rd Line, Co-Operative Colony, Rayagada, 3rd Line, Dist. Rayagada-765001. (9) Secretary, PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India (Consumer Counsel), (10) Secretary, Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009. (Consumer Counsel).

All the above named objectors filed their objections/suggestions and both the Consumer Counsels namely Confederation of Citizen Association, 12/A, Forest Park, Bhubaneswar-751009 and PRAYAS, Energy Group, Amrita Clinic, Athawale Corner, Carve Road, Pune-411004, India were absent during hearing and also had not submitted their written note of submissions for consideration by the Commission. The Commission heard the applicant, the Objectors/their representatives and the representative of Government of Odisha, Department of Energy,. Bhubaneswar.

Table – 2

| Sl. No. | Name of the Organisations/persons with address | Name of the Distribution Utility from where the Consumer Counsel to represent |
|----------------|---|--|
| 1 | Orissa Consumers' Association, Balasore Chapter, Balasore | NESCO Utility |
| 2 | Sambalpur District Consumers' Federation, Balaji Mandir Bhavan, Khetrampur, Sambalpur | WESCO Utility |
| 3 | Sundargarh District Employee Association, AL-1, Basanti Nagar, Rourkela | WESCO Utility |
| 4 | Grahak Panchayat, Friends Colony, Parlakhemundi, Dist : Gajapati | SOUTHCO Utility |
| 5 | Secretary, Confederation of Citizen Association, 12/A, Forest Park, BBSR-9. | CESU |
| 6 | The Secretary, PRAYAS Energy Group, Pune | NESCO Utility, WESCO Utility, SOUTHCO Utility and CESU |

The above named Consumer Counsels, those who have furnished their written submission and also participated in the hearing were considered by the Commission.

11. The dates for hearing were fixed and it was duly notified in the leading English and Odia daily newspaper mentioning the date, place and time of hearing along with the names of the objectors. The Commission issued notice to the Government of Odisha represented by the Department of Energy to send their authorized representative to take part in the hearing of the ensuing tariff proceedings.
12. In its consultative process, the Commission conducted public hearings in its Premises at Plot No.4, Chunokoli, Shailashree Vihar, Chandrasekharpur, Bhubaneswar-21, on 07.02.2019 for NESCO Utility, 08.02.2019 for WESCO Utility, 11.02.2019 for SOUTHCO Utility and 12.02.2019 for CESU. The Commission during hearing heard the Applicants, Consumer Counsel, World Institute of Sustainable Energy, Pune and the persons/institutions/ organizations who had filed their written views and participated in the hearing, the Objectors present during hearing and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.
13. Distribution Utilities of Odisha had filed their application for wheeling charges, surcharges and additional surcharges for financial year 2019-20 under Section 42 of the Electricity Act, 2003 read with Regulations 4(1)(xiv), 4(2) (vii) and 4(3)(vi) of the OERC (Determination of Open Access Charges) Regulation 2006 and OERC (Terms and Conditions of Open Access) Regulation 2005 which were registered as Case Nos. 78, 79, 80 and 81/2018. The Commission had directed the Distribution Utilities to

publish the Public Notice regarding their application in widely circulated Odia and English newspaper inviting views/ suggestion of the public. The Commission had also posted a copy of their applications in its website. The following persons have filed their views / objections in response to such public notice.

Er.(DR) P. K. Pradhan, Duplex 244, Manorama Estate, Rasulgarh, Bhubaneswar-751010, Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Tankapani Road, Ps-Badagada, Bhubaneswar, Dist-Khurda-751002, M/s. SMC Power Generation Ltd.,At/P.O: Hirma, Jharsuguda, Odisha-768202,M/s. Confederation of Captive Power Plant Odisha (CCPPO),N-3-160,IRC Village, Nayapalli, Bhubaneswar-751015, M/s. Vedanta Ltd.,1st Floor, Fortune Towers, Chandrasekharpur, Bhubaneswar-23, M/s. Indian Energy Exchange Ltd., Fourth Floor, TDI Centre, Plot No.7, Josola District Centre, New Delhi-110025, M/s. Greenko Energies Pvt. Ltd., R.O At- Plot No.1071, Road no.44, Jubilee Hills, Hyderabad-500033, Telengana, M/s. Hindalco Industries Ltd.,J-6, Jayadev Vihar, Bhubaneswar-751013, M/s. Swain and Sons Power Tech Pvt. Ltd., At-K-8/82,Kalinga Nagar, Ghatikia, Bhubaneswar-751003, Shri R.P. Mahapatra, Retd. Chief Engineer and Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13. The said filings are also taken on record and duly considered by the Commission.

14. The Commission took up Case Nos. 78, 79, 80 and 81 /2018 together with the applications of the Distribution Utilities for determination of ARR, Wheeling Tariff and Retail Supply Tariff for FY 2019-20 for analogues hearing as the matter is inter related to fixation of tariff of the utilities and posted the matters for hearing on 07.02.2019, 08.02.2019, 11.02.2019 and 12.02.2019 respectively along with the Tariff applications of DISCOM Utilities in the Hearing Hall of its premises at Bhubaneswar with due notice to the applicants and the objectors.
15. During hearing on Open Access Charges the following persons were present on behalf of applicants and the objectors:
Shri U. K. Samal, Authorized Officer, WESCO Utility, Shri. K. C. Nanda, DGM (Fin.), WESCO Utility, Md. Sadique Allam, CEO, CESU, Shri B.K. Sahoo, Authorized Officer, NESCO Utility, Ms. Malancha Ghose, Manager (RA), NESCO Utility, Shri Radha Raman Panda, Authorized Officer,SOUTHCO Utility, Shri Subrat Kumar Routray, Manager (Fin.), SOUTHCO Utility, Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Tankapani Road, Ps-Badagada, Bhubaneswar, Dist-Khurda-

751002,, Shri R. P. Mahapatra, Retd. Chief Engineer and Member (GEN), OSEB, Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-13, Er. (DR) P.K.Pradhan, Duplex 244, Manorama Estate, Rasulgarh, Bhubaneswar-751010, Shri Bibhu Charan Swain, the authorized representative of M/s. Swain and Sons Power Tech Pvt. Ltd., at-K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, M/s. CCPPO, M/s. SMC Power Generation Ltd., Shri Naveen Kumar, AVR Commercial, M/s. Greenko Energies Pvt., Mr. P. K. Mohanty, Sr. Advocate, Sri P. K. Ray, Advocate on behalf of M/s. Greenko Energies Pvt., Shri S. C. Das, Sri K. Roul and Sri R. Sarangi of M/s. Hindalco Industries Ltd., Sri Ninad Nigam, D.M, M/s. Vedanta Ltd., Shri Oisik Mishra, Regional manager(ER), M/s. Indian Energy Exchange Ltd. The filings made by the parties were taken on record and also considered by the Commission.

16. The Commission heard the applicants, objectors and the representative of the DoE, Government of Odisha at length. Parties were directed to file their written note of submission within seven days.
17. The Commission convened the State Advisory Committee (SAC) meeting on 20.02.2019 at 3.00PM at its premises to discuss about the Aggregate Revenue Requirement, Wheeling Tariff and Retail Supply Tariff application proposals of the Distribution Utilities. The Members of SAC, Special Invitees, the Representative of DoE, Government of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

ARR and RETAIL SUPPLY TARIFF PROPOSAL FOR 2018-19(PARA 18 TO 51)

Energy Sales and Purchase

18. A statement of Energy Purchase and Sales by the DISCOM utilities from FY 2017-18 to 2019-20 as submitted by the DISCOM Utilities of Odisha namely Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Ltd.(NESCO), Western Electricity Supply Company of Odisha Ltd.(WESCO) and Southern Electricity Supply Company of Odisha Ltd.(SOUTHCO) are given below:

**Table - 3
Energy Sales and Purchase**

| | | EHT | HT | LT | TOTAL |
|-------------|--------------------------------|------------|-----------|-----------|--------------|
| CESU | Actual Sales during 2016-17 | 975.27 | 1219.8 | 3293.5 | 5488.59 |
| | Actual Sales during 2017-18 | 1003.28 | 1329.16 | 3449.2 | 5781.64 |
| | Approved Sales for FY 2018-19 | 932.70 | 1442.56 | 4286.03 | 6661.29 |
| | Estimated Sales for FY 2018-19 | 1167.43 | 1426.83 | 3954.70 | 6548.96 |

| | | | | | |
|------------------------|------------------------------------|----------|----------|-----------|-----------|
| | Proposed Sales for FY 2019-20 | 1171.12 | 1529.10 | 4591.29 | 7291.51 |
| | Proposed rise over Est. FY 2018-19 | 0.32% | 7.17% | 16.10% | 11.34% |
| NESCO Utility | Actual Sales during 2016-17 | 1975.78 | 410.40 | 1691.03 | 4077.21 |
| | Actual Sales during 2017-18 | 1997.772 | 441.717 | 1795.472 | 4234.961 |
| | Approved Sales for FY 2018-19 | 2041.09 | 409.45 | 2562.78 | 5013.31 |
| | Estimated Sales for FY 2018-19 | 2101.666 | 426.575 | 2136.731 | 4664.972 |
| | Proposed Sales for FY 2019-20 | 2134.356 | 424.36 | 2568.311 | 5127.027 |
| | Proposed rise over Est. FY 2018-19 | 1.555% | -0.519% | 20.19% | 9.9% |
| WESCO Utility | Actual Sales during 2016-17 | 1234.27 | 1443.51 | 2121.08 | 4798.86 |
| | Actual Sales during 2017-18 | 1219.189 | 1682.443 | 2476.158 | 5377.789 |
| | Approved Sales for FY 2018-19 | 1000.00 | 1550.00 | 3174.48 | 5724.48 |
| | Estimated Sales for FY 2018-19 | 1300.00 | 1650.00 | 2620.00 | 5570.00 |
| | Proposed Sales for FY 2019-20 | 1250.00 | 1730.00 | 2940.00 | 5920.00 |
| | Proposed rise over Est. FY 2018-19 | -3.84% | 4.84% | 12.21% | 6.283% |
| SOUTHCO Utility | Actual Sales during 2016-17 | 321.92 | 213.4 | 1631.85 | 2167.17 |
| | Actual Sales during 2017-18 | 399.441 | 248.150 | 1686.527 | 2334.118 |
| | Approved Sales for FY 2018-19 | 364.27 | 238.65 | 2123.78 | 2726.70 |
| | Estimated Sales for FY 2018-19 | 402.321 | 296.55 | 1914.064 | 2612.935 |
| | Proposed Sales for FY 2019-20 | 406.249 | 307.446 | 2261.698 | 2975.393 |
| | Proposed rise over Est. FY 2018-19 | 0.98% | 3.67% | 18.16% | 13.87% |
| Total | Actual Sales during 2016-17 | 4507.24 | 3287.11 | 8737.48 | 16531.83 |
| | Actual Sales during 2017-18 | 4619.682 | 2372.31 | 5958.157 | 11946.868 |
| | Approved Sales for FY 2018-19 | 4338.06 | 3640.66 | 12147.07 | 20125.78 |
| | Estimated Sales for FY 2018-19 | 4971.417 | 3799.955 | 10625.495 | 19396.867 |
| | Proposed Sales for FY 2019-20 | 4961.725 | 3990.906 | 12361.299 | 21313.93 |
| | Proposed rise over Est. FY 2018-19 | -0.19% | 5.03% | 16.34% | 9.88% |
| Purchase | Actual Purchase 2017-18 | | | | 24632.47 |
| | Estimated purchase 2018-19 | | | | 26197.91 |
| | Proposed Purchase 2019-20 | | | | 27932.21 |

Sales analysis for FY 2019-20

19. For projecting the energy sale to different consumer categories, the Licensee had analysed the past trends of consumption pattern for last sixteen years i.e. FY 2001-2002 to FY 2017-18. In addition, the Licensee has relied on the audited accounts for FY 2017-18 and actual sales data for the first six months of FY 2018-19. With this, the four distribution utilities have forecasted their sales figures for the year 2019-20 as detailed below with reasons for sales growth.

Table - 4
Sales Forecast

| Licensee/ Utility | LT Sales for 2019-20 (Est.) | | HT Sales for 2019-20 (Est.) | | EHT Sales for 2019-20 (Est.) | | Total Sales 2019-20 (Est.) MU |
|--------------------------|--|---------------------------|--|---------------------------|--|------------------------|---|
| | (MU) | % Rise over FY18-19 | (MU) | % Rise over FY18-19 | (MU) | % Rise over FY18-19 | |
| CESU | 4591.29 | 16.10 | 1529.10 | 7.17 | 1171.12 | 0.32 | 7291.51 |
| Remarks | Substantial increase in domestic and irrigation consumption | | Substantial increase in Irrigation and Allied Agriculture and Agro-industrial activity. | | Flat sales forecast due to economic stagnancy. Also include energy demand by railway traction (342.95 MU) | | |
| NESCO Utility | 2568.311 | 20.19% | 424.36 | -0.52% | 2134.356 | 1.56% | 5127.027 |
| Remarks | Increase in demand is due to electrification under DDUGJY, RGGVY, BSVY and BGJY and growth in domestic category consumers | | Due to recession in steel and mining there is no increase in load further one of the HT consumer is shifting to EHT category | | Considering growth of railway traction, BRPL, Joda, Dhamara Port Company Ltd, and change of supply system of M/s Joda East Iron and Mines Ltd from 33kV (HT) to 220 kV(EHT) and M/s B. C Mohanty and Sons Pvt. Ltd. From 33kV(HT) to 132kV(EHT). This Also includes railway traction demand – 375.740 MU | | |
| WESCO Utility | 2940.00 | 12.20% | 1730.00 | 4.85% | 1250 | - 3.85% | 5920.00 |
| Remarks | Impact of electrification of new villages under DDUGJY and SAUBHAGYA, growth in domestic category and irrigation consumption | | HT Industries who regularly opted to draw power under Open Access in the past has preferred Wesco power due to high prices in IEX. | | Reduction in EHT sales because industries are setting their own CPP and purchasing through open access. EHT sales forecast also includes 294.420MU for railway traction | | |
| SOUTH Utility | 2261.70 | 18.14% | 307.446 | 3.67% | 406.249 | 0.98% | 2975.39 |
| Remarks | Impact of electrification of new villages under DDUGJY and SAUBHAGYA Schemes. Around 92000 Nos. of BPL and 395000 Nos. of APL to be added by March 2019. | | Nominal addition in consumption considered due drawl of power by TATA STEEL GOPALPUR Project. | | Marginal increase as there is neither any proposal of enhancement of load from existing consumers nor any new industry is materialised. Consumption may decrease if EHT consumer draws power from open access. Also considers 139.38 MU towards railway traction. | | |

Rise of BPL Consumers in the State

20. During the past years Odisha has seen a substantial rise in BPL consumers which in turn is affecting the revenue of DISCOM Utilities as submitted by them while filing their ARR for FY 2019-20. The trend observed during last year is as given below:

Table - 5
Trend of BPL Consumer and their consumption pattern

| Year | CESU | | | NESCO Utility | | | WESCO Utility | | | SOUTHCO Utility | | |
|---------------------|---------------------------------|----------------|--|---------------------------------|----------------|--|---------------------------------|----------------|--|---------------------------------|----------------|--|
| | No of Consumers as on 1st April | Consumption MU | Consumption per consumer per Month (in Unit) | No of Consumers as on 1st April | Consumption MU | Consumption per consumer per Month (in Unit) | No of Consumers as on 1st April | Consumption MU | Consumption per consumer per Month (in Unit) | No of Consumers as on 1st April | Consumption MU | Consumption per consumer per Month (in Unit) |
| 2011-12 (Actual) | 42,483 | 18.58 | 36.45 | 1,07,593 | 18.05 | 13.98 | 68,418 | 37.86 | 46.12 | 65,104 | 40.38 | 51.69 |
| 2012-13 (Actual) | 1,01,041 | 45.88 | 37.84 | 1,69,264 | 38.94 | 19.17 | 1,43,740 | 53.78 | 31.18 | 1,50,767 | 99.34 | 54.91 |
| 2013-14 (Actual) | 1,64,864 | 53.19 | 26.89 | 1,69,264 | 124.31 | 61.2 | 2,10,608 | 62.3 | 24.65 | 2,63,345 | 136.65 | 43.24 |
| 2014-15 (Actual) | 1,52,862 | 62.14 | 33.88 | 2,15,528 | 106.91 | 41.34 | 3,18,026 | 128.45 | 33.66 | 3,07,803 | 186 | 50.32 |
| 2015-16 (Actual) | 175671 | 60.81 | 28.85 | 2,09,651 | 85.07 | 33.81 | 2,87,211 | 143.21 | 41.55 | 3,69,028 | 228 | 51.46 |
| 2016-17 (Actual) | 1,80,309 | 6236 | 28.91 | 1,79,336 | 77.68 | 36.1 | 1,73,966 | 66 | 32.03 | 4,04,454 | 208 | 43.05 |
| 2017-18 (Actual) | 152918 | 48.09 | 29.81 | 158,571 | 48.592 | 25.54 | 189,853 | 59.808 | 26.25 | 363,322 | 140.58 | 32.24 |
| 2018-19 (Estimated) | 115978 | 105.40 | 75.73 | 147,423 | 60.762 | 34.35 | 214,019 | 90 | 35.04 | 326,639 | 153.61 | 40.7 |
| 2019-20 (Projected) | 451846 | 163.37 | 30.13 | 207,359 | 70.796 | 28.45 | 656,380 | 276.215 | 35.07 | 519,025 | 188.263 | 30.23 |

Losses

21. The Distribution Loss, Collection Efficiency and AT & C Loss as fixed by OERC and actual attained by the licensees by the four DISCOM Utilities since FY 2013-14 onwards along with their proposal for the ensuing year are given hereunder

Table - 6
Loss Statement of the DISCOM Utilities (in %)

| | 2013-14 (Actual) | 2014-15 (Actual) | 2015-16 (Actual) | 2016-17 (Actual) | 2017-18 (Actual) | 2018-19 (Approved) | 2018-19 (Estd. by the Licensees) | 2019-20 (Proposed by the Licensees) |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------|----------------------------------|-------------------------------------|
| DISTRIBUTION LOSS (%) | | | | | | | | |
| CESU | 34.63% | 33.90% | 33.42% | 32.57% | 31.72% | 23.00% | 28.79% | 25.99% |
| NESCO Utility | 33.84% | 31.10% | 26.73% | 23.50% | 22.28% | 18.35% | 20.00% | 19.00% |
| WESCO Utility | 36.68% | 35.46% | 33.76% | 31.22% | 25.81% | 19.60% | 25.23% | 23.12% |
| SOUTHCO Utility | 40.99% | 39.00% | 36.70% | 34.59% | 32.70% | 25.50% | 29.60% | 26.53% |
| ALL ODISHA | 35.88% | 34.46% | 32.51% | 39.39% | | 21.32% | 25.96% | 23.69% |
| COLLECTION EFFICIENCY (%) | | | | | | | | |
| CESU | 92.56% | 94.30% | 94.26% | 96.56% | 96.60% | 99.00% | 99.00% | 99.00% |

| | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|--------|---------------|---------------|---------------|
| NESCO Utility | 96.85% | 96.96% | 95.72% | 96.25% | 93.38% | 99.00% | 96.00% | 97.00% |
| WESCO Utility | 93.75% | 95.37% | 93.45% | 88.00% | 88.00% | 99.00% | 94.00% | 96.00% |
| SOUTHCO Utility | 90.85% | 90.75% | 88.60% | 89.90% | 91.44% | 99.00% | 93.00% | 96.00% |
| ALL ODISHA | 94.02% | 94.02% | 93.80% | 92.91% | | 99.00% | 96.03% | 97.27% |
| AT and C LOSS (%) | | | | | | | | |
| CESU | 39.50% | 37.67% | 37.25% | 34.89% | 34.04% | 23.77% | 29.50% | 26.73% |
| NESCO Utility | 35.93% | 33.19% | 29.87% | 26.37% | 27.43% | 19.17% | 23.20% | 21.43% |
| WESCO Utility | 40.64% | 38.45% | 38.10% | 39.38% | 34.80% | 20.40% | 29.72% | 26.19% |
| SOUTHCO Utility | 46.39% | 44.64% | 43.92% | 41.20% | 38.46% | 26.25% | 34.68% | 29.47% |
| ALL ODISHA | 36.52% | 38.38% | 36.70% | 35.33% | | 22.17% | 28.90% | 25.78% |

Revenue Gap Proposed by the DISCOM Utilities

22. The Revenue requirement trend in Odisha DISCOM Utilities as observed since FY2017-18 is as given below:

Table - 7
Possible Revenue Requirement (Rs Cr.)

| | | EHT | HT | LT | TOTAL |
|------------------------|----------------------------------|------------|-----------|-----------|---------------|
| CESU | Actual revenue during 2017-18 | 656.76 | 1,028.73 | 1,380.95 | 3066.44 |
| | Approved revenue for FY 2018-19 | 544.66 | 840.33 | 1923.27 | 3308.26 |
| | Estimated revenue for FY 2018-19 | 704.87 | 852.70 | 1753.39 | 3310.96 |
| | Proposed revenue for FY 2019-20 | 706.33 | 904.32 | 1,982.87 | 3593.51 |
| | Proposed ARR for FY 2019-20 | | | | 4335.84 |
| | Proposed gap during FY 2019-20 | | | | 632.84 |
| NESCO Utility | Actual revenue during 2017-18 | 1184.87 | 247.37 | 704.99 | 2137.23 |
| | Approved revenue for FY 2018-19 | 1170.29 | 233.49 | 1009.47 | 2413.25 |
| | Estimated revenue for FY 2018-19 | 1222.16 | 253.59 | 852.22 | 2327.98 |
| | Proposed revenue for FY 2019-20 | 1241.35 | 253.45 | 1018.50 | 2513.30 |
| | Proposed ARR for FY 2019-20 | | | | 2798.13 |
| | Proposed gap during FY 2019-20 | | | | 207.54 |
| WESCO Utility | Actual revenue during 2017-18 | 849.69 | 977.45 | 1015.91 | 2843.05 |
| | Approved revenue for FY 2018-19 | 575.40 | 895.94 | 1217.37 | 2688.71 |
| | Estimated revenue for FY 2018-19 | 842.79 | 934.02 | 1110.5 | 2887.31 |
| | Proposed revenue for FY 2019-20 | 818.69 | 977.36 | 1203.77 | 2999.84 |
| | Proposed ARR for FY 2019-20 | | | | 3339.19 |
| | Proposed gap during FY 2019-20 | | | | 166.6 |
| SOUTHCO Utility | Actual revenue during 2017-18 | 211.48 | 108.71 | 765.52 | 1085.71 |
| | Approved revenue for FY 2018-19 | 212.20 | 138.85 | 821.75 | 1172.80 |
| | Estimated revenue for FY 2018-19 | 235.07 | 199 | 775.6 | 1209.66 |
| | Proposed revenue for FY 2019-20 | 241.49 | 212.32 | 914.49 | 1368.3 |
| | Proposed ARR for FY 2019-20 | | | | 1568.83 |
| | Proposed gap during FY 2019-20 | | | | 182.39 |
| TOTAL | Actual revenue during 2017-18 | 2,902.80 | 2,362.26 | 3,867.37 | 9,132.43 |
| | Approved revenue for FY 2018-19 | 2,502.55 | 2,108.61 | 4,971.86 | 9,583.02 |

| | | EHT | HT | LT | TOTAL |
|--|----------------------------------|------------|-----------|-----------|----------------|
| | Estimated revenue for FY 2018-19 | 3,004.89 | 2,239.31 | 4,491.72 | 9,735.92 |
| | Proposed revenue for FY 2019-20 | 3,007.86 | 2,347.45 | 5,119.63 | 10474.933 |
| | Proposed ARR for FY 2019-20 | | | | 12041.99 |
| | Proposed gap during FY 2019-20 | | | | 1189.37 |

23. Inputs in Revenue Requirement for FY 2019-20

i) Power Purchase Expenses

The Licensees have proposed the power purchase costs based on their current BSP, transmission charges and SLDC charges. They have also projected their SMD considering the actual SMD during FY 2018-19 and additional load growth in FY 2019-20 which is as shown in table given below.

Table - 8
Proposed SMD and Power Purchase Cost

| DISCOM Utilities | Est. Power Purchase in (MU) | Estimated Sales (MU) | Distribution Loss (%) | Current BSP (P/U) | Estimated Power Purchase Cost (Rs in Cr.) (Including Transmission and SLDC Charges) | SMD proposed (MVA) |
|-------------------------|------------------------------------|-----------------------------|------------------------------|--------------------------|--|---------------------------|
| CESU | 9852.55 | 7291.51 | 25.99% | 299 | 2946.10 | 2040 |
| NESCO Utility | 6329.662 | 5127.027 | 19.00% | 301 | 2064.43 | 1020 |
| WESCO Utility | 7700.00 | 5920.00 | 23.12% | 300 | 2497.58 | 1300 |
| SOUTHCO Utility | 4050.00 | 2975.39 | 26.57% | 197 | 899.67 | 680 |

ii) Employees Expenses

CESU, NESCO, WESCO and SOUTHCO Utilities have projected the employee expenses of Rs 677.50 Cr, Rs 373.12 Cr, Rs 398.09 Cr and Rs 399.51 Cr respectively for FY 2019-20. Out of these proposed employee expenses, Rs 261.39 Cr, Rs. 112.20 Cr, Rs 124.36 Cr and Rs 174.02 Cr respectively are proposed for employee terminal benefit trust requirement for FY 2019-20. All the licensees have included the impact of 7th pay commission by multiplying 2.57 factor to (basic pay + Grade Pay) of 2015-16 and considered the 50% of arrear salary for 7th pay, from 1.4.2015 to 31.7.2018 (non-executive) and 1.1.2016 to 31.07.2018 (executive), and included those arrears in the ensuing years salary cost.

iii) Administrative and General Expenses

CESU, NESCO, WESCO and SOUTHCO Utilities have estimated the A&G expenses of Rs 224.52 Cr, Rs 58.86 Cr, Rs 97.94 Cr and Rs 76.72 Cr respectively based on actual expenses till September 2018. The 7% increase is taken on account of inflation and increase in the growth of consumer and

exponential growth of customer service activity on the normal A&G expenses. Apart from this, all the licensees have proposed additional A&G expenses for some of the activities as customer care / call centre, energy audit, IT related expenses / expenditure on SCADA and STPI, compensation for accidents, rooftop solar, DSM and PAT cycle activities etc. CESU has proposed to include distribution franchisees sharing of IBF-IRS model. Additional A&G expenses projected by licensees are Rs. 128.20 Cr., NESCO – Rs. 18.51 Cr., WESCO – Rs. 25.63 Cr., SOUTHCO – Rs. 33.23 Cr.

iv) Repair and Maintenance (R & M) expenses

All the DISCOM Utilities have calculated R & M expenses as 5.4% of GFA including the RGGVY, BGJY assets and future assets to be created under SAUBHAGYA scheme at the beginning of the year. With regard to the R & M of the assets created through funding of the RGGVY and BGJY schemes, Commission in Para 387 the RST order for FY 2017-18 had allowed an additional sum of Rs. 8.00 Cr to each of the DISCOM Utilities on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. Licensees have also prayed to allow the R & M on the RGGVY and BGJY assets so that they can maintain the assets. The details of proposal under R & M expenses for ensuing financial year FY 2019-20 are given below:

**Table - 9
R & M Costs (Rs. in Cr)**

| DISCOM Utilities | GFA as at 1st April of Ensuig FY2019-20 (Rs. Crore) | R & M (5.4% of GFA) (Rs. Crore) | Additional R & M Requested for RGGVY and BGJY assets | Total R & M Requested (Rs. Crore) |
|-------------------------|---|--|---|--|
| CESU | 2474.60 | 124.81 | 10.00 | 134.81 |
| NESCO | 1835.33 | 99.11 | --* | 99.11 |
| WESCO | 1840.42 | 99.38 | --* | 99.38 |
| SOUTHCO | 1136.48 | 61.37 | 12.51 | 73.88 |

(R & M for RGGVY and BGJY assets is included in R & M (5.4% of GFA))

v) Provision for Bad and Doubtful Debts

CESU has considered 1% each of LT and HT billing of FY 2019-20 as provision against bad and doubtful debts. While NESCO, WESCO and SOUTHCO Utilities stated that, it is difficult for them to arrange working capital finance due to continuance of huge accumulated regulatory gaps to bridge the gap of collection in efficiency, therefore they have considered the

amount equivalent to the collection inefficiency as bad and doubtful debts while estimating the ARR for FY 2019-20. NESCO, WESCO and SOUTHCO Utilities has requested the Commission to consider the mentioned amounts to enable the petitioner to recover its entire costs after duly considering the performance levels.

Table - 10
Provision for Bad and Doubtful Debt

| DISCOM UTILITIES | Collection Efficiency (%) | Proposed Bad Debts (Rs in Cr.) |
|-------------------------|----------------------------------|---------------------------------------|
| CESU | 99% | 28.87 |
| NESCO Utility | 97% | 37.70 |
| WESCO Utility | 97% | 80.00 |
| SOUTHCO Utility | 96% | 27.37 |

vi) Depreciation

All the DISCOM Utilities have adopted straight-line method for computation

of depreciation at pre-92 rate. CESU has considered the rate of depreciation as

per Companies Act. No depreciation has been provided for the asset creation during ensuing year. Depreciation for FY 2019-20 is projected at Rs 139.26 Cr for CESU, Rs 66.24 Cr for NESCO, Rs 66.06 Cr for WESCO and Rs 36.49 Cr for SOUTHCO Utility.

vii) Interest Expenses including Interest on Security Deposit

CESU, NESCO, WESCO and SOUTHCO Utilities have submitted the interest expenses and the interest income for the FY 2019-20. The net total interest expenses proposed by these licensees are Rs 97.95 Cr, Rs 81.24 Cr, Rs 90.31 Cr and Rs 46.15 Cr respectively. The major components of the interest expenses of these licensees are as follows:

viii) GRIDCO Loan

Commission in its Order dated 29.03.2012 and 30.03.2012 resolved the dispute on the Power Bond and the amount arrived after the settlement

adjustments issued as New Loan to three DISCOM Utilities . SOUTHCO and WESCO do not have any outstanding payable to GRIDCO towards New Loan with regard to NTPC power bond while NESCO has liability of Rs. 48.91 Cr payable to GRIDCO. For CESU, no interest has been calculated on Rs. 174 Cr cash support provided by GRIDCO.

ix) World Bank Loan Liabilities

The Distribution licensees NESCO, WESCO and SOUTHCO Utilities have calculated the interest liability of Rs.11.87 Cr, Rs.11.82 Cr and Rs.9.44 Cr respectively against the loan amount at an interest rate of 13% and repayment liability of Rs.9.10 Cr and Rs.7.26 Cr respectively for WESCO and SOUTHCO.

x) World Bank (IBRD) Loan

CESU has submitted that the interest on World Bank Loan has been calculated as Rs 26.59 Cr @ 13% as per the subsidiary loan and project implementation agreement with Government of Odisha.

xi) Interest on CAPEX Loan from Government of Odisha

WESCO and SOUTHCO have estimated the interest at the rate of 4% p.a. on the Capex loan issued by the GoO which amounts to Rs 2.89 Cr and Rs 1.92 Cr respectively for the ensuing year. NESCO has also estimated amount of Rs. 1.73 Cr towards interest on Government of Odisha capex plan loan.

CESU has submitted one revised DPR for Rs 17.58 Cr, before the Commission for approval, for taking up balance works with utilisation of left out OSM Materials. The total capex programme is implemented of Rs 406.49 Cr. CESU proposed the interest expenses in this regard as Rs 7.73 Cr for FY 2019-20.

xii) Interest on APDRP Loan Assistance

CESU has submitted that they have availed APDRP assistance of Rs 37.09 Cr from GOI through Govt of Odisha and borrowed counterpart funding from PFC. At current rate of interest applicable to GoO loan of 13%, the interest component is projected as Rs 4.451 Cr.

In the ensuing year, NESCO, WESCO and SOUTHCO Utilities have estimated nothing to be expended under APDRP scheme. For the assistance already availed by the licensees previously interest @ 12% per annum has been considered for the ensuing year on the existing loan. NESCO, WESCO and SOUTHCO Utilities have estimated an interest of Rs 0.76 Cr, Rs 0.65 Cr and Rs 0.76 Cr, respectively on this account.

xiii) **Interest on R-APDRP Loan**

The sanctioned project cost under R-APDRP was Rs 133.17 Cr for Part-A IT, Rs 26.57 Cr for Part-A SCADA and Rs 248.12 Cr for Part B. CESU projected the interest on the R-APDRP loan as Rs 53.63 Cr for FY 2019-20.

xiv) **Interest on SI scheme Counterpart funding from REC for GoO CAPEX**

SOUTHCO has existing balance of loan of Rs 1.50 Cr. taken from REC for system improvement and counterpart funding against APDRP and the interest on such loan for FY 2019-20 is estimated as Rs 0.88 Cr.

xv) **Interest on Security Deposit**

CESU, NESCO, WESCO and SOUTHCO Utilities have submitted that the interest on security deposits for FY 2019-20 have been worked out at 6.75% on the closing balance for FY2018-19 based on the existing approval of The Commission for FY2018-19. This interest on security deposit proposed as Rs 48.80 Cr, Rs 38.01 Cr, Rs.47.60 Cr and Rs.12.92 Cr respectively. However, due to fall in Bank Rate SOUTHCO has proposed to reduce the rate of interest of security deposit as per prevailing Bank rate declared by RBI for FY 2019-20.

24. **Revenue and Truing up ARR**

i) **Non-Tariff Income**

NESCO, WESCO and SOUTHCO Utilities have proposed non-tariff income

for FY 2019-20 to the tune of Rs 77.28 Cr, Rs 172.74 Cr and Rs 18.14 Cr respectively. However, NESCO and WESCO have proposed to exclude the income from meter rent as the same is intended to be used towards replacement of the meters. CESU has proposed miscellaneous income of Rs.109.49 cr.

ii) **Provision for contingency Reserve**

NESCO, WESCO and SOUTHCO Utilities have proposed provision for contingency at 0.375% of Gross Fixed Assets at the beginning of the year for FY 2019-20. The exposure towards contingency provisions is to the tune of Rs 6.88 Cr, Rs 6.90 Cr and Rs 4.20 Cr respectively.

iii) **Return on Equity/Reasonable Return**

CESU has claimed Rs 11.64 Cr as ROE calculated @16% on equity capital. Rest of three Licensees submitted that due to negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, they could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. As it is followed by various Commissions, the Licensees submit that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services. Therefore, NESCO, WESCO, SOUTHCO Utilities have assumed reasonable return amounting to Rs. 10.55 Cr, Rs. 7.78 Cr and Rs. 6.03 Cr. as calculated @16% on equity capital including the accrued ROE as per the earlier Orders of the Commission.

iv) Truing Up for FY 2018-19

Based on the actual sales, revenue and expenses for the first half of the current year 2018-19 and based on estimates for next half of current year, the uncovered gap for FY 2018-19 for NESCO, WESCO and SUTHCO Utilities is Rs 85.78 Cr, Rs 46.08 Cr and Rs 190.32 Cr as against the approved surplus of Rs. 16.34 Cr, Rs 0.21 Cr and Rs 0.12 Cr respectively.

v) Revenue at Existing Tariff

The Licensees have estimated the revenue from sale of power by considering the sales projected for FY 2019-20 and by applying various components of existing tariffs. The total revenue based on the existing tariffs applicable for the projected sales is estimated at Rs 3593.52 Cr, Rs 2513.30 Cr, Rs 2999.84 Cr and Rs 1368.30 Cr by CESU, NESCO, WESCO and SOUTHCO Utilities respectively.

Summary of Annual Revenue Requirement and Revenue Gap

25. The proposed revenue requirement of DISCOM Utilities with and without railway have been summarised below:

**Table – 11
Proposed Revenue Requirement of DISCOM Utilities (with railways) for the FY 2019-20 (Rs in Cr)**

| | CESU | NESCO | WESCO | SOUTH CO | Total DISCOM Utilities |
|---|---------|---------|---------|-------------|------------------------------|
| Total Power Purchase, Transmission and SLDC | 2946.07 | 2064.43 | 2497.58 | 899.67 | 8407.75 |

| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------|
| Total Operation and Maintenance and Other Cost | 1378.13 | 716.26 | 826.92 | 658.93 | 3580.24 |
| Return on Equity | 11.64 | 10.55 | 7.78 | 6.03 | 36.00 |
| Total Distribution Cost (A) | 4335.84 | 2791.24 | 3332.28 | 1564.63 | 12023.99 |
| Total Special Appropriation (B) | 0 | 6.88 | 6.90 | 4.20 | 17.98 |
| Total expenditure including special appropriation (A+B) | 4335.84 | 2798.127 | 3339.189 | 1568.83 | 12041.97 |
| Less: Miscellaneous Receipt | 109.49 | 77.28 | 172.74 | 18.14 | 377.65 |
| Total Revenue Requirement | 4226.35 | 2720.84 | 3166.45 | 1550.69 | 11664.32 |
| Expected Revenue(Full year) | 3593.52 | 2513.30 | 2999.84 | 1368.30 | 10474.96 |
| GAP at existing(+/-) | (632.84) | (207.54) | (166.60) | (182.39) | (1189.36) |

Table – 12
Proposed Revenue Requirement of DISCOM Utilities (without railways) for the FY 2019-20

| | (Rs in Cr) | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | CESU | NESCO | WESCO | SOUTHCO |
| Present traction contract demand (kVA) | -- | 142000 | 105500 | 78000 |
| Projected railway traction energy consumption for FY 2019-20 (MU) | 342.95 | 375.740 | 313.920 | 139.380 |
| Expenditure including Special Appropriation | 4221.65 | 2665.09 | 3236.86 | 1531.86 |
| Reasonable return | 11.64 | 10.55 | 7.78 | 6.03 |
| Sub Total | 4233.69 | 2675.64 | 3244.64 | 1537.89 |
| Revenue from sale of power at existing tariffs | 3387.88 | 2282.41 | 2806.19 | 1274.50 |
| Non-Tariff Income | 109.49 | 77.28 | 172.74 | 18.14 |
| Total revenue gap without railway | (735.93) | (315.95) | (265.71) | (245.25) |

Tariff Proposal

26. CESU has proposed the change in distribution wheeling tariff from 53.98 Paisa/Unit to 91.38 Paisa/Unit to meet the wheeling business revenue gap of Rs 324.69 Cr. Apart from this CESU has made some proposals on retail tariff. NESCO, WESCO and SOUTHCO Utilities have proposed to reduce the revenue gap through revision in Retail Tariff and/or Government Subsidy as the Commission may deem fit or combination of all above as the Commission may deem fit to the extent as given below.

Table - 13
Revenue Gap for Ensuing Year 2019-20 (Rs in Cr)

| | CESU | NESCO | WESCO | SOUTHCO |
|--|-------------|--------------|--------------|----------------|
| Revenue Gap with existing Tariff | 632.84 | 207.54 | 166.60 | 182.39 |
| Excess Revenue with Proposed Tariff | 523.36 | 0 | 0 | 0 |

| | | | | |
|-----------------------------|--------|--------|--------|--------|
| Proposed Revenue Gap | 109.48 | 207.54 | 166.60 | 182.39 |
|-----------------------------|--------|--------|--------|--------|

Allocation of Wheeling and Retail Supply Cost

27. All the licensees have submitted the allocation of wheeling and retail supply cost of their total ARR based on the Commissions Regulations on bifurcation of Wheeling and Retail Supply Business.

Initiatives by utility and other performance improvement measures

28. In compliance with RST order dated 23.03.2017, utilities have undertaken various performance improvement measures and have submitted compliance as well as benefits report in the ARR petition. Some of the initiatives by utilities are as follows.

NESCO, WESCO, SOUTHCO

- Providing various payment options to improve collection efficiency.
- Development of franchisee/ collection agents in licensee area
- Action plan for Revenue Improvement
- Improve Collection efficiency under LT Category (Single Phase)
- Improve Standards of Performance as per OERC (Licensees Standards of Performance) Regulations 2004 and conduct SoP Audit by 3rd Party.
- Energy audit (details reports are included in ARR petitions)
- Training of Personnel out of normal A&G expenditure
- Asset addition under RGGVY and Biju Gram Jyoti Scheme

WESCO Utilities

- Engagement of GPLF/WSHG as micro franchisee

SOUTHCO Utilities

- Mobile phone based photo billing
- Focus on business analytic and key consumer cell at field offices
- Intensification of vigilance and enforcement activities at section level
- Prepaid metering
- Consumer Indexing
- Receivables Audit

Tariff Rationalization Measures proposed by Licensees:

(A) Tariff Rationalization Measures Proposed By NESCO, WESCO, SOUTHCO Utilities

MMFC compensation for Roof Top solar to LT category of consumers

29. To promote generation of more solar energy in the area of utility, licenses have submitted that compensation in the shape of Monthly Minimum Fixed Charges

(MMFC) to the extent of installation of solar generation capacity out of total connected load may be permitted for LT category of consumers who are willing to install roof top solar as per guidelines of The Commission vide order dated 19.08.2016.

