

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR

Case No. /2014

IN THE MATTER OF

An Application for approval of Open Access Charges for the financial year 2015-16, in accordance with the Regulation 4(1)(xiv), 4(2)(vii) and 4(3)(vi) of chapter II (Charges for Open Access) of OERC (Determination of Open Access Charges) Regulation, 2006, Transmission/Wheeling Charges, Surcharge, Additional Surcharge and Misc. charges applicable to open access customers for use of intra-state transmission/ distribution system, in view of section 42 of the Electricity Act-2003.

AND

IN THE MATTER OF

North Eastern Electricity Supply Company of Odisha Ltd (NESCO) Corporate Office: Januganj, Balasore-756019

-----Licensee

Affidavit verifying additional submission in the matter of application for approval of open access charges

I, Trilochan Panda, Son of Sri Dibakar Panda, aged about 51 years, residing at, Januganj, Balasore, do hereby solemnly affirm and state as follows:-

I am the Managing Director of the North Eastern Electricity Supply Company of Odisha Limited (NESCO), Regd. Office-Plot No.N1/22, IRC Village, Nayappali, Industrial Estate, Bhubaneswar-751015.

The statements made in the submission are true to the best of my knowledge and the statements made are based on information and records and I believe them to be true.

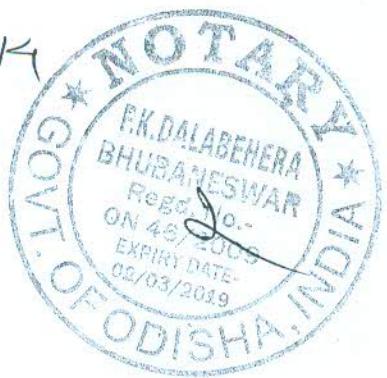
Bhubaneswar

Dated - 29.11.2014

DEPONENT

Trilochan Panda
Managing Director, NESCO

Pratap Kumar Dalabhera
PRATAP KUMAR DALABHERA
ADVOCATE & NOTARY PUBLIC
BHUBANESWAR
REGD. NO. ON-46/2008
GOVT. OF ODISHA



BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
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IN THE MATTER OF

An Application for approval of Open Access Charges for the financial year 2015-16, in accordance with the Regulation 4(1)(xiv), 4(2)(vii) and 4(3)(vi) of chapter II (Charges for Open Access) of OERC (Determination of Open Access Charges) Regulation, 2006, Transmission/Wheeling Charges, Surcharge, Additional Surcharge and Misc. charges applicable to open access customers for use of intra-state transmission/ distribution system, in view of section 42 of the Electricity Act-2003.

AND

IN THE MATTER OF

North Eastern Electricity Supply Company of Odisha Ltd (NESCO) Corporate Office:
Januganj, Balasore-756019

-----Licensee

Humble application of the Licensee above named for determination of Transmission / wheeling charges, Surcharges, Additional surcharges and miscellaneous charges for FY 2015-16 applicable to Open Access customers

MOST RESPECTFULLY SHEWETH : Purba
Balasore

1. North Eastern Electricity Supply Company of Odisha Limited, Balasore,(NESCO), is the holder of the Orissa Distribution and Retail Supply License, 1999 (No 3/99) and has been carrying out the business of distribution and retail supply of electricity in the five districts of Odisha namely Balasore, Bhadrak, Jajpur, Keonjhar and Mayurbhanj. This submission is made by the licensee to the Honourable Commission for the determination of Open Access Charges for the Financial Year 2015-16.
2. That, as per OERC (Determination of Open access charges) Regulation, 2006 the licensee is required to file the application before Hon'ble Commission. Accordingly, Hon'ble Commission has directed vide letter No.OERC/RA/CSS & OA-16/2014/1438



dt.25.10.2014 to file the application for FY 15-16 along with ARR and tariff application for FY 2015-16.