Withdrawal of power factor incentives

30. Presently all the machines used by the industries are BSI or ISO certified, similarly pumps or motors used are energy efficient along with capacitor banks, which are the contributor of higher power factor. Hence, licensees submitted that present scenario continuance of PF incentives is no longer necessary and may kindly be abolished.

Withdrawal of TOD benefits

31. As per RST order TOD benefit is being extended to Three phase consumers except public lighting and Emergency Supply category of consumers having own CGP for the consumption during off peak hour. Off peak hour for this purpose is from night 12.00 PM to morning 6 AM of next day. Now with the introduction of frequency based tariff significance of Off peak hour(TOD) consumption has been lost. Consumers are reaping the benefit of frequency based tariff and intends to use accordingly as a result the load curve of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required. If continuance of TOD benefit is being permitted to the consumers, similarly the Utility's BSP may also be permitted to reduce for TOD consumption during off peak hour. Further, consumers having contract demand more than 110Kva and above are also availing off peak hour benefit towards drawl to the extent of 120% of their contract demand without levy of penalty. So, further continuance of TOD benefit would be a double benefit for the same cause hence licensees have requested to withdraw TOD benefits.

Demand charges to HT medium category consumers

32. Due to wide gap in the demand charges, consumers under HT medium category just below 110kVA are always trying to avail demand benefit even though their load is more than 110 kVA. To curb such disparity NESCO and WESCO have submitted to fix demand charges for HT medium consumer category @Rs. 250 per kVA.

MMFC for LT category of consumers

33. In case of Domestic, General purpose, Specified Public Purpose and PWW the rate is same as for 1st kw as well as additional Kw. However, in case of other category the rate for additional Kw and part thereof is very much lower for which the revenue of the utility is highly affected as well as creating discrimination among LT category of consumers. In this view, Licensees have submitted to rationalized LT consumers with

single rate for 1st kW or part thereof as well as additional kw or part thereof.

Billing to Irrigation and Agriculture Category of Consumers

34. Presently due to difficulty in putting meters in case of irrigation category of consumers billing is not possible in most of the cases. Replacement of defective meters is also not possible due to inaccessibility. In view of the same, the licensee NESCO Utility and WESCO Utility requested permission to bill such category of consumers on L.F. basis with L.F. of 30% considering their pump capacity.

Levy of Demand Charges

35. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual demand and energy consumed. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. In view of the same the licensee has proposed to recover the monthly demand charges on the basis of 85% of the CD or MD whichever is higher instead of 80%.

Additional Rebate of 1% to LT category of Consumers

36. The Commission has allowed rebate of 1% additional rebate towards digital payment for LT category of consumers. The intention was to promote cash less transaction to avoid pressure on currency notes which is also saving the time of the consumers for depositing cash in various cash collection centres. So, the licensee is intends to continue with the same for the ensuing year. Therefore, the additional rebate of 1% in addition to normal rebate as applicable may be considered for LT Domestic and Kutirjyoti category of consumers who shall make payment through digital mode only. WESCO has suggested for additional 2% in addition to normal rebate as applicable may be considered for LT Domestic and Kutirjyoti category of consumers who shall make payment through digital mode only.

Levy of meter rent on smart, prepaid meters

37. In view of the revenue deficit of the Utility and for smooth operation of prepaid metering system utilities propose as follows:
- The Meter Rent need to be reviewed and proposed the new rent of Rs 300/- Per Month and Rs 500/- per Month for AMR / AMI Based /Pre-paid type single Phase Meters and three Phase meters respectively.
 - The existing meter rent recovered by the Licensee from the consumers are negligible and the leasing as well as vending service charges are high enough as a

result, there is a huge difference. Accordingly, the licensees may be allowed to recover difference in such recoveries and recurring costs.

- A principle may be approved by the commission for adjustment and outstanding arrears along with its part payment before implementation of prepaid metering system.
- SOUTHCO has also requested to withdraw additional rebate of Rs. 0.25 per unit allowed in smart metering scheme.

Introduction of kVAh Billing

38. The Commission in its RST Order dated 22.03.2014 for FY-2014-2015 had given the directions to the DISCOM Utilities vide Para-246. As per this para the implementation of kVAh billing was declined due to non readiness of the licensees to implement the kVAh based meter readings. Further, the licensees have submitted that all the 3-phase meters, especially those installed for consumers having Contract Demand 20kW and above are enabled with all the energy parameters and storing dump record of 35 days. All such meters show instantaneous Power Factor and monthly average Power Factor can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOM Utilities are fully equipped to implement kVAh billing in respect of all those consumers in place of existing kWh Billing. Hence licensees requested to allow kVAh billing from ensuing year.

Applicability of Power Factor Penalty

39. Licensees submitted that if the kVAh based billing proposal is not accepted by the Commission by any reason, then the licensees has requested continuance of power factor penalty as RST order of 2018-19 for Large Industries, Public Water Works (110 KVA and Above), Railway Traction, Power Intensive Industries, Heavy Industries , General Purpose Supply , Specific Public Purpose (110 KVA and above), Mini Steel Plant, Emergency Power Supply to CGP.

Till such time KVAH billing approach is adopted the Utility proposes for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation.

- **LT Category:** LT industries Medium Supply, Public Water Works and Sewerage Pumping > 22 KVA
- **HT Category:** Specified Public Purpose, General Purpose < 110 KVA, HT Industries (M) Supply.

MMFC/Demand charges to be in kVA only instead of kVA/kW

40. The HT consumers and LT 3 Phase consumers are paying their demand charges/MMFC in kW and some consumers in other categories in kVA. The Regulation also specifies for entering into agreement in kVA. Further, it is the responsibility of the consumers to maintain the P.F. The regulation also provides for levy of power factor penalty to these category of consumers or alternatively to bill the consumers at kVA demand. In view of this, the licensee (SOUTHCO) have submitted that they may be allowed to bill the demand charges on the basis of kVA for all the three phase consumers with static meters to avoid disparity among the consumers.

Demand Charges and Monthly Minimum Fixed Charges

41. The Licensees have submitted that 90% of the distribution costs are fixed cost in nature. The distribution cost of the Licensee which is a fixed cost has increased many folds during the recent years, the said cost normally required to be recovered from the Demand Charges. The fixed cost of the power procurement by way of payment towards capacity charges has also increased during last few years. In view of this, the Licensees proposed to recover the full fixed distribution costs by suitably revising the Demand charges and monthly minimum fixed charges as proposed in earlier section, as applicable to the respectively category during the ensuing year.

Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers.

42. The utilities are having huge outstanding under LT non industrial category consumers. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC). The utility is also suffering from huge financial loss on account of low collection efficiency and coverage in Domestic and Commercial category of consumers. With this the licensees requested commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly instalments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS and certain percentage of waiver on outstanding amount.

Special rebate for consumers availing monthly rebate under LT category (Single Phase) of Consumers

43. To improve collection efficiency under LT category (Single Phase) the utilities requested to approve a special rebate to those LT categories (single Phase) of consumers who are availing monthly rebate on prompt payment of monthly energy

bills. Such consumers may also be permitted to avail a special rebate equivalent to the highest rebate availed during the financial year. The special rebate shall be credited at the end of the financial year if the consumer has availed rebate during last one year without fail and the outstanding is zero against such consumers.

Rebate on prompt payment

44. In the BSP Order for the financial year 2018-19, the Commission directed that the Utility is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% is paid within 30 days. Further, the Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

Considering the above, it is prayed before the Commission to approve the rebate of 2% to the Utility for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to the extent of payment made within 30th day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

Licensees have further submitted that the above rebate may kindly be also permitted in case of part payment so that cash flow of the Bulk Supplier will improve and at the same time the utility would be tempted to remit the amount collected to GRIDCO to avail such benefit.

Overdrawal beyond contract demand and charges thereof

45. The Utilities (NESCO and WESCO) in its ARR for the FY-2016-2017, had placed proposal for approval of its action initiated against those consumers indulging in overdrawal of energy in excess of their contracted load and also sought clarification with regards to such assessment in addition to payment of overdrawal charges by such consumers in terms of the RST Orders of the Commission for FY 2015-16 vide para 335. The Commission had advised the DISCOM Utilities to exercise due diligence while using penal provision like use of Section 126 or Section 135 of the Act. Subsequent to aforesaid observation of the Commission, the Utilities have initiated such assessment proceeding in strict adherence to the parameter set by the Commission. The Utilities have further submitted that, many consumers have applied for enhancement of contract demand which is pending before the Utility. Due to pending assessment dues against such consumers, the Utility is constrained to permit

enhancement of load due to outstanding of assessment amount. Hence the Utility submits before the Commission for suitable direction in the tariff order for levy of additional energy charges for overdrawal beyond permitted CD.

(B) Tariff Rationalization Measures Proposed by CESU

Rebate to consumer

46. The Para-495 and Para-496 of RST 2018-19, the OERC directed incentive for early and prompt payment and some special rebate to the consumer. In the Para-324 of RST 2018-19, the Commission has observed that the expenditure due to rebate and income due to DPS are considered tariff neutral. It is apparent that the discount given to the consumer owing to rebate is not at par with the DPS rather there is a wide and distinct gap between them and CESU is incurring revenue deficit. Hence, CESU request to the Commission for consideration of rebate as expenditure and same may be considered for fixation of tariff.

Issue of transformer loss

47. Pursuant to Section 50 of Electricity Act – 2003 the State Commission to frame Electricity Supply Code and Code – 2004, particularly Regulation 54(3) and 93(9), is very specific for metering of the HT consumer and addition of transformer loss in case of LT metering. There is no provision in OERC Code – 2004 for replacement of LTCT meter to HT metering nor the Commission has amended and incorporated the said provision. When there is no Regulation under Section 50 for replacement of LT metering to HT metering, such provision in RST Order can't be sustainable. Due to lack of statutory favors under Section 50, 181(2)X and 182 and Section 73(2), the order passed in Para No. 328 of RST Order for the Financial Year 2018-19, would be inoperative. Tariff Order can't be a substitute for framing Regulation under 50, 181(2)X and 182 of Electricity Act – 2003.

Interest on working capital

48. CESU request to the Commission for consideration (a) Operation and maintenance expenses for one month (b) Receivable for one month (c) Maintenance spares @ 40% of R and M expenses for one month as part of working capital.

Perform Achieve and Trade (PAT) Cycle-II

49. Clauses (i) and (k) of Section 14 of the Energy Conservation Act, 2001 stipulates that every designated consumer (DCs) shall get energy audit conducted by an accredited energy auditor and furnish the same to the concerned designated agency including the details of information on energy consumed and details of the action taken on the

recommendation of accredited energy auditor.

CESU being a Designated Consumer(DC) under PAT Cycle -II vide S. O. No. 1264(E) dated 31/03/2016, CESU will engage an accredited energy auditor following a transparent procedure to conduct energy audit, wherein, the fund of approx. Rs 50 lakh is to be arranged by CESU for taking up such works.

Meter Rent

50. As per clause (bb) of OERC Regulation 2004 as amended upto May'11 "meter means an equipment used for measuring electrical quantities like energy in KWh or KVAh, maximum demand in KW or KVA, reactive energy kVAr hours etc. including accessories like Current Transformers (CT) and Potential Transformer (PT) where used in conjunction with such meter and any enclosure used for housing for fixing such meter or its accessories and any devices testing purposes."

Hence, CESU prays to the Commission to consider the Meter Cost along with its accessories and amount invested for fixation of meter rent. CESU has proposed increased meter rent for some category of meter.

Distribution Franchisees BOT sharing of Model

51. The Clause No-7.25 of Odisha Electricity Regulatory Commission (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014 stipulates that, while finalizing the employee cost, the commission shall take into consideration the distribution franchisee expenses. CESU projected the franchisee expenses for FY 2017-18 as Rs 89.48 Cr. Hence, CESU request to the Commission for consideration of distribution franchisee expenses as expenditure and same may be considered for fixation of tariff.

OBJECTIONS and QUERIES RAISED DURING THE HEARING (PARA 52 TO 130)

52. Public hearing on ARR and Tariff application of all the DISCOM Utilities for the FY 2019-20 was initiated with a Power Point Presentation followed by presentation by World Institute of Sustainable Energy, Pune who was the consumer counsel appointed by the Commission. The consumer counsel presented the summary of the submissions made by the licensee, analysis of the ARR with observations.
53. Consumer associations, individuals in their written submission had raised issues contesting the proposal of the DISCOM Utilities. The Commission has considered all the issues raised by the participants in their written as well as oral submissions made in the public hearing. Many objections were found common in nature. These are summarized and addressed as follows:

Performance Related Issues

AT & C Loss and Collection Efficiency

54. Some of the objectors have submitted that, in spite of AT & C loss targets fixed by the OERC, DISCOM Utilities have not reduced the same and projecting fictitious loss figures at the beginning of a financial year and ending up with increased losses year after year. Further, some of the objectors submitted that the figures related to AT & C losses are fabricated and not realistic as all the feeders and substations are not metered. DISCOM Utilities are not taking action for AT & C loss reduction and its prayer for bridging the revenue gap through increase in RST, decrease in BST, and by truing up exercise may be rejected.
55. Some of the objectors submitted that to show the collection efficiency, the DISCOM Utilities are forcing the consumers to make payments on faulty bills and in some cases the licensee is disconnecting the power supply without giving any notice to the consumers for such faulty bills which is not in line with the provision of law.
56. Some of the objectors submitted that in the absence of actual energy audit, technical and commercial losses cannot be segregated and DISCOM Utilities have failed to achieve the targets set by Hon. Commission and it is the deliberate action of DISCOM Utilities to overstate distribution loss to obtain higher tariff.
57. Some of the objectors submitted that the collection efficiency includes the collection of past arrears. However, the licensee should submit the data related to the collection of past arrears.
58. Some of the objectors submitted that the AT & C loss trajectory set by Hon. Commission is constant since past few years and the same needs to be reduced to a lower level compared to previous years approval.

Energy Audit and Metering

59. Several objectors submitted that none of the licensees have been able to conduct proper Energy Audit. The DISCOM Utilities have claimed that they have taken serious effort for metering of HT and LT feeders as per direction of the Commission in 2003. However, the data submitted by the DISCOM Utilities suggests that there is substantial absence of metering to carry out "Energy Audit". The Energy Audit data has not been submitted by DISCOM UTILITIES along with the application for approval of ARR. They further submitted that the DISCOM Utilities should carry out third party verification of energy audits through the accredited energy auditors.
60. Some of the objectors submitted that all the DTRs are not having energy meters and in such case the energy audit activity will not yield desired results. The Energy audit activity should be carried out only after the implementation of 100% DTR metering.

61. At the hearing, several objectors have pointed out that if Energy Audit is not done under a specified time period, then the DISCOM may be levied a penalty by BEE for the delay.

62. Some of the objector raised discrepancy that, under flagship program of APDRP all DTRs are metered however present filings by utilities have shown very less numbers of operative meters.

Employees' expenses

63. Most objectors have requested for prudent check of employee costs for all DISCOM Utilities. They pointed that, major activities like billing and collection are being outsourced and hence the employee cost should come down. The licensees may be directed to submit the audited statement for O & M expenses including the employee cost.

64. Some of the objectors have objected on the proposed manpower recruitment plan of the DISCOM Utilities. As many activities of DSCOM are outsourced or executed through franchisees hence the proposed increased manpower requirement through recruitment is not justified.

Administrative and General expenses

65. Some of the objectors submitted that prudent check of A&G cost is required and submitted that the additional A&G expenses may not be approved as the Licensees have failed to reduce losses and improve the collection efficiency.

66. Some of the objectors submitted that Intra State ABT and Energy Audit activities are carried out with existing employees and no third party has been engaged by licensees, hence these costs are included in employee costs and should not be allowed under A&G expenses.

Depreciation cost

67. Objectors submitted that depreciation should not be allowed on assets funded by consumer contribution and capital subsidy/grants.

Repair and Maintenance expenses

68. Objectors submitted that DISCOM Utilities should furnish details of plan and budget for periodic maintenance of distribution network including emergency repairs and restoration work under each division. Further, DISCOM Utilities should furnish the details of work and expenditure incurred for undertaking critical activities towards loss reduction, energy audit. Also furnish the detailed breakup of gross fixed assets and detailed lists of RGGVY, BGGY assets taken over by the DISCOM.

69. Some of the objectors submitted that since details of RGGVY, BGJY assets taken

over by DISCOM Utilities are not furnished, no additional R & M expenses on these assets may be allowed.

70. Some of the objectors submitted that the licensee has failed to execute the proper R & M of distribution infrastructure. Despite of approval of R & M expenses the licensees are not able to spend the budget under the R & M and most of the R & M expenses are incurred in the last six months of the financial year. In such scenario the additional R & M requirement by DISCOM Utilities is unjustified.
71. One of the Objectors also suggested that the Commission may enforce necessary actions and directions over the DISCOM Utilities for development of strong and robust distribution system with proper safety measures considering the changes in weather and climate pattern of the planet and dangers of cyclones and hurricanes with Odisha facing severe climatic issues over the past couple of years.

Provision for Bad and Doubtful Debts

72. Some of the objectors objected on the higher provision for bad and doubtful debts and submitted that it should not be allowed more than 1% of the LT and HT revenue realisation. They further submitted that Hon. Commission may direct the license to meet its working capital requirement by recovering the outstanding receivables.

Issues Related to HT / EHT Consumers

Demand Charges for GP > 70 KVA < 110 KVA and HT Industrial (M) Supply

73. Objectors submitted that proposal of DISCOM Utilities for consumers having contract demand more than 70KVA but less than 110KVA to bill based on contract demand or maximum whichever is higher irrespective of connected load is without any rationale and should not be accepted.
74. Some Objectors submitted that for the bulk supply bill it was noticed that they are not paying towards demand charges as SMD is below the permitted SMD by OERC even though HT and EHT Consumers are paying over drawl penalty. Hence present tariff on MMFC/Demand Charges should continue.

Over Drawl by Existing HT/EHT Category Consumers

75. Objectors submitted that Commission may reject the submission of DISCOM Utilities for penal demand charges for over drawl beyond contract demand. The objector requested the Commission to determine a period of continuous overdrawal (Beyond 120% of contract demand) which shall be treated as guide line to take action against evading the enhancement of contract demand.

Take or Pay Benefit

76. Some objector requested to reintroduce the take or pay benefit scheme or special tariff

for energy intensive industries /consumers having contract demand of 110 kVA and more and industries should guarantee in writing to pay for minimum load factor of 70%.

77. Some of the consumers proposed to allow special rebate of 50 paise per unit under this scheme.

Withdrawal of Reliability Surcharge on all HT/EHT consumers

78. Most of the objectors raised issue of reliability surcharge @ 10 paise per unit for all HT and EHT category of consumers and prayed for its withdrawal.
79. Objectors submitted that in obedience to the tariff order of the Commission none of the DISCOM Utilities are providing reliability index calculation as well as voltage variation report along with energy bill in case reliability surcharge is to be assessed and claimed.
80. One of the objector submitted that the reliability surcharge may be deleted. Availability of EHT lines and corresponding voltage of supply is related to performance of Transmission Licensee. Therefore, a second incentive and that too to DISCOM on same parameters is not justifiable.
81. Further, some of the consumers submitted that when reliability surcharge is payable by a consumer to the licensee for achieving a certain level of performance on “availability” and “voltage of supply”, a penalty should also have been imposed for not achieving these standards as per OERC SoP Regulations 2004 and CEA Grid Standards Regulations, 2010.

Introduction of KVAH Billing (OR) PF Penalty for Three-phase Consumers having CD<110 KVA

82. One of the objectors submitted that kVAh billing may require huge investment and may not be implemented immediately. Similarly, there is no justification on imposition of PF penalty for HT and LT consumers with CD above 20 kW and less than 110 kVA.
83. One of the objector submitted that if KVAH billing is adopted, the SI, MI and other consumers who are not under PF folder in present tariff system will be affected badly which is not desired for the common ignorant consumers.
84. The objector further submitted that demand for Power Factor penalty itself is absurd when the licensees are insisting for implementation of KVAH billing for consumers.
85. One of the industrial consumer submitted that kVAh billing shouldn't be implemented as there are chances of leading power factor, high voltages and system instability.

Slab Restructuring for HT and EHT consumers

86. Some objectors have requested to reintroduce the three slab based graded incentive tariff for HT/EHT as it promotes higher consumption industries. Reintroducing this incentive will have the effect of reduction in tariff for all HT and EHT consumers for higher consumption and in turn will help the licensee.
87. One of the objector has proposed to re-introduce 3 slabs based graded incentive tariff i.e. upto 40% load factor, above 40% and below 50 % load factor, and above 50% load factor. This may help the Industries run and not to be tempted for procuring power from third party through open access.
88. One of the objectors submitted that, mega steel plants are contributing substantially to the revenue and employment generation. Hence objector has petitioned for a separate consumer category for 'Mega Steel Plant' as per the provisions of Regulation 80 of the OERC Distribution (conditions of supply) code, 2004, with tariff slabs of load factor consumption as <40%, 40-50%, 50-60%, 60-70% and >70%.

Interest on Security Deposit and acceptance of Bank Guarantee

89. The Objectors has stated that The Commission in earlier RST Order of FY 2017-18 and FY 2018-19 had directed the licensees to have a comprehensive audit of the SD and get the figures reconciled and get the SD recouped through enhanced collection and submit the action plan for the same. The DISCOM UTILITIES has failed to do the same. Other State Electricity Regulatory Commission like Goa, Jharkhand, Karnataka, Kerala, Madhya Pradesh, West Bengal provide SD through Bank Guarantee which is acceptable and that the SD paid in cash may be adjusted against the monthly electricity bills of the consumers.

Applicability of MMFC and Fixed Charges in the Tariff design

90. One of the objectors has suggested that the MMFC for entire load should be Rs. 35/kW for the 1st kW.
91. One of the objectors submitted that MMFC and demand charges are without any basis and should not be taken into consideration. Also, in case of MMFC for Consumers with CD<110kVA and Demand Charges for GP>70 kVA and <110kVA and HT Industrial (M) Supply, the licensee should first revise the bills of such consumers in line with Tariff Orders with regards to MMFC.

Meter Rent

92. The Objectors has specifically stated that the Meter cost of 1-phase static meters can never exceed Rs.1600/-. DISCOM Utilities are allowed to charge Rs.2400/- as meter rent against Rs.1600/- investment, which is unjust. So is the case of 3-phase meters. The Commission may kindly review their order and allow DISCOM Utilities to

collect meter rent till it recovers its costs.

93. As per the Objector, a consumer is paying fixed charges and never ending meter rent which adds to per unit charges of almost Rs 5.00 per unit for small consumer, which is very high when compared to neighbouring states of country.
94. It is further submitted that the commission may direct the DISCOM Utilities to submit the data related to meter rent collected and may reduce the same thereafter conducting detailed scrutiny.

Supply to Captive Power Plants (CPPs)

95. One of the objector submitted that the CPPs are paying at higher rate than the other category of consumers. CPPs do not avail power regularly and they should not be burdened with paying the demand charge throughout the month. Further Hon. Commission has done detailed examination of the provision in the supply code and tariff structure and the present single part tariff is taking care of the demand charges and energy charges for this category of consumers.

Calculation of Load Factor

96. One objector submitted that load factor should be calculated based on the actual period of availability of unrestricted power supply during the month and that the demand charges be calculated be calculated on prorata basis if the total period of shutdown of the plant due to interruptions and planned shutdowns exceed 30 hours in a month instead of 60 hrs a month.

Power Factor Incentive

97. The Objector has stated that The Power Factor Incentive introduced by the Commission for FY 2015-16 @ 50% of incentive provided prior to FY 2013-14. This results in an incentive of 0.5% for every 1% increase in PF above 97% (allowable PF of 92%) and penalty for fall in PF from 92% to 70% is @0.5% for 1% fall in PF. Thereafter, upto 30% penalty is @1% for every 1% fall in PF. This incentive should be provided @1% for every 1% increase in PF above 97% and 0.5% for every 1% increase in PF above 92%.
98. Some objectors has stated that the Power Factor Incentive and Penalty Scheme is necessary to promote system efficiency and may be continued.

ToD Benefit

99. One of the objectors submitted that, Present TOD benefit, Demand Charges for HT medium Category consumers MMFC on LT consumers and Levy on demand Charges Should Continue.
100. One of the objectors is of the opinion that the TOD benefit should be extended for day

off-peak hours i.e. from 1200 Hours to 1700 Hours to encourage consumers to consume more power from DISCOM instead of procuring power from power exchange through Open Access.

101. The Objector has stated that NESCO has not allowed TOD Benefits on power drawn during the period 12:00am to 6:00am (Off-peak Hours). The Commission make look into this and provides necessary directions.
102. Some consumers have also suggested that a differential Tariff for Peak and off Peak hours is necessary to Promote DSM hence The Commission may encourage DISCOM to move toward separate Peak/ off Peak Tariff and ToD benefit should be increased significantly from 20 paisa per unit to 50 Paisa per Unit.

Cross Subsidy

103. Some objectors submitted that the cross subsidy of EHT and HT category are very high and needs reduction at a faster rate in view of the provisions of Electricity Act 2003.
104. The objector further proposed that the cross subsidy may be reduced @ 5% per year and the tariff for a particular consumer may be determined based on the cost to serve the consumer and not based on the “average cost of supply”. Globally, the EHT tariff is the lowest and the LT tariff is the highest, based on cost to serve a consumer of that category.
105. Some of the HT consumers submitted that DISCOM Utilities do project higher purchase and sales of energy intentionally for LT category which ultimately leads to more cross subsidy to be paid by HT / EHT consumers.
106. One of the industrial consumer submitted that Commission may determine a separate tariff for EHT industries assuming 15% cross subsidy or lower and also consider a separate Tariff for the Industry considering the “purpose for which power supply is required”.

General Issues related to Retail Supply Tariff of DISCOM Utilities

Energy Sales Forecast

107. Many objectors submitted that the sales projections made by the licensees are not realistic and are overestimated; The trend of LT sales, LT sales approved and the power purchase data shows that the LT sales are never been achieved and the same are projected only to procure more power.
108. Many objectors has stated that the DISCOM Utilities has not submitted its Business Plan for the full Control Period with details of Sales/Demand Forecast for each consumer category and sub-category for each year of Business Plan, Distribution Loss

Trajectory and collection efficiency trajectory

109. The objectors further submitted that the present practice by DISCOM Utilities of keeping power purchase proposal same and raising LT sales to match it, increases burden of cross subsidy on HT and EHT consumers. A prudent check of projections for LT Sales for FY 19-20 is required to justify the higher figures for LT sales as projected by DISCOM Utilities. The utility needs to provide adequate justification for LT sales with actual sales pattern for last 6 years

Review of Inefficient Operations and Quality of Power Supply

110. The Objector states that the tariff hike in the past few years was based in improvement of power quality, service and operational efficiency. The efforts for curbing thefts are not effective and have led to inconvenience to consumers.
111. One of the objectors requested the Hon. Commission to redress the issues of inefficiencies, corruptions, irregularities' and maladministration of licensees and initiate necessary action as per rules of law so as to decrease the RST.
112. Many objectors have raised the issue where utilities consistently fail to meet the Standard of Performance as per regulation and could not satisfy the consumers.
113. Most of the objectors raised the issue that DISCOM Utilities are delivering false statements that reason for power cuts is because of power scarcity.
114. One of the objector submitted that licensees need to undertake meter ceiling and inspection activities. Further, he submitted that licensees need to maintain meter replacement history.

Demand Side Management

115. Many objectors submitted that NESCO UTILITY, WESCO UTILITY, SOUTHCO UTILITY should submit detailed action taken for implementation of DSM regulations in its area.
116. The Objectors were of the opinion that a differential Tariff for Peak and off Peak hours is necessary to Promote DSM hence the Commission may encourage DISCOM to move toward separate Peak/ off Peak Tariff.

Audit of Books of Accounts

117. Many objectors submitted that, DISCOM Utilities have not submitted the audited account for previous years and has requested that the Commission may direct the DISCOM Utilities to submit Audited balance sheets, Profit and Loss account, Cash Flow Statement along with Auditor Report at the earliest with a copy to respondent(s).

Consumer Awareness and Consumer Grievances

118. Some Objectors have stated that NESCO has not complied with OERC SoP

Regulations 2004 on Guaranteed Standards of Performance and maintaining correct standards and reasoning by GRF. They have also failed to provide transparency relating to performance and providing compensation. The Objectors have also stated that the Licensee/Petitioner has turned a deaf ear to the complaints through e-Abhijoga (e.g. farmer tortured, misuse an abuse of power, mobile threatening of SDO NESCO Mko, SoP NESCO, illegality of GRF Balasore).

119. Some the objector suggested creation of 'Consumer Awareness Fund' in line with other government acts, where amount collected as penalty or in excess of due to DISCOM should be deposited for the awareness of consumers towards energy conservation and their duties and rights.

Other Issues

Electrical Accidents, Death of Animals and Human beings

120. Some of the objectors submitted that licensee has to produce the division wise details of death of human beings and animals due to electric shock and compensation paid to them since 2001.
121. Some objector have stated that the introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer is a welcome proposal as the uncollected arrears would appear in the books of accounts and is to be met from future earnings of the Licensee.
122. The Objector has stated that No separate dedicated Pisciculture feeder exists. Also there is no billing for irrigation consumers (as per tariff application). Instead agriculture farmers are converted into commercial consumers.

Regarding effectiveness of tariff exercise design by the Commission

123. As per the EA 2003, the Commission should gradually move towards rationalized tariff and the tariff should actually reflect the cost of supply. The Commission should consider a special tariff for Allied Agro Industrial activities and cold storages.
124. The retail electricity tariff of various categories of consumers of Odisha is much higher than that of the other states. Therefore, reasonable, rational, competitive and affordable tariff concepts have not been taken in to consideration during determination of RST.
125. As per these provisions the Commission should make an effort for rationalization of tariff based on voltage level, load factor, power factor, voltage, total consumption

from 2019-20.

Franchisee Operation

126. One of the objectors submitted that the operation of Franchisees in CESU area is inefficient, for which T& D and AT & C losses have increased in the franchisee operated zones. Operation of these franchisees is not satisfactory and they are only focusing on collection of revenue and consumers are forced to pay illegal bills for avoiding disconnection.
127. One of the objectors had objected on the poor performance of franchisees in some of the divisions in terms of collection efficiency and proposed to revoke the mandate issued to them. In the case of SUPL and RUPL, the before and after losses clearly shows non-performance. Other franchisees has reduced the losses from benchmark level but have failed to achieve target.

Electricity Billing and Payment

128. There are many complaints related to energy bills. One of the objector requested the information related to bills issues, no of discrepancy of bills complaints received, no of complaints still not complied and pending with reasons etc.
129. One of the Objectors pointed out that WESCO reduced AT & C loss in FY 17-18 by 4.42% in FY 2017-18 and in FY 2016-17 the AT andC losses increased by 2%. This needs to be checked. The ghost billing is visible here as 1-phase domestic consumer with 2kW load can be billed for lakhs in a month for actual units of 100/200 units. The omission of such errors in billing increases billing efficiency and reduces T& D losses. The Commission needs to cross check the abnormal loss reduction of WESCO.
130. In case of NESCO, the oobjector has pointed out that Collection Efficiency of NESCO reduced by 2.87% in FY 2017-18, resulting in an increase in AT & C Loss of NESCO which rose by 1.06%. The ghost billing is also visible here as 1-phase domestic/commercial consumers do not pay for Lakhs of Units billed to them in a month which are later matched through necessary vouchers. An investigation into the false statements is required.

REJOINDER BY DISCOM UTILITIES TOWARDS PERFORMANCE RELATED ISSUES (PARA 131 TO 239)

Business Plan and maintainability of ARR

131. WESCO submitted that the Business plan for the 1st control period (2014 to 2019) as per regulation 2014 was before the Commission vide case no 53 of 2017. The hearing was concluded on 17-10-2017 and the Commission had already approved the same vide order dt.21.03.2018. Now filing of Business plan for 2nd Control period (2019-20

to 2024-25) is already due. Filing of Business Plan and ARR application both are two independent activities. The utility is on the process of filing of its Business Plan for the second control period for which the Commission has already directed all the utilities to file within March-19 in their performance review meeting held during Dec-18. Hence respondent's views regarding dismissal of ARR application citing non-submission of Business Plan is not correct.

132. NESCO has submitted that the Utility has relied upon the Audited Accounts up to March 2018 and actual data up to Sep-18 for compilation of data and preparation of this ARR. Data as submitted during Business Plan filing vide case no 56 of 2017 has also been referred. Thus, the Utility submits that the data given is authentic and reliable for formulation of Revenue Requirement and Tariff Application for the year 2019-20. The Business Plan for the 4th Control period FY 2019-20 upto 2023-24 will be submitted before the the Commission within March'2019.
133. SOUTHCO Utility is in a process of submission of business plan for the fourth control period FY 2019-20 to 2023-24 as per direction of the Commission. The Commission has directed the utility to submit the business Plan by 7th Feb 2019.

Availability of Annual Accounts of the utility

134. WESCO has submitted that the latest annual account (for FY 2017-18) of the utility which includes balance sheet, profit and loss account, cash flow statement and auditor's report has already been submitted with the Commission. The same has also been uploaded in utility website www.wescoodisha.com. The respondent is requested to kindly peruse the same.
135. CESU has submitted that accounts for Wheeling and Retail basis have not been maintained separately, however as per the decision/guidelines of the OERC, ARR on Wheeling and Retail Business has been submitted considering the same principles which demonstrate its commitment towards a more pragmatic approach towards both the Retail and Wheeling business and supply of power to consumer which is more realistic parameters for accurate and competitive tariff determination in the interest of consumers.
136. NESCO submitted that, the utility has segregated the ARR as per the assumptive percentage taking into account the scope and business activities. The segregation of accounts can only be possible if the entire business is segregated along with the personnel and assets. Also, the accounts for the period 2014-15 upto 2017-18 has been submitted before the Commission for truing up exercise.
137. SOUTHCO has submitted that the date for FY 2017-18 is actual and audited data. The

auditors of utility are appointed in fair and transparent manner as per provisions of various acts. The same also reviewed by utility and DISCOM monitoring unit at various levels. In addition to it one internal control cum audit wing functioning under utility to check the functioning of internal control system in the utility.

Regarding tariff rationalization commensurate with cost of supply:

138. WESCO Utility submitted that, the objector has certain views regarding very lower tariff to Agriculture, Bulk supply domestic, Kutir Jyoti category of consumers as compared to industrial EHT and HT category of consumers in Odisha. It is up to The Commission to consider the suggestion of the respondent considering economy of the state, paying ability of the LT domestic and agricultural category of consumers and launching of various schemes by Govts (both centre and state) for such category of consumers.

AT & C Loss and Collection Efficiency

139. WESCO UTILITY submitted that, in line with target of T&D loss, the target of AT & C loss as suggested by the respondent is not achievable; hence the proposed AT & C loss of 26.19% for FY 19-20 may kindly be approved.

140. The AT & C loss of CESU has reduced from 62.4% in FY 1999-00 to 34.04% in FY 2017-18, resulting AT & C reduction of 28.36%. Similarly, AT & C loss has reduced by 9.56% between FY 2009-10 to FY 2017-18 i.e. from 43.60% to 34.04%.CESU has adopted the following measures on revenue improvement to achieve the AT & C loss target set by the Commission:

- (i) Improving Billing Efficiency
- (ii) Reducing Technical loss
- (iii) Improving Collection Efficiency

141. CESU has also submitted that the division-wise AT & C loss reduction and performance of Distribution Franchisees against CAPEX, O & M works and Metering activities has been described in details in the ARR application (Page No. 31 to 36). The Distribution Franchisees (DFs) have been engaged for a period of five years as a measure for reducing AT & C loss to a greater level, so that the BST cost is recovered from Franchised Divisions. The Distribution Franchisee Agreement period of four Divisions under M/s RUPL and M/s SUPL have been expired on 30.06.2018 but the Distribution Franchisee is continuing its operation in those areas as per the Interim Status Quo order of Hon'ble High Court of Odisha dated 28.06.2018. With regard to other ten Divisions under Distribution Franchisee, the new terms and conditions for the franchisee operations has been formulated and is under active considerations for

its implementation.

142. NESCO has submitted that it is duty bound to reducing the T and D losses over the years and the ground realities; infusion of subsidised consumers by way of Rural Electrification is mainly attributable to contain the T and D losses. The utility is taking all possible measures to reduce AT & C loss. Vigilance activities have been strengthened. Checking squads have been deployed to arrest unauthorised abstraction of energy. All the consumers have been covered under GPRS based photo –billing. The utility has also provided online cash collection counters. To improve the reach to the consumers, the utility has engaged various service providers for easy payment options. AMRs have been installed for accessing the meter data remotely.
143. SOUTHCO UTILITY has submitted that it has around 19.20 lakh consumer with around 7.60 lakh are BPL consumers who are billed @ Rs85.00 per month who are located in inaccessible areas of Malakangiri, Koraput, Nawrangpur, Jeypore, Phulbani and Boudh. So, the cost to serve is higher than to the existing consumers in urban pockets. Due to large topographical area with BPL category of consumer the AT & C loss is higher than other utilities. Also, technical loss in SOUTHCO area is around 8% due to vast network area spreading from hills to plane. How over detail study need to be carried out to access the technical loss as it differs from utility to utility. SOUTHCO has also submitted that the No of disconnection squad has increased at the section level to improve the collection and deployment of additional outsources personnel's through the agencies to improve the disconnection activity.

Distribution Loss Target:

144. WESCO has submitted that the target of 19.6% distribution loss is continuing since long and with all sort of ground reality the same has been reduced from a figure of 38.89% during FY 2010-11 to 31.14% during FY 2016-17 and it is 25.81% in FY 2017-18. Considering the same, the utility estimated T& D loss of 25.23% for FY 2018-19. Fixing of lower T& D loss as suggested by the respondent will not only increase the notional sale of the Utility but definitely widen the GAP of recovery of approved cost. Therefore the Utility submits before the Commission for approval of proposed distribution loss of 23.12% instead of normative of 19.6% or less.
145. SOUTHCO submitted that the actual T& D loss has been reduced considerably from 48% in 2010-11 to 32.70% in 2017-18 and has requested for reconsideration of the loss level on the basis of actual loss of previous year.

Energy Audit

146. WESCO submitted that The progress made under energy audit has already been

submitted by the Utility in the ARR filing vide page 25 to 59. The suggestion of the respondent regarding reduction of T& D loss through energy audit in a scientific manner would be possible only when the actual loss would have been less than 20%. The utility is in the process of covering more DTR in to audit fold through installation of metering unit, which will helpful for further reduction of loss. The audited books of accounts of the utility have been duly made available in the website of the utility www.wescoodisha.com, which may be perused by the objector. In addition to above nos. of general statement, lot of analysis regarding Generation, Per Capita consumption, statistical data of CEA etc has been made, relevance of such information may kindly be looked into by the Commission.

147. CESU has submitted that all the 171nos. Of 33KV Feeders have been metered. However, in case of 11KV feeder meters, 744 out of 850 have been metered. The energy audit report is being generated by CESU on quarterly basis and is being submitted to the Commission for their appraisal. Action is being taken to complete 100% metering in case of 11KV Feeders. With regard to PAT, all Divisions have been instructed to achieve the distribution loss target fixed by Bureau of Energy Efficiency (BEE) and the Third Party Auditor engagement is under process.
148. Also in case of PAT, CESU has submitted that there is no such energy audit work on CAPEX Schemes. Further, energy audit through Third party has been conducted in the project town under R-APDRP programme and currently action is being taken for engagement of Third Party Auditor under PAT Scheme throughout CESU area.
149. NESCO submitted that it has given in detail the progress so far in the Energy Audit in the ARR application which may kindly be referred. Further, the utility has already conducted mandatory energy audit under PAT-II cycle and submitted report to BEE and SDA.
150. SOUTHCO has submitted that the detailed report of energy audit carried by the utility is given ARR RST application for 2018-19. The 100% Energy audit is not achieved is due to shortage of funds which is beyond control of licensee. SOUTHCO Utility has already appointed BEE accredited energy auditor for taking up energy audit in the utility. Presently the energy audit is already carried out in 173 no's of 11 KV feeders and submitted before the Commission. During the FY 2017-18, SOUTHCO has metered 227 nos. of 11 KV feeders against total 11 KV feeders of 648 nos. In order to complete metering arrangement at all 33kv feeders, 11kv feeders, Distribution transformers and consumers, an amount of Rs 156.58 Cr and Rs 27.3 Cr has been approved under DDUGJY and IPDS Schemes respectively. Further as per direction of

the Commission the utility has carried energy audit in three loss making feeders of Aska and Nowrangpur Division as well.