3. The Orissa Electricity Regulatory Commission (herein after referred to as Commission), in exercise of the power vested in it under Sections 42, 61 and 86 of the Electricity Act 2003 (herein after referred to as EA 2003) and all other powers enabling in this behalf, determines the frame work for computation and implementation of cross subsidy surcharge for open access transactions within the State of Orissa.
4. The Hon'ble Commission in its Notification dated 6th June 2005 made the Regulations for open access to the intra-state transmission and distribution systems and terms and conditions thereof.
5. Further, the Hon'ble Commission in its Notification dated 6th June 2006 made the Regulations for Determination of Charges for Open Access customers in the intra-state transmission and distribution systems in the State of Odisha.

In view of above the licensee submits as under:

1. That the Licensee in accordance with regulations framed by Hon'ble Commission under the provision of Electricity Act 2003 is required to file the wheeling charges, cross-subsidy surcharge and additional surcharge before the Commission for approval.
2. That the consumers intend to have open access to the distribution and/or intra state transmission systems to avail supply of electricity from any licensee other than the distribution licensee of their respective area of supply, are to be permitted by the nodal agency in accordance with the following phases.

Phase	Eligibility Criteria	Commencement date
1.0	Requiring power exceeding 5 MW	August 1, 2005
2.0	Requiring power exceeding 2 MW	April 1, 2006



3.0	Requiring power exceeding 1 MW	April 1, 2008
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3. That the licensee is required to provide non-discriminatory open access to the consumers within the period as stipulated by the Commission in accordance with the provisions of Section 7 (d) under Chapter-III of the OERC (Terms and Conditions for determination of tariff) Regulations 2004.

4. That the licensee is required to get compensation for the loss of cross subsidy element from the consumers or category of consumers who have opted for Open Access to take supply from a person other than the licensee in accordance with the provisions of Section 7 (c) under Chapter-III of the OERC (Terms and Conditions for determination of tariff) Regulations 2004.

5. That the licensee is required to get additional surcharge to meet the fixed cost arising out of his obligation to supply to the consumers or category of consumers who have opted for Open Access in accordance with the provisions of Section 7 (e) under Chapter-III of the OERC (Terms and Conditions for determination of tariff) Regulations 2004.

6. That the licensee submits before the Commission that at present no consumer is permitted by the licensee to opt for Open access for getting compensation towards additional surcharge to meet the fixed cost. The licensee reserves the right to file before the commission with the relevant short fall of fixed cost as and when the issue comes in future.

7. That, the present application is presented before the Honourable Commission for the approval of the wheeling charges and Cross-Subsidy surcharge for FY 2015-16.

Background

1. North Eastern Electricity Supply Company of Odisha Limited, Balasore,(NESCO), is the holder of The Orissa Distribution and Retail Supply License, 1999 (No 3/99) granted by OERC under Section 15 of the OERA vide their order dated 31st March, 1999 and has been operating under the license granted by the Commission.



Jitendra Patel

2. The Electricity Act 2003 (EA 2003) enables eligible consumers to have non-discriminatory Open Access (OA) to the network of a Licensee on payment of applicable charges. The EA 2003 and National Electricity Policy (NEP) formulated therein mandate the State Electricity regulatory Commissions to frame the terms and conditions and timeframe for introduction of OA in the State.

3. The Commission notified the OERC (Terms and Conditions of Tariff) Regulations, 2004 for Utilities in the State of Orissa as well as OERC (Terms and Conditions for Open Access) Regulations, 2005. However, in order to implement Open Access in the State, Hon'ble Commission is required to determine the following charges to be paid by the OA consumers:

- a. Transmission charges/ Wheeling charges;
- b. Cross-subsidy surcharge;
- c. Additional surcharge.

The Commission has defined the methodology in its Regulation, 2006 (Determination of Open Access Charges) for determination of transmission charges, wheeling Charges, Cross Subsidy surcharge and Additional Surcharge for use of the intra-State transmission network within the State. Further, the Commission will determine the above open access charges during the tariff determination process currently underway for all Utilities in the State.

In the said Regulation 2006 the Hon'ble Commission prescribed the issue of methodology to be followed for determination of transmission charges, wheeling charges, cross-subsidy surcharge and additional surcharge. It is envisaged that based on the prescribed methodology, the transmission charges, wheeling charges, cross-subsidy surcharge would be calculated during the tariff determination exercise currently underway.