Employees' expenses

151. WESCO has analysed and concluded that the employee cost is a controllable one and it has to be reduced. Regarding detail break up of O & M expenses as per Regulation 7.17, particularly towards employee cost, R & M expenses, A&G expenses etc has already provided in ARR filing in OERC approved formats F-12 (Employee Cost), F-13 (R & M cost) and F-14 (A&G expenses) respectively. The allocation of cost in pursuance to Regulation 7.20 of RST regulation 2014, it is to state that in absence of segregation accounts of the utility as wheeling and retail supply activity, the same has been done on the basis of the Commission's approved normative allocation statement and made available in page 106 of ARR filing. The reason of higher employee cost is also due to implementation of 7th pay and only partial amount to the tune of Rs.38 Crs has been factored out of total of Rs.93 Crs. Therefore, the cost as proposed towards employee for FY 2019-20 is quite justified and needs kind consideration of the Commission for approval.
152. CESU has submitted that the projection of employee cost for the FY 2018-19 has been made on the basis of implementation of 7th pay commission which arrived at Rs.665.67Cr. Further an amount of Rs. 116.26 Cr. towards 100% pension as per the 7th pay has been considered in the year 2018-19. So the total amount comes to Rs.665.67 Cr. (i.e. 549.41 Cr. + 116.26 Cr.). For FY 2019-20 the salary comes to Rs. 677.50 Cr. (i.e. 595.26 Cr. towards annual salary + 50% of arrear salary of Rs. 72.23 Crs. towards 7th pay Arrear salary of both executive and non-executive employees. The expenditure towards employee cost prior to engagement of franchisee has not decreased substantially in comparison to expenditure towards employee cost after engagement of franchisee as the impact due to retirement of employee (Superannuation) is not at par with the employee cost for increase in Basis Pay(Annual Increment),DA. Rather the impact of the employee cost is more in the ensuing year. Also, it is stated that the employees of franchisee operated division has engaged in maintaining lines and substation for the existing network and the vast networks added due to implementation of different Government funded projects.
153. NESCO has submitted that the utility being duty bound in discharging the employee payments as per the statute and is linked directly with the Central/State Government Payment scale viz. implementation of regular increase of DA dose and contribution to the trust for terminal benefits, the contention of the objector being the Employee Cost

as controllable doesn't hold good.

154. SOUTHCO has submitted that the details of Employee Cost projected by SOUTHCO for FY 2019-20 is based on the actual employee existing as on Sept-18 ,actual retirement during FY 2017-18 and 2018-19 and the no. of employees to be recruited during FY 17-18. The above cost has been projected considering the impact of 7th Pay commission which is being already implemented in the utility. However, 50% of 7th pay commission is considered for payment during 2019-20 and arrear amount to pensioner is included in the terminal liability. In addition to above, Contractual, Outsourced and other activity outsourced activities have also been considered. Presently, SOUTHCO is having 1368 Nos. outsourced man power under different activities. 8 no's of manpower are engaged in each 33/11 KV S/s for operation and maintenance activity against 177 nos. of 33/11 KV S/s during the FY2018-19 and shall be increased to 223 nos. during FY 2019-20. Further there is requirement of additional manpower for maintenance of 33/11 KV S/s under ODSSP programme.

Expenses to Employee Terminal Fund

155. WESCO has submitted that presently the Commission is approving dues towards terminal benefit on cash outgo basis. Concern of the respondent that as employees recruited after FY 2005 are not covered under pension scheme, in near future the concept of cash out go system may be stopped by the company/utility. To avoid such uncertainty the trust fund needs to be adequately funded. The Commission was allowing terminal benefit on the basis of actuarial valuation till FY 2015-16. From FY 2016-17 onward terminal benefits are being approved on actual cash out go basis. Till FY 2015-16 the corpus fund as per the Commission would have been **Rs.704.76 Crs.** Against such approval the actual corpus as on 31.03.2018 under different trust fund are as follows:-

(Rs in Crores)

| | Bank | FD/PSU | Government Bond | Other deposit | Total |
|--------------|-------------|---------------|------------------------|----------------------|---------------|
| Pension | 18.39 | 98.62 | 84.17 | 9.27 | 210.45 |
| Gratuity | 8.03 | 15.24 | 14.45 | 1.42 | 39.14 |
| Total | | | | | 249.59 |

The shortfall is more than **Rs.450 Crs.** Now after implementation of 7th pay the required corpus fund may also increase.

Administrative and General expenses

156. WESCO has submitted that the proposed A&G expenses for FY 2019-20 is

considering 7% annual hike over previous year actual, which may please be approved.

157. CESU has submitted that the revenue sharing of Distribution Franchisees (IRS Model) is an additional substantial expenditure to reduce the AT & C loss in CESU operated areas. For the FY2019-20 the expense is estimated as Rs.120.70 Crores. As per the provisional accounts for the FY 2017-18, an amount of Rs. 89.49 Crores has already been incurred under Franchisee operation expenses. During the year 2018-19 actual expenditure under Franchisee operation up to Nov'2018 is Rs. 56.65 Crore. Further as per regulation 7.25 of OERC (Terms and Condition for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2014 states that the Commission shall take into consideration various lawful resources taken for distribution licensee e.g. distribution franchisee, outsourcing and engaging contractual employees to undertake customer care, billing, collection and maintenance activities while finalizing the employee cost. The Summary of Distribution Franchisees (IRS Model) expenses are as follows:

Table No.14

| Financial Year | Proposed | Actual(Audited) | Approved by Commission | Amount Paid |
|-----------------------|-----------------|------------------------|-------------------------------|--------------------|
| 2016-17 | 32.22Cr | 85.84Cr | 0.00 | 61.36Cr |
| 2017-18 | 51.90Cr | 89.49Cr | 0.00 | 69.78Cr |
| 2018-19 | 118.36Cr | | 0.00 | 56.65Cr |

158. Hence CESU has prayed to the Commission to approve the Distribution franchisee expenditure as expenditure under A&G Expenses.
159. NESCO submitted that the A&G expenses for FY 2018-19 are estimated based on actual expenses till September 2018. The Commission has approved A&G expenses including contractual obligation and outsourced employee cost. But, the licensee is not able to avail the same as because GRIDCO is only relaxing escrow to the extent of employee cost. However, the licensee is managing A&G expenses out of the other non-escrow miscellaneous income like CSS, meter rent, DPS collected, overdrawal penalty etc. Estimation of higher A&G expenses during ensuing year has been made is on account of mass engagement for franchisee, Customer Care, vigilance activity, Disconnection squad expenses etc. The Administration and General expenses for the ensuing year have been forecasted based on estimated expenses during FY 2018-19 in line with the Commission's earlier Orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2018-19 along with additional expenses Rs.18.51 cr. as detailed under para 2.5 of the ARR application.

160. SOUTHCO submitted that A&G Expenses for the ensuing year have been forecasted based on estimated expenses during FY 2018-19 in line with the Commission's earlier Orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2018-19 along with additional expenses. The 7% increase is taken on account of inflation on the normal A&G expenses. The same has been enumerated in detail in para 2.5.1 to 2.5.3 of ARR and RST application 2019-20.

Depreciation Cost

161. WESCO has submitted that if depreciation would not be considered on the RGGVY and DDUGJY assets then in case of absence of alternate bearer (other than Discom) of the same how the same would be funded. Hence, the same may kindly be approved in the ARR.
162. CESU has submitted that due to increase in the volume of assets under various Schemes like Capex, Deposits Work, System improvement, DESI, Elephant Corridor etc. there is an increase of gross fixed assets to the tune of Rs. 242.47 Crs. during the FY 2019-20. Hence, depreciation comes to Rs.139.26 Crs. for the FY 2019-20.
163. NESCO has submitted that depreciation has been provided only on assets available at the beginning of the year and no depreciation has been provided on assets created during the year. The method adopted for calculating depreciation is Straight Line Method (SLM) at pre-92 rates. The numerical details are given in OERC Form F-19 in the ARR application. The depreciation for FY 2019-20 is projected at Rs.66.24 Crore.
164. SOUTHCO submitted that the proposed depreciation is against the proposed addition of fixed assets during the FY 2019-20.

Repair and Maintenance expenses

165. WESCO submitted that, suggestions regarding disallowance of R & M expenses on assets created under RGGVY and BGJY are not correct. They raised the question that without the R & M expenses, how these assets would be maintained. In view of this, they submitted that the R & M expenses as projected by the utility may kindly be approved.
166. CESU submitted that the demand for R and M was based on gross assets as on 31.03.2019. There is an increase of gross fixed assets during the year 2019-20, for which the Petitioner required additional R and M. In the FY 2019-20 it is expected that there will be an increase of expenditure to the tune of Rs. 863.66 cr. under various schemes i.e. BIJU G.J.Y, BIJU S.V.Y and RGGVY-II, DDUGJY, IPDS, ODSSP,

ODAF, SCRIPS and OPTCL DTR. Due to the funds flow problem, CESU could not spend the required amount for R & M as per the norms of OERC i.e. 5.4% of GFA (opening). They submitted that, considering expected improvement in performance of CESU during the FY 2019-20, they will have better cash flow for meeting R & M expenses. CESU has engaged Franchise to maintain its Distribution Sub-Station lines and further to reduce AT & C loss. Regarding the allegation that the Petitioner have not utilized the approved funds for maintenance work for which lines and substations are measurably damaged, CESU has submitted that, the Petitioner is spending funds for repair and maintenance wherever required on priority basis. Further, the Petitioner is not able to spent fund for the said purpose as approved in RST Order due to Escrow arrangement. So, the allegation is false.

167. NESCO submitted that the Repair and Maintenance (R & M) expenses for the ensuing year FY 2019-20 has been estimated on the basis of 5.4% of Gross Fixed Assets (GFA) including the RGGVY, BGJY assets and future assets to be created under SAUBHAGYA Scheme at the beginning of the year.
168. SOUTHCO has projected a nominal amount of Rs. 12.51 Cr under RGGVY Assets during FY 2019-20 totaling to Rs. 73.38 Cr.

Provision for Bad and Doubtful Debts

169. CESU has submitted that while finalizing the Accounts of CESU, the Bad and Doubtful Debts has been considered at @ 1% of the Total revenue billing of last 36 months. The same data has been derived from the database of the consumer. The Commission had also allowed the same in the last ARR.
170. WESCO submitted that the suggestion to the extent of carrying out receivable audit of the outstanding of receivables, in this regard it is to state that the audit has already been completed and the comprehensive report is being filed with the Commission separately for necessary perusal.
171. NESCO submitted that, the Commission will decide the matter relating Provision of Bad and doubtful debts on the basis of the report of the independent auditors appointed by the Commission. The collection inefficiency may be considered as bad debt. NESCO is also taking action against the defaulting consumers for disconnection of power supply and collection efficiency at LT level has also increased during FY 2018-19 .The details of estimated expenses with regard to provision of Bad and Doubtful debts have been submitted in detail in the ARR and RST application with further clarification in reply to queries raised. Both are available in NESCO web-site.
172. SOUTHCO submitted that the provisions for bad and doubtful debts are on the basis

of collection efficiency of 96% of total revenue.

Issues Related to HT / EHT Consumers

Overdrawal by Existing HT/EHT Category Consumers

173. NESCO submitted that, the factors, views of the proposal for overdrawal beyond CD, charges and issues are already dealt with in the application.

Take or Pay Benefit

174. SOUTHCO has submitted that, the Commission has withdrawn the “Take or Pay” Tariff during FY 2013-14 and the reason also mentioned in the Tariff Order FY 2013-14. Licensee is not in favor of further introduction of Take or Pay Tariff.
175. WESCO has submitted that it is welcome suggestion for reintroduction of take or pay tariff but reason of failure of earlier take or pay concept has not been analyzed. Earlier during 2012-13 when it was pronounced to avail such benefit most of the industries have reduced their contract demand, which was a major setback of the earlier scheme. So keeping in mind if take or pay scheme would be re-introduced **load reduction should not be allowed**. The special rebate should be applicable only for the consumption beyond > 60% LF. The minimum assured LF may be made applicable at **least 80% or actual whichever is higher**. The rebate of 50 paise per kwh as suggested by the objector seems to be in higher side.
176. CESU submitted that, during the enforcement of ‘Take or Pay’ tariff, on achieving higher Load Factor, none of the consumers have come forward to avail the tariff. The main reason was long duration annual shut-down of plants by CGP/CPPs. Due to this the consumers didn’t perceive to achieve the targeted LF to get the benefit of “Take or Pay” tariff. The licensee has no objection for reintroduction of the “Take or Pay” tariff as this will make optimum utilization of system capacity and guaranteed revenue gain.
177. NESCO submitted that the idea of introduction of “Take or Pay” tariff was to encourage the consumers with low load factor to draw power at higher load factor and thereby avail special rebate. None of the consumers enhanced their consumption to avail this benefit, instead the consumers who were already drawing power at load factor more than 80% in FY 2011-12, availed this benefit in addition to graded slab benefit without any increase in LF load factor. The purpose of take or pay benefit was defeated and accordingly the same was discontinued by the Commission in Tariff order for FY 2013-14.

Imposition of Reliability Surcharge on all HT/EHT Consumers

178. WESCO submitted that, where ever reliability surcharge is being levied reliability index calculation and voltage variation report are being attached. Therefore, complain

regarding non-submission of reliability index report along with the bill is not correct. There is no such incidence of levy of reliability surcharge without achieving reliability index. As regards to levy of 10 paise per KWh, the same may please be enhanced to 20 paise per KWh which was earlier applicable. The suggestion regarding EHT lines which are of OPTCL and no role of DISCOM for operation and maintenance, hence no reliability should be applicable for EHT consumers. In this regard it is to submit that to wheel entire power of the DISCOM UTILITIES EHT network is required for which DISCOM is paying transmission charges and The Commission has also directed OPTCL to ensure reliability of EHT network to facilitate power supply.

179. NESCO has submitted that the reliability index calculation is being provided to the consumers.
180. SOUTHCO submitted that, the Commission introduced the Reliability Surcharge as per Regulation 87 of OERC Dist. (Conditions of Supply) Code, 2004 to the EHT and HT category of consumers. The reliability index calculation and voltage variation report is attached with the energy bill in case of SOUTHCO Utility.
181. CESU submitted that the supply network consists of EHT, HT and LT consumers. More than 95% of the consumers are availing supply in LT and rest 5% are only availing supply in HT and EHT. Reliable surcharge is levied to customers who draw load in HT or EHT satisfying the reliability condition. The Petitioner always intends to maintain reliable supply by adequate maintenance of the network and timely capacity addition. When HT and EHT supply network is maintained efficiently, then only more reliable power will be available in the LT. So, a consumer availing supply in such condition enjoys quality and reliable power. This surcharge is levied only when the required reliability index is achieved by the Petitioner. Under power deficit situations LT consumers, being large in number are subjected to situational black outs whereas HT/EHT supplied consumers are excluded from black outs getting reliable supply. The reliability surcharge collection from FY 2015-16 to FY 2017-18 (Upto Sept'18) is very low as compared to the collection made during FY 2014-15 on this account. This is mainly due to 50% reduction of reliability surcharge rate and reduced EHT sales. Reliability surcharge is presently levied on HT/EHT consumers availing reliable and quality power supply through feeders from the EHT Grid Substations or Primary Substations of the Utility. But, the reliability surcharge levied in the RST Order of FY 2015-16 and 2016-17 i.e. 10 paise per unit is quite low and the revenue earned is not sufficient to maintain a vast HT and EHT network. The Utility is

spending substantial amount in maintaining such infrastructure to extend for such reliable and quality supply to the consumer. Hence, the proposal of the Objectors for withdrawal of reliability surcharge should not be considered by the Commission.

Introduction of kVAh Billing (OR) PF Penalty for Three-phase Consumers having CD<110 kVA

182. WESCO submitted that the Utility is continuously pleading for introduction of KVAH billing so as to bring fairness in the system. KVAH billing will help and there is no need of PF penalty and PF incentive. The requisite data and readiness of the Utility has already been explained to the Commission in the past. Considering the system prevailing in other neighbouring states, KVAH billing may kindly be started with at least HT and EHT industries.
183. NESCO submitted adoption of KVAh billing will help in maintaining the power factor and hence in system stability from technical point of view. It is further submitted that, by adopting KVAH billing in place of KWh Billing the recent pattern of Power Factor penalty imposed on the consumers will be abolished. The objective of introduction of KVAh billing is to ensure reduction in losses which occurs due to low power factor and for encouraging the consumers to maintain their power factor near to unity Power factor. In compliance to the direction of the Commission in the Tariff order 2014-15, the Utility had submitted the above required data before the Commission during month of Nov'2014.

Reintroduction of Third Slab for HT and EHT Consumers

184. CESU submitted that, the graded slab tariff is intended for optimum utilization of system capacity. Lowering the ceiling will lead to stranding of capacity. The objector should optimize their utilization to get the benefit of graded slab rates which is available for consumption >60% LF.
185. WESCO has submitted that the Commission has given more incentive to the industries as compared to past year's when three slab tariff was in force but still then there is no such significance improvement in consumption pattern. The following table will show how the Commission has emphasised to incentivize for the industries in shape of 3 slab graded or 2 slab graded tariff.

Table –15

| <u>3 Slab Graded Tariff Period</u> | (P/Kwh) | | | | | |
|---|-------------------|------------|-------------------|------------|---------------------------|------------|
| | FY 2009-10 | | FY 2010-11 | | FY 11-12 and 12-13 | |
| | HT | EHT | HT | EHT | HT | EHT |
| | | | | | | |

| | | | | | | |
|---|---|------------|-------------------|------------|-------------------|------------|
| Difference in Tariff between upto 50% and 50% to 60% LF | 75 | 88 | 45 | 45 | 45 | 45 |
| Difference in Tariff between 50% to 60% and >60% LF | 5 | 0 | 45 | 45 | 55 | 55 |
| Cummulative Difference upto 50% and >60% LF | 80 | 88 | 90 | 90 | 100 | 100 |
| <u>2 Slab Graded Tariff Period</u> | FY 13-14, 14-15, 15-16 and 16-17 | | FY 2017-18 | | FY 2018-19 | |
| | HT | EHT | HT | EHT | HT | EHT |
| Difference in Tariff between upto 50% and > 60% LF | 105 | 105 | 110 | 110 | 110 | 110 |

Here it is clearly envisaged that the Commission is providing more and more tariff incentive for higher consumption year after year but the licensee is not experiencing any marginal increase in consumption pattern of the industries rather than downsizing. So the Utility is in the opinion that re-introduction of 3-slab graded tariff will not fetch the desired result.

186. SOUTHCO submitted that the Commission has modified the Graded slab tariff during FY 2013-14 considering more and more industries are running in higher load factor. So, further reintroduction of 3 slabs graded incentive tariff during FY 2019-20 is not at all correct.

Interest on Security Deposit

187. NESCO has submitted that the Security Deposit other than the cash is not acceptable with the introduction of awarding interest on the Security Deposit to the consumers. Deposit is the normal mechanism applied in every retail business other than electricity. The proposal of Deposit other than cash by the respondent should not be accepted

Applicability of MMFC and Fixed Charges in the Tariff Design

188. NESCO has submitted that, the Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilization of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. The existing method of billing to the consumer for the Demand Charge is on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. Further, most of the industries are going for open access and reducing their load with

the licensee.

Waiver of penalty for occasional consumption beyond CD

189. WESCO has submitted that presently all the consumers having CD >110 kVA and above are eligible to draw power upto 120% of their CD during off peak hour (00 hour to morning 6 AM) without levy of penalty, which is an adequate level of relaxation. The suggestion of objector to increase the time period is not an ideal suggestion, because now days demand in other hours are as like of peak hours due to change of living habit of the consumers.

Meter Rent

190. WESCO has submitted that the suggestion regarding recovery of landed cost as monthly meter rent instead of present system of recovery till 60 month is not correct because landed costs always varies from time to time. The landed cost cannot be tagged with each and every consumer. So instead of simplicity, complete confusion would be created resulting in dispute between consumer and Utility.
191. NESCO submitted that justification for levy of meter rent has been elaborated in the ARR application.
192. SOUTHCO has submitted that is has been collecting meter rent as per directions of the The Commission in the Tariff Order.

Metering

193. WESCO has submitted that in case of meter defect, billing is being done on the basis of average as LF billing is no longer permitted. Regarding purchase of meters from miscellaneous non-escrow income, it is to state that it is very difficult to manage day to day A&G, R & M expenses in absence of escrow relaxation for the above. In addition to same salary and pension for Dec-2017 has been paid from the non-escrow fund. As per direction of The Commission CSS amount is no longer treated as Non Escrow fund. Accordingly, during the current year all the CSS receipts are being routed through Escrow. Hence, there is no such scope with the utility to accommodate additional cost towards procurement of meters. There is no such un-meter or defective meters in case of GP below 110 KVA categories of consumers.
194. NESCO submitted that in order to overcome the difficulty in installation of meters in case of Irrigation Category of Consumers due to inaccessibility resulting the cover up the cost of supply, the licensee has proposed to go for LF billing in these particular consumers where ever there is no meter or defective to cover up the losses.

Emergency Power Supply to Captive Generating Plants (CGPs)

195. WESCO submitted that, the reason of two part tariff in case of emergency power

supply has been clearly given in ARR application. The Utility has made comprehensive submission for adoption of two part tariff of CGP's and they are supposed to be permitted only to the extent of 10% to 15% of the largest unit of the CGP not 100% which is as per regulation. They are supposed to draw the power for their survival and start up purposes not for production purposes. It is observed that consumers with Emergency category are always remaining in synchronization mode and drawing power regularly which may be due to their low generation as compared to their requirement. In each and every month they are drawing negligible quantum roughly maximum of 5000 KWh to 10000 KWh in a month. So higher tariff of Rs 7.00 or Rs 7.10 is not a concern for them and they are able to avoid the fixed cost of Rs 10 lakh p.m. (industries with CD of 5000 KWh) by just paying Rs 35000/- to Rs 70000/- p.m. So, the view of objector is not correct and not acceptable.

Power Factor Incentive

196. SOUTHCO submitted that, the power factor is related with the load factor. The Commission has already reintroduced Power Factor Incentive during FY 2015-16.
197. WESCO submitted that the Commission has rightly withdrawn the power factor incentive during FY 2014-15 and again reintroduced from FY 2015-16 which is a bonus for the industries. Maintaining adequate power factor by the industries is the basic necessity for safety and stability of the grid along with safety and stability of the electrical installations at the premises of the consumer. So for better Grid discipline there should be levy of PF penalty but there should not be any incentive for the same. Now, levy of reactive energy charges (now being under mock stage) would also increase the burden of utilities, hence power factor incentive should be discouraged.
198. CESU has submitted that achieving the normative power factor by installing in-house capacitor banks to compensate reactive energy drawl is a healthy sign for benefit of all stakeholders. Higher power factor incentive outgo is much higher than realization from low power factor penalty burdening the licensee with unreasonable expenses. So, the proposal to increase the percentage of higher power factor incentive may not be allowed but should be either reduced or the incentive may be stopped as only high value consumers are getting such benefit. So the proposal for increasing the higher power factor incentive percentage along with admissibility of power factor incentive for the band 92% to 97% may not be allowed.
199. NESCO submitted that, the Commission has already clarified in the RST order of FY 2013-14 that by maintaining power factor close to unity the consumers are able to keep their KVA demand at lower side and have become conscious of keeping their PF

high for their own benefit. Hence incentive for maintaining higher power factor is not justified.

ToD Benefit

200. WESCO submitted that, the suggestion of the objector to increase TOD benefit from 20 paise/KWh to 50 paise/KWh is not at all acceptable. Previously when there was disparity in drawl pattern, TOD benefits were extended to promote off peak hour drawl. Now, the load curve is almost flat. So, there should not be any TOD benefit. Previously, the TOD benefit was 10 paise/KWh but now it is 20 paise/KWh which needs to be withdrawn or required to be fixed at 10 paise/KWh.
201. WESCO also submitted that the objector is not happy with the present level of 20 paise per kwh of TOD benefit and suggested 50% of normal rate i.e Rs.2.64 p/kwh (normal rate is Rs.5.35 p/kwh). The suggestion of objector to pay only Rs.2.64 p/kwh during off peak hour which is equivalent to domestic tariff (1st slab) is seems to be quite illogical.
202. CESU has submitted that the meters installed at the 3-Phase consumer premises having the facility to record peak and off-peak consumption as well as the facility to download data from meter Non Volatile memory (NVM), TOD rebate is allowed by the Petitioner. Besides, Automatic Meter Reading (AMR) is also being taken up under RAPDRP scheme wherein the data stored in meter NVM will be automatically downloaded and uploaded to the server at the end of each month so that this facility could be extended to all the 3-Phase consumers. Presently, the entire process is carried out manually, which makes it cumbersome to extend the facility to all 3-Phase consumers to avail TOD rebate. Further the view of the Commission regarding TOD rebate may be continue.
203. NESCO submitted that, as per RST order TOD benefit is being extended to Three phase consumers except public lighting and Emergency category of consumers having own CGP for the consumption during off peak hour. With the introduction of frequency based tariff significance of TOD consumption has been lost and the load curves of most of the industries are almost flat. In such scenario continuance of TOD benefit is no more required.
204. SOUTHCO submitted that the present TOD benefit is appropriate so the utility is adverse to the view of increasing TOD benefit to the consumer.

Cross Subsidy

205. WESCO submitted that the Commission has already clarified in the tariff order that cross subsidy and cross subsidy surcharge payable by consumers are two different

component and consumers not supposed to be confused with cross subsidy and cross subsidy surcharge payable. The logic behind the difference has already been given, hence suggestion of the respondent regarding cross subsidy considering cost of supply of all consumers of the state as a whole should also be applicable for calculation of CSS payable is not all correct. Further, the objector has submitted comprehensively regarding calculation of cross subsidy surcharge and is in the opinion that the cost of supply should be on the basis of particular class of consumers. While submitting its views in other paragraphs the objector has completely relied upon the Commission regulation “Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2014”. But, has made a departure in case of calculation of cross subsidy surcharge. As per the said regulation vide clause 7.77 cross subsidy is the difference between average cost of supply to all category of consumers of the state taken together and average voltage wise tariff applicable to such consumers shall be considered.

206. SOUTHCO submitted that, the Commission is determining the Cross Subsidy on the basis of average cost of supply to the all consumers of the State as there is uniform RST.

Special Tariff Measures

207. NESCO submitted that the idea of introduction of ‘Take or Pay’ tariff was to encourage the consumers with low load factor to draw power at higher load factor and thereby avail special rebate. This would have been win-win situation for both the consumers and NESCO. Whereas in actual none of the consumer enhanced their consumption to avail the said benefit, instead the consumers who were already drawing power at load factor more than 80% in the FY 2011-12 got this benefit in addition to graded slab benefit without any increase in their load factor. As per introduction of ‘Assured Energy’ concept no such industries are coming forward to avail the same. That means in the previous method there was no such efficiency gain, but they were benefited because of Commission’s order only. The purpose of take or pay tariff was defeated and accordingly the same was discontinued by the Commission in the Tariff order for FY 13-14.

Amnesty Arrear Clearance Scheme

208. NESCO submitted that the Amnesty Arrear Clearance has been proposed to go for financial gap filling measures and the licensee is open and always promote for financial scrutiny through third party audit.

General Issues related to Retail Supply Tariff of DISCOM Utilities

Energy Sales Forecast and Addition of BPL and LT Consumers

209. CESU submitted that, the LT sales projections by the licensee were based on the past trend. Detailed category wise sales projection under LT is available in ARR document. But in case of BPL category the sales projection seems to be very high as around 3.00 lacs BPL consumers consuming at @ 30units/month and the consumption also includes the cases where BPL kit is charged but not included in billing fold. Hence, as compared to actual billing, the projection will be high for this category due to non-billing sales. CESU further submitted that if they do not propose the higher sales under LT category then they will not get power purchase approvals for the non-billing loss under LT category. The licensee's power purchase cost be ultimately passed on to the consumer. Hence, with the interest of LT consumers, the CESU is projecting higher LT sales to pass on within the approved power purchase and reduce the BSP expenditure. Further, the Commission is allowing power purchase at normative loss level instead of actual and hence, the Commission may consider the proposal of the petitioner.
210. WESCO has submitted that the LT sale has been projected as 2940 MU for FY 2019-20 considering past trend. The LT sale for FY 2016-17 was 2121 MU, for FY 2017-18 it was 2476 MU and for 1st six month of 2018-19 it is 1329 and the licensee estimate 2620 MU at the end of FY 2018-19. Hence the projected sale of 2940 MU under LT category for ensuing year quite justified which may please be considered. Further, due to massive village electrification during current year under SAUBHAGYA scheme LT sale (particularly under BPL and Kutir jyoti) would significantly increase.
211. NESCO has submitted that the justification regarding sales forecast has already been submitted to the Commission. The consumer wise sales forecast for consumers (HT and EHT) with CD above 1 MVA is also submitted to the Commission and same available in applicant's website. For projecting the consumption of different categories, the Licensee has analyzed the past trends of consumption pattern for last 11 years i.e. FY 2006-2007 to FY 2017-18. The same has been explained in detail in the ARR application for FY 2019-20. Further, due to the universal household electrification scheme of Government substantial growth in LT sale is anticipated in the ensuing financial year.
212. Also, NESCO submitted that for projecting the consumption of different categories, the Utility has analyzed and relied on the past trends of consumption pattern for last twelve years i.e. FY 2006-2007 to FY 2017-18 and actual sales data for the first six

months of FY 2018-19, the impact of electrification of new villages under the DDUGJY, RGGVY, Biju Saharanchal Vidyut Yojana and Biju Grama Jyoti Yojana, SAUBHAGYA, actual addition/reduction of loads and other factors. The Utility has relied upon the Audited Accounts up to March 2018 and actual data up to Sep-18 for compilation of data and preparation of this ARR. Data as submitted during Business Plan filing vide case no 56 of 2017 has also been referred.

213. SOUTHCO has submitted that the projected LT sales are realistic factoring the growth under SAUBHAGYA scheme and loss reduction measures to be undertaken during FY 2018-19-18. Actual Sales of EHT, HT and LT during FY 2017-18 also available in the ARR application.

Review of Inefficient Operations and Quality of Power Supply

214. WESCO submitted that, the quality and reliability of power supply has been drastically improved due to ongoing massive system strengthening works under DDUGY, ODSSP, IPDS, CAPEX, DESI etc. It is also submitted that LandT is a HT consumer connected to Rajgangpur Grid Substation with 2 no's of Feeder (Rkl-1 and Rkl-2) with changeover facility in its premises. Metering equipment installed thereafter. The consumer is also paying reliability surcharges. Hence demand for quality power supply is not understood.
215. NESCO submitted that the Quality of power supply has been substantially improved as compared to past period. Voltage condition has improved due to upgradation of Sub-stations and replacement of old conductors. Augmentation in system network has also been made due to capacity addition on account of DDUGJY, IPDS, ODSSP, CAPEX etc. The details of expenditure on various schemes are:

Table -16

| SCHEME | Expenses | Transfer to Assets |
|-------------------------|-----------------|---------------------------|
| DEPOSIT WORK AND OTHERS | 87.83 | 58.55 |
| CAPEX PLAN-GoO | 5.47 | 5.47 |
| DESI | - | 27.29 |
| BIJU YOJONA | 7 | 3.5 |
| BIJU S.V.Y | 2.01 | 1 |
| IPDS | 65.27 | 43.51 |
| DDUGJY | 70.52 | 35.26 |
| RGGVY-II | 145.96 | 51.08 |
| ODSSP | 190 | 66.5 |
| SAUBHAGYA | 48.22 | 32.15 |
| ODAFF/LED VILLAGE | 16.5 | 5.55 |
| TOTAL | 638.78 | 329.86 |

216. SOUTHCO has submitted that it is committed to provide quality power supply and

better consumer services to its consumers. SOUTHCO has taken many steps for improving the voltage by way of augmentation of conductors, Installation of new S/s, up gradation of existing S/s and Power Transformers. SOUTHCO has installed good no's of new transformer and up gradation of transformer of different capacity in its area of operation and power transformer capacity have already been upgraded to provide reliable and uninterrupted power supply. SOUTHCO has added additional transformers into the system to cater the needs of the consumers and to overcome the low voltage. Under various schemes of GoO like ODSSP, the asset addition is being taken to improve the voltage level in addition to the addition of new GRIDs at OPTCL level. The voltage problem is not an issue in SOUTHCO Utility area. The power cut without any notice is not being implemented in SOUTHCO. Further, as per the drawl schedule of SLDC and grid constraints the power restriction is being imposed at SLDC/OPTCL level. The detail of additional works under taken and going to be undertaken under various schemes is submitted in Para3.1 to 3.8.2 of our ARR and RST application. The O& M activities in the Utility's area is carried out and the voltage level has improved a lot and there is no more low voltage problem in Utility's area. The management of the Utility is presently with the Administrator GRIDCO as per the order of the Commission.

Demand Side Management

217. SOUTHCO submitted that the DSM activity is implemented by ESSL in SOUTHCO utility area with logistical support from SOUTHCO utility. Till date 16.00 Lakh LED bulbs distributed in SOUTHCO utility area along with Government Schemes of AMA GHARA LED.
218. CESU has facilitated the distribution of LED bulbs as per requirement of customers under "Ujjala Scheme" on concessional rate. Further, even CESU has distributed 4nos of LED bulbs to all beneficiaries covered under NFSA (National Food Security Act) and SFSS (Satellite Food Service Station). Forecasting of future load/ consumption based on the 'End Use Method' where data for peak (MW) and energy (MU) demand projections is forecasted through extrapolation based on preceding five years actual data on energy requirement for each grid interconnection point by Availability Based Tariff (ABT) Cell. All the CESU field offices have been requested to consider star labeling as one of the pre-qualification criterion during the process of procurement of appliance. Public awareness Campaign named "Power Sector Media Campaign" is carried out on educating consumers on stopping wastage of electricity and energy

conservation etc. by Energy Management and Conservation Cell. CESU also has the responsibility of replacement of conventional streetlight system with LED streetlight in Urban Local Bodies through EIC.

Audit of Books of Accounts

219. Regarding audited accounts of 2017-18, CESU have appointed Internal Auditor for FY 2017-18 on 11th May 2018 for all the divisions and the same have been completed before 30th August 2018. M/s SRB and Associates, Chartered Accountants has been appointed as Statutory Auditor for the financial year 2017-18, vide letter No-CESU/CA/21802 dated 15th September 2018 with the approval of Management Board. The financial information in ARR has been filed on the information of Accounts of divisions duly signed by Internal Auditor i.e. CA/CMA firms for the FY 2017-18. However, the data relating to Balance Sheet, Profit/Loss Account, Cash Flow statement and Auditors report for FY 2017-18 will be submitted to The Commission after duly approved by Management Board.

Other Issues

Electricity Billing and Payment

220. SOUTHCO utility submitted that, the utility already printing bills in Odia language in Chatrapur, Khallikote, Bellaguntha, Aska subdivision of utility the same will be rolled to other sub-division of utility by end of the current year. Analysis of photo billing is taken at the corporate level to find out the areas of leakages and necessary action is been taken on the report of Photo Billing agencies.

Solar Roof Top Net Metering System

221. CESU has submitted that as per Clause 15 of OERC net metering order No. 1131, Dated 19.08.2016, the DISCOM has to furnish a copy of solar energy generated by the eligible consumer to GRIDCO every year. And, as per Clause 11 of the said order, 90% of the energy generated from Solar will be Offset against total consumption of the consumer at the end of each FY and any excess generation would be considered as free energy. Hence installation of ABT complainant solar meter is necessary.

Penalty U/s 126

222. WESCO has submitted that the objector has nicely analyzed the observation of the Hon'ble Supreme court in Civil Appeal No.8859 of 2011, more particularly findings made vide para 58(1). The same clearly indicates that an industry/ consumer would be

blamed even if consumes energy more than its contract demand. Hence, there is no such ambiguity to assess under section 126 of the E Act 2003 to such category of consumers. The objector has tried to establish that nowhere in the Regulation or Tariff order provision has been made for levy of penalty U/s 126 of Electricity Act 2003 for which he has placed regulation like 64, 85, 86 and various paras of RST order. In view of the same it is once again submitted that if detail procedure would have been factored in the tariff order for levy of penalty U/s 126 in case of overdrawal beyond CD then the Utility should not have requested/submitted in the ARR for factoring the same. Therefore, it is once again requested before the Commission to kindly approve the same as proposed.

Regarding compliance to directives and provisions under the Act.

223. NESCO Utility is complying to all the provisions laws laid under Electricity Act'2003.NESCO Utility operates under the purview of all the Regulations framed by OERC. Hence NESCO follows each and every Regulation framed by OERC in order to satisfy all its consumers.
224. NESCO submitted that the utility has followed the directions given by the Commission in the RST order. Compliances to the directions have been furnished in the ARR application of the utility which may please be referred. The utility is raising bills and supplying power to the consumers observing the provisions of the Regulations of Supply Code and other applicable rules and regulations.
225. SOUTHCO has submitted that it is complying with the directions of the Commission from time to time.

Conversion of Agricultural farmers to Commercial Consumers

226. NESCO submitted that each and every RST Order framed by OERC is being complied with all terms and conditions as mentioned in the RST Order. Hence forcible conversion of Agriculture Farmers to Commercial Consumer does not arise.

Standards of Performance

227. Guaranteed Standard of Performance Report of NESCO Utility is published in the OERC Web Site in a regular basis for the ready reference and information of general public. Also, In compliance to the direction of the Commission the utility has conducted third party audit of SOP for the FY 2016-17 as well as 2017-18 and report submitted before the Commission.

BSP and Transmission Charges over the years

228. NESCO submitted that, the petitioner’s contention of unprecedented increase in tariff to EHT consumers from the year 2010-11 has relevance to the equal increase of BST Bills during the even periods. The corresponding BSP and Transmission Charges are tabulated as under:

Table – 17

| | Rs./kWh | | | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| FY | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| BSP | 1.950 | 2.620 | 3.010 | 2.900 | 2.800 | 3.020 | 2.970 | 3.01 | 3.01 |
| Transmission Charges | 0.235 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Total Charges | 2.185 | 2.870 | 3.260 | 3.150 | 3.050 | 3.270 | 3.220 | 3.260 | 3.260 |

Safety of Animal and Human life and Vigilance Activities.

229. NESCO submitted that, it is taking all possible steps to check the electrocution of animals as well as electrical accidents of both humans and animals.
230. SOUTHCO submitted that the electrical inspector time to time directs the Utility to carry out modification of lines and substation as per requirement of safety. The same was rectified immediately. The utility is also of the opinion of waiver of annual inspection fees of lines and substation. SOUTHCO also submitted that the utility has appointed dedicated safety officer at Headquarter who is looking into the aspect of safety. Further, there is one training institute at Ambagada, Berhampur who is imparting in house safety training to their employees. There has been intensification of Vigilance Activities by creating separate vigilance cell at Circle level and action is being taken to engage more nos. of vigilance gangs at Subdivision level.
231. SOUTHCO has also submitted has due to inadequate cash flow of revenue from consumers the utility not able to pay the BSP bills to GRIDCO on monthly basis.
232. WESCO has submitted that the vigilance squad has registered 27764 Nos of unauthorized/meter tempering/hooking issue during FY 2016-17 and 25047nos. during FY 2017-18 and 9694 no’s during FY 2018-19 (till sep-18).

Estimated expenses:

233. NESCO submitted that expenses with regard to employee cost, depreciation, etc. have been submitted in detail in the ARR and RST application with further clarification in reply to queries raised. Both are available in NESCO web-site.

Supreme Court Judgment for dues of previous owners

234. NESCO submitted that the matter is not relevant to the ARR application of the

applicant and may be placed before the Commission separately as per the applicable provisions of Regulations.

Undue enrichment of DISCOM Utilities

235. NESCO submitted that, the utility is observing due diligence in finding out the continuous defaulting cases. The utility is taking all steps to create awareness among the consumers through its website and social media accounts. Further, for creating consumer awareness two media campaign stall have been opened during two festivals- one in Balasore during Chandipur Golden Beach Festival and another one in Baripada during Mayurbhanj Mahotsav. For creating such fund, the utility has prayed before the Commission under para 2.5.5 of the ARR application.

Monopolistic Attitude

236. NESCO submitted that the contention of the objector regarding the attitude of the utility is not correct. The utility is taking all possible measures to provide as much as facility that it can to its consumers, like spot billing, spot collection where on the spot they can get the money receipt, payment through MPOS, creation of 1912 cell, creation of consumer complaint cell, social media accounts for consumer awareness as well as consumer complaint redressal etc.

6% on Service Connection estimate

237. NESCO submitted that the service connection estimate is framed as per the approved rate of cost data and as per the approved procedure in the regulation. The 6% charge as cited by the objector is not for construction of infrastructure, rather it is for supervising the work as per the provisions of OERC regulation.

Performance details

238. SOUTHCO has submitted that performance details are based upon accounts and facts. The detailed power purchase bills of GRIDCO, Transmission tariff bills of OPTCL and SLDC charges bills are submitted before the commission which is part of the tariff filing.

Extending benefits to Industries of Seasonal Nature

239. SOUTHCO has submitted that the benefits are for industries which are under statutory restrictions of state where fishing is banned in the breeding season. So, it the duty of the state to compensate for such restriction accordingly tariff was fixed for those who are dependent on them. So, the claim of the objector for extending above benefits to seasonal industries is not acceptable.