Open Access Charges

The OERC (Determination of Open Access charges) Regulation, 2006 provides that the Open Access Customers shall pay the following charges besides the other charges mentioned in the regulation for the use of the intra-state distribution system.

Transmission/Wheeling Charges

- (i) The Regulation provides that Open access customers connected to the intra-state transmission/distribution systems shall pay the transmission and wheeling charges as applicable to the appropriate licensees, as the Commission may determine from time to time.
- (ii) Wheeling charges as calculated by WESCO is annexed as **Annexure-A**.

Table showing wheeling charge:-

Description	EHT	HT
Wheeling charges (Paise per unit)	Not Applicable	145

Cross Subsidy-Surcharge

- (i) Cross subsidy Surcharge to be levied on open access customers as determined by the Commission keeping in view the loss of cross-subsidy from these customers opting to take supply from a person other than the incumbent distribution licensee.
- (ii) Further submitted that the methodology prescribed in the National Electricity Policy is as under;

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

Where

S is the surcharge

T is the Tariff payable by the relevant category of consumers;

C is the Weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power

D is the Wheeling charge

L is the system Losses for the applicable voltage level, expressed as a Percentage.

Hon'ble Commission vide Order dt.13.07.2012 in case no.24,25,26 & 27 of 2012 has modified the method of calculation considering the structural and functional aspect of power sector in Odisha where in;

T=Applicable tariff for EHT and HT category of consumers at 100% L.F.

C=Power purchase cost (consider BSP of respective DISCOM as the power purchase cost for calculation of cross-subsidy surcharge) plus transmission charge and SLDC charges payable by DISCOMs.

L=loss at HT 8%, where as transmission loss of 3.75% is included in the BSP and need not be put in formula.

D=Wheeling charge levied by DISCOMs=Distribution cost/Input at HT.

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

Table showing Cross Subsidy Surcharge

Surcharge (P/KWH) EHT	Surcharge (P/KWH) HT
255	117

The above cross subsidy surcharge has been calculated considering the Avg. EHT Tariff derived from proposed EHT sale in MU and Revenue from EHT Sale for FY 2015-16 . The Power Purchase cost has been determined adding Bulk Supply price of 280 paise per unit, Transmission charge 25 paise per unit, SLDC charge 0.16 paise per unit for EHT category of consumers.

For HT category of consumers Wheeling charge @ 145paise per unit and System loss at HT supply has been considered at 8%. The Cross-subsidy surcharge has been calculated considering the Avg. HT Tariff derived from proposed HT sale in MU and Revenue from HT Sale for FY 2015-16. The Power Purchase cost for HT Consumer has



File No. 1

been determined adding Bulk Supply price of 280 paise per unit, Transmission charge 25 paise per unit, SLDC charge 0.16 paise per unit.

Additional Surcharge

- (i) The open access customer shall also be liable to pay additional surcharge on charges of wheeling, in addition to wheeling charges and surcharge, to meet the fixed cost of the distribution licensee arising out of his obligation to supply as provided under sub-section (4) of section 42 of the Act in case open access is sought for receiving supply from a source other than the distribution licensee of his area of supply.
- (ii) Any consumer intends to avail of open access and the licensee is required to incurred the fixed cost towards its obligation for power supply then within 30 (thirty) days of receipt of application by the licensee it shall be submitted before Hon'ble Commission for approval.
- (iii) The additional surcharge shall be leviable for such period as the Commission may determine from time to time.
- (iv) The Hon'ble Commission shall scrutinize the statement of account to be submitted by the licensee and determine the amount of additional surcharge payable by the open access customer to the licensee on case to case basis. As there is no instances of additional charges available with the licensee, it is humbly submitted that the Hon'ble commission may determine the additional surcharge as and when any consumer applying for open access, considering the submission in accordance to the provision of the regulation.

Bhawan Patel

4 Other proposal

- 4.1 It is submitted that Hon'ble Commission has notified the open access charges applicable from 1.4.2014 vide notification no.1379 dt.10.10.2014.

The wheeling charges and surcharge as applicable for HT & EHT industries for NESCO effective form 1.4.2014 are as follows:-

For HT Industries:-

Wheeling charges =92.61 paise per unit

Cross Subsidy Surcharge=63.09 paise per unit.