OBSERVATION, ANALYSIS AND RECOMMENDATIONS OF CONSUMER COUNSEL “WISE” ON ARR, WHEELING AND RETAIL SUPPLY APPLICATION OF DISCOM UTILITIES (PARA 240 TO 249)

240. The licensees have over projected the LT demand and the demand of BPL categories which is not as per the norms of consumption allowed for this category. The overconsumption due to unmetered / unbilled consumption or defective meters cannot be permitted and requested for review.
241. The BPL domestic category should be restricted for consumption upto 30 units per month and the same should be converted to APL after crossing 30 units consumption on annual basis.
242. Increase in LT sales require more cross subsidy from HT and EHT consumers or this needs to be recovered from the Government through tariff subsidy. SOUTHCO is the most affected as their HT and EHT consumer base is very less compared to other DISCOM Utilities of Odisha
243. It is observed from the past data that all the DISCOM Utilities have consistently failed to realize LT revenue per input fixed by the Commission.
244. In case of employees costs all the licensees have projected an increase in technical and non technical employees by way of new recruitments. Apart from that, the licensees have also outsourced many of the activities like meter reading, billing and distribution, collection, energy auditing etc which has been included in A&G expenditure. Due to inclusion of franchisee operations and outsourcing activities the actual manpower requirement should go down and hence the licensee's submission towards additional manpower requirement and consequential increase in employee cost is not justified. As per the Commission's decision in last year and also at present there should not be new induction. Further, the impact of 7th pay commission may be considered only after implementation of the pay commission and effect can be realized during true-up exercise.
245. It is observed that the DISCOM's are not utilizing the approved expenses by the Commission for proper R & M of the network due to shortage of funds.
246. In the case of bad and doubtful debts all the licensees have increased requirement for making provision for bad and doubtful debt. Further, despite appointing various collection franchisees, outsourcing of the billing and collection activities and imposition of DPS to domestic category consumers the billing and collection efficiency of the licensees have not shown any sign of improvement. The licensees have also failed to recover the arrears which are pending for more than a year. It has

been observed that more than 50% bad debts across all the licensees are more than 24 months old. This shows that the licensees are not putting enough effort to recover the old bad debts. The arrears older than 2 years are piling up and DISCOM Utilities need to recover the same to meet their working capital requirements. Further, the proposal of the licensee to introduce the amnesty arrear clearance scheme for LT non industrial category of consumer to recover such old debts if introduced could help to improve the recovery of such bad debts. Also, the Licensees, seem to project the provision for bad debt considering 4% collection inefficiency. It is suggested that this should be computed @1% of the total annual revenue billing in HT and LT sales only.

247. It is observed that all the DTRs and feeders are not yet metered. Hence, a 100% energy audit from DISCOM Utilities point of view means audit of only metered DTRs and feeders. This is inefficient practice as it does not reflect the true picture of energy efficiency of the utilities. In case of SOUTHCO, the Nuagan College Square is in semi-urban area, but still it has around 62% losses. Energy audit is like diagnosis, which requires concrete action to improve the situation. Despite utmost thrust imparted by the Utilities, the Energy Audit has failed to bring any conclusive results.
248. The utility has submitted that consumers with Emergency category are always remaining in synchronization mode and drawing power regularly which may be due to their low generation as compared to their requirement for which they have requested a two part tariff of CGP's. The Regulation has specified the provisions related to maximum demand while adopting the tariff to CGP. However, the Regulation is silent in the case of load factor condition while adopting tariff to CGP. Hence, the licensee should submit the data related to the LF achieved by the CGP to analyse the issue further.
249. The operation of Franchisees particularly in CESU area has been inefficient as a result of which T& D and AT & C losses have increased in the franchisee operated zones. Operation of these franchisees is not satisfactory and focused only on collection of revenue. Franchisees have managed to reduce the losses considering base year losses but have failed miserably to achieve their target level losses. So, Commission may review the performance of the franchisees and direct CESU accordingly to continue with the model.

OBJECTIONS ON PROPOSALS OF THE UTILITIES ON OPEN ACCESS CHARGES (PARA 250)

250. The respondents/ objectors have submitted the following points on the proposed Open Access Charges before the Commission for consideration.

- Cross subsidy surcharge ought to be reduced gradually as laid down in Section 42 of EA Act, 2003 hence, the Commission has to constantly Endeavour in this direction as per Section 42(2) of the EA Act, 2003. The CSS proposed by CESU is very high compared to the preceding financial year which is contrary to the provisions of EA, Tariff Policy and Regulations framed by the Commission.
- The Hon'ble ATE in their order dated 02.9.2011 at para 5 in appeal Nos.57, 67-73 of 2011 had directed the Commission to determine voltage wise cost of supply to be calculated on the basis of cost of supply to that consumer category and subsidies not to be increased but reduced gradually to be within $\pm 20\%$ of the average cost of supply.
- In the tariff order for FY 2018-19 Commission has not determined any cost of distribution in a particular class of consumers and instead relied upon the average cost of supply to all consumers of the State taken together. Therefore, alternatively it is prayed that the Commission should complete the CSS considering the said amount as the cost of DISCOM to supply electricity to the consumers of the applicable class.
- The calculation "C" needs to be changed and it should be the avoided cost of power procured by GRIDCO instead of the present method of taking BSP of a respective DISCOM in to consideration for calculating Cross Subsidy Surcharge as per Reg. 4(2)(iv) OERC (Determination of Open Access Charges) Regulation 2004..
- If the Cross Subsidy has been calculated considering the cost to serve all consumers of the state taken together, then CSS should also have been calculated considering the average cost to serve all consumers of the State taken together.
- The proposal of DISCOM Utilities to recover the cost of stranded assets by imposing additional surcharge should be rejected. In order to levy additional surcharge, DISCOM Utilities must be provided the standard capacity on daily basis and the respective merit order dispatch.
- The proposal of DISCOM Utilities to recover regulatory assets through additional surcharge may be rejected. The proposal of DISCOM Utilities to issue direction from the Commission preventing the construction of dedicated transmission line by the Captive Generating Plants should not be allowed which will against Sec.9 of Electricity Act, 2003.
- Due to very high cross subsidy surcharge in SOUTHCO, the total cost of the energy is very high and no consumer in SOUTHCO area can afford to purchase

power through open access. In fact Open Access charges should be same throughout the state to speed up industrialization.

- The Commission is adopting dual policy for calculating cost of supply while calculating Cross Subsidy and Cross Subsidy Surcharge. As per para 8.5.1 of national tariff Policy Cross Subsidy Surcharge should not exceed 20% of the cost of supply of that category of consumer.
- The existing open access charges and proposed open access charges of DISCOM Utilities in Odisha is high compared to the other states, due to which consumer is generally disinterested to purchase power from other sources, therefore, very purpose of open access is defeated.
- Further, in case a DISCOM is not able to supply power due to Power Regulation or shortage of power then in such case the industries should be allowed to source from the third party through open access without payment of cross subsidy surcharge.

OBSERVATION OF STATE ADVISORY COMMITTEE (SAC) (PARA 251 TO 256)

251. The State Advisory Committee (SAC) was convened on 20.02.2019 to discuss on the proposed ARR and Tariff Applications of different utilities in the state for FY 2019-20. The members of the SAC deliberated on the various issues and gave following observations /suggestions to the Commission.
252. Most of the SAC members stated that the quality of supply, the financial health of DISCOM utilities as well as performance in terms of LT loss have been remained same even after 20 years of reform. Considering the poor quality of supply there should be no hike in Retail Supply Tariff for the year 2019-20. As stated by some members there should be a differential tariff between rural and urban consumers and that of urban consumers may be hiked. In the name of revenue collection the utilities are adopting unfair practices by using penal provisions of the Act such as section 126 and section 135 which brings bad name to the sector. The utilities are even failed to 100% consumers into billing fold.
253. Some members stated that the Commission has kept loss level for the DISCOM Utilities constant for last 6 years. In view of the huge investment in power sector by Government, Commission may reduce the loss target further. However they emphasised to verify the loss level by effective energy audit verified by third party.
254. Regarding operational franchises, some SAC members expressed their concerned for continuance of franchisee despite of their poor performance. The accounts submitted

by the franchisees needs to be audited to avoid proud irregularities. They suggested that the cost benefit analysis of the franchisee model needs to be analysed before their further renewal. It is regretted that the franchisees have not invested any amount towards improvement of quality of supply.

255. Some members suggested that the HT and EHT tariff in the state is quite high and it needs to be reduced for survival of the industries. The reliability surcharge is a bonus to the DISCOM Utilities for their non-performance and should be waived out. They suggested that Commission should re-introduce three slab based EHT tariff and take or pay scheme for industrial consumers. The ToD benefit presently available to the industries is quite negligible to attract the industries to swap their load from peak to off-peak hours and hence needs to be increased further.

256. Shri Hemanta Sharma, Commissioner-cum-Secretary, Department of Energy participating in the deliberations, outlined the present status of power sector and effort from the government in order to address the concerns raised by the SAC members:-

(a) Shri Sharma stated that by 31st December, 2018, 90 Lakh consumers were covered under the billing fold in the state. Regarding IT road map, he stated that in the coming year the utilities are moving to technology platform to address consumer grievances. There would be a new IT setup for NESCO, WESCO and SOUTHCO to the tune of approx. Rs 100-150 crore for the year. Data Centre and IT equipment will be functioning by 6-9 months. Many new technologies such as SAP based system will be introduced. The system will be modernised in tune with NDPL. Tata Power is the consultant in the scheme. He admitted that distribution loss is still high and cannot be met merely by raising the tariff. He stressed that T& D loss should be benchmarked. He however, pointed out that in 2014-15 there was a gap of 16% between the OERC order and actual loss reduction, in 2017-18 this gap has come down to 10% and is reducing at the rate of 1.3% every year. In the meantime LT consumer growth has gone up from 53 lac to 84 lac in the corresponding years. This situation can be improved in 6-8 months by aggressive metering that is going on. RCS system has been installed by NESCO and will be implemented in all four DISCOM Utilities by the end of the FY.

(b) This year there has been a vast network expansion from 66 to 96 lac consumers, which has put a huge pressure on technology and manpower of the utilities. 3000 transformers are being installed in a month at the rate of 100 per day. 2.34 lac transformers have been installed in all, 66000 in CESU, 62000 in

NESCO, 48000 in WESCO and 42000 in SOUTHCO, respectively. By March, 2020, all ODSSP transformers in Bhubaneswar and Cuttack will be unmanned. He said that there was a huge manpower requirement of four employees per substation. Due to freezing of recruitment, promotion prospects of DISCOMs officers have also dwindled. Change HR structure without cost up gradation can be done and the Energy Secretary should be authorised to do the needful as Administrative Officer of the utilities. The Chairperson said that if a plan is submitted, the Commission will consider it.

VIEWS OF GOVERNMENT OF ODISHA ON TARIFF ISSUES (PARA 257)

257. Government of Odisha communicated its views on various issues involving Retail Supply Tariff for the year 2019-20 vide their letter No. 2283 dated 12.03.2019 which stated as follows:

KEEPING IN ABEYANCE OF UP-VALUTJON OF ASSETS

- Regarding the issue of up-valuation of assets pertaining to OPTCL, Generators and other licensees, the Government for the time being agrees with the views of the Commission to keep in abeyance the up valuation of assets like previous years. Considering the prevailing situation, the Government agrees to extend the status-quo on Up-valuation till FY 2019-20.

DEMAND OF SUBSIDY

- Presently numbers of LT consumers in all DISCOM Utilities are increasing due to introduction of various Schemes by Government of Odisha and Government of India. Further the State Government has provided electricity to all villages and households in the State.
- Massive financial assistance is being provided by the State Government for Up gradation of transmission and distribution systems, which is primarily in the nature of capital subsidy to keep the tariff low for all categories of consumers.
- For the benefit of people, the State Government has implemented modernization project like Radial to Ring Conversation Project (RRCP) to reduce interruption, Disaster Resilient Power System (DRPS) to protect transmission and distribution infrastructure from natural disaster. Technology like SCADA(Supervisory Control and Data Acquisition) for system automation, use of optical fiber composite overhead ground wire in place of earth wire are implemented for better network communication.

- State Government is making huge investment in power infrastructure through various schemes in the sector of electricity like ODSSP, IPDS, DDUGJY, BGJY, BSVY, Saubhagya etc. Government is also making equity infusion in OPGC, OCPL, OHPC, GEDCOL and OPTCL. In the meanwhile 2x660MW OPGC expansion power project is nearing completion and will supply power to the State Grid in near future which will ultimately full fill the power demand security of the State for coming years.
- Similarly GEDCOL has already installed 24MW solar power and around 1000 MW of solar power will be available in the State through GEDCOL.
- The Commission may strike a balance in fixation of the cross subsidy in tune with the National Tariff Policy and taking into consideration the practical aspect of power supply and consumer base of Odisha Which is predominantly rural and low consumption.

OBSERVATION AND DIRECTION OF THE COMMISSION

(PARA 258 TO 457)

Tariff Design

258. All the DISCOM Utilities of Odisha have filed their Aggregate Revenue Requirement (ARR), Wheeling and Retail Supply Tariff (RST) applications for the financial year 2019-20 in pursuance to Regulation 6 (1) of (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 within 30th November, 2018. The DISCOM Utilities have proposed segregation methodology for segregating their cost and revenue into wheeling business and retail supply business for approval of the Commission under Regulation 4.4 of said Regulations. As in the previous years Commission has approved the cost allocation matrix provisionally for FY 2019-20 consistent with the Regulations (paras 385 to 393 of RST order 2016-17). The same shall continue for FY 2019-20.
259. In accordance with Regulation 5.1 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 utilities will submit the Business Plan for fourth control period 2019-20 to 2020-24 which will be approved by the Commission. The Commission had segregated the different cost components of the DISCOM Utilities in their earlier Long Term Tariff Strategy (LTTS) Principle in the first control period and also in the MYT orders for successive three control periods ending in 2018-19. Since none of the DISCOM Utilities have submitted their Business plan till now, the Commission intends to

continue with the same normative distribution loss and collection efficiency targets as fixed for FY 2018-19 for FY 2019-20 also. This approach does not allow the additional losses incurred by the DISCOM Utilities due to inefficiency in their operation. The Commission had ordered all DISCOM Utilities to submit their Business plan.

260. The tariff design exercise carried out by the Commission is a balancing act in which revenue is matched with expenditure in such a way that voltage-wise tariff remains within $\pm 20\%$ of the average cost of supply as per Clause 8.3 of National Tariff Policy. In the present State of Odisha power sector, EHT and HT consumers are cross subsidizing consumers, whereas the LT consumers are the subsidized consumers. As shown in the table below the percentage EHT sales has been gradually decreasing in the sales mix. This may be due to Industries switching over to CGPs, Open Access or recession in the market. The share of EHT sales has declined from 36.23% in 2011-12 to around 26.06% in 2017-18 in the State.

Table – 18
Percentage of EHT to Total Sales in Odisha

| | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|----------------|-------------|----------|---------|---------|---------|---------|---------|----------|
| CESU | EHT | 1309.32 | 1267.19 | 1618.28 | 1582.05 | 1229.82 | 975.27 | 1003.28 |
| | Total Sales | 4469.79 | 4662.96 | 5211.93 | 5484.36 | 5570.76 | 5488.59 | 5781.64 |
| | Ratio | 29.29% | 27.18% | 31.05% | 28.85% | 22.08% | 17.77% | 17.35% |
| NESCO | EHT | 1,672.56 | 1612.34 | 1532.46 | 1513.62 | 1733.76 | 1975.78 | 1997.77 |
| | Total Sales | 3301.53 | 3282.87 | 3337.83 | 3455.54 | 3806.67 | 4077.21 | 4234.96 |
| | Ratio | 50.66% | 49.11% | 45.91% | 43.80% | 45.55% | 48.46% | 47.17% |
| WESCO | EHT | 1364.186 | 1468.66 | 1646.45 | 1704.47 | 1362.66 | 1234.27 | 1219.19 |
| | Total Sales | 3775.01 | 3945.34 | 4201.06 | 4552.2 | 4597.95 | 4798.86 | 5377.79 |
| | Ratio | 36.14% | 37.23% | 39.19% | 37.44% | 29.64% | 25.72% | 22.67% |
| SOUTHCO | EHT | 383.9335 | 413.844 | 404.567 | 386.838 | 349.492 | 335.84 | 399.44 |
| | Total Sales | 1507.68 | 1660.67 | 1720.36 | 1947.73 | 2077.87 | 2141.19 | 2334.12 |
| | Ratio | 25.47% | 24.92% | 23.52% | 19.86% | 16.82% | 15.68% | 17.11% |
| ODISHA | EHT | 4729.995 | 4762.04 | 5201.76 | 5186.97 | 4675.73 | 4521.16 | 4619.68 |
| | Total Sales | 13054.01 | 13551.8 | 14471.2 | 15439.8 | 16053.2 | 16505.9 | 17728.51 |
| | Ratio | 36.23% | 35.14% | 35.95% | 33.59% | 29.13% | 27.39% | 26.06% |

261. Like in the previous years, the Commission has adopted Top Down Approach to calculate sales of ensuing year by applying normative loss approved in the Business Plan Order vide Case Nos. 58/2016, 53, 56 and 57 of 2017.

Table – 19
Proposed and Approved Loss of DISCOM Utilities

| | FY 2017-18 (Actual) | FY 2018-19 Approved | FY 2018-19 Estimated by licensees | FY 2019-20 Proposed by licensees | FY 2019-20 (Approved) by the Commission |
|------------------------|--------------------------------|--------------------------------|--|---|--|
| CESU | | | | | |
| Distribution Loss | 31.72 | 23.00% | 28.79% | 25.99% | 23.00% |
| Collection Efficiency | 96.56 | 99.00% | 99.00% | 99.00% | 99.00% |
| AT and C Loss | 34.07 | 23.77% | 29.50% | 26.73% | 23.77% |
| NESCO Utility | | | | | |
| Distribution Loss | 22.28 | 18.35% | 20.00% | 19.00% | 18.35% |
| Collection Efficiency | 93.38 | 99.00% | 96.00% | 97.00% | 99.00% |
| AT and C Loss | 27.43 | 19.17% | 23.20% | 21.43% | 19.17% |
| WESCO Utility | | | | | |
| Distribution Loss | 25.81 | 19.60% | 25.23% | 23.12% | 19.60% |
| Collection Efficiency | 89.99 | 99.00% | 94.00% | 96.00% | 99.00% |
| AT and C Loss | 33.23 | 20.40% | 29.72% | 26.19% | 20.40% |
| SOUTHCO Utility | | | | | |
| Distribution Loss | 32.70 | 25.50% | 29.76% | 26.35% | 25.5% |
| Collection Efficiency | 91.42 | 99.00% | 93.00% | 96.00% | 99.00% |
| AT and C Loss | 38.48 | 26.25% | 34.68% | 29.47% | 26.25% |
| ODISHA | | | | | |
| Distribution Loss | 28.03 | 21.32% | 25.96% | 23.69% | 21.36% |
| Collection Efficiency | 93.15 | 99.00% | 96.03% | 97.27% | 99.00% |
| AT and C Loss | 32.96 | 22.11% | 28.90% | 25.78% | 22.15% |

Assessment of Power Purchase Requirement of DISCOM Utilities for FY 2019-20

262. The monthly quantity of power purchase of Utilities from April, 2018 to December, 2018 is available with the Commission. It is found that except SOUTHCO, in other DISCOM Utility open access is more common. For all the four DISCOM utilities the average power purchase up to December 2018 is extrapolated for the whole year for arriving at estimated power purchase for the 2018-19. The details are given below.

| | | |
|---------|---|------------|
| CESU | - | 9108.19 MU |
| NESCO | - | 5625.60 MU |
| WESCO | - | 7673.48 MU |
| SOUTHCO | - | 3650.24 MU |

263. The Commission has estimated sales for EHT and HT for the coming year basing on the trend of sales of this year arrived at by averaging and extrapolating sales by above method and sales projected by Utilities FY 2019-20. However, for LT the additional sale has been accepted basing on the projection made by the Licensees. The details of additional sales on LT (licensees projection for 2019-20 - estimated sales for FY 2018-19 by extrapolating the actual sales upto Dec,18) and in case of EHT and HT the additional sales (Commission's estimation for 2019-20 - estimated sales for FY 2018-

19 by extrapolating the actual sales upto December 2018) are given in the table below.

Table – 20

| | LT Sales (In MU) | HT Sales (In MU) | EHT Sales (In MU) |
|---------|-------------------------|-------------------------|--------------------------|
| CESU | 730.59 | 102.26 | (-) 102.89 |
| NESCO | 643.44 | (-) 2.21 | (-) 3.57 |
| WESCO | 354.27 | 00.00 | (-) 305.90 |
| SOUTHCO | 497.26 | 00.00 | (-) 34.97 |

264. For additional sales in HT and EHT the Commission allows appropriate power purchase basing on 8% distribution loss in HT. But in case of LT power purchase for 60% of additional sales has been allowed for CESU and SOUTHCO and 75% of additional sales has been allowed for NESCO and WESCO basing on the normative HT and LT loss. The rest 40% / 25% of additional sales is supposed to be met from reduction of distribution loss in LT.
265. Therefore, power purchase requirement for the Utilities in the year 2019-20 is estimated as follows:

Table – 21

(Figures in MU)

| | CESU | NESCO Utility | WESCO Utility | SOUTHCO Utility |
|---|-------------|----------------------|----------------------|------------------------|
| Estimated annual power purchase for 2018-19 | 9108.19 | 5625.60 | 7673.48 | 3650.24 |
| Additional estimated power purchase requirement for 2019-20 | 631.10 | 679.70 | 71.62 | 388.95 |
| Total power purchase for 2019-20 | 9739.29 | 6305.30 | 7745.10 | 4039.19 |
| Total Power purchase estimated for 2019-20 (Rounded) | 9740.00 | 6310.00 | 7750.00 | 4040.00 |

Estimation of Sales of DISCOM Utilities for FY 2019-20

266. As explained above, we have considered the EHT sales in full except WESCO Utility, as projected by the licensee. In case of WESCO utility, the projected EHT sales for FY 2018 -19 comes to 1605.90MU by extrapolating the actual sales for the period up to Dec,2018. But, the licensee has projected only 1300MU for FY 2018-19 and 1250 MU for FY 2019-20. Considering the actual sales and submission made by the licensee, the commission has estimated EHT sale of 1300 MU for WESCO for FY 2019-20. Similarly for HT Sale, the Commission has compared the actual sales up to Dec, 2018 and the projection made by the DISCOM Utilities for FY 2018-19 and 2019-20. Accordingly, the Commission has estimated the Sale for HT category for FY 2019-20 which are given in the table below.

Table – 22
Estimation of HT Sale (MU)

| | Actual | Prorating | Licensees | Licensees | Additional | OERC |
|--|---------------|------------------|------------------|------------------|-------------------|-------------|
|--|---------------|------------------|------------------|------------------|-------------------|-------------|

| | Sale for FY 2018-19 (upto Dec,18) | for whole year | proposal for 2018-19 | proposal for 2019-20 | sale during 2019-20 over 2018-19 | estimate for 2019-20 |
|------------------------|-----------------------------------|----------------|----------------------|----------------------|----------------------------------|----------------------|
| CESU | 1070.68 | 1427.57 | 1426.83 | 1529.10 | 102.26 | 1529.83 |
| NESCO Utility | 322.92 | 430.56 | 426.58 | 424.23 | (-) 2.21 | 428.35 |
| WESCO Utility | 1317.23 | 1756.31 | 1650.00 | 1730.00 | 00.00 | 1756.31 |
| SOUTHCO Utility | 234.46 | 312.62 | 296.55 | 307.45 | 00.00 | 312.62 |

267. The estimation of LT sales has been found out basing on the distribution loss approved in the Business Plan following top down approach as mentioned in the Regulation. Therefore, the purchase and sales estimation of DISCOM Utilities for FY 2019-20 are approved as follows:

Table – 23

(In MU)

| All ODISHA PURCHASE and SALES PROPOSED and APPROVED BY THE COMMISSION FOR FY 2019-20 | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | CESU | | NESCO | | WESCO | | SOUTHCO | | ODISHA | |
| | Proposed | Approved | Proposed | Approved | Proposed | Approved | Proposed | Approved | Proposed | Approved |
| Purchase | 9852.55 | 9740.00 | 6329.662 | 6310.00 | 7700.00 | 7750.00 | 4050.00 | 4040.00 | 27932.214 | 27840.00 |
| Sales | | | | | | | | | | |
| EHT | 1171.122 | 1171.122 | 2134.356 | 2134.356 | 1250.00 | 1300.00 | 406.249 | 406.249 | 4961.727 | 5011.727 |
| HT | 1529.095 | 1529.832 | 424.36 | 428.345 | 1730.00 | 1756.312 | 307.446 | 312.62 | 3990.901 | 4027.109 |
| LT | 4591.295 | 4798.846 | 2568.311 | 2589.414 | 2940.00 | 3174.688 | 2261.698 | 2290.931 | 12361.304 | 12853.879 |
| Total Sales | 7291.51 | 7499.80 | 5127.03 | 5152.115 | 5920.00 | 6231.00 | 2975.39 | 3009.80 | 21313.93 | 21892.715 |

Revenue Assessment

268. Basing on normative parameters like distribution loss, AT & C loss and collection efficiency as approved in this Retail Supply Tariff order of the Commission, we proceed to determine the revenue on the following principles.

EHT and HT Category

269. The average revenue billed per unit (P/Kwh) category-wise by DISCOM Utilities for the first nine months of current financial year (in T-6 Format) after normalization has been multiplied by the category wise estimated sales for FY 2019-20 to arrive at the revised revenue in the respective category of each licensee.

LT Category

270. The Commission has approved the sales of DISCOM Utilities at LT level by considering normative losses both at HT and EHT and applying the same on the estimated power purchase for 2019-20. Contrary to the Commission's expectation for high growth in LT sales, the licensees have projected less sale in LT assuming losses higher than that of approved by the Commission. This estimated sales approved by the

Commission are apportioned among various LT categories of consumers basing on the sales ratio among them.

271. Therefore, relying on the above principle we approve the expected revenue of DISCOM Utilities for FY 2019-20 as given in the table below:

Table – 24
Revenue of DISCOM Utilities for FY 2019-20 (Rs. Crs.)

| | CESU | NESCO Utility | WESCO Utility | SOUTHCO Utility |
|--------------|----------------|--------------------------|--------------------------|----------------------------|
| EHT | 681.57 | 1227.93 | 748.63 | 234.67 |
| HT | 893.98 | 246.19 | 1011.35 | 181.69 |
| LT | 2023.19 | 1029.78 | 1260.70 | 907.72 |
| Total | 3598.74 | 2503.90 | 3020.68 | 1324.08 |

Tariff Related Issues

DISCOM Utilities have raised certain issues which are discussed below:-

MMFC compensation for roof top solar for LT category of consumers

272. The DISCOM Utilities other than CESU have prayed that compensation to the extent of solar generation capacity may be allowed in MMFC to the consumers having Grid connected roof top solar facility in LT category. It may be stated that Grid connected roof top solar facility has been allowed as per net metering order of the Commission. MMFC is utilised in addition to other things for ensuring capacity reservation in the Grid system. Solar generation is intermittent in nature. Therefore, compensation in form of MMFC is not possible. However, net metering is a separate order of the Commission. Any revision in that order cannot be done through the Tariff order.

Withdrawal of power factor incentives

273. The Odisha power system is still not operating in unity power factor which is the ideal power factor. As long as this is not achieved there is scope for improvement of power factor. Therefore, withdrawal of incentive for improvement of power factor at this stage is not desirable.

Withdrawal of ToD benefit

274. DISCOM Utilities have stated that due to introduction of ABT, the industries are drawing power as per the prevailing frequency. The industries having CD > 110 KVA are also availing 120% over drawal facility during off peak hours. Therefore, they have requested the Commission to withdraw the ToD benefit. It is to be stated that the ABT is still to be implemented in Odisha for consumers. Rather it has been

implemented for DISCOM Utilities and they are supposed to get the benefit out of it. Over drawal facility is available to make the load curve flat during off peak hours. ToD benefit is implemented in Odisha for the consumers who are capable of segregating their load drawal. Therefore, there is no necessity of abolishing the ToD tariff. This matter has already been discussed in Para 310 of RST order for FY 2018-19.

Demand Charges for HT Medium category consumers.

275. The demand charges for HT medium category of consumers are a separate category of consumers who have CD<110 KVA. They are small industrial consumers. Their viability cannot be compared with large industry consumer. Therefore, the Commission have been consciously keeping demand charges lower for this category than that of large industry category.

MMFC for LT category of consumers

276. Some DISCOM Utilities want that the additional KW in all LT categories should have uniform MMFC. It is to be stated that this has been done to give some relief to agriculture, public lighting and small industry consumer. The revenue from this section of consumers is as such very low. It is expected that differential KW charges have minimal impact on the revenue in flow from this category of consumers.

Billing to Irrigation and agriculture category of consumers

277. Some DISCOM Utilities want that since the meters of agricultural consumers gets defective frequently due to site condition; load factor billing should be permitted. It is clarified that load factor billing is prohibited under the Act. Billing should be done through correct meter only. Therefore, request of DISCOM Utilities cannot be accepted.

Levy of Demand Charges

278. Some DISCOM Utilities state that the principle of “80% of CD or MD whichever is higher” principle for computation of demand charges should be revisited by making it 85% of CD or MD whichever is higher. The present principle has been kept keeping in view the drawal pattern of industries. For revision of the same, the DISCOM Utilities must show that drawal pattern of industries have changed upward considerably.

Additional Rebate of 2% to LT category of consumers for Digital Payment

279. Some DISCOM Utilities want that for encouraging digital payment, the incentive should be enhanced from 1% to 2%. The Commission agrees to the same.

Introduction of KVAH Billing or Applicability of power factor penalty

280. DISCOM Utilities request the Commission that KVAH billing should be introduced or alternatively power factor penalty should be imposed on some LT and HT categories of consumers. This matter has been discussed by the Commission in the past several Tariff order. KVAH billing should not be utilized as a revenue generation model rather for correct recording of energy. In appropriate time when infrastructures are fully ready for all the consumers this can be introduced.

MMFC/Demand Charges to be in KVA only instead of KVA/KW

281. Some DISCOM Utilities request the Commission for computation of demand charges basing on KVA instead of KW. This option was allowed by the Commission when there were electro mechanical meters which cannot read KVA. Now, in most of the cases static meters have been introduced. Therefore, the Commission has no objection if meter readings are captured in KVA for computation of demand charges provided it is mentioned in the agreement.

Perform Achieve and Trade (PAT) Cycle-II

282. CESU submits that they want a fund of Rs. 50 lakhs for conducting energy audit through accredited energy auditor as per Energy Conservation Act. In FY 2018-19, the Commission has allowed money for energy audit and consumer indexing in the tariff order. This year the same has been allowed at Rs. 5 Crores for each DISCOM which includes AT and C loss reduction measures.
283. NESCO, WESCO and SOUTHCO utilities have submitted that MMFC has been fixed for consumers in two different ways. For one group of consumers the rate is uniform and for other group the rate is reduced after first KW of load. They have prayed to fix uniform MMFC rate across all categories of consumers who are liable to pay the same. The Commission observes that the reduced rate is adopted mostly for agriculture and its related activities. This has been done to keep the electricity tariff for these categories low for affordability and growth in the sector. The revenue of DISCOM Utilities as a whole has been balanced without any consequential loss.

Meter Rent

284. CESU prays the Commission to consider the Meter Cost along with its accessories and amount invested for fixation of meter rent. In absence of any information enabling objective evaluation of the claim, the Commission is not inclined to accept the views of the Utilities. Hence the existing monthly meter rent will continue as follows:

Table - 25

| Type of Meter | Monthly Meter Rent (Rs.) |
|--|--------------------------|
| 1. Single phase electro-magnetic Kwh meter | 20 |
| 2. Three phase electro-magnetic Kwh meter | 40 |
| 3. Three phase electro-magnetic tri-vector meter | 1000 |
| 4. Tri-vector meter for Railway Traction | 1000 |
| 5. Single phase Static Kwh meter | 40 |
| 6. Three Phase Static Kwh meter | 150 |
| 7. Three phase Static Tri-vector meter | 1000 |
| 8. Three phase Static Bi-vector meter | 1000 |
| 9. LT Single phase AMR/AMI Compliant meter | 50 |
| 10. LT Three phase AMR/AMI compliant meter | 150 |

Note: Meter rent for meter supplied by DISCOM Utilities shall be collected for a period of 60 months only. After it is collected for sixty months, meter rent collection should be discontinued and excess collected, if any, shall be adjusted in subsequent energy charges. In addition to Meter rent any other applicable taxes and duties levied by Government shall also be payable by consumers to the Utilities.

285. Some objectors have requested the Commission in their written submission as well as at the time of hearing to reintroduce the three slabs based graded incentive tariff for HT/EHT as it promotes higher consumption in industries. The Commission has abolished one slab out of three slabs in load factor tariff w.e.f. FY 2013-14 for HT and EHT consumers. This has been done to rationalise the tariff on voltage level basis which means tariff should be one at a particular voltage if cost of supply at that voltage is considered. Since the Commission is moving towards cost based tariff as per the Act and Tariff Policy reintroduction of third slab in graded slab tariff at this stage cannot be considered.
286. The Commission has observed that the DISCOM Utilities are raising particular issues in each year tariff hearing for which the Commission has already given its finding. These are as follows:

Table - 26

| Issues | Commission's Observation |
|--|--|
| Levy of Demand Charges on the basis of 80% of CD or MD whichever is higher to be changed to 85% of CD or MD whichever is higher. | Para 276 for RST Order for FY 2017-18 |
| Withdrawal of power factor incentives | Para 287 of RST Order 2017-18 |
| Introduction of kVAH Billing | Para 244 of RST order for FY 2016-17 and in Para 304 and 332 RST order for FY 2015-16. |
| Power Factor Penalty for Three-phase Consumers having Contract Demand less than 110 KVA | Para 280 of RST order for FY 2017-18 and para 326 of the RST Order for FY 2015-16 |
| MMFC/Demand charges to be in kVA only instead of kVA/kW | Para 308 of RST order for FY 2017-18 |
| Continuation of bi-monthly billing | Para 297 of RST order for FY 2017-18 |

| Issues | Commission's Observation |
|--|---|
| Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers. | Para 285 of RST order for FY 2017-18 |
| Load factor Billing to Irrigation and Agriculture Category of Consumers | Para 244 of RST order for FY 2016-17 and para 332 of RST order for FY 2015-16 |
| Acceptance of Bank Guarantee in lieu of security deposit in cash | Para 282 of RST order for FY 2017-18 and para 326 of RST Order for FY 2010-11 |
| Overdrawl by Existing HT/EHT Category Consumers (Penalty both on demand and energy) | Para 238 of RST order for FY 2016-17. |

Rebate on prompt payment

287. NESCO, WESCO and SOUTHCO utilities submitted that they should be allowed to avail rebate of 2% if BSP dues are paid to GRIDCO within three days instead of two days as allowed by the Commission in BSP order for FY 2017-18. Further, the rebate should be 1% of the proportionate amount paid to GRIDCO if it is paid within 30 days similar to offer of NTPC to GRIDCO. The payment of dues of NTPC by GRIDCO and payment of BSP dues by DISCOM Utilities to GRIDCO are two different issues. The pattern of payment of dues of NTPC by GRIDCO is also different from that of payment of DISCOM Utilities to GRIDCO. Payment of NTPC dues are governed under a special Regulation of CERC. But this is not the case with DISCOM Utilities payment to GRIDCO. Therefore, the contention of DISCOM Utilities cannot be accepted.

Reliability Surcharge

288. Many Industrial consumers have objected the levy of Reliability Surcharge payable to the DISCOM Utilities which they are getting without any contribution. Since the industries are getting a premium service which is essentially different from a normal consumer they are to pay a surcharge which is minimal @ 10 paise per unit. Once the network in the State is evenly strengthened throughout the State the Commission may reconsider this.

Rebate on instalment

289. CESU submitted that as per Regulation 95 of OERC Distribution (Condition of Supply Code) 2004, a consumer is not eligible for rebate in case he has availed instalment facility, whereas Para 493 of RST order 2017-18 stipulates that the consumer is entitled for rebate on the amount of the monthly bill (excluding all arrears). So the applicability of rebate spelt in regulation and RST order contradicts each other. Hence, to overcome from the difficulty CESU has proposed not to allow rebate to the consumers who are not paying their energy charges in full (including

arrears). This matter examined it is found that there is no contradiction between our Regulation and Tariff Order 2017-18. Tariff order does not indicate rebate on the instalment of arrear dues. The prompt payment rebate is applicable if current dues are paid in full within due date.

Tatkal Scheme for New Connection

290. The Tatkal Scheme for consumers availing LT supply for Domestic, Agricultural and General Purpose shall continue as directed vide para 293 of the RST order for FY 2017-18. The Tatkal charges will continue to be applied as given below:

Table - 27

| Category of Consumers | Tatkal charges |
|---|-----------------------|
| LT Single phase upto 5 kW load | Rs.2000/- |
| LT three phase 5 kW and above | Rs.2500/- |
| LT Agricultural consumers | Rs.1000/- |
| LT General Purpose single phase and three phase consumers | Rs.4000/- |

The above Tatkal charges do not include meter cost.

Levy of transformer loss to consumer

291. CESU proposed certain mechanisms to reduce increased number of consumer complain on metering and transformer loss as given below.
- A. Where the LT metering is provided for new as well as existing HT consumer and consumer owns the transformer the billing should be made either on LT units in LT tariff without adding transformer loss or on HT units (LT units + transformer loss) in HT tariff where HT and LT tariff is available for such class of consumers.
 - B. Due to unavailability of LT supply if power supply to the consumer is given at HT even his connected load is less than 70KVA and metering is made at LT, then the consumer is to be billed on LT tariff without addition of transformer loss.
 - C. Not to allow taking over the consumer transformer on deposit of 6% supervision charges by consumer on his request.
 - D. If take over is allowed, then the substation is to be shifted outside the consumer premises for which the consumer shall borne the entire expenses. In such eventuality licensee can extend power supply to other consumers and can take up R & M work without consumer's interaction.
 - E. The levy of transformer loss is applicable to Telecom Towers as laid down in Para 247 of RST Order for the Financial Year 2012-13.

The issues of HT GP consumers with CD <70 KVA have been adequately addressed in Regulation 93 (9), Regulation 27 and Tariff order for FY 2012-13 of the Commission.

However, When HT meters could not be provided to HT consumers other than above for any reason, LT meters can be provided for a temporary period not exceeding four months. Transformer loss can be added to arrive at HT units for billing purpose for the above period only. Either HT meter shall be installed within four months or beyond this period the transformer loss shall be borne by the DISCOM Utilities.

No cost to be recovered from consumer upto 5 KW for transformer upgradation

292. During hearing of the views of objectors and consumers and on many occasions the Commission has come across the complains of small consumers who are denied service connection by DISCOM Utilities on the pretext of overloading of area transformer. On the other hand it is learnt from Government of Odisha that a large number of distribution transformers have been supplied to DISCOM Utilities. Therefore, there is no shortage of transformers at any DISCOM Utilities. DISCOM Utilities have also concurred this view in the SAC Meeting where this issue was discussed. Therefore, it is directed that while providing new LT supply upto 5 KW, the cost of upgradation of transformer or installation of new transformer shall not be insisted upon or recovered from the consumers in the context of remunerativeness of the connection.

Cross-subsidy in Tariff

293. 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. The average cost of supply for Odisha for FY 2019-20 is follows:

Table – 28

Average Cost of Supply (per Unit) FY 2019-20

| Expenditure | 2019-20 (Approved) |
|--|-------------------------------|
| Cost of Power Purchase | 7529.96 |
| Transmission Cost | 696.00 |
| SLDC Cost | 4.31 |
| Total Power Purchase, Transmission and SLDC Cost(A) | 8230.27 |
| Net Employee costs | 1,604.34 |
| Repair and Maintenance | 354.44 |
| Administrative and General Expenses | 188.55 |
| Provision for Bad and Doubtful Debts | 75.54 |
| Depreciation | 235.41 |
| Interest Chargeable to Revenue including Interest on S.D | 215.49 |
| Sub-Total | 2,673.77 |
| Less: Expenses capitalised | - |
| Total Operation and Maintenance and Other Cost | 2,673.77 |
| Return on equity | 36.00 |
| Total Distribution Cost (B) | 2,709.77 |
| Amortisation of Regulatory Asset | |
| True up of Past Losses | - |
| Contingency reserve | - |
| Total Special Appropriation (C) | - |
| Total Cost (A+B+C) | 10940.04 |
| Approved Saleable Units (MU) | 21,892.72 |
| Average Cost (paisa per unit) | 499.71 |

For the purpose of calculating average tariff, the estimated revenue realization from a category and total sales to that category have been taken into consideration.

Average Tariff realization = Total expected revenue to be realized from a category for a category as per ARR/ Total anticipated sale to that category as per ARR

The cross-subsidy calculated as per the above methodology is given in the table below:

**Table - 29
Cross Subsidy Table for FY 2019-20**

| Year | Level of Voltage | Average cost of supply for the State as a whole (P/U) | Average Tariff P/U | Cross-Subsidy P/U | Percentage of Cross-subsidy above/below of cost of supply | Remarks |
|----------------|-------------------------|--|---------------------------|--------------------------|--|--|
| 1 | 2 | 3 | 4 | 5= (4) – (3) | 6= (5 / 3) | 7 |
| 2015-16 | EHT | 488.81 | 572.03 | 83.22 | 17.03% | The tariff for HT and EHT category has been calculated |
| | HT | | 575.59 | 86.78 | 17.75% | |
| | LT | | 396.53 | -92.28 | -18.88% | |
| 2016-17 | EHT | 480.40 | 572.36 | 91.96 | 19.14% | |
| | HT | | 575.86 | 95.46 | 19.87% | |
| | LT | | 393.36 | -87.04 | -18.12% | |

| | | | | | | |
|---------|-----|--------|--------|--------|---------|--------------------------|
| 2017-18 | EHT | 488.26 | 580.45 | 92.19 | 18.88% | based on average tariff. |
| | HT | | 581.60 | 93.34 | 19.12% | |
| | LT | | 398.95 | -89.31 | -18.29% | |
| 2018-19 | EHT | 489.47 | 576.88 | 87.41 | 17.86% | |
| | HT | | 579.18 | 89.71 | 18.33% | |
| | LT | | 398.72 | -90.76 | -18.54% | |
| 2019-20 | EHT | 499.71 | 577.21 | 77.49 | 15.51% | |
| | HT | | 579.38 | 79.67 | 15.94% | |
| | LT | | 406.21 | -93.50 | -18.71% | |

294. It would be noted from the above that Commission, in line with the mandate of the National Electricity Policy and Tariff Policy, has managed to keep cross-subsidy among the subsidised and subsidising category of consumers in the State within $\pm 20\%$. The Commission makes it clear that the above cross subsidy is meant only for Retail Supply Tariff fixation in the state applicable to all consumers (except BPL and agriculture) and not to be confused with cross subsidy surcharge payable by open access consumers to the DISCOM. The order of the cross subsidy surcharge applicable only to open access consumers is discussed subsequently.

Open Access Charges (Cross Subsidy Surcharge and Wheeling Charges)

295. The tariff for HT and EHT consumers for determination of cross subsidy surcharge has been assumed at 100% load factor since open access drawal is made to utilise the full quantum of the power so availed. The formula prescribed in Tariff Policy in Para 8.5.1 for determination of cross subsidy surcharge is as follows:

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 weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution 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.

296. As in the previous year Commission accepts 'C' equal to BSP of respective DISCOM Utilities as explained above. Similarly 'T' is the tariff at 100% load factor including

demand charges for the respective voltage level. The wheeling charges ‘D’ is as determined from the distribution cost approved for the FY 2019-20 and ‘L’ is assumed 8% at HT and nil for EHT since EHT loss is accommodated in transmission charges.

297. Regarding different wheeling charges for 33 KV and 11 KV network Commission does not differentiate between 11 KV and 33 KV in determination of wheeling charges. The wheeling as per our Wheeling Tariff and Retail Supply Tariff Regulations, 2014 includes distribution system and associated facilities of a distribution licensee. This takes care of both the voltage at 11 KV and 33 KV. Therefore, the Commission determines a single wheeling charge for 11 KV and 33 KV.
298. Basing on the above the wheeling charges and cross subsidy surcharges have been determined as follows:

Table – 30
Wheeling Charges Approved for FY 2019-20

| | CESU | NESCO Utility | WESCO Utility | SOUTHCO Utility |
|--|--------------|----------------------|----------------------|------------------------|
| Energy Handled at HT (MU) | 8,568.88 | 4,175.64 | 6,450.00 | 3,633.75 |
| Net Distribution Cost (Rs. Crs.) | 582.43 | 360.80 | 369.43 | 307.49 |
| Wheeling Charge calculated for 2019-20 (Paise per unit) | 67.97 | 86.41 | 57.28 | 84.62 |

Table - 31
Computed Surcharge for Open access consumer 1MW and above

| DISCOM | CESU | NESCO Utility | WESCO Utility | SOUTHCO Utility |
|---|-------------|----------------------|----------------------|------------------------|
| Surcharge for EHT Consumer (P/U) | 237.90 | 200.90 | 194.90 | 312.90 |
| Surcharge for HT Consumer (P/U) | 150.04 | 91.39 | 114.00 | 214.92 |

299. As per mandate of the Electricity Act, 2003 under Section 42 the cross subsidy surcharge is to be reduced progressively. The Commission is authorized to evolve a methodology for such reduction. Basing on the suggestions during the hearing in the last year so also in the current proceeding, the Commission have fixed leviable surcharge at 63% of the computed value of the same for this year as against 65% of computed value of FY 2018-19.

Table – 32
Leviable Surcharge, Wheeling Charge and Transmission Charge for Open access consumer 1MW and above for FY 2019-20

| Name of the licensee | Cross Subsidy Surcharge (P/U) | | Wheeling Charge P/U applicable to HT consumers | Transmission Charges for Short Term Open access Customer |
|-----------------------------|--------------------------------------|-----------|---|---|
| | EHT | HT | | |

| | | | only | (applicable for HT and EHT consumers) |
|------------------------|--------|--------|-------------|--|
| CESU | 149.88 | 94.53 | 67.97 | Rs. 1500/MW/day or Rs.62.5/MWh |
| NESCO Utility | 126.57 | 57.58 | 86.41 | Rs. 1500/MW/day or Rs.62.5/MWh |
| WESCO Utility | 122.79 | 71.82 | 57.28 | Rs. 1500/MW/day or Rs.62.5/MWh |
| SOUTHCO Utility | 197.13 | 135.40 | 84.62 | Rs. 1500/MW/day or Rs.62.5/MWh |

As per Clause 8.5.1 the cross subsidy surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. For the state as a whole, the above cross subsidy surcharge works out to 16.28% in case of HT and 27.46% in case of EHT consumers as against 17.42% for HT and 27.56% for EHT consumers for FY 2018-19.

Additional Surcharge

300. As per principle followed in the previous order, we have not determined additional surcharge over and above the surcharge to be paid to the DISCOM Utilities to meet the fixed cost of licensee arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act. This is because no such case has been brought before us by the DISCOM Utilities.

In summary,

- (i) The wheeling charge and surcharge as indicated in Table above shall be applicable from the date of this order.
- (ii) The normative transmission loss at EHT (3%) and normative wheeling loss for HT level (8%) shall be applicable for the year 2019-20.
- (iii) No Cross-subsidy surcharge is payable by the consumers availing Renewable power through open access.
- (iv) 20% wheeling charge is payable by the consumers drawing power through open access from Renewable source excluding Co-generation and Bio mass power plant.

These charges as notified for FY 2019-20 will remain in force until further orders.

FINANCIAL ISSUES FY 2019-20

Employees Cost

301. The four DISCOM Utilities WESCO, NESCO, SOUTHCO and CESU in their ARR and tariff petition for the FY 2019-20 have projected employees cost at an enhanced amount compared to what was approved during the year 2018-19. A comparison of the approved Employees cost for FY 2018-19 and proposed by DISCOM UTILITIES

for FY 2019-20 is shown in the following table.

**Table – 33
Employee Cost**

(Rs. in Cr.)

| Sl. No. | Particulars | WESCO | | NESCO | | SOUTHCO | | CESU | | Total | |
|---------|--|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| | | Approved 18-19 | Proposed 2019-20 | Approved 18-19 | Proposed 2019-20 | Approved 18-19 | Proposed 2019-20 | Approved 18-19 | Proposed 2019-20 | Approved 18-19 | Proposed 2019-20 |
| 1 | Basic Pay + GP | 143.81 | 142.96 | 123.88 | 112.15 | 119.14 | 111.98 | 179.79 | 233.66 | 566.62 | 600.75 |
| 2 | DA | 10.07 | 18.58 | 8.67 | 17.86 | 8.34 | 14.56 | 12.59 | 30.38 | 39.66 | 81.38 |
| 3 | Reimbursement of HR | 11.55 | 25.73 | 9.38 | 27.47 | 9.29 | 21.28 | 11.22 | 46.73 | 41.44 | 121.21 |
| 4 | Other allowance | 3.22 | 3.28 | 1.37 | 3.94 | 1.66 | 1.71 | 4.72 | 4.87 | 10.97 | 13.80 |
| 5 | Arrear of 7th Pay commission | | 38.32 | | 29.73 | | 23.94 | | 72.23 | 0.00 | 164.22 |
| 6 | Bonus | 0.06 | 0.80 | 0.83 | | | | 0.09 | 1.06 | 0.98 | 1.86 |
| 7 | Contractual/Outsource Expenses | 24.22 | 13.39 | 18.81 | 30.68 | 35.81 | 43.56 | 14.11 | 16.67 | 92.94 | 104.30 |
| 8 | Additional Employee Cost | | 21.23 | | 25.19 | | | | 10.01 | | |
| 9 | Total Emoluments (1 to 8) | 192.93 | 264.29 | 162.95 | 247.02 | 174.23 | 217.03 | 222.52 | 405.60 | 752.62 | 1133.94 |
| 10 | Reimbursement. of medical expenses | 3.21 | 7.15 | 2.35 | 6.87 | 2.44 | 5.60 | 4.14 | 11.68 | 12.14 | 31.30 |
| 11 | Leave Travel Concession | 0.12 | 0.17 | 0.30 | 0.30 | 0.15 | 0.17 | 0.02 | 0.12 | 0.59 | 0.76 |
| 12 | Encashment of Earned Leave | | | | | | | | | 0.00 | 0.00 |
| 13 | Honorarium | 0.16 | 0.20 | | | 0.01 | 0.01 | | | 0.17 | 0.21 |
| 14 | Payment under workmen compensation Act | 0.07 | 0.07 | 0.10 | | 0.65 | 0.29 | 1.16 | 0.69 | 1.98 | 1.05 |
| 15 | Expense towards uniform to Employees | | | | | | | | 2.09 | 0.00 | 0.00 |
| 16 | Ex-gratia | 0.08 | 0.10 | 3.54 | 3.34 | | | | | 3.62 | 3.44 |
| 17 | Other Staff Costs | 0.55 | 0.75 | 1.18 | 1.37 | 0.35 | 0.45 | 1.23 | 2.50 | 3.31 | 5.07 |
| 18 | Total Other Staff Costs (10 to 17) | 4.19 | 8.44 | 7.47 | 11.88 | 3.60 | 6.52 | 6.55 | 17.08 | 21.81 | 43.92 |
| 19 | Staff Welfare Expenses | 0.84 | 1.00 | 1.42 | 2.41 | 3.02 | 1.96 | 3.95 | 2.86 | 9.23 | 8.23 |
| 20 | Terminal Benefits (Pension + Gratuity + Leave) | 82.72 | 124.36 | 84.63 | 112.20 | 74.60 | 174.02 | 151.09 | 261.39 | 393.04 | 671.97 |
| 21 | Total (9+ 18+19+20) | 280.68 | 398.09 | 256.46 | 373.51 | 255.45 | 399.53 | 384.11 | 686.93 | 1176.70 | 1858.06 |
| 22 | Less : Employee. cost capitalized | 5.85 | 4.85 | 0.32 | 0.40 | 1.11 | 1.20 | 16.97 | 19.44 | 24.25 | 25.89 |
| 23 | Total Employees Cost | 274.83 | 393.24 | 256.14 | 373.11 | 254.34 | 398.33 | 367.14 | 667.49 | 1152.45 | 1832.17 |
| | % rise over approved 2017-18 | 43.08 | | 45.67 | | 56.61 | | 81.81 | | 58.98 | |

302. The above table reveals that for the ensuing year all the licensees have proposed a rise in employee's cost compared to the approval for the FY 2018-19. WESCO, NESCO, SOUTHCO and CESU have projected an increase over the approval of FY 2018-19 at 43.08%, 45.67%, 56.61% and 81.81% respectively. The overall projection for all DISCOM Utilities together is 58.98% more than the previous year approval. The projected enhancements are mainly due to implementation of the 7th Pay Commission recommendations, arrear thereof and Terminal liabilities based on the actuarial valuation estimates.

303. The Commission allows Employees cost in terms of the MYT principles enunciated in its order dated 20.3.2013. The relevant portion of said order is reproduced below:

“ 16.1 Employee Cost

The three DISCOM Utilities, WESCO, NESCO and SOUTHCO submitted to provide employee cost through indexation mechanism linked to CPI during the control period in line with the model FOR MYT Regulations. CESU submitted to take into account the employee cost due to massive RGGVY expansion of network. DISCOM Utilities also submitted that incentive and dis-incentive scheme may be introduced to improve productivity level.

The Commission after considering the submissions has decided to continue with the employee cost allocation in the ARR on the same principles as adopted during the second control period.

Wages and salaries during this control period would include the base year values of Basic pay and Grade Pay escalated for annual salary increments and inflation based on Government of Odisha notification. The sixth pay recommendation notified by Government of Odisha recommends annual increment @ 3% of the Basic and grade pay. The annual increment would be approved as per such recommendation. Basic Pay and grade pay are to be taken from annual audited accounts of the Licensee. However if as per the Commission’s assessment the figures shown in the audited accounts cannot be relied upon, the Commission may take into account the actual payment outgo during the last six months of the year to arrive upon the pay for the ensuing year. Dearness Allowance, HRA and other allowance would be calculated as per rates notified by Government of Odisha. Terminal liabilities would be provided based on a periodic actuarial valuation to be made by OERC in line with the prevailing Indian accounting standards. The financial impact of any award by Government of India/Government of Orissa shall be taken care of in subsequent year in truing up. XXXXXX”

304. In order to arrive at the estimates of requirement under Basic Pay including Grade Pay, the number of employees as on 31.3.2018, 31.03.2019 and 31.3.2020 from the submissions are ascertained. The position of the employees up to the year ending 2019-20 as proposed by the Licensees is shown in the following table :

Table – 34
Employees Proposed (2019-20)

| | WESCO | NESCO | SOUTHCO | CESU |
|--|--------------|--------------|----------------|-------------|
| No. of employees as on 31.03.2018 | 2744 | 2632 | 2404 | 6407 |
| Add: Addition during 2018-19 | 1 | 0 | 1 | 0 |
| Less: Retirement/Expired Resignation during 2018-19 | 237 | 133 | 148 | 257 |
| No. of employees as on 31.03.2019 | 2508 | 2499 | 2257 | 6150 |
| Add: Addition during 2019-20 | 680 | 596 | 21 | 650 |
| Less: Retirement/Expired/ Resignation during year 2019-20 | 170 | 123 | 132 | 236 |
| No. of employees as on 31.03.2020 | 3018 | 2972 | 2146 | 6564 |

305. The utilities have submitted that the DISCOM UTILITIES were created after unbundling of GRIDCO as per 2nd Transfer Scheme, 1998 and thereby all the personnel deployed in Distribution business were transferred from erstwhile

GRIDCO. Subsequently, by way of retirement, resignation death etc, there has been drastically reduction of manpower. In view of the large scale electrification of new areas either through rural electrification or due to addition of new consumers, the Utility restructured and reorganized by creation of new Divisions, sub-division and Sections with reinforcement of allied activities such as MRT , Energy Audit , maintenance of distribution transformers and vigilance activities. Main objective was to improve the 100 % of consumer coverage, reduction in Distribution losses and to meet the Revenue collection target. At present the Utilities have less number of employees on the roll than number of pensioners including family pensioners who are being paid out of revenue due to transfer under the Transfer Scheme.

306. Commission in the previous RST orders observed that the efficiency of the employees in all DISCOM Utilities is below national average. In other words the capacity of the employees have not been fully utilised by the DISCOM Utilities and performance has shown a downward trend. Therefore the Commission in the previous RST orders observed that ‘Increase in number of employees may not be a solution for better efficiency as observed in CESU. Moreover, the draft /proposed change in Act and new tariff policy specify renewed direction and purpose to the DISCOM organisation with possibility of restructuring in future. Therefore, adding more employees at a transition point is not prudent.
307. The Commission in continuation to the previous tariff orders decides that at present no new induction shall take place during the current financial year 2018-19 and also during the ensuing year 2019-20. Any addition thereafter shall be based on efficiency audit of each employee, formulation of service condition, market and efficiency based performance. Accordingly Commission approves following number of employees for the DISCOM Utilities for FY 2019-20.

Table – 35
Employees Strength Approved (2019-20)

| Employees Approved (2019-20) | WESCO | NESCO | SOUTHCO | CESU |
|---|--------------|--------------|----------------|-------------|
| No. of employees as on 31.03.2018 | 2744 | 2632 | 2404 | 6407 |
| Add: Addition during 2018-19 | 0 | 0 | 0 | 0 |
| Less: Retirement/Expired Resignation during 2018-19 | 237 | 133 | 148 | 257 |
| No. of employees as on 31.03.2019 | 2507 | 2499 | 2256 | 6150 |
| Add: Addition during 2019-20 | 0 | 0 | 0 | 0 |
| Less: Retirement/Expired/ Resignation during year 2019-20 | 170 | 123 | 111 | 236 |
| No. of employees as on 31.03.2020 | 2337 | 2376 | 2145 | 5914 |
| Average no. of employees for FY 2018-19 | 2626 | 2566 | 2330 | 6279 |
| Average no. of employees for FY 2019-20 | 2422 | 2438 | 2201 | 6032 |

308. All the Licensees have projected their employee cost for FY 2019-20 taking into account the impact of 7th pay commission recommendations including arrears for previous years. The DISCOM Utilities in the reply to queries of the Commission furnished the actual cash outflow on Basic Pay + GP from April 2018 to November 2018 (for a period of 8 months). It is observed from the reply to the queries that all the DISCOM UTILITIES have started paying the salaries as per the 7th pay commission recommendations from the month of August 2018 onwards. Accordingly the Basic pay and GP for FY 2018-19 as given in the reply to query has been extrapolated to arrive at Basic pay for FY 2019-20 including 7th pay commission recommendations. The Commission in accordance with the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, allows 3% escalation on Basic Pay and Grade Pay (based on Government of Odisha notification on the escalation of annual salary increments)towards normal annual increment on year to year basis and the same principle shall also continue for estimation of Basic pay and GP for this ARR also. The actual Basic pay and GP drawn for the period August 2018 to November 2018 was prorated for the entire year and the quantum of Basic pay and GP for FY 2019-20 was estimated by factoring the average no of employees for 2018-19 and 2019-20.
309. The DA as per the 7th pay commission recommendations and the projected DA thereof for FY 2019-20 is shown in the following table:

Table - 36

| Effective Date | Rate | Status |
|-----------------------|-------------|-----------------|
| 01.01.2016 | nil | Approved By GoO |
| 01.07.2016 | 2% | Approved By GoO |
| 01.01.2017 | 4% | Approved By GoO |
| 01.07.2017 | 5% | Approved By GoO |
| 01.01.2018 | 7% | Approved By GoO |
| 01.07.2018 | 9% | Approved By GoO |
| 01.01.2019 | 11% | Projected |
| 01.07.2019 | 13% | Projected |
| 01.01.2020 | 15% | Projected |

As per the above table the DA rate for FY 2019-20 is assumed to be 13%.

House Rent Allowance and Medical Allowance

310. House rent allowance and Medical Allowances have been allowed for FY 2019-20 as a proportion of the basic pay after implementation of 7th pay commission recommendations as submitted by the DISCOM Utilities.

311. As regards engagement of manpower, DISCOM Utilities have submitted in the ARR that since no recruitment has been permitted by the Commission there has been drastic reduction in the manpower. In view of the large scale electrification through rural electrification, addition of new consumers, reorganisation, and to carry out MRT, Energy Audit, maintenance of DTRs and vigilance activities present manpower is inadequate. Consequently in order to improve 100% coverage, reduction of distribution loss and to improve collection they have engaged contractual personnel and outsource agencies for maintenance of existing Grid substations, sub stations under ODSSP, watch and ward activity, vigilance activities etc. DISCOM Utilities were asked to submit the actual expenses on these activities during the current financial year 2018-19. The commission after scrutiny allows the expenses on Contractual and outsource employees for the ensuing year 2019-20 on the basis of the submission of DISCOM Utilities and actual cash outgo for the current year 2018-19.

Analysis of LT Division-wise Performance and Employee Performance

312. The Commission have analysed the LT loss level of various divisions of DISCOM Utilities as submitted by the DISCOM Utilities. This reveals the performance of the Divisions for FY 2017-18 on the various parameters as given in the following tables:-

Table – 37
LT Division-wise Performance (2017-18) – WESCO

| DIVISION | No. of Consumers | Energy Input (MU) | Energy Sold (MU) | T and D Loss (%) | Billing Efficiency % | BILL Rs. Crs | Collection Rs. Crs | Collection Efficiency (%) | AT and C LOSS (%) | Realisation /Unit |
|--------------------|------------------|-------------------|------------------|------------------|----------------------|--------------|--------------------|---------------------------|-------------------|-------------------|
| ROURKELA | 57179 | 148 | 131 | 12% | 88% | 62 | 58 | 94% | 17% | 3.9 |
| ROURKELA-SADAR | 79618 | 187 | 143 | 24% | 76% | 64 | 58 | 91% | 31% | 3.1 |
| RAJGANGPUR | 88633 | 127 | 125 | 1% | 99% | 57 | 53 | 93% | 8.6% | 4.1 |
| SUNDERGARH | 75374 | 163 | 115 | 29% | 71% | 51 | 41 | 79% | 44% | 2.5 |
| RRKL CIRCLE | 300804 | 624 | 514 | 18% | 82% | 234 | 210 | 89% | 26% | 3.4 |
| SAMBALPUR | 49523 | 284 | 189 | 33% | 67% | 94 | 71 | 76% | 49% | 2.5 |
| SAMBALPUR(E) | 84747 | 276 | 160 | 42% | 58% | 71 | 50 | 71% | 59% | 1.8 |
| JHARSUGUDA | 92867 | 261 | 174 | 33% | 67% | 76 | 64 | 83% | 44% | 2.4 |
| B.R.NAGAR | 37229 | 105 | 78 | 25% | 75% | 36 | 29 | 80% | 40% | 2.8 |
| DEOGARH | 49879 | 64 | 54 | 16% | 84% | 23 | 16 | 70% | 41% | 2.5 |
| BRL CIRCLE | 314245 | 990 | 655 | 34% | 66% | 300 | 230 | 77% | 49% | 2.3 |
| BARGARH | 99759 | 453 | 279 | 38% | 62% | 114 | 56 | 49% | 70% | 1.2 |
| BARGARH(W) | 120141 | 404 | 195 | 52% | 48% | 64 | 27 | 41% | 80% | 0.7 |
| BGH CIRCLE | 219900 | 857 | 474 | 45% | 55% | 178 | 83 | 46% | 74% | 1.0 |
| BOLANGIR | 91302 | 317 | 152 | 52% | 48% | 62 | 47 | 75% | 64% | 1.5 |
| SONEPUR | 101644 | 229 | 153 | 33% | 67% | 54 | 28 | 52% | 65% | 1.2 |
| TITLAGARH | 123638 | 294 | 174 | 41% | 59% | 70 | 41 | 58% | 66% | 1.4 |
| BGR CIRCLE | 316584 | 840 | 479 | 43% | 57% | 186 | 115 | 62% | 65% | 1.4 |
| KEED | 98908 | 200 | 162 | 19% | 81% | 62 | 41 | 66% | 46% | 2.1 |
| KWED | 98697 | 156 | 96 | 39% | 61% | 37 | 28 | 76% | 53% | 1.8 |
| NUAPADA | 83769 | 198 | 96 | 52% | 48% | 38 | 28 | 73% | 65% | 1.4 |

| | | | | | | | | | | |
|-------------------|----------------|-------------|-------------|------------|------------|-------------|------------|------------|--------------|------------|
| BPT CIRCLE | 281374 | 554 | 354 | 36% | 64% | 138 | 97 | 71% | 55% | 1.8 |
| WESCO | 1432907 | 3864 | 2476 | 36% | 64% | 1036 | 735 | 71% | 54.6% | 1.9 |

Table – 38
LT Division-wise Performance (2017-18) – NESCO

| Sl.No. | Name of the Division | No. of Consumers | Energy Input (MU) | Energy Sold (MU) | T and D Loss (%) | Billing Efficiency (%) | Billing to Consumer (Rs. In Crs) | Collection Received (Rs. In Crs) | Collection Efficiency (%) | AT and C Loss (%) | LT Realization per LT Input (P/U) |
|--------------------|----------------------|------------------|-------------------|------------------|------------------|------------------------|----------------------------------|----------------------------------|---------------------------|-------------------|-----------------------------------|
| 1 | BED BALASORE | 50408 | 152.624 | 124.858 | 18.19% | 81.81% | 58.52 | 62.53 | 106.86% | 12.58% | 410 |
| 2 | BTED BASTA | 64872 | 114.64 | 65.31 | 43.03% | 56.97% | 22.10 | 20.13 | 91.07% | 48.12% | 176 |
| 3 | JED JALESWAR | 86660 | 152.848 | 100.844 | 34.02% | 65.98% | 32.49 | 30.19 | 92.93% | 38.69% | 198 |
| 4 | CED BALASORE | 88875 | 187.497 | 107.761 | 42.53% | 57.47% | 42.88 | 37.71 | 87.93% | 49.46% | 201 |
| 5 | SED SORO | 117132 | 155.997 | 113.843 | 27.02% | 72.98% | 45.04 | 44.98 | 99.86% | 27.12% | 288 |
| 6 | BNED BHADRAK | 139453 | 275.506 | 186.465 | 32.32% | 67.68% | 76.54 | 68.04 | 88.90% | 39.83% | 247 |
| 7 | BSED BHADRAK | 83306 | 146.049 | 92.261 | 36.83% | 63.17% | 30.82 | 29.69 | 96.32% | 39.15% | 203 |
| 8 | BPED BARIPADA | 177843 | 291.181 | 192.855 | 33.77% | 66.23% | 85.92 | 78.86 | 91.79% | 39.21% | 271 |
| 9 | UED UDALA | 77999 | 91.249 | 58.156 | 36.27% | 63.73% | 22.89 | 20.75 | 90.66% | 42.22% | 227 |
| 10 | RED RAIRANGPUR | 152495 | 190.358 | 123.212 | 35.27% | 64.73% | 52.65 | 42.75 | 81.19% | 47.45% | 225 |
| 11 | JRED JAJPUR ROAD | 73051 | 225.807 | 136.475 | 39.56% | 60.44% | 56.22 | 58.60 | 104.23% | 37.00% | 259 |
| 12 | JTED JAJPUR TOWN | 82459 | 185.997 | 100.833 | 45.79% | 54.21% | 38.18 | 37.73 | 98.83% | 46.42% | 203 |
| 13 | KUED KUAKHIA | 92244 | 205.398 | 111.956 | 45.49% | 54.51% | 44.06 | 40.70 | 92.36% | 49.66% | 198 |
| 14 | KED KEONJHAR | 76400 | 96.066 | 86.834 | 9.61% | 90.39% | 39.72 | 37.06 | 93.29% | 15.67% | 386 |
| 15 | JOED JODA | 61636 | 118.464 | 102.268 | 13.67% | 86.33% | 46.91 | 46.84 | 99.85% | 13.80% | 395 |
| 16 | AED ANANDAPUR | 94096 | 143.725 | 91.541 | 36.31% | 63.69% | 32.46 | 32.44 | 99.92% | 36.36% | 226 |
| NESCO Total | | 1518929 | 2733.406 | 1795.472 | 34.31% | 65.69% | 727.40 | 688.99 | 94.72% | 37.78% | 252 |

Table – 39
LT Division-wise Performance (2017-18) – SOUTHCO

| Sl No | Name of the Divn | No of consumers | Energy Input(MU) | Energy Sold(MU) | T & D loss | Billing Efficiency % | Billing to consumer in Cr | Collection Received In Rs in Cr | Collection Efficiency | AT & C Loss | LT realisation per LT input P/U |
|-------|------------------|-----------------|------------------|-----------------|------------|----------------------|---------------------------|---------------------------------|-----------------------|-------------|---------------------------------|
| 1 | BERHAMPUR- I | 67511 | 150.41 | 142.68 | 5% | 95% | 68.08 | 68.88 | 101% | 4.0% | 4.58 |
| 2 | BERHAMPUR- II | 52726 | 136.16 | 122.80 | 10% | 90% | 59.09 | 61.82 | 105% | 5.6% | 4.54 |
| 3 | BERHMAPUR- III | 61354 | 84.62 | 71.34 | 16% | 84% | 30.55 | 33.16 | 109% | 8.5% | 3.92 |
| 4 | CHATRAPUR | 90514 | 192.19 | 100.22 | 48% | 52% | 41.38 | 36.70 | 89% | 53.7% | 1.91 |
| 5 | PURUSOTTAMPUR | 90628 | 158.24 | 87.93 | 44% | 56% | 35.39 | 28.67 | 81% | 55.0% | 1.81 |
| 6 | HINJILICUT | 73113 | 142.32 | 72.02 | 49% | 51% | 29.03 | 27.62 | 95% | 51.9% | 1.94 |
| 7 | ASKA- I | 52703 | 131.47 | 49.04 | 63% | 37% | 20.28 | 18.97 | 94% | 65.1% | 1.44 |
| 8 | ASKA- II | 51025 | 110.61 | 48.25 | 56% | 44% | 18.94 | 17.31 | 91% | 60.1% | 1.56 |
| 9 | DIGAPAHANDI | 85969 | 114.23 | 86.58 | 24% | 76% | 34.38 | 29.00 | 84% | 36.1% | 2.54 |
| 10 | BHANJANAGAR | 105410 | 163.82 | 89.37 | 45% | 55% | 35.67 | 35.66 | 100% | 45.5% | 2.18 |
| 11 | PHULBANI | 119559 | 143.76 | 82.69 | 42% | 58% | 32.68 | 26.80 | 82% | 52.8% | 1.86 |

| | | | | | | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|------------|------------|---------------|---------------|------------|---------------|-------------|
| 12 | BOUDH | 81773 | 107.14 | 69.34 | 35% | 65% | 25.39 | 15.18 | 60% | 61.3% | 1.42 |
| 13 | JEYPORE | 105214 | 166.78 | 120.15 | 28% | 72% | 50.08 | 42.47 | 85% | 38.9% | 2.55 |
| 14 | NOWRANGPUR | 143931 | 203.27 | 134.44 | 34% | 66% | 53.56 | 32.17 | 60% | 60.3% | 1.58 |
| 15 | MALAKANGIRI | 103143 | 123.77 | 97.97 | 21% | 79% | 38.08 | 19.61 | 51% | 59.2% | 1.58 |
| 16 | KORAPUT | 92407 | 153.86 | 72.70 | 53% | 47% | 30.22 | 25.77 | 85% | 59.7% | 1.67 |
| 17 | RAYAGADA | 120854 | 154.35 | 130.60 | 15% | 85% | 56.78 | 50.00 | 88% | 25.5% | 3.24 |
| 18 | GUNUPUR | 59235 | 69.25 | 54.29 | 22% | 78% | 20.13 | 21.47 | 107% | 16.4% | 3.10 |
| 19 | PARALAKHEMUNDI | 108063 | 116.98 | 93.37 | 20% | 80% | 38.83 | 36.44 | 94% | 25.1% | 3.12 |
| SOUTHCO UTILITY | | 1665132 | 2623.25 | 1725.76 | 34% | 66% | 718.54 | 627.69 | 87% | 42.30% | 2.40 |

Table – 40
LT Division-wise Performance (2017-18) – CESU

| SL NO | Division | No of Consumer | Input in MU | Billed in MU | Dist Loss % | Bill Effi % | Billed in Rs Cr. | Coll in Rs Cr. | AT & C Loss % | LT Realisation |
|-------|----------|----------------|-------------|--------------|-------------|-------------|------------------|----------------|---------------|----------------|
| 1 | BCDD-1 | 55696 | 240.425 | 230.88 | 3.97% | 96.03% | 129.39 | 130.91 | 2.85% | 5.44 |
| 2 | BCDD-2 | 135530 | 425.369 | 389.42 | 8.45% | 91.55% | 203.68 | 216.51 | 2.68% | 5.09 |
| 3 | BED | 104948 | 397.615 | 341.56 | 14.10% | 85.90% | 177.95 | 176.10 | 14.99% | 4.43 |
| 4 | NEDN | 135506 | 356.765 | 151.98 | 57.40% | 42.60% | 70.34 | 51.15 | 69.02% | 1.43 |
| 5 | PED | 137630 | 398.173 | 245.10 | 38.44% | 61.56% | 105.71 | 100.54 | 41.45% | 2.52 |
| 6 | NED | 164941 | 201.521 | 153.67 | 23.75% | 76.25% | 61.39 | 59.41 | 26.20% | 2.95 |
| 7 | KED | 149232 | 365.379 | 227.95 | 37.61% | 62.39% | 95.73 | 94.83 | 38.20% | 2.60 |
| 8 | BEDB | 91864 | 170.624 | 117.33 | 31.23% | 68.77% | 44.09 | 41.40 | 35.43% | 2.43 |
| 9 | CED | 126631 | 356.634 | 171.59 | 51.89% | 48.11% | 82.95 | 58.27 | 66.20% | 1.63 |
| 10 | CDD-I | 66235 | 287.312 | 251.15 | 12.59% | 87.41% | 128.74 | 133.84 | 9.13% | 4.66 |
| 11 | CDD-II | 64228 | 258.951 | 200.71 | 22.49% | 77.51% | 105.44 | 106.79 | 21.49% | 4.12 |
| 12 | AED | 100101 | 248.422 | 98.61 | 60.31% | 39.69% | 44.40 | 31.03 | 72.26% | 1.25 |
| 13 | SED | 86951 | 188.640 | 94.97 | 49.66% | 50.34% | 43.04 | 28.50 | 66.66% | 1.51 |
| 14 | KED-I | 161208 | 258.597 | 165.41 | 36.04% | 63.96% | 73.32 | 70.86 | 38.18% | 2.74 |
| 15 | KED-II | 72922 | 94.744 | 53.48 | 43.55% | 56.45% | 22.56 | 21.79 | 45.48% | 2.30 |
| 16 | PDP | 87461 | 180.958 | 98.09 | 45.79% | 54.21% | 42.68 | 36.58 | 53.54% | 2.02 |
| 17 | JED | 103099 | 177.829 | 106.17 | 40.30% | 59.70% | 46.26 | 39.85 | 48.58% | 2.24 |
| 18 | DED | 154559 | 441.344 | 198.59 | 55.00% | 45.00% | 87.52 | 79.16 | 59.30% | 1.79 |
| 19 | ANED | 118147 | 286.871 | 142.69 | 50.26% | 49.74% | 67.35 | 59.35 | 56.17% | 2.07 |
| 20 | TED | 115083 | 331.836 | 140.41 | 57.69% | 42.31% | 65.80 | 54.30 | 65.08% | 1.64 |
| | Total | 2231972 | 5668.01 | 3579.76 | 36.84% | 63.16% | 1698.34 | 1591.15 | 40.83% | 2.81 |

313. The Commission in the last few tariff orders expressed concern regarding high losses at LT level. The losses though have reduced but very marginally and continue to be quite high in many divisions. In CESU area also in many divisions loss level is more than 65% at LT level. These divisions are Nimapara, CED Cuttack, Salipur and Talcher. In SOUTHCO area also AT & C loss level is about 60% in divisions such as Aska, Boudh, Nawarangpur, Malkangiri and Koraput. In WESCO area Bargarh division has AT & C loss of 74% which is a matter of concern. Other divisions such as Bolangir and Nowapada the losses are about 65%. In NESCO area divisions such as Kuakhai, Jajpur and Rairangpur the losses are about 50%. Consequently the 'Realisation per LT input' of these divisions is dismally low and much lower than the Bulk supply price and Average cost of supply. Almost all divisions have therefore been spending more on establishment cost than the revenue realisation.

314. The Commission in previous RST order observed regarding average performance of Odisha DISCOM Utilities which is much lower than the national average and also lower than other states Gujarat, Karnataka, Maharashtra, Tamil Nadu, West Bengal and Haryana. The average of employees per thousands of consumers in Odisha is higher than the national average. The Commission observed that the most important reason for this shoddy performance is the complete lack of accountability on the part of employees. This is probably due to the misplaced generosity of the DISCOM Utilities in granting the same benefit and condition of service to employees who joined after the unbundling process in 1995. The DISCOM Utilities were not bound to extend such liberal terms to the employees recruited after the unbundling. This appears to be the major reason for the present crisis.” From the present filing of the DISCOM Utilities it is analysed that things have not changed as desired in the DISCOM Utilities and there is lot to be done to improve the performance in terms of billing, collection and reduction of losses.
315. The Commission is of the view that any financial benefit extended by DISCOM Utilities in shape of increment or promotion to its officers, as a whole need to consider the growth in revenue, improvement in O & M performance, reduction in losses, consumer satisfaction, achievement of organization goals and other parameters outlined by management.

Terminal Liability

316. All the DISCOM Utilities have projected an increase in their terminal liability for the ensuing year. A comparative position of the approved terminal liability in ARR of FY 2018-19 vis-a-vis projection made by the DISCOM Utilities for FY 2019-20 is given in the following table:

Table – 41

(Rs. Cr.)

| Name of the Company | Approved FY 2018-19 | Proposed FY 2019-20 | Percentage increase (in %) |
|----------------------------|----------------------------|----------------------------|-----------------------------------|
| WESCO | 82.72 | 124.36 | 50.34% |
| NESCO | 84.63 | 112.20 | 32.58% |
| SOUTHCO | 74.60 | 174.02 | 133.27% |
| CESU | 151.09 | 261.39 | 73.00% |
| Total | 393.04 | 671.97 | 70.97% |

317. WESCO, NESCO and SOUTHCO in their submission have stated that the

contribution to the Pension Fund and Gratuity Fund and Leave Encashment has been proposed for the year 2019-20 based on the actuarial valuation done by M/s. Bhudev Chaterjee as on 31.03.2018 and the projections provided for 2018-19 and 2019-20. CESU in their submission have stated that the terminal liability for the FY 2017-18 is Rs. 246.39 cr. as per the provisional accounts. 3% hike has been considered for FY 2018-19 and for FY 2019-20.

318. The commission has been analysing the expected corpus fund available with the DISCOM Utilities taking into the provision allowed in the successive tariff orders of the Commission. The expected corpus fund as per funds approved in the ARR's from FY 1999-00 onwards till FY 2017-18 is stated in the table given below:

Table 42

(Rs. in Cr.)

| Expected Corpus Fund Availability | | | | |
|--|---------------|---------------|----------------|----------------|
| | WESCO | NESCO | SOUTHCO | CESU |
| OB As on 01.04.99/Fund transfer from GRIDCO to DISTCOs | 70.77 | 68 | 67.39 | 138.56 |
| Allowed by the Commission | | | | |
| 1999-00 | 6.71 | 5.62 | 7.78 | 0.00 |
| 2000-01 | 6.27 | 7.07 | 7.07 | 0.00 |
| 2001-02 | 7.92 | 7.00 | 6.63 | 6.09 |
| 2002-03 | 8.08 | 7.21 | 6.81 | 6.27 |
| 2003-04 | 8.96 | 7.56 | 7.57 | 6.90 |
| 2004-05 | 11.30 | 8.35 | 9.40 | 3.25 |
| 2005-06 | 12.06 | 8.92 | 10.03 | 3.51 |
| 2006-07 | 12.07 | 9.55 | 9.73 | 13.19 |
| 2007-08 | 16.36 | 15.30 | 13.97 | 18.28 |
| 2008-09 | 37.02 | 25.16 | 24.49 | 48.10 |
| 2009-10 | 37.04 | 27.19 | 20.53 | 49.68 |
| 2010-11 | 51.81 | 51.13 | 58.22 | 75.84 |
| 2011-12 | 55.91 | 59.86 | 60.78 | 131.39 |
| 2012-13 | 66.13 | 67.88 | 68.81 | 149.84 |
| 2013-14 | 93.21 | 71.21 | 55.66 | 210.50 |
| 2014-15 | 95.38 | 96.53 | 77.73 | 122.89 |
| 2015-16 | 107.76 | 90.96 | 96.95 | 135.30 |
| 2016-17 | 73.16 | 87.06 | 61.46 | 135.24 |
| 2017-18 | 77.70 | 78.69 | 66.68 | 133.54 |
| Sub-Total | 784.85 | 732.25 | 670.30 | 1249.81 |
| Grand Total | 855.62 | 800.25 | 737.69 | 1388.37 |

319. The DISCOM Utilities were asked to submit the actual Corpus fund available up to 31st March 2018. As per the submission by the DISCOM Utilities the actual corpus fund available is far less than what actually should have been by 31.3.2018. The following table shows the actual corpus fund availability:

Table –43

(Rs. in Cr.)

| Actual Corpus Availability | | | | | | |
|-----------------------------------|---------------------|----------------------|--------------|------------------------|----------------------|--------------|
| As on 31.3.2017 | | | | As on 31.3.2018 | | |
| DISCOM | Pension Fund | Gratuity Fund | Total | Pension Fund | Gratuity Fund | Total |
| WESCO | 181.99 | 35.90 | 217.89 | 210.45 | 39.14 | 249.59 |
| NESCO | 109.28 | 16.59 | 125.87 | 131.45 | 23.75 | 155.20 |
| SOUTHCO | 26.20 | 6.1 | 32.30 | 25.05 | 6.40 | 31.45 |
| CESU | 216.12 | 31.56 | 247.68 | 232.16 | 33.89 | 266.05 |

320. The Commission on analysis found that the actual corpus fund available is much less than the expected and required corpus. The Commission in previous RST orders observed that the Licensees have failed to transfer the amounts to corpus fund which were allowed in the previous successive tariff orders for the purpose. Licensees have also failed to submit any plan of action to recoup the corpus fund through enhanced collection. Commission is therefore not inclined to allow the full amount of Terminal liability projected and instead allow only the liability on the actual cash out go basis for the ensuing year. The DISCOM Utilities during the present ARR analysis were asked to submit actual cash outgo on terminal liability up to Nov 2018. On the basis of their submission the actual liability paid up to Nov 2018 was extrapolated to full year of 2018-19 and then further increased by 10% to arrive at expected liability of 2019-20.