For EHT Industries:-

Cross Subsidy Surcharge=152.71 paise per unit.

- 4.2 It is submitted that the open access to existing consumer should be allowed within limited Transmission / Distribution capacity. A limit should be fixed by the Hon'ble commission so that the distribution licensee may be allowed to reserve adequate transmission/ Distribution corridor for new consumer, to safe guard the interest of the new consumers in the state.
- 4.3 It is submitted that the BST rate for the units consumed by the open access consumer from DISCOM other than the incumbent distribution licensee may be determined at a higher rate in order to avoid the unwanted competition/ discrimination among the DISCOMs.
- 4.4 That the licensee submits that discrimination may not be made between new or existing consumer, new consumers should pay cross subsidy charges as the existing consumers pay. Here the licensee draw the attention of the decision of the Hon'ble Maharashtra Electricity Regulatory Commission in the case no.9 of 2006 on "*methodology for computation of cross subsidy surcharge for open access transaction*" MERC stated that, "New consumers will not be exempted from levy of cross subsidy surcharge."
- 4.5 That the Licensee further submit that the ARR and the Tariff approval of the Licensee for FY 2015-16 has been filed . The Retail Supply Tariff (RST) and Bulk Supply Price(BSP) to be determined by Hon'ble Commission for FY 2015-16 may be adopted by Hon'ble Commission for approval of Wheeling Charges and Cross-Subsidy-Surcharge for FY -2015-16.

Lokesh Pank

Prayer

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

- (1) Consider the proposal of NESCO in this application for determination of Wheeling Charges and Cross Subsidy Surcharge on record.
- (2) Approve the Wheeling charges and Cross Subsidy Surcharge as prayed for FY 2015-16.
- (3) Any other relief, order or direction which the Hon'ble Commission deems fit be also issued.

Tilochan Pande
By the Applicant
Through its Managing Director.

Place: *Bhubaneswar*
Date: *29.11.2019*



North Eastern Electricity Supply Company of Odisha Ltd.
STATEMENT OF CALCULATION OF WHEELING CHARGES FOR FY 2015-16

SI No	Particulars	Cost as proposed in the ARR for 2015-16	Annexure-A Rs in Lakhs	
			Remarks	
1	Operation & Maintenance Exp	40,708	(1.1+1.2+1.3)	
1.1	Employee Expenses	25,457		
1.2	Administration & General Exp	5,518		
1.3	Repair & Maintenance Exp	9,733		
2	Depreciation	4,406		
3	Interest on Long Term loan Capital	4,167		
4	Interest on Working Capital	1,330		
5	Interest on Security Deposit	3,910		
6	Interest on Power Bond	-		
7	Provision for Bad debts	3,625		
8	Contingency Reserve	-		
9	Carrying cost	-		
10	Return on Equity	1,055		
11	Distribution Cost for Wheeling	59,200		
12	Wheeling charges (paise/ unit)	145		
		EHT	HT	LT
	Total Sale (MU)-proposed for 15-16	1535	391	1961
	Input (MU)-Proposed for 15-16	1535	718	3372
	Loss (MU)	0	327	1411
	Input received in the system(MU)	5625	4090	3372

North Eastern Electricity Supply Company of Odisha Ltd.

Annexure-B

Calcuation of Surcharge for EHT category of Consumers

Total EHT Sales proposed for FY 2015-16 in MU	Proposed ARR for EHT Category Rs in Crore	Average Tariff (P/KWH) (T)	Cost of power Purchase (P/KWH) (C)	Wheeling Charge (P/KWH) (D)	System Loss (%) (L)	Surcharge (P/KWH) (T - (C (1+L/100)+D))
1534.97	859.40	559.88	305.16	0	0	255

Calcuation of Surcharge for HT category of Consumers

Total HT Sales proposed for FY 2015-16 in MU	Proposed ARR for HT Category Rs in Crore	Average Tariff (P/KWH) (T)	Cost of power Purchase (P/KWH) (C)	Wheeling Charge (P/KWH) (D)	System Loss (%) (L)	Surcharge (P/KWH) (T - (C (1+L/100)+D))
390.72	231.19	591.70	305.16	145	8	117