321. The DISCOM Utilities implemented the recommendation of the 7th pay commission during August 2018. The 7th pay commission envisages revision of pay and pension with effect from January 2016. The DISCOM Utilities were asked to submit the arrear amount due to retired employees consequent upon the 7th pay commission recommendation. Accordingly the DISCOM Utilities submitted the arrear amount due and the commission has considered the same to be allowed in the ARR. The details of terminal liability and approval for FY 2019-20 are given in the table below:

Table – 44

Terminal Liability (Approved)

(Rs. In Crore)

| | WESCO | NESCO | SOUTHCO | CESU |
|---------|--------------|--------------|----------------|-------------|
| 04/2018 | 9.06 | 7.95 | 6.30 | 10.42 |

| | | | | |
|--|---------------|---------------|---------------|---------------|
| 05/2018 | 10.08 | 6.53 | 6.32 | 12.50 |
| 06/2018 | 8.08 | 7.72 | 7.18 | 13.00 |
| 07/2018 | 7.94 | 7.39 | 8.29 | 9.83 |
| 08/2018 | 8.22 | 7.51 | 7.09 | 10.48 |
| 09/2018 | 7.30 | 7.25 | 6.51 | 11.95 |
| 10/2018 | 7.80 | 7.55 | 7.13 | 11.26 |
| 11/2018 | 7.45 | 6.31 | 7.96 | 12.29 |
| Average | 8.24 | 7.28 | 7.10 | 11.47 |
| Pro-rated for FY 2018-19 | 98.90 | 87.32 | 85.17 | 137.60 |
| Approved for FY 2019-20 (with 10% hike over 2018-19) | 108.78 | 96.05 | 93.69 | 151.35 |
| Outstanding terminal liabilities (Gratuity and un-utilised leave) | | | 41.98 | |
| 7th pay arrear of retired employees | 24.92 | 26.00 | 20.96 | 66.17 |
| Total terminal liabilities approved for FY 2019-20 | 133.70 | 122.05 | 156.63 | 217.52 |

322. The commission has observed that huge arrear amounts of the retired employees have not been kept pending by some DISCOM Utilities for past years. This practice of keeping pending the arrears of retired employees should be strictly avoided. Moreover due to implementation of 7th pay commission recommendations the arrear liabilities to retired employees have accrued which needs to be paid. The commission has therefore allowed the full arrears due to retired employees in the present ARR as projected by the DISCOM Utilities. The commission hereby directs that DISCOM Utilities shall clear all the dues of the retired employees progressively during the ensuing year. The DISCOM Utilities shall report the progress of such payments to the retired employees during the performance reviews undertaken by the Commission.
323. The Commission accordingly approves following amount towards terminal Liabilities (including arrear liabilities of retired employees) of DISCOM Utilities for FY 2019-20.

Table – 45

(Rs. in Cr.)

| Name of the DISCOM | WESCO | NESCO | SOUTHCO | CESU |
|-----------------------------|---------------|---------------|----------------|---------------|
| Amount to be charged to ARR | 133.70 | 122.05 | 156.63 | 217.52 |

324. In light of the discussions in the foregoing paragraphs, the Employee cost proposed by the DISCOM Utilities vis-à-vis approval by the Commission for FY 2019-20 is shown in the following table:

Table – 46
Employee Cost (Approved 2019-20)

(Rs. in Cr.)

| Sl. No. | Particulars | WESCO | | NESCO | | SOUTHCO | | CESU | | Total | |
|---------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|----------------|
| | | Proposed | Approved | Proposed | Approved | Proposed | Approved | Proposed | Approved | Proposed | Approved |
| 1 | Basic Pay + GP | 142.96 | 120.72 | 112.15 | 106.95 | 111.98 | 102.05 | 233.66 | 208.34 | 600.75 | 538.06 |
| 2 | DA | 18.58 | 15.69 | 17.86 | 13.90 | 14.56 | 13.27 | 30.38 | 27.08 | 81.38 | 69.95 |
| 3 | Reimbursement of HR | 25.73 | 16.93 | 27.47 | 15.62 | 21.28 | 14.80 | 46.73 | 32.27 | 121.21 | 79.62 |
| 4 | Other allowance | 3.28 | 3.28 | 3.94 | 3.94 | 1.71 | 1.71 | 4.87 | 4.87 | 13.80 | 13.80 |
| 5 | Arrear of 7th Pay commission | 38.32 | 30.66 | 29.73 | 23.78 | 23.94 | 19.15 | 72.23 | 57.78 | 164.22 | 131.38 |
| 6 | Bonus | 0.80 | 0.80 | 0.00 | 0.00 | | | 1.06 | 1.06 | 1.86 | 1.86 |
| 7 | Contractual/Outsource Expenses | 34.62 | 34.62 | 30.68 | 29.49 | 43.56 | 43.56 | 16.67 | 16.67 | 125.53 | 124.34 |
| 8 | Additional Employee Cost (New Recruitment) | | | 25.19 | | | | 10.01 | | | |
| 9 | Total Emoluments (1 to 8) | 264.29 | 222.70 | 247.02 | 193.68 | 217.03 | 194.54 | 405.60 | 348.08 | 1133.94 | 959.00 |
| 10 | Reimbursement of medical expenses | 7.15 | 4.96 | 6.87 | 4.37 | 5.60 | 4.74 | 11.68 | 8.49 | 31.30 | 22.56 |
| 11 | Leave Travel Concession | 0.17 | 0.17 | 0.30 | 0.30 | 0.17 | 0.17 | 0.12 | 0.12 | 0.76 | 0.76 |
| 12 | Honorarium | 0.20 | 0.20 | | | 0.01 | 0.01 | | | 0.21 | 0.21 |
| 13 | Payment under workmen compensation Act | 0.07 | 0.07 | | | 0.29 | 0.29 | 0.69 | 0.69 | 1.05 | 1.05 |
| 14 | Expense towards uniform to Employees | | | | | | | 2.09 | 0.00 | 0.00 | 0.00 |
| 15 | Ex-gratia | 0.10 | 0.10 | 3.34 | 3.34 | | | | | 3.44 | 3.44 |
| 16 | Other Staff Costs | 0.75 | 0.75 | 1.37 | 1.37 | 0.45 | 0.45 | 2.50 | 2.50 | 5.07 | 5.07 |
| 17 | Total Other Staff Costs (10 to 17) | 8.44 | 6.25 | 11.88 | 9.38 | 6.52 | 5.66 | 17.08 | 11.80 | 43.92 | 33.09 |
| 18 | Staff Welfare Expenses | 1.00 | 1.00 | 2.41 | 2.41 | 1.96 | 1.96 | 2.86 | 2.86 | 8.23 | 8.23 |
| 19 | Terminal Benefits (Pension + Gratuity + Leave) | 124.36 | 133.70 | 112.20 | 122.05 | 174.02 | 156.63 | 261.39 | 217.52 | 671.97 | 629.90 |
| 20 | Total (9+ 18+19+20) | 398.09 | 363.65 | 373.51 | 327.53 | 399.53 | 358.78 | 686.93 | 580.27 | 1858.06 | 1630.23 |
| 21 | Less : Empl. cost capitalized | 4.85 | 4.85 | 0.40 | 0.40 | 1.20 | 1.20 | 19.44 | 19.44 | 25.89 | 25.89 |
| 22 | Total Employees Cost | 393.24 | 358.80 | 373.11 | 327.13 | 398.33 | 357.58 | 667.49 | 560.83 | 1832.17 | 1604.34 |

325. It is directed that any rise in employee cost other than that approved shall require prior approval of the Commission.

Administrative and General Expenses

326. The Administrative and General Expenses covers property related expenses, Licence Fees to OERC, communication expenses, professional charges, conveyance and travelling expenses, material related expenses and other expenses. The DISCOM Utilities have projected their estimates for FY 2019-20 in their ARR in the following manner which are compared with approved A&G expenses for previous FY 2018-19.

Table - 47

(Rs. in Cr.)

| A&G Expenses | Approved 2018-19 | | | Proposed FY 2019-20 | | |
|--------------|------------------|----------------|-----------|---------------------|----------------|-----------|
| | Normal A&G | Additional A&G | Total A&G | Normal A&G | Additional A&G | Total A&G |
| DISCOM | | | | | | |

| A&G Expenses | Approved 2018-19 | | | Proposed FY 2019-20 | | |
|--------------|------------------|----------------|-----------|---------------------|----------------|-----------|
| | Normal A&G | Additional A&G | Total A&G | Normal A&G | Additional A&G | Total A&G |
| DISCOM | | | | | | |
| WESCO | 35.64 | 12.50 | 48.14 | 72.31 | 25.63 | 97.94 |
| NESCO | 23.83 | 17.50 | 41.33 | 40.34 | 18.51 | 58.85 |
| SOUTHCO | 20.51 | 9.44 | 29.95 | 43.49 | 33.23 | 76.72 |
| CESU | 51.37 | 12.50 | 63.87 | 96.16 | 128.36 | 224.52 |

327. WESCO, NESCO and SOUTHCO have submitted that they have estimated the A&G expenses for FY 2019-20 based on actual expenses till September, 2018.

DISCOM Utilities further submitted that the commission approved A&G expenses including contractual obligation and outsourced employee cost. But, the licensees are not able to avail the same as because GRIDCO is only relaxing escrow to the extent of employee cost. However, the licensee is managing A&G expenses out of the other non escrow miscellaneous income like meter rent, DPS collected, overdrawing penalty etc. Estimation of higher A&G expenses during ensuing year has been made in account of mass engagement of franchisee, Customer Care, inspection fees towards SI work, vigilance activity, Disconnection squad expenses and compensation towards electrical accidents etc.

In addition to normal A&G expenses, following additional expenses for aforesaid initiatives has been considered while projecting the total A&G expenses for FY 2019-20. The collection of arrears and current bills is assumed to be used to meet cash deficits during the year 2018-19, to the extent of collected amounts. The Utilities therefore proposed to recover the operational expenses as stated in few heads of ARR for the FY 2019-20 and the required capital expenditure to be made initially shall be capitalised.

The Administration and General expenses for the ensuing year FY 2019-20 have been estimated based on expenses made during FY 2018-19. The increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2018-19 along with additional expenses. The 7% increase is taken on account of inflation on the normal A&G expenses.

CESU

328. CESU has submitted that the major share of A and G expenses is contributed to Distribution Franchisees Sharing of IBF-IRS model. As Franchisees are operating in 14 divisions of CESU Area, so a huge amount of Rs.118.72 crore. and Rs. 120.70 crore is incurred by CESU towards Franchisees expenses for the FY 2018-19 and FY

2019-20 respectively. CESU has submitted to consider the Franchisees expenses as additional A and G expenses. In addition to that Customer care/call centre, Energy Audit, IT related expenses/expenditure on SCADA and STPI, Compensation for accidents, Safety equipment and Training, Rooftop Solar, Market Research and DSM(PATCA) and Uniform Allowance are claimed as additional A and G expenses.

329. As per the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, Administrative and General (A&G) Expenses would be allowed *as follows*:

“7.27 The A&G expenses for each subsequent year will be determined by escalating the A&G expenses for the previous year at the escalation factor of 7% to arrive at permissible A&G expenses for each year of the control period.

7.78 The Commission may, in addition to the normal A&G Expenses, actually incurred during the previous year under this head for special measures to be undertaken by the distribution licensees towards reduction of AT & C losses and improving collection efficiency, provided the commission will undertake a prudence check before allowing such expenditure.”

330. The Commission observes that A&G expenses is a controllable cost as defined in the MYT order and the DISCOM Utilities would not be allowed more than the approvals in the truing up exercise. The DISCOM Utilities should make efforts to spend A&G expenses prudently and put efforts to curb wasteful and avoidable expenses. The Commission further observes that with the declining employee base, computerized and IT automation, the A&G expenses should be declining over the years. Moreover, the sales have come down in recent years hindering growth in business and restricting further expenditures. Commission in previous ARR approvals have been allowing additional expense towards Customer Care, AT & C loss reduction activities including energy audit, Expenses on IT automation, inspection fees towards SI Works and compensation for electrical accidents.
331. Commission scrutinised the proposal towards A&G and Additional A&G expenses for the ensuing year i.e. FY 2019-20. An escalation of 7% over the normal A&G expenditure for the last year tariff in terms of the MYT order for the current control period has been considered subject to condition that this shall not be used for payment of salary in any form. All activities should be outsourced. Conveyance expenses need to be brought down till situations improve. Restrictions need to be in place in form of austerity measures to control conveyance and other avoidable expenses.

Intra State ABT and Energy Audit

332. In spite of severe financial constraints to the extent that the Utility is unable to make timely payment of bulk power purchase bills and employee salaries, to improve customer services, initiatives proposed by the Utility under the above head during the ensuing year as under:-
- a. Installation of (Remote Visual Display Unit) RVDU
 - b. Creation of infrastructure to carryout Enterprise wide Energy Audit exercise has been factored in the Capex programme.

Ujala Scheme

333. The utilities are facilitating EESL for sale of energy efficient equipments to the consumers of its area under UJALA Scheme for saving energy. As per the scheme 09 Watt LED bulb, LED tube light and star rated energy efficient ceiling fans are being distributed among the consumers of which has ultimately helped in saving energy during last financial year.
334. The Commission is of the opinion that intervention of IT should be strengthened which is an important aspect to increase efficiency and speed with quality. Commission in the successive tariff orders is allocating amounts towards improvement IT infrastructure. Attaching much emphasis on this area, Commission allows Rs.4.00 crore each to all DISCOM Utilities for undertaking various automation programmes, IT initiatives and to implement the SAP based MBC application for FY 2019-20

AT & C loss reduction activities, pole scheduling, consumer indexing, distribution network mapping including Energy Audit

335. The Commission is of the opinion that Energy Audit is a techno commercial activity required to be implemented by DISCOM Utilities so that the financial condition shall be viable. It is observed that the loss reduction performance of the all the DISCOM Utilities is poor. During the review of performance of the DISCOM Utilities it is seen that none of the licensees have taken energy auditing seriously and lack metering of the feeders, DTRs and consumers as a major pre-requisite to the Energy audit exercise. The overall AT & C losses are stated to be still hovering around 37%. The performance of DISCOM Utilities on Energy Audit front needs closer involvement of the Management/Staff's for making the functioning of company viable. As directed in the last RST order, the Commission directs that the achievement

in energy audit shall be a part of performance indicators of all officers and employees and recorded in personal reports for extension of service related benefits. HR wing of the DISCOM Utilities are to act accordingly. The Commission may monitor progress.

336. In order to have an appropriate energy accounting procedure and plug the leakages, Commission has been directing DISCOM Utilities to conduct energy audit in the past orders. In spite of repeated directions to conduct energy audit, the progress of all the four DISCOM Utilities on this account is not up to the mark. It is more severe in SOUTHCO and WESCO. The Commission allowed Rs.5.00 crore, Rs.10.00 crore, Rs.4.00 crore and Rs.5.00 crore to WESCO, NESCO, SOUTHCO and CESU respectively towards AT & C loss reduction activities including Energy Audit under the head additional A&G expenses in the last RST order for FY 2018-19. This amount should have been utilized to undertake metering of the feeders and DTRs. The Commission in view of such a lackadaisical approach to conduct energy audit expresses displeasure on the management. The financial viability and quality of supply as mandated under the Act and Tariff Policy of Government of India are frustrated due to inaction of the licensees to implement the orders.
337. The Commission in the performance review have directed DISCOM Utilities to carry out the Energy Audit in complete shape of at least 5 feeders. This exercise should be further escalated and replicated to other feeders. The Commission further directs that the DISCOM Utilities should complete pole scheduling, consumer indexing, distribution network mapping linking with indexed consumer and also ensure that reliable and correct meters are installed at all points of consumption for the purpose of Energy Audit to identify revenue leakage. Commission shall also review progress aggressively and pass suitable directions from time to time if orders are not complied.
338. The Commission had asked the DISCOM Utilities to submit the status of energy audit The same as on September 2018 furnished by the Licensees is given in the table below:

Table – 48

| FEEDER METERING | CESU | NESCO | WESCO | SOUTHCO | ODISHA |
|---|-------------|--------------|--------------|----------------|---------------|
| No. of 33 KV feeders (excluding GRIDCO interface) | 171 | 80 | 124 | 90 | 474 |
| No. of 33 KV feeder metering | 171 | 80 | 112 | 70 | 433 |
| No. of 11 KV feeders | 850 | 619 | 663 | 648 | 2780 |
| No. of 11 KV feeder metering | 744 | 619 | 614 | 227 | 2204 |
| No. of 33 / 11 kv transformers | 596 | 377 | 425 | 375 | 1773 |
| No. of 33/11 kv transformer | 232 | 120 | 40 | | 392 |

| FEEDER METERING | CESU | NESCO | WESCO | SOUTHCO | ODISHA |
|--|-------------|--------------|--------------|----------------|---------------|
| metering position | | | | | |
| No. of distribution transformers (11/0.4 and 33/ 0.4 kv) | 65439 | 60748 | 48229 | 45979 | 220395 |
| No. of distribution transformer metering position | 8743 | 1662 | 3190 | 0 | 13595 |
| MVA Capacity of DTRs | 4206.345 | 2001 | 2300.55 | 1775 | 10282.9 |
| ENERGY AUDIT | | | | | |
| Energy Audit Carried Out-33 KV | 88 | 50 | 91 | 65 | 294 |
| Energy Audit Carried Out-11 KV | 630 | 474 | 564 | 173 | 1841 |
| Energy Audit Carried out- No of DTRs covered | 217 | 51557 | 671 | 0 | 52445 |

339. The above table reveals that no progress has been made towards Energy audit. The Commission hereby directs again to DISCOM Utilities to submit plan of action for the following energy audit activities during the year 2019-20:

1. Metering of all the 33 KV feeders, 11 KV feeders and Distribution transformers.
2. Energy Audit of balance 33 KV and 11 KV feeders, for which energy audit has not been carried out.
3. Energy audit of all the DTRs and consumers.
4. Consumer and pole indexing.
5. Energy audit of all consumers starting from 33 KV feeders to the end user consumer.

340. The licensee must provide specific timelines division and feeder wise plan for each of the above activity. It must be noted that while devising the plan, the thrust must be given to complete the audit of Industrial feeders and loss making urban feeders first, gradually focusing on other feeders and DTRs. In view of the importance of energy audit activity Commission allows Rs.5 crore each to all the DISCOM Utilities towards AT & C loss reduction activities including Energy Audit under the head additional A&G expenses for FY 2019-20. Besides, the commission has also allowed allocation under the head Additional A&G towards Inspection Fee towards SI works and Compensation for Electrical Accidents.

341. **Training of Personnel out of normal A&G expenditure** - The Commission has laid emphasis on the Capacity building of employees and officers for development of the organization. This is more important in view of the fact that knowledge on evolving technologies and best practices being used by the other organizations are efficiency accelerators. Commission, therefore, gives importance to the training of personnel of

the utilities in order to upgrade their skills to cope up with the changing needs. Utilities should have a calendar of training schedule for their employees to take their task efficiently. In spite of past orders, no visible action has been taken. Organising training and efficiency improvement of employees' measurement should be an indicator of HR performance. Commission, therefore, provided Rs.50 lakh towards training programme for each DISCOM out of normal A&G expenses previous years. Commission in line with previous RST order directs Licensees to earmark Rs.50 lakh towards training programme for FY 2019-20. The copy of training calendar for the year 2019-20 shall be submitted to the Commission by 31st May, 2019. Failures need to be recorded in the performance of HR Head.

342. In view of the observations as above, the total A&G expenses allowed for FY 2019-20 to the DISCOM Utilities are summarized below:

Table – 49
A and G Expenses Approved for FY 2019-20

(Rs. in Crore)

| A and G Expenses Approved for FY 2019-20 | WESCO | NESCO | SOUTHCO | CESU |
|--|--------------|--------------|----------------|-------------|
| Normal A&G expenses (Escalated @7% over FY 2018-19) (A) | 38.13 | 25.50 | 21.95 | 54.97 |
| Additional expenses: | | | | |
| Expenses for Customer Care Centers/ Call Centres | 2.00 | 2.00 | 2.00 | 2.00 |
| AT & C loss reduction activities, pole indexing including Energy Audit | 5.00 | 5.00 | 5.00 | 5.00 |
| Automation/IT expenses | 4.00 | 4.00 | 4.00 | 4.00 |
| Expenses towards training program | 0.50 | 0.50 | 0.50 | 0.50 |
| Inspection Fee towards SI works | 0.25 | 0.25 | 0.25 | 0.25 |
| Compensation for Electrical Accidents | 0.25 | 0.25 | 0.25 | 0.25 |
| Total Additional Expenses (B) | 12.00 | 12.00 | 12.00 | 12.00 |
| Total A&G expenses (A+B) | 50.13 | 37.50 | 33.95 | 66.97 |

Repair and Maintenance Expenses

343. The distribution companies in their ARR and tariff petition for FY 2019-20 have proposed higher requirement for R & M over the previous year's approved expenses as follows:

Table – 50
R and M Proposal for FY 2019-20

(Rs. in Cr.)

| R & M Proposal FY 2019-20 | Approved for FY 2018-19 | Proposed for the Year 2019-20 | % rise proposed over FY 2018-19 approved |
|--------------------------------------|--------------------------------|--------------------------------------|---|
| WESCO | 64.28 | 99.38 | 35.31% |
| NESCO | 84.92 | 99.11 | 14.31% |

| | | | |
|---------|--------|--------|--------|
| SOUTHCO | 39.19 | 73.88 | 46.96% |
| CESU | 116.78 | 134.81 | 13.38% |
| TOTAL | 305.17 | 407.18 | 25.05% |

344. The Commission has been analyzing the spending in R & M by the Licensees, through the information available in the audited accounts of the companies. Audited account for the FY 2017-18 is available for the NESCO, WESCO and SOUTHCO utilities and provisional for CESU. The approved and audited figures under R & M expenses over the years are given in the following table:

Table –51
R and M Expenses

(Rs. in Cr.)

| R & M Expenses | WESCO | | NESCO | | SOUTHCO | | CESU | |
|----------------|----------|---------|----------|---------|----------|---------|----------|---------|
| | Approved | Audited | Approved | Audited | Approved | Audited | Approved | Audited |
| Years | | | | | | | | |
| 99-00 | 14.43 | 15.90 | 14.22 | 16.19 | 12.63 | 13.39 | 19.05 | 24.01 |
| 00-01 | 14.43 | 10.25 | 14.22 | 11.02 | 12.63 | 7.31 | 19.57 | 19.92 |
| 01-02 | 13.62 | 10.12 | 16.32 | 7.02 | 15.57 | 9.29 | 23.43 | 15.6 |
| 02-03 | 15.33 | 8.04 | 14.62 | 5.65 | 16.82 | 6.43 | 22.11 | 25.04 |
| 03-04 | 16.89 | 16.27 | 17.59 | 8.84 | 16.38 | 9.93 | 24.12 | 21.22 |
| 04-05 | 17.28 | 12.85 | 17.66 | 11.13 | 13.25 | 8.43 | 31.95 | 20.27 |
| 05-06 | 21.30 | 9.61 | 22.63 | 11.21 | 18.55 | 6.07 | 33.67 | 12.26 |
| 06-07 | 24.25 | 12.44 | 24.48 | 12.88 | 17.35 | 5.54 | 41.31 | 22.09 |
| 07-08 | 23.82 | 12.37 | 24.43 | 13.00 | 18.38 | 5.50 | 43.64 | 25.11 |
| 08-09 | 25.66 | 17.90 | 25.87 | 20.86 | 19.08 | 7.79 | 41.87 | 34.79 |
| 09-10 | 27.01 | 18.01 | 27.88 | 22.79 | 20.73 | 11.59 | 40.46 | 28.45 |
| 10-11 | 34.77 | 16.56 | 37.22 | 19.26 | 26.11 | 13.09 | 51.19 | 29.38 |
| 11-12 | 36.81 | 18.04 | 47.46 | 16.39 | 28.47 | 8.28 | 56.77 | 28.92 |
| 12-13 | 40.06 | 14.71 | 51.17 | 17.52 | 28.28 | 8.97 | 57.78 | 27.12 |
| 13-14 | 51.30 | 19.73 | 56.73 | 16.16 | 43.53 | 15.02 | 81.87 | 52.55 |
| 14-15 | 64.28 | 17.74 | 84.92 | 19.90 | 39.19 | 12.02 | 116.78 | 33.14 |
| 15-16 | 44.24 | 17.71 | 61.05 | 27.70 | 31.93 | 16.82 | 79.64 | 33.85 |
| 16-17 | 55.55 | 19.37 | 70.54 | 18.62 | 33.18 | 9.74 | 92.43 | 45.52 |
| 17-18 | 68.48 | 18.40 | 87.97 | 13.77 | 34.91 | 6.74 | 110.85 | 26.52 |

345. The above table reveals that the trend of spending of DISCOM Utilities in R & M activities is much less than what is being approved by the Commission in the ARR's which is mostly less than 50% of the amount approved by the Commission. Timely and efficient R & M activities are the essential prerequisites to the viability of the distribution network. The Commission expects a better system through higher allocations but the activities have to be monitored at field level.

346. As per the OERC (Terms and conditions for Determination of Wheeling Tariff and

Retail Supply tariff) Regulations, 2014, Repair and Maintenance expenses shall be allowed as follows:

“7.29 Repair and Maintenance expenses would be allowed at the rate of 5.4% of Gross Fixed Assets (GFA) only on the assets owned by the distribution company for each year of the control period.

7.30 The licensee shall prepare a plan and budget for periodic preventive maintenance of distribution network including emergency repairs and restoration works under each division.

7.31 The Commission may provisionally allow an amount for maintenance of assets added under RGGVY, BGJY programme etc.. The licensee is required to submit to the commission along with ARR the details of assets taken into service under these programmes.

7.32 The commission may also allow special R & M actually incurred during the previous year, in order to enable DISCOM Utilities to undertake critical activities such as loss reduction, energy audit, consumer indexing, pole scheduling etc. provided the commission will undertake a prudence check before allowing such expenditure.”

347. In order to calculate Repair and Maintenance allocation, which is a percentage of fixed assets, the commission analyses the fixed assets of the DISCOM Utilities and subsequent additions during the year. In the tariff submission for FY 2019-20 the DISCOM Utilities have proposed capital expenditure and addition of fixed assets scheme wise for FY 2018-19 which is shown in the following table.

Table – 52
Proposed addition of Fixed Assets FY 2018-19

(Rs. in Cr.)

| Proposed Capital expenditure and addition of Fixed Assets for FY 2018-19 | WESCO | | NESCO | | SOUTHCO | | CESU | |
|--|--------|----------|--------|----------|---------|----------|--------|----------|
| | Capex | Addition | Capex | Addition | Capex | Addition | Capex | Addition |
| Land Building Furniture and Fixtures | 22.24 | 22.24 | 1.57 | 1.57 | 13.28 | 13.28 | | |
| SCRIPS | | | | | | | | 162.50 |
| RAPDRP (A) | | | | | | | | 63.62 |
| RAPDRP (B) | | | | | | | | 56.83 |
| S.I. Scheme | 2.18 | 1.29 | | | | | | |
| Deposit work | 203.46 | 150.71 | 72.54 | 120.78 | 20.88 | 17.40 | | |
| RGGVY-II | | | 583.83 | 583.83 | | | 162.00 | 291.64 |
| DDUGJY | 98.41 | 184.50 | 399.63 | 399.63 | 96.98 | 48.49 | 128.28 | 115.49 |
| DDUGJY (12th Plan) | | 129.96 | | | | | | |
| NH | | | | | 2.00 | 1.96 | | |
| Biju Gram Jyoti | | | 7.00 | 10.50 | | | 154.80 | 69.09 |
| Biju Sahar VY | | | 2.01 | 3.01 | | | 40.48 | 17.73 |
| SOUBHAGYA | 208.00 | 158.78 | | | | 482.21 | | |

| Proposed Capital expenditure and addition of Fixed Assets for FY 2018-19 | WESCO | | NESCO | | SOUTHCO | | CESU | |
|--|---------------|---------------|----------------|----------------|---------------|----------------|---------------|----------------|
| | Capex | Addition | Capex | Addition | Capex | Addition | Capex | Addition |
| DESI (GoO) | | 2.49 | | 27.29 | | | | 11.77 |
| RLTAP | 9.77 | 19.55 | | | 14.95 | 14.30 | | |
| Capex Plan (GoO) | | 11.31 | | 92.11 | | 15.71 | | 22.62 |
| IPDS | 74.20 | 149.36 | 261.08 | 261.08 | 162.03 | 116.02 | | 68.39 |
| ODSSP | 216.34 | 129.80 | 570.00 | 570.00 | | 258.29 | 108.00 | 128.49 |
| SCHOOL/ANGANWADI | | | | | | | 21.00 | 11.97 |
| Ruban | | | | | | | | 0.66 |
| District Mineral Fund | | | | | | | 80.00 | 54.09 |
| ODAFF | | | | | | | 7.00 | 10.34 |
| Elephant corridor | | | | | 2.64 | 5.84 | 40.00 | 20.91 |
| Other works | 7.27 | 5.47 | 108.95 | 57.47 | 55.27 | 140.93 | | |
| Total | 841.87 | 965.46 | 2006.61 | 2127.27 | 368.03 | 1114.43 | 741.56 | 1106.14 |

348. The Commission analysed the proposed CAPEX and the proposed addition to the fixed assets. The scheme wise asset addition already made till date and the assets which are likely to be added within the FY 2018-19 is considered by the Commission after prudence check. The assets owned by Government of India and Government of Odisha schemes which are not handed over to DISCOM Utilities have not been considered as addition to fixed assets. Accordingly the approved addition of fixed assets during FY 2018-19 is given in the following table.

Table – 53
Approved addition of Fixed Assets for FY 2018-19

(Rs. in Cr.)

| Approved addition of Fixed Assets FY 2018-19 | WESCO | NESCO | SOUTHCO | CESU |
|--|-------|-------|---------|--------|
| Land Building Furniture and Fixtures | | 0.97 | 0.30 | |
| RGGVY | | | | |
| Biju Gram Jyoti | | | | |
| RE/LI/MNP | | | | |
| PMU | | | | |
| APDRP | | | | |
| RAPDRP (A) | | | | 79.57 |
| RAPDRP (B) | | | | 126.10 |
| System Improvement | 2.00 | | | |
| Deposit work | 6.96 | 80.00 | 2.26 | |
| Metering and others | | | | |
| RGGVY | | | | |
| Biju Gram Jyoti | | 7.00 | | |

| Approved addition of Fixed Assets FY 2018-19 | WESCO | NESCO | SOUTHCO | CESU |
|---|---------------|---------------|----------------|---------------|
| Biju Saharanchal | | | | |
| SOUBHAGYA | 20.70 | 48.22 | 61.35 | 0 |
| DESI (GoO) | 2.49 | 27.29 | | 21.29 |
| Capex Plan (GoO) | 110.75 | 5.47 | 25.14 | 28.26 |
| Elephant Corridor | | | 1.20 | 7.78 |
| School Anganwadi | | | | 4.91 |
| National Highway | | | | |
| RLTP | | | 0.62 | |
| IPDS | 99.52 | | 15.00 | |
| District Mineral Fund | | | | 25.23 |
| Ruban | | | | 0.74 |
| Nabakalebar | | | | |
| Other works (including PMGY) | 12.50 | 5.55 | 1.23 | |
| Total | 254.92 | 174.50 | 107.10 | 293.88 |

349. The Gross Fixed Assets as on 01.04.2019 is arrived after asset addition during 2018-19 allowed in the above table is given effect. The Gross Fixed Assets as on 01.04.2019 has been computed based on the audited accounts. The audited accounts WESCO, NESCO and SOUTHCO and provisional accounts for CESU were accordingly considered. The approved Gross Fixed Assets as on 01.04.2019 so arrived is shown in the following table.

Table – 54
Gross Fixed Assets as on 31.03.2019 (Approved)

(Rs. in Cr.)

| Gross Book Value | WESCO | NESCO | SOUTHCO | CESU |
|------------------------------------|--------------|--------------|----------------|-------------|
| As on 01.04.1996 | 139.87 | 137.89 | 122.41 | 188.70 |
| Addition of Fixed Assets (Audited) | | | | |
| 1996-97 | 13.74 | 13.54 | 12.02 | 18.53 |
| 1997-98 | 16.84 | 16.60 | 14.74 | 22.72 |
| 1998-99 | 0 | 0 | 0 | 0 |
| 1999-00 | 53.32 | 41.11 | 37.53 | 87.16 |
| 2000-01 | 19.90 | 26.83 | 13.8 | 85.09 |
| 2001-02 | 19.58 | 30.63 | 20.72 | 67.25 |
| 2002-03 | 21.31 | 30.55 | 7.64 | 127.01 |
| 2003-04 | 35.14 | 28.63 | 12.60 | 88.42 |
| 2004-05 | 71.74 | 55.09 | 39.78 | 66.26 |
| 2005-06 | 23.52 | 30.20 | 13.89 | -95.95 |
| 2006-07 | 22.21 | 30.73 | 11.10 | 22.57 |
| 2007-08 | 24.79 | 32.49 | 18.91 | 35.52 |
| 2008-09 | 35.16 | 92.14 | 31.85 | 38.68 |
| 2009-10 | 38.07 | 101.33 | 10.70 | 52.29 |
| 2010-11 | 42.46 | 64.65 | 11.46 | 71.59 |
| 2011-12 | 31.01 | 59.71 | 7.32 | 112.29 |
| 2012-13 | 37.04 | 75.44 | 9.00 | 137.17 |
| 2013-14 | 57.79 | 60.81 | 7.58 | 176.63 |

| Gross Book Value | WESCO | NESCO | SOUTHCO | CESU |
|----------------------------|----------------|----------------|----------------|----------------|
| 2014-15 | 93.41 | 76.31 | 63.57 | 273.02 |
| 2015-16 | 11.77 | 120.14 | 5.08 | 224.18 |
| 2016-17 | 247.36 | 107.34 | 15.00 | 159.54 |
| 2017-18 | 195.22 | 157.73 | 128.48 | 147.96 |
| 2018-19 (Approved) | 254.92 | 174.50 | 107.10 | 293.88 |
| Total up to 2018-19 | 1506.17 | 1564.39 | 722.28 | 2400.51 |

350. The R & M for FY 2019-20 is calculated as the 5.4% of the GFA as on 1.04.2019 in terms of the OERC Tariff Determination Regulation 2014. The Commission in order to ensure maintenance of the assets under RGGVY, DDUGVY and Biju Gram Jyoti Scheme, which continue to be with the Government of Odisha, also allows Rs.5.00 crore each to WESCO, NESCO, SOUTHCO and CESU respectively subject to detailed scrutiny in next tariff proceedings. The approved R & M for FY 2019-20 is accordingly shown in the following table:

Table – 55
R & M Approved for FY 2019-20

(Rs. in Cr.)

| R & M for FY 2019-20 | WESCO | | NESCO | | SOUTHCO | | CESU | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Proposed | Approved | Proposed | Approved | Proposed | Approved | Proposed | Approved |
| Gross fixed asset as on 01.04.2019 | 1840.42 | 1506.17 | 1835.33 | 1564.39 | 1136.48 | 722.28 | 2315.52 | 2400.51 |
| % of GFA | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% |
| R & M on GFA | 99.38 | 81.33 | 99.11 | 84.48 | 61.37 | 39.00 | 124.81 | 129.63 |
| Special R & M for addition of RGGVY, DDUGVY and BJGY assets | | 5.00 | | 5.00 | 12.51 | 5.00 | 10.00 | 5.00 |
| Total R and M incl Spl R and M | 99.38 | 86.33 | 99.11 | 89.48 | 73.88 | 44.00 | 134.81 | 134.63 |

Interest on Loan

351. The source-wise loans and interest burden as proposed by the four DISCOM Utilities for FY 2019-20 is given in the following table:

Table – 56

(Rs. in Cr.)

| Source | WESCO | NESCO | SOUTHCO | CESU |
|--|--------------|--------------|----------------|-------------|
| World Bank loan | 11.82 | 11.87 | 9.44 | 26.59 |
| Gridco New Loan | | | 6.22 | |
| APDRP Net of 50% grant (GoO) | 0.65 | 0.76 | 0.76 | 4.45 |
| REC/PFC (Counter Part Funding APDRP) and SI Scheme | | | 0.12 | |
| Interest on security deposit | 47.60 | 38.01 | 12.92 | 48.80 |
| Government of Orissa Capex loan | 2.89 | 1.73 | 1.92 | |

| | | | | |
|---|-------|-------|-------|-------|
| Other interest including SOD interest and finance charges | 27.35 | 28.87 | 14.77 | 18.11 |
| Total interest before capitalization | 90.31 | 81.24 | 46.15 | 97.95 |
| Less: Interest Capitalized | | | | |
| Total Interest proposed | 90.31 | 81.24 | 46.15 | 97.95 |

World Bank Loan

352. In line with the Commission's previous order, the licensees have calculated the interest on World Bank Loan @ 13%, considering 30% of loan as grant and balance 70% as loan. The loan balance (Net of 30% grant) as projected by the DISCOM Utilities along with the approved interest for the FY 2019-20 is as follows:

Table -57

(Rs. in Cr.)

| World Bank Loan | Loan as on 01.04.2018 | Receipt during 2018-19 | Repayment Due in 2018-19 | Loan as on 31.3.2019 | Receipt during 2019-20 | Repayment Due in 2019-20 | Loan as on 31.3.2020 | Interest for FY 2019-20 (Approved) |
|-----------------|-----------------------|------------------------|--------------------------|----------------------|------------------------|--------------------------|----------------------|------------------------------------|
| WESCO | 90.96 | | | 90.96 | | 9.10 | 81.86 | 11.23 |
| NESCO | 91.27 | | | 91.27 | | | 91.27 | 11.87 |
| SOUTHCO | 72.59 | | | 72.59 | | 7.26 | 65.33 | 8.96 |
| CESU | 204.51 | | | 204.51 | | | 204.51 | 26.59 |
| Total | 459.33 | | | 459.33 | | 16.36 | 442.97 | 58.65 |

Accelerated Power Development Reform Programme (APDRP)

353. Licensees in their filing have submitted that no amount has been estimated to be spent under APDRP scheme during the ensuing year FY 2019-20. The interest liability on APDRP has been considered on the adjusting loan only @ 12% for Government of Odisha loan and @13.5% on the loan received from REC/ PFC.

354. The interest liability on loans from GoO and REC/PFC is computed on the basis of the actual expenditure of APDRP during the current year and balance expenditure to be incurred during the ensuing year. The DISCOM Utilities have not projected any receipts on account of APDRP loan from GoO or REC/PFC. They have already utilized the amounts received during the previous years. Accordingly, the loans availed and anticipated receipts along with approved interest for FY 2019-20 are given in the following table:

Table - 58

(Rs. in Cr.)

| APDRP | Balance as on 01.04.2018 | | Receipt during FY 2018-19 and 2019-20 | | Repayment during FY 2018-19 and 2019-20 | | Balance as on 31.03.2020 | | Interest for FY 2019-20 (Approved) | |
|-------|--------------------------|------|---------------------------------------|------|---|------|--------------------------|------|------------------------------------|------|
| | GoO | REC/ | GoO | REC/ | GoO | REC/ | GoO | REC/ | GoO | REC/ |
| | | | | | | | | | | |

| | | | | | | | | | | |
|---------|-------|------|--|-----|------|------|-------|-----|------|-----|
| | | PFC | | PFC | | PFC | | PFC | | PFC |
| WESCO | 5.47 | | | - | | | 5.47 | | 0.65 | |
| NESCO | 6.37 | | | | | | 6.37 | | 0.76 | |
| SOUTHCO | 6.63 | 0.13 | | | 0.33 | 0.13 | 6.30 | - | 0.76 | |
| CESU | 37.09 | | | | | | 37.09 | - | 4.45 | - |

SI Scheme

355. No DISCOM other than SOUTHCO has loan outstanding under the SI scheme. SOUTHCO has not planned to avail any long-term loan during FY 2018-19 and FY 2019-20 for funding the System Improvement Schemes. Commission allows the interest on the continuing loan under the System Improvement Scheme to SOUTHCO to be included in the revenue requirement for FY 2019-20 as given in the following table:

Table - 59

(Rs. in Cr.)

| SI scheme | Opening Balance as on 01.04.2018 | Proposed Loan for FY 2018-19 | Proposed repayment during 2018-19 | Balance as on 31.03.2019 | Proposed Loan for FY 2019-20 | Proposed repayment during 2019-20 | Balance as on 31.03.2020 | Interest for FY 2019-20 (Approved) |
|-----------|----------------------------------|------------------------------|-----------------------------------|--------------------------|------------------------------|-----------------------------------|--------------------------|------------------------------------|
| SOUTHCO | 1.37 | | 0.17 | 1.20 | | 0.17 | 1.03 | 0.12 |

CAPEX loan from Government of Odisha (4% interest)

356. DISCOM WESCO has only projected receipt of Loan in this account during the current FY 2018-19. The opening balance as on 1.04.2018 and additions has been considered to arrive at the interest on the loan. The Commission allows the interest on the continuing loan under the CAPEX loan from Government of Odisha (4% interest) to DISCOM Utilities to be included in the revenue requirement for FY 2019-20 as given in the following table.

Table - 60

(Rs. in Cr.)

| Capex (GOo Loan 4%) | Opening Balance as on 01.04.2018 | Proposed receipt of Loan for FY 2018-19 | Proposed repayment during 2018-19 | Balance as on 31.03.2019 | Proposed receipt of Loan for FY 2019-20 | Proposed repayment during 2019-20 | Balance as on 31.03.2020 | Interest for FY 2019-20 (Approved) |
|---------------------|----------------------------------|---|-----------------------------------|--------------------------|---|-----------------------------------|--------------------------|------------------------------------|
| WESCO | 57.82 | 14.31 | | 72.13 | | | 72.13 | 2.89 |
| NESCO | 43.35 | | | 43.35 | | | 43.35 | 1.73 |
| SOUTHCO | 48.04 | | | 48.04 | | | 48.04 | 1.92 |

Interest on Security Deposit

357. The Commission in its query asked DISCOM Utilities to furnish the details of the investments made out of the Consumer's security deposits. Accordingly DISCOM Utilities furnished the details which has been tabulated as below:

**Table - 61
Security Deposit**

| Licensee | Security Deposit as on 31.03.2018 as per audited balance sheet | Security Deposit physically available as on 31.03.2018 | Remarks |
|-----------------|---|---|---|
| WESCO | Rs.665.90 cr. | Rs.652.95 cr. | Rs. 388.65 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.264.30 cr. is free from any lien. |
| NESCO | Rs.536.16cr. | Rs. 516.00 cr. | Rs. 444.00 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.72.00 cr. is free from any lien. |
| SOUTHCO | Rs.209.79cr | Rs. 96.77 cr. | Rs. 61.15 cr. is pledged in UBI for availing loan towards payment of BST bills and salary. Balance of Rs.35.62 cr. is free from any lien. |
| CESU | Rs.675.70cr. | Rs.369.00 cr. | The entire amount is pledged in UBI for availing loan towards payment of power purchase bill. |

358. In view of the large gap as per audited accounts and physical availability, figures at Col. 2 and 3 above, we direct the DISCOM Utilities to have a comprehensive audit of the SD and get the figures reconciled. Commission therefore directs the DISCOM Utilities to maintain the security deposit intact so as to meet this liability. Commission further directs the DISCOM Utilities to recoup the deficit of the security deposit through enhanced collection and submit a plan of action by 30.06.2019 for such a programme.

359. The Interest on security deposit is allowed by the Commission as per the OERC Distribution (Conditions of Supply Code), 2004. The prevailing bank rate during March 2019 as notified by RBI is 6.50% per annum as ascertained from the RBI website. The Commission accordingly allows the interest at the rate of 6.50% on the closing balance on consumer's security deposit as on 31.3.2019 as shown in the table below:

**Table - 62
Interest on Security Deposit approved (2019-20)**

| (Rs. in Cr.) | | | |
|--|---|---|---|
| Interest on Consumer's Security Deposit | Proposed Security deposit as on 31.03.2019 | Proposed interest on SD (6.75%) | Approved interest on Consumer's SD (6.50%) |
| | | | |

| | | | |
|---------|--------|-------|-------|
| WESCO | 695.12 | 47.60 | 45.18 |
| NESCO | 563.16 | 38.01 | 36.61 |
| SOUTHCO | 227.21 | 12.92 | 14.77 |
| CESU | 723.03 | 48.80 | 47.00 |

360. Accordingly the total interest on loan proposed by DISCOM Utilities and approved by the Commission for FY 2019-20 is summarized below:

Table - 63
Total Annual Interest approved

(Rs. in Cr.)

| Interest on Loans of DISCOM Utilities | WESCO | | NESCO | | SOUTHCO | | CESU | |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 |
| World Bank loan | 11.82 | 11.23 | 11.87 | 11.87 | 9.44 | 8.96 | 26.59 | 26.59 |
| Gridco New Loan | | | | | 6.22 | | | |
| APDRP Net of 50% grant (GoO) | 0.65 | 0.65 | 0.76 | 0.76 | 0.76 | 0.76 | 4.45 | 4.45 |
| SI Scheme | - | | - | - | 0.12 | 0.12 | | |
| Interest on security deposit | 47.60 | 45.18 | 38.01 | 36.61 | 12.92 | 14.77 | 48.80 | 47.00 |
| Gov of Orissa Capex Loan | 2.89 | 2.89 | 1.73 | 1.73 | 1.92 | 1.92 | | |
| SOD interest and finance charges | 27.35 | - | 28.87 | - | 14.77 | - | 18.11 | - |
| Total interest | 90.31 | 59.95 | 81.24 | 50.97 | 46.15 | 26.54 | 97.95 | 78.03 |
| Less Interest Capitalized | - | - | - | - | - | - | - | - |
| Interest chargeable to revenue | 90.31 | 59.95 | 81.24 | 50.97 | 46.15 | 26.54 | 97.95 | 78.03 |

Financing costs of short term loans/cash credits for working capital

361. As per the OERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014, Interest on Working capital shall be allowed as follows:

“7.49 Interest on Working Capital: Working capital shall include –

- (a) Operation and maintenance expenses for one month;*
- (b) Receivables for one month;*
- (c) Maintenance spares @ 40% of R & M expenses for one month.*

7.50 The rate of interest for working capital shall be equal to the SBI Base Rate plus 300 basis points as on 1st January of the preceding year for which tariff is determined:

Provided that the commission while determining the working capital requirement, shall take into account the outstanding receivables with the consumers as per the annual audited accounts of the licensees, and may direct the licensee to fund the requirement of working capital by collection from the outstanding receivables.

362. In view of the fact that all the DISCOM Utilities have huge outstanding receivables

from the consumers the commission as per such provision of the Regulation directs the Licensees to fund the requirement of working capital by collection from the outstanding receivables. Therefore no financing on working capital is allowed to the DISCOM Utilities in the ARR for FY 2019-20.

Depreciation

363. DISCOM Utilities have calculated depreciation at Pre-92 rate on the up-valued asset base for FY 2019-20. The depreciation amounts claimed by the four DISCOM Utilities are given as under.

Table – 64

| | (Rs. in Cr.) | | | |
|----------|--------------|-------|---------|--------|
| | WESCO | NESCO | SOUTHCO | CESU |
| Proposed | 66.07 | 66.24 | 36.49 | 139.26 |

364. The Hon'ble High Court of Orissa in their judgement dated 28/02/2003 and 14/03/2003 in Misc Case No. 7410 and 8953 of 2002 have directed to calculate the depreciation on the pre-up valued cost of assets at pre-92 rate on the Transmission and Distribution assets as on 01.4.96 apportioned amongst GRIDCO and DISCOM Utilities. Regarding calculation of depreciation, the Commission observed following in the RST order for FY 2009-10:

“388. The Commission has extensively dealt with the matter of calculation of depreciation in successive tariff orders and in the last tariff order for FY 2008-09 (Para 399 to 406) considering the book value of the fixed asset as on 01.4.1996 at the pre-up valued cost and subsequent asset additions thereof in later years. The Commission adopts the same principle for determination of depreciation for FY 2009-10.”

365. The asset addition from 01.4.1999 has been based on the audited annual accounts of the DISCOM Utilities.
366. The gross book value as on 01.4.1996 and year wise asset addition have already been discussed while calculating R & M expenses and accordingly the position of assets as on 01.04.2019 has been depicted in the table under R & M expenses.
367. The depreciation is calculated on the approved asset base as on 1.04.2019 at Pre-92 rate in pursuance to the directive of the Hon'ble High Court. The classification of assets has been done proportionately based on the audited accounts and tariff filing submitted by DISCOM Utilities. Accordingly, the Commission approves the following amount towards depreciation for the year 2019-20.

Table – 65

(Rs. Cr.)

| | | | | |
|---------------------------------|---------|---------|---------|---------|
| Approved Depreciation (2019-20) | WESCO | NESCO | SOUTHCO | CESU |
| GFA as on 01.04.2019 | 1506.17 | 1564.39 | 722.28 | 2400.51 |
| Depreciation for FY 2019-20 | 57.14 | 59.61 | 27.66 | 91.00 |

Provision for Bad and doubtful debts

368. The WESCO, NESCO, SOUTHCO and CESU have proposed Bad and doubtful debts for the ARR for FY 2019-20 which is shown in the table below:

Table – 66
Bad and doubtful debts (Proposed 2019-20)

| | (Rs. cr) | | | |
|--|----------|---------|---------|---------|
| DISCOM | WESCO | NESCO | SOUTHCO | CESU |
| Proposed revenue billed (Rs. in Crores) | 2999.84 | 2513.30 | 1368.30 | 3593.51 |
| Proposed Bad and Doubtful debt (Rs. in Crores) | 79.99 | 37.70 | 27.37 | 28.87 |

369. The commission in its Order dated 20.3.2013 on MYT principles have set out principle for allowing bad and doubtful debt in the following manner:

“17. The Business Plan order of the Commission dated 20.03.2010 approved collection efficiency of 99% for FY 2011-12 and FY 2012-13. The benchmark of collection efficiency would continue to be at the level of 99% during the third control period also. Accordingly the Bad and Doubtful debt during the third control period would also be allowed @ 1% of the total annual revenue billing in HT and LT sales only.”

370. The Commission in line with the above Order on MYT principles allows on Bad and Doubtful debt of 1% of the total annual revenue billing in HT and LT sales only on normative basis. Hence the amount of Bad and doubtful debt as proposed by the DISCOM Utilities and approved by the Commission for FY 2019-20 is summarized below. Commission directs that the procedure for classification of an amount under bad and doubtful debt have to be in place prior to implementation.

Table – 67
Bad and Doubtful Debt FY 2019-20 (Approved)

| | Proposed | | Approved | | | | |
|---------|----------|----------|---------------|------------------------|---------------|---------------|----------------------------------|
| DISCOM | Revenue | Bad debt | Total Revenue | Revenue from EHT sales | Revenue at HT | Revenue at LT | Bad debt (1% of LT & HT revenue) |
| WESCO | 2999.84 | 79.99 | 3,020.68 | 748.63 | 1,011.35 | 1,260.70 | 22.72 |
| NESCO | 2513.3 | 37.70 | 2,503.90 | 1,227.93 | 246.19 | 1,029.78 | 12.76 |
| SOUTHCO | 1368.3 | 27.37 | 1,324.08 | 234.67 | 181.69 | 907.72 | 10.89 |
| CESU | 3593.51 | 28.87 | 3,598.74 | 681.57 | 893.98 | 2,023.19 | 29.17 |

Truing up of DISCOM Utilities

371. The OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 at Regulation 8 provides for the procedure for Truing up. Reg.8.1 provides that “The Distribution Licensee shall file an application each year for Truing up separately by 1st week of October every year along with the audited accounts of the relevant year. The Commission shall pass the Truing up order by 1st week of November. The Licensee shall duly consider the Truing up order up to the previous financial year while filing ARR for the ensuing year.”
372. The licensees have not filed any truing up application within the scheduled time therefore, no Truing up is allowed for ensuing year ARR for FY 2019-20.

Return on Equity

373. WESCO, NESCO and SOUTHCO in their ARR filing have submitted that due to negative returns(gaps) in their ARR and carry forward of huge Regulatory Assets in previous years, the Licensee could not avail the ROE over the years, which otherwise would have been invested in the company for improvement of the infrastructure. They have further submitted that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous years.
374. The Commission in its Order towards approval of MYT in its order dated 20.3.2013 have enunciated the return all share holder equity in the following manner:
- “22. *The Commission allowed 16% return on equity on the approved equity capital infusion during the first and second control period. The Commission had observed that return on equity incentivises the investor for the equity infusion to the business. A return of 16% suitably covers the risk associated with the distribution business. The Commission would continue to allow 16% return on equity on the approved equity capital infusion during the third control period also. Adjustments on account for variations between the actual and approved values of equity capital shall be made in the ARR subsequently in truing up*”.
375. The Commission examined the audited annual accounts of WESCO, NESCO, SOUTHCO and provisional accounts of CESU for FY 2017-18. The position of share capital (Equity Base) of each company as reflected in their aforesaid accounts is given below:

Table – 68
Return on Equity

| (Rs. in cr.) | |
|----------------------------|------------------------------------|
| Name of the Company | Share Capital (Equity Base) |
| WESCO | 48.65 |
| SOUTHCO | 37.66 |

| | |
|-------|-------|
| NESCO | 65.91 |
| CESU | 72.72 |

376. From the audited accounts, it is revealed that there has been no infusion of owner's capital by the DISCOM Utilities and the share capital initially invested while acquiring the distribution Licence by the Licensees remaining unchanged. The Commission thus allows a return of 16% on the equity base (share capital) in terms of MYT principles and approves following amounts against the proposed ROE:

Table - 69

(Rs. in cr.)

| Particulars | WESCO | NESCO | SOUTHCO | CESU |
|-------------------------------------|-------|-------|---------|-------|
| Amount proposed by DISCOM Utilities | 7.78 | 10.55 | 6.03 | 11.64 |
| Amount approved by the Commission | 7.78 | 10.55 | 6.03 | 11.64 |

377. It may be noted that though accumulated loss of all the DISCOM Utilities have far exceeded the equity base but as per the provision in the MYT, the Commission has been allowing return on actual infusion of equity at time of taking over the management of the DISCOM Utilities.

Miscellaneous receipts

378. The miscellaneous receipts proposed by the licensees for the FY 2019-20 against the approved for FY 2018-19 are given in the table below:

Table – 70
Miscellaneous Receipts

(Rs. in cr.)

| | WESCO | NESCO | SOUTHCO | CESU |
|--------------------------------|--------|--------|---------|--------|
| Amount approved for FY 2018-19 | 147.45 | 117.36 | 29.12 | 152.42 |
| Amount proposed for FY 2019-20 | 172.74 | 77.28 | 18.14 | 109.48 |

379. The miscellaneous receipt of the DISCOM UTILITIES is mainly on account of meter rent, commission for collection of ED, miscellaneous charges, interest on loans and advances, interest on bank deposit, DPS, over drawl penalty, supervision charges and Reliability surcharge, open access charges, and other miscellaneous receipts. It is observed from the audited accounts that the actual miscellaneous receipts of DISCOM Utilities is much more than the proposed receipts in the ARR. The audited account is available up to the year 2017-18 in case of WESCO, NESCO and SOUTHCO and provisional in case of CESU.
380. Commission observes that the receipts under miscellaneous receipts are of fluctuating nature and the reasonable estimate of future receipts would be on the basis of the

analysis of actual past trends. The Commission after scrutiny and analysis allows miscellaneous receipts for FY 2019-20 as shown in the following table:

Table - 71

| | (Rs. in cr.) | | | |
|--------------------------------|--------------|--------|---------|--------|
| | WESCO | NESCO | SOUTHCO | CESU |
| Amount approved for FY 2018-19 | 147.45 | 117.36 | 29.12 | 152.42 |
| Amount proposed for FY 2019-20 | 172.74 | 77.28 | 18.14 | 109.48 |
| Approved 2019-20 | 173.99 | 123.33 | 36.15 | 162.71 |

Receivables from DISCOM Utilities and Others

Securitized Dues

381. GRIDCO in its filing submitted that the DISCOM Utilities have defaulted payment of Rs.2117.44 crore by 31.03.2018 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOM Utilities wise default is given below:-

Table – 72

Outstanding Securitized Dues payable by DISCOM Utilities to GRIDCO
(Rs. Crore)

| Particulars | Unpaid as on 31-03-2018 |
|-------------|-------------------------|
| WESCO | 285.41 |
| NESCO | 294.87 |
| SOUTHCO | 259.98 |
| CESU | 1277.18 |
| Total | 2117.44 |

The Commission directs DISCOM Utilities to pay the dues during the ensuing year.

Rs. 400 Crore NTPC Bond dues

382. GRIDCO submitted that apart from securities dues, the DISCOM Utilities have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 on the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the erstwhile REL managed DISCOM Utilities to pay Rs.50 Crore by the end of April 2012 and at least @ Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The erstwhile R-Infra managed DISCOM Utilities paid Rs.62 Crore by 31-10-2014, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.195.36 Crore as on 31.03.2018.
383. On this issue the Commission have given direction to both GRIDCO and DISCOM Utilities several times for compliance of the order. The Commission reiterates the

same and directs both GRIDCO and DISCOM Utilities to comply the order dated 29.03.2012 in case No.107 of 2011. GRIDCO take all necessary actions to collect the above arrear dues.

Non-payment of BSP dues and Year End Adjustment Bills of DISCOM Utilities

384. GRIDCO in the ARR has further submitted that besides the default in securitised dues and Rs.400 crore of bond the DISCOM Utilities have made default in payment of BSP dues and year-end bill amounting Rs.4984.92 crore. The details of which is given below.

Table-73
Outstanding Dues relating to Current BSP and Year end Adjustment bills of DISCOM Utilities payable to GRIDCO

| Particulars | WESCO | NESCO | SOUTHCO | Sub-Total | CESU | TOTAL |
|---|----------------|---------------|---------------|----------------|----------------|----------------|
| | Utility | Utility | Utility | | | |
| BSP Bills as on 31.03.2018 | 1197.77 | 719.18 | 449.24 | 2366.19 | 706.56 | 3072.75 |
| BSP Bills-FY2018-19 (April '18 to Sept-'18) | 317.95 | 131.85 | 365.07 | 814.87 | 433.03 | 1247.90 |
| Sub Total | 1515.72 | 851.03 | 814.31 | 3181.05 | 1139.59 | 4320.65 |
| Year-end Adj.Bills-2007-08 to FY 2010-11 | 137.67 | 99.16 | 153.14 | 389.97 | 274.30 | 664.27 |
| Grand Total | 1653.39 | 950.19 | 967.45 | 3571.03 | 1413.89 | 4984.92 |

385. The Commission directs both GRIDCO and DISCOM Utilities to file a reply before the Commission regarding action plan taken for liquidation of the arrears as stated above by 31.05.2019.

Revenue Requirement

386. In the light of above discussion, the Commission approves the revenue requirement of 2019-20 of four DISCOM Utilities, as shown in Annexure-A.

387. A summary of the approved revenue requirement, expected revenue at the approved tariff and approved revenue gap for FY 2019-20 by the Commission is given below:

Table – 74

| DISCOM | Revenue Requirement FY 2019-20 | | Expected Revenue FY 2019-20 | | Gap (-)/Surplus(+) | |
|--------|--------------------------------|----------|-----------------------------|----------|--------------------|----------|
| | Proposed | Approved | Proposed | Approved | Proposed | Approved |
| | | | | | | |
| WESCO | 2999.84 | 3019.82 | 2999.84 | 3020.68 | 0.00 | 0.86 |
| NESCO | 2720.84 | 2503.78 | 2513.30 | 2503.90 | -207.54 | 0.12 |

| | | | | | | |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| SOUTHCO | 1550.69 | 1323.57 | 1368.30 | 1324.08 | -182.39 | 0.51 |
| CESU | 4226.36 | 3596.71 | 3593.51 | 3598.74 | -632.85 | 2.03 |
| Total | 11497.73 | 10443.87 | 10474.95 | 10447.40 | -1022.78 | 3.53 |

Segregation of wheeling and retail supply business

388. OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 at Reg. 3.1 mandates that “In accordance with the principles laid out in these Regulations, the Commission shall determine the tariff for : (a) wheeling of electricity, i.e. Wheeling Tariff, (b) Retail sale of electricity i.e., Retail Supply Tariff”. Further, Reg. 3.2 provides that the Commission shall determine the Aggregate Revenue Requirement (ARR) and Tariff for (a) Wheeling Business and (b) Retail Supply Business. The Reg.4.3 further provides that “the distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business.
389. The proviso to the Reg.4.4 states that “provided that for such period until accounts are segregated, the licensee shall prepare an allocation statement to apportion cost and revenues to wheeling business and retail supply business and submit it along with its ARR for approval of the Commission.

The DISCOM Utilities in their ARR submissions have proposed allocation statement of wheeling and retail supply cost.

Table - 75
Allocation of Wheeling and Retail Supply Cost

| Sl No. | Cost/Income Component | Ratio for consideration in Wheeling Business | Ratio for consideration in Retail Supply Business |
|---------------|--|---|--|
| 1 | Cost of Power | 0% | 100% |
| 2 | Transmission Charges | 0% | 100% |
| 3 | SLDC Charges | 0% | 100% |
| | Total power purchase cost * | | |
| | O & M | | |
| 4 | Employee Cost | 60% | 40% |
| 5 | Repair and Maintenance Cost | 90% | 10% |
| 6 | Administrative and General Expenses | 40% | 60% |
| 7 | Bad and Doubtful Debt including Rebate | 0% | 100% |
| 8 | Depreciation | 90% | 10% |
| | Interest on Loans | | |
| 9 | for Capital loan | 90% | 10% |
| 10 | for Working capital | 10% | 90% |
| 11 | Interest on Security Deposits | 0% | 100% |
| 12 | Return on Equity | 90% | 10% |

| Sl No. | Cost/Income Component | Ratio for consideration in Wheeling Business | Ratio for consideration in Retail Supply Business |
|--------|-------------------------------------|--|---|
| | Special Appropriation | | |
| 13 | Amortization of Regulator Assets | 25% | 75% |
| 14 | True Up of Current year GAP 1/3rd | 25% | 75% |
| 15 | Other, if any-Contingency Reserve | 90% | 10% |
| | Grand Total | | |
| | Miscellaneous Receipt | | |
| 16 | Non-Tariff Income - Wheeling | as per actual/assumption | as per actual/assumption |
| 17 | Non-Tariff Income - Retail Business | as per actual/assumption | as per actual/assumption |

390. The distribution licensees are yet to segregate the accounts of their licensed business into wheeling and retail supply business as provided in the OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014. The Commission therefore, based on the above uniform allocation matrix allows cost towards Retail Supply business and Wheeling business in the following manner. The Commission shall monitor this later.

Wheeling Business

391. As per the OERC Tariff Regulation “Wheeling Business” means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of Distribution Licensee. As such the apportioned cost towards wheeling business has been considered while determining Aggregate Revenue Requirement and wheeling charges. The Miscellaneous receipts for the wheeling business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals are considered out of the total approved Miscellaneous receipts in this order from the Annual accounts. However such segregation is not available in the audited accounts of FY 2017-18 of NESCO, WESCO and SOUTHCO. CESU have submitted provisional audited accounts for FY 2017-18. Therefore in order to arrive at the segregated Miscellaneous receipts for FY 2019-20 the approved proportion of the wheeling and retail business of FY 2017-18 is applied. This has been shown in the following table:

Table - 76
Miscellaneous Receipts

| | (Rs. Cr.) | | | |
|--|------------------|--------|---------|--------|
| | WESCO | NESCO | SOUTHCO | CESU |
| Total Miscellaneous Receipts Approved for FY 2018-19 | 147.45 | 117.36 | 29.12 | 152.42 |

| | | | | |
|---|--------|--------|-------|--------|
| Approved Miscellaneous Receipt for Wheeling Business- FY 2018-19 | 12.98 | 6.74 | 0.92 | 20.92 |
| Approved %age of wheeling business – FY 2018-19 | 8.80% | 5.74% | 3.16% | 13.73% |
| Total Miscellaneous Receipts Approved for FY 2019-20 | 173.99 | 123.33 | 36.15 | 162.71 |
| Approved Miscellaneous Receipt for FY 2019-20 Wheeling Business applying same percentage as in FY 2018-19 | 15.32 | 7.08 | 1.14 | 22.33 |
| Approved Miscellaneous Receipt for FY 2019-20 Retail Business | 158.67 | 116.24 | 35.01 | 140.38 |

392. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the ARR for wheeling business for WESCO, NESCO, SOUTHCO and CESU is approved at Rs.369.43 cr, Rs360.80 cr, Rs. 307.49 cr and Rs. 582.43 respectively. The wheeling charges (per unit) for WESCO, NESCO, SOUTHCO and for CESU has been accordingly determined at 57.28 paise/unit, 86.40 p/u, 84.62 p/u and 67.97 p/u. The details of the Wheeling Business cost allocation and determination of wheeling charges is shown in the following table:

Table - 77
Allocation of cost towards Wheeling Business – FY 2019-20

(Rs. in Crs.)

| Expenditure | Ratio out of Total approval (%) | WESCO | | NESCO | | SOUTHCO | | CESU | | TOTAL | |
|---|---------------------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|
| | | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling |
| Employee costs | 60 | 358.80 | 215.28 | 327.13 | 196.28 | 357.58 | 214.55 | 560.83 | 336.50 | 1,604.34 | 962.60 |
| Repair & Maintenance | 90 | 86.33 | 77.70 | 89.48 | 80.53 | 44.00 | 39.60 | 134.63 | 121.16 | 354.44 | 319.00 |
| A & G Expenses | 40 | 50.13 | 20.05 | 37.50 | 15.00 | 33.95 | 13.58 | 66.97 | 26.79 | 188.54 | 75.42 |
| Depreciation | 90 | 57.14 | 51.42 | 59.61 | 53.65 | 27.66 | 24.89 | 91.00 | 81.90 | 235.41 | 211.87 |
| Interest on capital Loan (Excluding SD) | 90 | 14.76 | 13.29 | 14.36 | 12.93 | 11.77 | 10.59 | 31.04 | 27.93 | 71.93 | 64.74 |
| Return on equity | 90 | 7.78 | 7.00 | 10.55 | 9.50 | 6.03 | 5.43 | 11.64 | 10.48 | 36.00 | 32.40 |
| Gross Total | | 574.95 | 384.75 | 538.63 | 367.88 | 480.98 | 308.64 | 896.10 | 604.76 | 2490.67 | 1666.03 |
| Less: Miscellaneous receipts | | | 15.32 | | 7.08 | | 1.14 | | 22.33 | | 45.87 |
| Less: Expenses capitalised | | | 0.00 | | | | 0.00 | | | | 0.00 |
| Total wheeling Cost | | | 369.43 | | 360.80 | | 307.49 | | 582.43 | | 1620.15 |
| Total MU approved for LT & HT consumers | | | 6450.00 | | 4175.64 | | 3633.75 | | 8568.88 | | 22828.27 |
| Wheeling charges (P/U) | | | 57.28 | | 86.40 | | 84.62 | | 67.97 | | 70.97 |

Retail Supply Business

393. As per the OERC Tariff Regulation “Retail Supply Business” means the business of sale of electricity by Distribution Licensee to the category of consumers within its area of supply in accordance with the terms of the Licence for distribution of electricity. The apportioned cost towards Retail Supply business has been considered while determining Aggregate Revenue Requirement. While considering the Miscellaneous receipts for the retail business, receipts on account of wheeling charges from open access consumers, supervision charges and Service line rentals have been excluded from the total approved Miscellaneous receipts. This has been shown in the given table:

Table - 78
Miscellaneous Receipts- Retail Supply Business 2019-20 (Approved)
(Rs. in cr.)

| WESCO | NESCO | SOUTHCO | CESU |
|--------|--------|---------|--------|
| 158.67 | 116.24 | 35.01 | 140.38 |

394. On the basis of the aforesaid Allocation of Wheeling and Retail Supply Cost matrix table, the net retail supply cost for WESCO, NESCO, SOUTHCO and for CESU is shown in the following table:

Table – 79
Revenue Requirement of DISCOM Utilities for the FY 2019-20 – Retail Business
(Rs. in Cr.)

| Expenditure | Ratio out of Total approval (%) | WESCO | | NESCO | | SOUTHCO | | CESU | | TOTAL | |
|---|---------------------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|-----------------|-------------------|
| | | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling | Approved Total | Approved Wheeling |
| Cost of power purchase | 100 | 2356.00 | 2356.00 | 1880.38 | 1880.38 | 751.44 | 751.44 | 2542.14 | 2542.14 | 7,529.96 | 7529.96 |
| Transmission Charges | 100 | 193.75 | 193.75 | 157.75 | 157.75 | 101.00 | 101.00 | 243.50 | 243.50 | 696.00 | 696.00 |
| SLDC Charges | 100 | 1.20 | 1.20 | 0.98 | 0.98 | 0.63 | 0.63 | 1.51 | 1.51 | 4.32 | 4.32 |
| Employee costs | 40 | 358.80 | 143.52 | 327.13 | 130.85 | 357.58 | 143.03 | 560.83 | 224.33 | 1,604.34 | 641.73 |
| Repair & Maintenance | 10 | 86.33 | 8.63 | 89.48 | 8.95 | 44.00 | 4.40 | 134.63 | 13.46 | 354.44 | 35.44 |
| A & G Expenses | 60 | 50.13 | 30.08 | 37.50 | 22.50 | 33.95 | 20.37 | 66.97 | 40.18 | 188.54 | 113.13 |
| Bad and Doubtful debt | 100 | 22.72 | 22.72 | 12.76 | 12.76 | 10.89 | 10.89 | 29.17 | 29.17 | 75.55 | 75.55 |
| Depreciation | 10 | 57.14 | 5.71 | 59.61 | 5.96 | 27.66 | 2.77 | 91.00 | 9.10 | 235.41 | 23.54 |
| Interest on Capital Loan (Excluding SD) | 10 | 14.76 | 1.48 | 14.36 | 1.44 | 11.77 | 1.18 | 31.04 | 3.10 | 71.93 | 7.19 |
| Interest on security deposit | 100 | 45.18 | 45.18 | 36.61 | 36.61 | 14.77 | 14.77 | 47.00 | 47.00 | 143.55 | 143.55 |
| Return on equity | 10 | 7.78 | 0.78 | 10.55 | 1.06 | 6.03 | 0.60 | 11.64 | 1.16 | 36.00 | 3.60 |
| Gross Retail Supply Cost | | 3193.81 | 2809.06 | 2627.10 | 2259.22 | 1359.72 | 1051.08 | 3759.42 | 3154.66 | 10940.05 | 9274.02 |
| Less: Miscellaneous Receipts | | | 158.67 | | 116.24 | | 35.01 | | 140.38 | | 450.30 |

| | | | | | | | | | | | |
|------------------------|--|--|----------|--|----------|--|----------|--|---------|--|----------|
| Net Retail Supply Cost | | | 2,650.39 | | 2,142.98 | | 1,016.07 | | 3014.28 | | 8,823.72 |
|------------------------|--|--|----------|--|----------|--|----------|--|---------|--|----------|

395. The Commission in the last RST order directed to segregate their accounts for wheeling business and retail supply business in terms of Regulation 4.4 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014. The Commission asked for compliance in this regard by the Licensee shall be submitted by 31st July 2018 however no compliance was submitted by any of the DISCOM Utilities. The Commission therefore again directs DISCOM Utilities to take necessary steps in order to segregate their accounts for wheeling business and retail supply business in terms of the said OERC Regulation. The compliance on this account must be furnished by 31st July 2019.

TARIFF DESIGN

396. The Commission has been determining Retail Supply Tariffs after examination of all details on the usage and consumption pattern of the different categories of consumers and factors ensuring efficient use of resources. Prudence of licensees' expenses on cost of supply has been checked based on the ARR filings, queries for additional information and subsequent records submitted by the licensees. It is found that Licensees would be able to recover their cost without any Tariff rise for FY 2019-20.

The present tariff structure

397. In line with the prevailing practice of tariff design, the Commission has decided to continue with the prevailing practice of single part, two part and three part tariffs for the ensuing year. While single part tariff is applicable to consumers covered under Kutir Jyoti, the other categories of consumers are covered under two part and three part tariffs.

398. Two part tariff under LT supply covers consumers with connected load/contract demand less than 110 kVA are having MMFC (based on Rs. /kW or KVA) and energy charges (Rs. /kWh).

399. Three part tariff under HT and EHT supply is applicable to consumers with contract demand of 110 kVA and above having demand charges (based on Rs./kVA), energy charges (Rs./kWh) and customer service charge (Rs./month).

Single Part Tariff

Kutir Jyoti consumers: Fixed Monthly Charge (Rs./Month) for consumption upto 30 units per month.

Two Part Tariff - LT Supply less than 100 KW / 110 kVA

All classes of consumers other than Kutir Jyoti

- (a) Energy Charge (Paise/unit)
- (b) Monthly Minimum Fixed Charge (MMFC) (Rs./KW/Month)

Three Part Tariff - LT consumers with connected load 110 kVA and above

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/unit)
- (c) Customer Service Charge (Rs./Month)

HT Consumers

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/Unit)
- (c) Customer Service Charge (Rs./Month)

EHT Consumers

- (a) Demand Charge (Rs./kVA)
- (b) Energy Charge (Paise/Unit)
- (c) Customer Service Charge (Rs./Month)

400. In addition, certain other charges like power factor penalty, prompt payment rebate, meter rent, delayed payment surcharge, over drawal penalty/incentive, other miscellaneous charges, etc. are payable in cases and circumstances mentioned in the later part of this order.

401. The details of charges applicable to various categories of consumers classified under OERC Distribution (Conditions of Supply) Code, 2004 are discussed hereafter.

(a) Tariff for Consumers availing Power Supply at LT

402. The consumers availing power supply at LT with CD less than 110 kVA or 100 KW have to pay MMFC and energy charges as described below:

- (a) The MMFC is payable by the consumers with contract demand less than 110 kVA who are supplied power at LT.
- (b) The Commission decides that rate of MMFC determined for FY 2018-19 shall continue to apply for FY 2019-20.

Table – 79
MMFC for LT consumers

| Sl. No | Category of Consumers | Monthly Minimum Fixed Charge for first KW or part (Rs.)* | Monthly Fixed Charge for any additional KW or part (Rs.) |
|--------------------------------|--|--|--|
| Approved For FY 2019-20 | | | |
| LT Category | | | |
| 1. | Domestic (other than Kutir Jyoti) | 20 | 20 |
| 2. | General Purpose LT (<110 kVA) | 30 | 30 |
| 3. | Irrigation Pumping and Agriculture | 20 | 10 |
| 4. | Allied Agricultural Activities | 20 | 10 |
| 5. | Allied Agro-Industrial Activities | 80 | 50 |
| 6. | Public Lighting | 20 | 15 |
| 7. | LT Industrial (S) Supply | 80 | 35 |
| 8. | LT Industrial (M) Supply | 100 | 80 |
| 9. | Specified Public Purpose | 50 | 50 |
| 10. | Public Water Works and Sewerage Pumping <110 kVA | 50 | 50 |

* When agreement stipulates supply in kVA this shall be converted to kW by multiplying with a power factor of 0.9 as per Regulation 2 (j) of OERC Distribution (Conditions of Supply) Code, 2004.

403. Some consumers with connected load of less than 110 kVA might have been provided with simple energy meters which record energy consumption and not the maximum demand. But the OERC Distribution (Conditions of Supply) Code, 2004, Regulation 64 provides that “contract demand for loads of 110 kVA and above shall be as stipulated in the agreement and may be different from the connected load. Contract Demand for a connected load below 110 kVA shall be the same as connected load. However, in case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 kVA or 100 KW, the above shall form the basis. The licensees are directed to follow the above provision of Regulation strictly.

Energy Charge (Consumers with Connected Load less than 110 kVA)

Domestic

404. The Commission is aware of the paying capability of our BPL consumers. Therefore, the Kutir Jyoti consumers will only pay the monthly minimum fixed charge @ Rs.80/- per month for consumption upto 30 units per month. In case these consumers consume in excess of 30 units per month, they will be billed like any other domestic consumers depending on their consumption and will lose their BPL status from that month onward.

405. The Commission is also conscious of affordability of non-Kutir Jyoti consumers. Keeping this in view the Energy Charge for supply to domestic consumers availing low tension supply is determined for FY 2019-20 which are given below:

| <u>Domestic consumption slab per month</u> | <u>Energy charge</u> |
|---|-----------------------------|
| Upto and including 50 Units | 250 paise per unit |
| From 51 to 200 units | 430 paise per unit |
| From 201 to 400 units | 530 paise per unit |
| Balance units of consumption | 570 paise per unit |

406. In accordance with the provision under the OERC Distribution (Condition of Supply) Code, 2004, initial power supply shall not be given without a correct meter. Load factor billing has been done away w.e.f. 1st April, 2004, as stipulated in the Commission's RST order for FY 2003-04. As such licensees are directed not to bill any consumer on load factor basis.

General Purpose LT (<110 kVA)

407. The Commission reviewed the existing tariff structure and also decided to modify the rates for GP LT category of consumers.

Table - 80

| Slab | Revised Energy charge (P/U) |
|-----------------|------------------------------------|
| First 100 units | 540 |
| Next 200 units | 650 |
| Balance units | 710 |

Irrigation Pumping and Agriculture

408. The Commission decides that the Energy Charge for this category shall continue to be 150 paise per unit for supply at LT. Consumers in the irrigation pumping and agriculture category availing power supply at HT will pay 140 paise per unit as usual.

Allied Agricultural Activities

409. The Commission decides not to modify the tariff of this category which will continue as 160 paise per unit at LT and 150 paise per unit at HT.

Allied Agro-Industrial Activities

410. The Commission decides not to modify the tariff of this category allow it to continue at 420 paise per unit at LT and 410 paise per unit at HT.

Energy Charges for Other LT Consumers

411. The Commission, in keeping with its objective of rationalisation of tariff structure by

progressive introduction of a cost-based tariff, has linked the Energy Charge at different voltage levels to reflect the cost of supply. The following tariff structure is determined for FY 2019-20 for all loads at LT except domestic, Kutir Jyoti, general purpose, irrigation pumping, allied agricultural activities and allied agro-industrial activities.

Voltage of Supply

Energy Charge

LT

570 paise per unit

The above rate shall apply to the following categories:

- 1) Public lighting
- 2) LT industrial(S) supply <22 KVA
- 3) LT industrial(M) supply >=22 KVA <110 KVA
- 4) Specified Public Purpose
- 5) Public Water works and Sewerage pumping < 110 KVA
- 6) Public Water works and Sewerage pumping >= 110 KVA
- 7) General Purpose >= 110 KVA
- 8) Large Industries >=110 KVA

Tariff for consumers availing power supply at LT with contract demand of 110 kVA and above are given hereunder.

Customer Service Charge at LT

412. As explained earlier these categories of consumers are required to pay three part tariff. The existing customer service charge for consumers with connected load of 110 kVA and above shall continue for FY 2019-20.

Table - 81

| Category | Voltage of Supply | Customer Service Charge (Rs. per Month) |
|-------------------------------|--------------------------|--|
| Public Water Works (=>110kVA) | LT | 30 |
| General Purpose (=>110kVA) | LT | 30 |
| Large Industry | LT | 30 |

Demand charges at LT

413. The Commission examined the existing level of Demand Charge of Rs.200/kVA/month payable by the consumers with a contract demand of 110 kVA and above and decides not to revise it. This shall include Public Water Works and Sewerage Pumping, General Purpose Supply and Large Industry of contract demand of 110 kVA or more.

Voltage of Supply

Demand charge

LT (110 kVA & above)

Rs.200/ kVA/month

(b) Tariff For HT & EHT Consumers

- (i) Customer Service Charge for consumers with contract demand of 110 kVA and above at HT & EHT

414. All the consumers at HT and EHT having CD of 110 kVA and above are liable to pay customer service charge. This charge is meant for meeting the expenditure of the licensees on account of meter reading, preparation of bills, delivery of bills, collection of revenue and maintenance of customer accounts etc. The licensee is bound to meet these expenses irrespective of the level of consumption of the consumer. The customer service charges as existing shall continue as per details in the table below:

Table – 82

| Category | Voltage of Supply | Customer service charge (Rs./month) |
|---|-------------------|-------------------------------------|
| Bulk Supply (Domestic) | HT | Rs.250/- for all categories |
| Irrigation Pumping and Agriculture | HT | |
| Allied Agricultural Activities | HT | |
| Allied Agro-Industrial Activities | HT | |
| Specified Public Purpose | HT | |
| General Purpose (HT >70 kVA <110kVA) | HT | |
| HT Industrial (M) Supply | HT | |
| General Purpose (=>110kVA) | HT | |
| Public Water Works and Sewerage Pumping | HT | |
| Large Industry | HT | |
| Power Intensive Industry | HT | |
| Mini Steel Plant | HT | |
| Emergency Supply to CGPs | HT | |
| Railway Traction | HT | |
| General Purpose | EHT | Rs.700/- for all categories |
| Large Industry | EHT | |
| Railway Traction | EHT | |
| Heavy Industry | EHT | |
| Power Intensive Industry | EHT | |
| Mini Steel Plant | EHT | |
| Emergency Supply to CGPs | EHT | |

- (ii) Demand charge for HT & EHT consumers

415. The Commission examined the existing level of Demand Charge of Rs.250/kVA/month payable by the HT and EHT consumers and Rs.150 for HT Industrial (M) Supply consumers only (>=22 kVA and less than 110 kVA) and decides not to revise the same. The class of consumers and the voltage of supply to whom this charge shall be applicable are listed below.

HT Category

Specified Public Purpose

General Purpose (>70 kVA <110 kVA)

General Purpose (>=110 kVA)

Public Water Works and Sewerage Pumping

Large Industry

Power Intensive Industry

Mini Steel Plant

Railway Traction

HT Industrial (M) Supply (>=22 kVA and less than 110 kVA)

EHT Category

General Purpose

Large Industry

Railway Traction

Heavy Industry

Power Intensive Industry

Mini Steel Plant

416. Consumers with contract demand 110 kVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. To arrive at that cost the Commission studied the pattern of demand recorded by the demand meters of all such consumers of the licensee for the period from April, 2017 to September, 2017. After taking into consideration this aspect the Commission has decided that the existing method of billing the consumer for the Demand Charge on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher shall continue. The method of billing of Demand Charge in case of consumers without a meter or with a defective meter shall be in accordance with the procedure prescribed in OERC Distribution (Conditions of Supply) Code, 2004. Again in case of statutory load restriction the contract demand shall be assumed as the restricted demand.
417. As per the OERC Distribution (Conditions of Supply) Code, 2004, for contract

demand above 70 kVA but below 555 kVA, supply shall be at 3-phase, 3-wire, 11 kV. However, these consumers connected prior to 01.10.95 may be allowed to continue to receive power at LT. But there are some consumers in the categories of Bulk Supply Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities, who have availed power supply at HT. For such types of consumers the Commission have decided to allow the existing Demand Charges to continue. Accordingly, the rates applicable to all such consumers who are to pay demand charges are given below:

Table - 83

| Category | (Rs./KVA/month) |
|-----------------------------------|------------------------|
| Bulk Supply Domestic | 20 |
| Irrigation pumping | 30 |
| Allied Agricultural Activities | 30 |
| Allied Agro-Industrial Activities | 50 |

418. However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA for all category of consumers having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.

(iii) Energy Charge for HT and EHT consumers

419. The Commission, aiming at rationalisation of tariff structure by progressive introduction of a cost-based tariff, has set the Energy Charge at different voltage levels to reflect the cost of supply. While determining Energy Charge, the principle of higher rate for supply at low voltage and gradually reduced rate as the voltage level goes up has been adopted. However, the Commission has made certain exceptions to the above provisions in respect of Domestic, Irrigation Pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities consumers availing power at HT.
420. For domestic HT bulk supply consumers the energy charges has been fixed at 440 paise per unit.

Graded Slab Tariff for HT/EHT Consumers

421. Considering more and more industries are running in higher load factor the Commission has decided to modify the present Graded slab tariff for HT and EHT consumers where the Demand charges are billed on kVA basis as given below:

Table – 84
Slab rate of energy charges for HT & EHT (Paise per unit)

| Load Factor (%) | HT | EHT |
|------------------------|-----------|------------|
| = < 60% | 535 | 530 |
| > 60% | 425 | 420 |

422. Load factor has to be calculated as per Regulation 2 (y) of OERC Distribution Code, 2004. However, in calculation of load factor, the actual power factor of the consumer and power-on-hours during billing period shall be taken into consideration.
423. Power on hours is defined as total hours in the billing period minus allowable power interruption hour. The allowable power interruption hours should be calculated by deducting 60 hours in a month from the total interruption hour. In case power interruption is 60 hours or less in a month then no deduction shall be made.

HT Supply for Irrigation pumping, Allied Agricultural Activities and Allied Agro-Industrial Activities Consumers

424. The Commission has decided to continue with the present tariff structure in respect of Irrigation pumping, Allied Agricultural/Agro-Industrial Activities availing power at HT. The Energy Charge applicable to them has been fixed as follows:

| <u>Category</u> | <u>Energy Charge</u> |
|-------------------------------------|-----------------------------|
| Irrigation Pumping - | 140 paise per unit |
| Allied Agricultural Activities - | 150 paise per unit |
| Allied Agro-Industrial Activities - | 410 paise per unit |

Industrial Colony Consumption

425. Since the purpose of incentive scheme is to encourage higher consumption by the EHT and HT consumers, the Commission after reviewing the scheme, directs that, the units consumed for the colony shall be separately metered and the total consumption shall be deducted from the main meter reading and billed at 440 paise per unit for supply at HT and 435 paise per unit at EHT. For the energy consumed in colony in excess of 10% of the total consumption, the same shall be billed at the rate of Energy Charge applicable to the appropriate class of industry.

Colony / Hostel consumption

426. The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in bulk supply domestic category @ 440 paise per unit.

Emergency power supply to CGPs/Generating stations

427. Industries owning CGPs/ Generating Stations have to enter into an agreement with the concerned DISCOM Utilities subject to technical feasibility and availability of required quantum of power/energy in the system as per the provision under the OERC Distribution (Condition of Supply) Code, 2004. For them, (i) a flat rate of 730 paise/kwh at HT and (ii) 720 paise/kwh at EHT would apply. The industry owning CGP and having zero contract demand can draw power supply for its CGP from the Grid maximum upto the capacity of the highest unit of its CGP. If the industry draws more than highest unit of its CGP the energy rate of power supply as allowed would cease and normal industrial two part tariff with payment of demand charge at highest MD for the full financial year shall apply.

Peak and Off-Peak Tariff

428. Section 62(3) of the Electricity Act, 2003 mandates as follows:

“The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”

429. Further, in accordance with the provision of Para 7(a) (i) of OERC (Terms and Conditions for Determination of Tariff) Regulation, 2004, a differential tariff for peak and off-peak hours is essential to promote demand side management. Accordingly, the Commission decides to continue off-peak hours for the purpose of tariff shall be treated from 12 Midnight to 6.00 AM of the next day. Three-phase Consumers barring those mentioned below having static meters, recording hourly consumption with a memory of 31 days and having facility for downloading printout drawing power during off-peak hours shall be given a discount at the rate of 20 paise per unit of the energy consumed during this period. This discount, however, will not be available to the following categories of consumers.

- i) Public Lighting Consumers
- ii) Emergency supply to captive power plants

Charges for Overdrawal

Penalty for overdrawal

430. Demand charge shall be calculated on the basis of 80% CD or actual MD whichever is

higher during period other than off peak hour. The overdrawal penalty shall be charged on the excess of drawal over the 120% CD during the off-peak hours. The penalty rate is Rs.250/KVA.

No off peak overdrawal benefit will be available if one overdraws beyond off peak hours. In such circumstances, the overdrawal penalty @ Rs.250/KVA shall be levied on the drawal in excess of the CD irrespective of the hours it occurs.

This penalty for overdrawal in all the above cases shall be over and above the normal demand charges where no other penalty due to overdrawal has been levied.

431. When Maximum Demand is less than the Contract Demand during hours other than off peak hours then the consumer is entitled for over drawal benefit limited to 120% of Contract Demand during off peak hours. If MD exceeds 120% of CD during off peak hours then the consumer is liable for overdrawal penalty only on the excess demand recorded over 120% of CD @ Rs.250/- per KVA per month provided no other penalty due to overdrawal is levied. If Maximum Demand exceeds the Contract Demand beyond the off peak hours then the consumer is not entitled to get off peak hour over drawal benefit even if the drawal during off peak hours is within 120% of CD.

Incentive for Overdrawal during off peak hours

432. As per the existing Commission's Order all the consumers who pay two-part tariff with > 110 KVA CD are allowed to draw upto 120% of contract demand during off peak hours on payment of demand charge as per the 80% of the contract demand or maximum demand drawn during other than off peak hours whichever is higher where drawal of maximum demand is within CD.
433. The Commission has decided to continue with the existing tariff provisions wherein there is no penalty for overdrawal during off-peak hours upto 120% of the contract demand. The off-peak hours is defined as 12 Midnight to 6 AM of the next day. However, any consumer overdrawing during hours other than off-peak hours shall not be eligible for overdrawal benefit during off-peak hours. In case of Statutory Load Regulation deemed contract demand shall be the restricted contract demand.

Eligibility for availing over drawal benefit during off peak hours

434. HT and EHT consumers are allowed for 120% over drawal benefit only if, their maximum demand drawn during other than off peak hours remains within the contract

demand. In case the consumer overdraws than contract demand during other than off peak hours, but within 120% of contract demand during off-peak hours, no overdrawal benefit shall be allowed to such consumer. In that case the demand charge will be calculated as per the recorded maximum demand, irrespective of hours of its drawal.

Charges for Power Factor

435. The charges for power factor penalty and incentive as decided by the Commission for FY 2018-19 shall continue for 2019-20.

Power Factor Penalty

436. The Commission also orders for continuance of the power factor penalty as a percentage of monthly Demand Charge and Energy Charge on the following HT/EHT categories of consumers:

- (i) Large Industries
- (ii) Public Water Works (110 KVA and above)
- (iii) Railway Traction
- (iv) Power Intensive Industries
- (v) Heavy Industries
- (vi) General Purpose Supply
- (vii) Specified Public Purpose (110 KVA and above)
- (viii) Mini Steel Plants
- (ix) Emergency supply to CGP

437. The penalty for Power Factor below 92% is given as under:

Table - 86

| | |
|----------------------------------|---|
| Below 92% upto and including 70% | 0.5% penalty for every 1% fall from 92% upto and including 70% plus |
| Below 70% upto and including 30% | 1% penalty for every 1% fall below 70% upto and including 30% plus |
| Below 30% | 2% for every 1% fall below 30% |

(Pro-rata penalty shall be calculated and the power factor shall be calculated upto four decimal points). The penalty shall be on monthly demand charge and energy charge of the HT and EHT industries as prescribed above.

However, the licensees shall give a 3 months' notice to install capacitor for reduction of reactive drawl failing which licensee may disconnect the power supply if the power factor falls below 30% as provided in the Regulations.

There shall be no power factor penalty for leading power factor recorded in the meter.

Power Factor Incentive

438. Similarly, the power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

Metering on LT side of Consumers Transformer

439. As per Regulation 54 of OERC Distribution (Conditions of Supply) Code, 2004 Transformer loss, as computed below has to be added to the consumption as per meter reading.

Energy loss = $(730 \times \text{rating of the transformer KVA}) / 100$.

Loss in demand = 1% of the rating of the transformer in KVA (for two part tariff)

* (The consumer shall select optimum size of the transformer during installation)

Incentive for prompt payment

440. The Commission examined the existing method of incentive and its financial implications. The Commission has decided to grant incentive for early and prompt payment as below:

- a) A rebate of 10 paise/unit shall be allowed on energy charges if the payment of the bill (excluding all arrears) is made by the due date indicated in the bill in respect of the following categories of consumers.

LT: Domestic, General purpose <110 KVA, Irrigation Pumping and Agriculture, Allied Agricultural Activities and LT Industrial (S), Public Water Works and Sewerage Pumping.

HT: Bulk supply Domestic, Irrigation Pumping and Agriculture, Allied Agricultural Activities, General purpose >70 <110 KVA, Public Water Works and Sewerage Pumping.

- b) Consumers other than those mentioned at Para 'a' above shall be entitled to a rebate of 1% (one percent) of the amount of the monthly bill (excluding all arrears), if payment is made within 3 working days of presentation of the bill.

441. **Special Rebates**

- a. Hostels attached to the Schools run by SC/ST Dept. of Government of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT/HT).
- b. All Swajala Dhara consumers shall get 10% special rebate on total bill (except electricity duty and meter rent) in addition to other rebates they are otherwise eligible if the electricity bill is paid within the prescribed due date of normal rebate.
- c. All rural LT domestic consumers availing power through correct meter shall avail 5 paise per unit additional rebate over and above the 10 paise prompt payment rebate if they pay the bill in time.
- d. 2% rebate over and above normal rebate shall be allowed on the bill to the LT category of consumers over and above all the rebates who pay through digital means (cash less).
- e. Own Your Transformer – “OYT Scheme” is intended for the existing individual LT domestic, individual / Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. They will continue to be LT consumers with appropriate tariff category. In addition licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the ‘OYT’ transformer shall be made by DISCOM Utilities. For removal of doubt it is clarified that the “OYT Scheme” is not applicable to any existing or new HT/EHT consumer.

Reconnection Charge

442. The Commission decided that existing re-connection charges shall continue as follows:

Table - 87

| Category of Consumers | Rate Applicable |
|-----------------------------------|------------------------|
| LT Single Phase Domestic Consumer | Rs.150/- |
| LT Single Phase other consumer | Rs.400/- |
| LT 3 Phase consumers | Rs.600/- |

| | |
|----------------------|-----------|
| HT and EHT consumers | Rs.3000/- |
|----------------------|-----------|

Delayed Payment Surcharge

443. The Commission has examined the present method and rate of DPS and has decided that if payment is not made within the due date, Delayed Payment Surcharge shall be charged for every day of delay at 1.25% per month on the amount remaining unpaid (excluding arrears on account of DPS) in respect of categories of consumers as mentioned below:

- i. Large industries
- ii. LT/HT Industrial (M) Supply
- iii. Railway Traction
- iv. Public Lighting
- v. Power Intensive Industries
- vi. Heavy Industries
- vii. General Purpose Supply ≥ 110 KVA
- viii. Specified Public Purpose
- ix. Mini Steel Plants
- x. Emergency supply to CGP
- xi. Allied Agro-Industrial Activities
- xii. Colony Consumption

444. There is a tendency among the category of LT Domestic, General Purpose and HT Bulk Supply Domestic etc. consumers who don't pay delayed payment surcharge to be negligent towards bill payment once the due date is over. But the licensees are to disconnect those consumers after giving them required notice.

445. The Commission after careful consideration of this serious issue has decided that DISCOM Utilities shall charge DPS to the defaulting consumers for every two months of such defaults as per the flat rates shown in the following table:

Table – 88

| Category of Consumers | Amount of Arrears | Rate Applicable |
|---|----------------------|-----------------|
| LT Single Phase Domestic Consumer | Any amount | Rs.50/- |
| LT Single Phase other consumers (except Kutir Jyoti Consumers) | Less than Rs.5000/- | Rs.100/- |
| | Rs.5000/- and above | Rs.200/- |
| LT 3 Phase consumers | Less than Rs.5000/- | Rs.100/- |
| | Rs.5000/- and above | Rs.300/- |
| HT and EHT consumers | Less than Rs.10000/- | Rs.500/- |
| | Rs.10000/- and above | Rs.2000/- |

* No DPS shall be charged on Kutir Jyoti Consumers

The tariff as determined above is reflected in Annexure-B. For any discrepancy Annexure-B is final.

Rounding off of consumers billed amount to nearest rupee

446. The Commission directs for rounding off of the electricity bills to the nearest rupee and at the same time directs that the money actually collected should be properly accounted for.

Charges for Temporary Supply

447. The tariff for the period of temporary connection shall be at the rate applicable to the relevant consumer category with the exception that Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection. Connections, temporary in nature, shall be provided as far as possible with pre-paid meters to avoid accumulation of arrears in the event of dismantling of the temporary connection etc.

New Connection Charges for LT

448. Prospective small consumers requiring new LT single phase connection upto and cost including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit and cost of meter as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges. In case of Single phase LT new or load enhancement consumers upto 5 KW shall not be asked to bear the cost of transformer or any other related additional cost for system improvement.

Fuel Surcharge Adjustment Formula

449. The Commission has already prescribed a fuel surcharge adjustment formula for the distribution licensees in the OERC (Conduct of Business) Regulations, 2004, which shall continue to be valid.

Meter Rent

450. The existing meter rent for consumer during FY 18-19 shall continue as follows:

Table - 89

| Type of Meter | Monthly Meter Rent (Rs.) |
|--|---------------------------------|
| 1. Single phase electro-magnetic Kwh meter | 20 |
| 2. Three phase electro-magnetic Kwh meter | 40 |
| 3. Three phase electro-magnetic tri-vector meter | 1000 |
| 4. Tri-vector meter for Railway Traction | 1000 |
| 5. Single phase Static Kwh meter | 40 |
| 6. Three Phase Static Kwh meter | 150 |
| 7. Three phase Static Tri-vector meter | 1000 |

| Type of Meter | Monthly Meter Rent (Rs.) |
|--|---------------------------------|
| 8. Three phase Static Bi-vector meter | 1000 |
| 9. LT Single phase AMR/AMI Compliant meter | 50 |
| 10. LT Three phase AMR/AMI compliant meter | 150 |

Note: Meter rent for meter supplied by DISCOM Utilities henceforward shall be collected for a period of 60 months only.

451. Many objectors raised the issue of meters being declared defective arbitrarily by the DISCOM Utilities. We instruct licensees/ Utilities to address this issue while purchasing the meters themselves or asking the consumers to buy it. Brands of meters having high malfunctioning rate should not be used. If any meter becomes defective for any reason, a notice shall be served on the consumer in writing mentioning, make of the meter, Sl. No of the meter, date of installation, nature of defect, the authority verifying the same (not below the rank of Junior Manager), date of verification, witnesses, if any, and further advice to the consumer as per law for further action. All records of meters shall be maintained.

Disconnection of Supply

452. Objectors also raised the issue of supply disconnection arbitrarily without adequate notice and without providing any opportunity of hearing on any temporary relief. The Commission consider it serious infringement of consumer rights. Any abrupt action is likely to affect the life of citizen adversely. Therefore, licensees/ Utilities are directed to provide adequate clear time as provided under the law to the consumer duly acknowledged before proceeding for disconnection. All request by the consumer to the licensees must be disposed of by the appropriate officer of the licensee as per law and the decision communicated to the consumer before proceeding for disconnection. The relief, if any, from GRF/ Ombudsman/ Appellate Authority on temporary reconnection shall be promptly complied with by the Licensees.

Effective date of Tariff

453. The tariff schedule attached to this order shall be made effective from 01.06.2019. In order to simplify the procedure, we stipulate that if the metering and billing date falls within 15th of June'19 (including 15th), the bill for the consumers will be prepared on pre-revised rate i.e. tariff applicable for the FY 2018-19. If the billing and metering date falls on or after 16th of June, 2019 the bill will be prepared at the revised tariff rate i.e. Tariff applicable for 2019-20. The DISCOM Utilities should ensure that the billing cycle of any consumer should not be disturbed due to the above stipulations.
454. Erstwhile Licensees such as WESCO, NESCO and SOUTHCO in Appeal Nos. 77, 78

and 79 of 2006 in respect of RST Order for FY 2006-07, Appeal Nos. 52, 53 and 54 of 2007 in respect of RST Order for FY 2007-08, Appeal Nos. 26, 27 and 28 of 2009 in respect of RST Order for FY 2008-09, Appeal Nos. 160, 161 and 162 of 2010 in respect of RST Order for FY 2010-11, Appeal Nos. 147, 148, 149/2011 for RST Order of FY 2011-12, Appeal Nos. 193, 194 and 195 of 2012 for RST Order of FY 2012-13 before the Hon'ble APTEL raised several issues such as those concerning distribution loss, mode of calculation of estimated sales and income and truing exercises etc. The three DISCOM Utilities challenged the Truing up Order dated 19.03.2012 of the Commission passed in Case Nos. 29, 30, 31 of 2007 and 6, 7 and 8 of 2012 before the Hon'ble APTEL in Appeal No. 196 of 2012. The Hon'ble APTEL has set-aside the said Orders of the Commission vide its Judgment dated 03.07.2013 passed in Appeal Nos.160,161,162 of 2010 in respect of RST Order for FY 2010-11,Appeal Nos. 147, 148, 149 of 2011 for RST Order of FY 2011-12 and also Appeal Nos. 193, 194 and 195 of 2012 for RST Order for FY 2012-13. The Hon'ble APTEL has also set-aside both the Truing up Orders dated 19.03.2012 of the OERC passed in Case Nos. 29, 30, 31 of 2007 and 6, 7 and 8 of 2012 in Appeal No. 196 of 2012 preferred by the R-Infra Managed DISCOM Utilities. The Hon'ble APTEL vide their order dated 30.11.2014 has set aside the RST order for FY 2014-15 and has directed the Commission to implement all its earlier orders relating to tariff (FY 2006-07, 2007-08, 2008-09, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15). The Commission has filed an appeal against this order before the Hon'ble Apex Court in CA Nos. 1380-82/2015 and has also filed an application for stay of the operation of this order. The case was heard on 16.02.2015 and the Hon'ble Apex Court while admitting the matter ordered for issue of notice for both the substantive appeal and also for hearing the stay matter. The above Civil Appeals are now sub-judice before the Hon'ble Supreme Court of India. In the meanwhile, the Commission has revoked the Licences of erstwhile DISCOM Utilities such as NESCO, WESCO and SOUTHCO vide its order dated 04.03.2015 passed in Case No. 55/2013. The said order of revocation of licences of the Commission was upheld by the Hon'ble APTEL in Appeal No. 64 of 2015 and also has been confirmed by the Hon'ble Apex Court vide their Order dated 24.11.2017 in Civil Appeal No.18500 of 2017. Now the distribution utilities are being managed through the Administrator appointed by the Commission under Section 20 (1) (d) of the Electricity Act, 2003.

455. The Open Access Charges (Wheeling Charge, Transmission Charge and Cross

Subsidy Surcharge) decided in this order (in Case Nos.78,79,80 and81 of 2018) shall be made effective from 1st June, 2019 and shall be in force until further order. The cases are disposed of accordingly.

456. The applications of WESCO, NESCO, SOUTHCO Utilities and CESU vide Case Nos.74/2018 (WESCO Utility), 75/2018 (NESCO Utility), 76//2018 (SOUTHCO Utility), and 77/2018 (CESU) for approval of Aggregate Revenue Requirement for FY 2019-20 are disposed of accordingly.
457. The revised Retail Supply Tariff as stipulated in the order shall be effective from 1st June, 2019 and shall be in force until further orders.

Sd/-
(S. K. PARHI)
MEMBER

Sd/-
(U. N. BEHERA)
CHAIRPERSON

REVENUE REQUIREMENT OF DISCOM UTILITIES FOR THE FY 2019-20

| Expenditure | WESCO | | NESCO | | SOUTHCO | | CESU | | TOTAL DISCOM Utilities | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------------|-------------------------------|
| | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 | Proposed 2019-20 | Approved 2019-20 |
| Cost of Power Purchase | 2,304.59 | 2356.00 | 1,905.23 | 1880.38 | 797.85 | 751.44 | 2684.49 | 2542.14 | 7,692.16 | 7,529.96 |
| Transmission Cost | 191.87 | 193.75 | 158.24 | 157.75 | 101.25 | 101.00 | 259.75 | 243.50 | 711.11 | 696.00 |
| SLDC Cost | 1.11 | 1.20 | 0.96 | 0.98 | 0.57 | 0.63 | 1.82 | 1.51 | 4.46 | 4.32 |
| Total Power Purchase, Transmission and SLDC Cost(A) | 2,497.57 | 2,550.95 | 2,064.43 | 2,039.11 | 899.67 | 853.07 | 2,946.06 | 2,787.15 | 8,407.73 | 8,230.28 |
| Employee costs | 393.24 | 358.80 | 373.12 | 327.13 | 398.31 | 357.58 | 677.50 | 560.83 | 1,842.17 | 1,604.34 |
| Repair and Maintenance | 99.38 | 86.33 | 99.11 | 89.48 | 73.88 | 44.00 | 134.81 | 134.63 | 407.18 | 354.44 |
| Discount to consumers | | | | | | | 75.24 | | 75.24 | - |
| Administrative and General Expenses | 97.94 | 50.13 | 58.85 | 37.50 | 76.72 | 33.95 | 224.52 | 66.97 | 458.03 | 188.54 |
| Provision for Bad and Doubtful Debts | 79.99 | 22.72 | 37.70 | 12.76 | 27.37 | 10.89 | 28.87 | 29.17 | 173.93 | 75.55 |
| Depreciation | 66.07 | 57.14 | 66.24 | 59.61 | 36.49 | 27.66 | 139.26 | 91.00 | 308.06 | 235.41 |
| Interest Chargeable to Revenue including Interest on S.D | 90.31 | 59.95 | 81.24 | 50.97 | 46.16 | 26.54 | 97.94 | 78.03 | 315.65 | 215.49 |
| Total Operation and Maintenance and Other Cost | 826.93 | 635.08 | 716.26 | 577.44 | 658.93 | 500.62 | 1,378.14 | 960.63 | 3,580.26 | 2,673.77 |
| Return on equity | 7.78 | 7.78 | 10.55 | 10.55 | 6.03 | 6.03 | 11.64 | 11.64 | 36.00 | 36.00 |
| Total Distribution Cost | 834.71 | 642.86 | 726.81 | 587.99 | 664.96 | 506.65 | 1,389.78 | 972.27 | 3,616.26 | 2,709.77 |
| Less: Miscellaneous Receipt | 172.74 | 173.99 | 77.28 | 123.33 | 18.14 | 36.15 | 109.48 | 162.71 | 377.64 | 496.17 |
| Net Distribution Cost (B) | 661.97 | 468.87 | 649.53 | 464.67 | 646.82 | 470.50 | 1,280.30 | 809.56 | 3,238.62 | 2,213.59 |
| Special Appropriation | | | | | | | | | - | - |
| True up of Past Losses | 6.90 | | | | | | | | 6.90 | - |
| Contingency reserve | | | 6.88 | | 4.20 | | | | 11.08 | - |
| Total Special Appropriation (C) | 6.90 | - | 6.88 | - | 4.20 | - | - | - | 17.98 | - |
| Total Revenue Requirement (A+B+C) | 3,166.44 | 3,019.82 | 2,720.84 | 2,503.78 | 1,550.69 | 1,323.57 | 4,226.36 | 3,596.71 | 11,664.33 | 10,443.87 |
| Expected Revenue(Full year) | 2,999.84 | 3020.68 | 2,513.30 | 2,503.90 | 1,368.30 | 1324.08 | 3,593.51 | 3598.74 | 10,474.95 | 10,447.40 |
| GAP at existing (+/-) | (166.60) | 0.86 | (207.54) | 0.12 | (182.39) | 0.51 | (632.85) | 2.03 | (1189.38) | 3.53 |
| | | | | | | | | | Saleable Units | Avg. cost (paisa/unit) |
| | | | | | | | Proposed 19-20 | | 21,270.65 | 566.13 |
| | | | | | | | Approved 18-19 | | 20,448.39 | 489.47 |
| | | | | | | | Approved 19-20 | | 21,892.72 | 499.71 |

RETAIL SUPPLY TARIFF EFFECTIVE FROM 1ST JUNE, 2019

| Sl. No. | Category of Consumers | Voltage of Supply | Demand Charge (Rs./KW/Month)/ (Rs./KVA/Month) | Energy Charge (P/kWh) | Customer Service Charge (Rs./Month) | Monthly Minimum Fixed Charge for first KW or part (Rs.) | Monthly Fixed Charge for any additional KW or part (Rs.) | Rebate (P/kWh)/ DPS |
|---------|---|-------------------|---|-----------------------|-------------------------------------|---|--|---------------------|
| | LT Category | | | | | | | |
| 1 | Domestic | | | | | | | |
| 1.a | Kutir Jyoti <= 30 Units/month | LT | FIXED MONTHLY CHARGE--> | | | 80 | | |
| 1.b | Others | | | | | | | 10 |
| | (Consumption <= 50 units/month) | LT | | 250.00 | | | | |
| | (Consumption >50, <=200 units/month) | LT | | 430.00 | | 20 | 20 | |
| | (Consumption >200, <=400 units/month) | LT | | 530.00 | | | | |
| | Consumption >400 units/month) | LT | | 570.00 | | | | |
| 2 | General Purpose < 110 KVA | | | | | | | 10 |
| | Consumption <=100 units/month | LT | | 540.00 | | | | |
| | Consumption >100, <=300 units/month | LT | | 650.00 | | 30 | 30 | |
| | (Consumption >300 units/month) | LT | | 710.00 | | | | |
| 3 | Irrigation Pumping and Agriculture | LT | | 150.00 | | 20 | 10 | 10 |
| 4 | Allied Agricultural Activities | LT | | 160.00 | | 20 | 10 | 10 |
| 5 | Allied Agro-Industrial Activities | LT | | 420.00 | | 80 | 50 | DPS/Rebate |
| 6 | Public Lighting | LT | | 570.00 | | 20 | 15 | DPS/Rebate |
| 7 | L.T. Industrial (S) Supply <22 KVA | LT | | 570.00 | | 80 | 35 | 10 |
| 8 | L.T. Industrial (M) Supply >=22 KVA <110 KVA | LT | | 570.00 | | 100 | 80 | DPS/Rebate |
| 9 | Specified Public Purpose | LT | | 570.00 | | 50 | 50 | DPS/Rebate |
| 10 | Public Water Works and Sewerage Pumping <110 KVA | LT | | 570.00 | | 50 | 50 | 10 |
| 11 | Public Water Works and Sewerage Pumping >=110 KVA | LT | 200 | 570.00 | 30 | | | 10 |
| 12 | General Purpose >= 110 KVA | LT | 200 | 570.00 | 30 | | | DPS/Rebate |
| 13 | Large Industry | LT | 200 | 570.00 | 30 | | | DPS/Rebate |
| | HT Category | | | | | | | |
| 14 | Bulk Supply - Domestic | HT | 20 | 440.00 | 250 | | | 10 |
| 15 | Irrigation Pumping and Agriculture | HT | 30 | 140.00 | 250 | | | 10 |
| 16 | Allied Agricultural Activities | HT | 30 | 150.00 | 250 | | | 10 |
| 17 | Allied Agro-Industrial Activities | HT | 50 | 410.00 | 250 | | | DPS/Rebate |
| 18 | Specified Public Purpose | HT | 250 | | 250 | | | DPS/Rebate |
| 19 | General Purpose >70 KVA < 110 KVA | HT | 250 | | 250 | | | 10 |
| 20 | H.T Industrial (M) Supply | HT | 150 | | 250 | | | DPS/Rebate |
| 21 | General Purpose >= 110 KVA | HT | 250 | | 250 | | | DPS/Rebate |
| 22 | Public Water Works & Sewerage Pumping | HT | 250 | | 250 | | | 10 |
| 23 | Large Industry | HT | 250 | | 250 | | | DPS/Rebate |
| 24 | Power Intensive Industry | HT | 250 | | 250 | | | DPS/Rebate |
| 25 | Mini Steel Plant | HT | 250 | | 250 | | | DPS/Rebate |
| 26 | Railway Traction | HT | 250 | | 250 | | | DPS/Rebate |
| 27 | Emergency Supply to CGP | HT | 0 | 730.00 | 250 | | | DPS/Rebate |
| 28 | Colony Consumption (Both SPP & Industrial) | HT | 0 | 440.00 | 0 | | | DPS/Rebate |
| | EHT Category | | | | | | | |
| 29 | General Purpose | EHT | 250 | | 700 | | | DPS/Rebate |
| 30 | Large Industry | EHT | 250 | | 700 | | | DPS/Rebate |
| 31 | Railway Traction | EHT | 250 | | 700 | | | DPS/Rebate |
| 32 | Heavy Industry | EHT | 250 | | 700 | | | DPS/Rebate |
| 33 | Power Intensive Industry | EHT | 250 | | 700 | | | DPS/Rebate |
| 34 | Mini Steel Plant | EHT | 250 | | 700 | | | DPS/Rebate |
| 35 | Emergency Supply to CGP | EHT | 0 | 720.00 | 700 | | | DPS/Rebate |
| 36 | Colony Consumption | EHT | 0 | 435.00 | 0 | | | DPS/Rebate |

Note:

Slab rate of energy charges for HT & EHT (Paise/unit)

| Load Factor (%) | HT | EHT |
|------------------------|-----------|------------|
| = < 60% | 535 | 530 |
| > 60% | 425 | 420 |

- (i) The reconnection charges w.e.f. 01.04.2015 shall continue unaltered

| Category of Consumers | Rate Applicable |
|-----------------------------------|------------------------|
| LT Single Phase Domestic Consumer | Rs.150/- |
| LT Single Phase other consumer | Rs.400/- |
| LT 3 Phase consumers | Rs.600/- |
| All HT & EHT consumers | Rs.3000/- |

- (ii) Energy Charges shall be 10% higher in case of temporary connection compared to the regular connection in respective categories.
- (iii) The meter rent w.e.f. 01.04.2017 shall remain unaltered as follows:

| Type of Meter | Monthly Meter Rent (Rs.) |
|--|---------------------------------|
| 1. Single phase electro-magnetic Kwh meter | 20 |
| 2. Three phase electro-magnetic Kwh meter | 40 |
| 3. Three phase electro-magnetic tri-vector meter | 1000 |
| 4. Tri-vector meter for Railway Traction | 1000 |
| 5. Single phase Static Kwh meter | 40 |
| 6. Three Phase Static Kwh meter | 150 |
| 7. Three phase Static Tri-vector meter | 1000 |
| 8. Three phase Static Bi-vector meter | 1000 |
| 9. LT Single phase AMR/AMI Compliant meter | 50 |
| 10. LT Three phase AMR/AMI compliant meter | 150 |

Note: Meter rent for meter supplied by DISCOM Utilities shall be collected for a period of 60 months only. Once it is collected for sixty months meter rent collection should stop. All statutory levies shall be collected in addition to meter rent.

- (iv) A Reliability surcharge @ 10 paise per unit will continue for HT and EHT consumers availing power irrespective of nature of feeder. This surcharge @ 10 paise per unit shall be charged if reliability index is more than 99% and above and voltage profile at consumer end remains within the stipulated limit. (For details see the order)
- (v) Prospective small consumers requiring new LT single phase connection upto and including 5 kW load shall only pay a flat charge of Rs.1500/- as service connection charges towards new connection excluding security deposit as applicable as well as processing fee of Rs.25/-. The service connection charges include the cost of material and supervision charges.
- (vi) A "Tatkal Scheme" for new connection is applicable to LT Domestic, Agricultural and General Purpose consumers.
- (vii) In case of installation with static meter/meter with provision of recording demand, the recorded demand rounded to nearest 0.5 KW shall be considered as the contract demand requiring no verification irrespective of the agreement. Therefore, for the purpose of calculation of Monthly Minimum Fixed Charge (MMFC) for the connected load below 110 KVA, the above shall form the basis.

- (viii) The billing demand in respect of consumer with Contract Demand of less than 110 KVA should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification.
- (ix) Three phase consumers with static meters are allowed to avail TOD rebate excluding Public Lighting and emergency supply to CGP @ 20 paise/unit for energy consumed during off peak hours. Off peak hours has been defined as **12 Midnight to 6 AM** of next day.
- (x) Hostels attached to the Schools recognised and run by SC/ST Dept., Government of Odisha shall get a rebate of Rs.2.40 paise per unit in energy charge under Specified Public Purpose category (LT / HT) which shall be over and above the normal rebate for which they are eligible.
- (xi) Swajala Dhara consumers under Public Water Works and Sewerage Pumping Installation category shall get special 10% rebate if electricity bills are paid within due date over and above normal rebate.
- (xii) During the statutory restriction imposed by the Fisheries Department, the Ice Factories located at a distance not more than 5 Km. towards the land from the sea shore of the restricted zone will pay demand charges based on the actual maximum demand recorded during the billing period.
- (xiii) Poultry Farms with attached feed units having connected load less than 20% of the total connected load of poultry farms should be treated as Allied Agricultural Activities instead of General Purpose category for tariff purpose. If the connected load of the attached feed unit exceeds 20% of the total connected load then the entire consumption by the poultry farm and feed processing unit taken together shall be charged with the tariff as applicable for General Purpose or the Industrial Purpose as the case may be.
- (xiv) The food processing unit attached with cold storage shall be charged at Agro-Industrial tariff if cold storage load is not less than 80% of the entire connected load. If the load of the food processing unit other than cold storage unit exceeds 20% of the connected load, then the entire consumption by the cold storage and the food processing unit taken together shall be charged with the tariff as applicable for general purpose or the industrial purpose as the case may be.
- (xv) Drawal by the industries during off-peak hours upto 120% of Contract Demand without levy of any penalty has been allowed. "Off-peak hours" for the purpose of tariff is defined as from **12 Midnight to 6.00 A.M.** of the next day. The consumers who draw beyond their contract demand during hours other than the off-peak hours shall not be eligible for this benefit. If the drawal in the off peak hours exceeds 120% of the contract demand, overdrawal penalty shall be charged on the drawal over and above the 120% of contract demand (for details refer Tariff Order). When Statutory Load Regulation is imposed then restricted demand shall be treated as contract demand.
- (xvi) General purpose consumers with Contract Demand (CD) < 70 KVA shall be treated as LT consumers for tariff purposes irrespective of level of supply voltage. As per Regulation 76 (1) (c) of OERC Distribution (Conditions of Supply) Code, 2004 the supply for load above 5 KW upto and including 70 KVA shall be in 2-phase, 3-wires or 3-phase, 3 or 4 wires at 400 volts between phases.
- (xvii) Own Your Transformer – "OYT Scheme" is intended for the existing individual LT domestic, individual/Group General Purpose consumers who would like to avail single point supply by owning their distribution transformer. In such a case licensee would extend a special concession of 5% rebate on the total electricity bill (except electricity duty and meter rent) of the respective category apart from the normal rebate on the

payment of the bill by the due date. If the payment is not made within due date no rebate, either normal or special is payable. The maintenance of the 'OYT' transformer shall be made by DISCOM utilities. For removal of doubt it is clarified that the "OYT Scheme" is not applicable to any existing or new HT/EHT consumer.

(xviii) Power factor penalty shall be

- i) 0.5% for every 1% fall from 92% upto and including 70% plus
- ii) 1% for every 1% fall below 70% upto and including 30% plus
- iii) 2% for every 1% fall below 30%

The penalty shall be on the monthly demand charges and energy charges

There shall not be any power factor penalty for leading power factor. (Please see the detailed order for the category of consumers on whom power factor penalty shall be levied.)

(xix) The power factor incentive shall be applicable to the consumers who pay power factor penalty in the following rate:

The rate of power factor incentive shall be 0.5% for every 1% rise above the PF of 97% up to and including 100% on the monthly demand charges and energy charges.

(xx) The rural LT domestic consumers shall get 5 paise per unit rebate in addition to existing prompt payment rebate who draw their power through correct meter and pay the bill in time.

(xxi) **2% rebate over and above normal rebate shall be allowed on the bill to the LT domestic category of consumers only over and above all the rebates who pay through digital means. This rebate shall be applicable on the current month bill if paid in full.**

(xxii) **A Special rebate to the LT single phase consumers in addition to any other rebate he is otherwise eligible for shall be allowed at the end of the financial year (the bill for month of March) if he has paid the bill for all the 12 months of the financial year consistently without fail within due date during the relevant financial year. The amount of rebate shall be equal to the rebate of the month of March for timely payment of bill.**

(xxiii) The Educational Institution (Specified Public Purpose) having attached hostel and / or residential colony who draw power through a single meter in HT shall be eligible to be billed 15% of their energy drawal in HT bulk supply domestic category.

(xxiv) The printout of the record of the static meter relating to MD, PF, number and period of interruption shall be supplied to the consumer wherever possible with a payment of Rs.500/- by the consumer for monthly record.

(xxv) **Charging of electric vehicles shall be treated as GP category use if vehicle charged is owned by the concerned consumer.**

(xxvi) Tariff as approved shall be applicable in addition to other charges as approved in this Tariff order w.e.f. 01.06.2019.

(For detail please see the complete order)

Wheeling, Transmission Charges and Cross Subsidy Surcharge From 1st June, 2019 as determined by the Commission In Case Nos. 78,79,80 and 81/2018 in accordance to OERC (Terms and Conditions for Open Access) Regulations, 2005 and OERC (Determination of Open Access Charges) Regulations, 2006

1. The Open Access Charges i.e. Cross Subsidy Surcharge, Wheeling and Transmission Charge for Open Access consumer of 1MW and above for FY 2019-20 as determined by the Commission are given in the table below:

| Name of the licensee | Cross Subsidy Surcharge (P/U) | | Wheeling Charge P/U applicable to HT consumers only | Transmission Charges for Short Term Open access Customer (applicable for HT and EHT consumers) |
|------------------------|-------------------------------|--------|---|--|
| | EHT | HT | | |
| CESU | 149.88 | 94.53 | 67.97 | Rs. 1500/MW/day or Rs.62.5/MWh |
| NESCO Utility | 126.57 | 57.58 | 86.41 | Rs. 1500/MW/day or Rs.62.5/MWh |
| WESCO Utility | 122.79 | 71.82 | 57.28 | Rs. 1500/MW/day or Rs.62.5/MWh |
| SOUTHCO Utility | 197.13 | 135.40 | 84.62 | Rs. 1500/MW/day or Rs.62.5/MWh |

Additional Surcharge:

2. No additional surcharge has been determined by the Commission to meet the fixed cost of distribution arising out of his obligation to supply as provided under Sub-Section 4 of Section 42 of the Act.
3. The normative transmission loss at EHT (3.00%) and normative wheeling loss for HT level (8%) are applicable for the year 2019-20.
4. Additional Surcharge: No additional surcharge over and above the Cross-subsidy Surcharge needs to be given to the embedded licensee.
5. No Cross Subsidy Surcharge are payable by the consumers availing Renewable power.
6. 20% wheeling charge is payable by the consumer drawing power from Renewable source excluding Co-generation and Bio mass power plant.
7. The charges as notified for the FY 2019-20 will remain in force until further order.
