

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION

BHUBANESWAR

Case No. 48/2012

IN THE MATTER OF: Suo Motu proceeding initiated by the Commission under Regulation 70(1) of OERC (Conduct of Business) Regulation,2004 for review and implementation of “Take or Pay” Tariff for HT and EHT Industries with Guaranteed load factor introduced in RST order in case no. 93-96 of 2011 for FY 2012-13

And

IN THE MATTER OF:

Director (Tariff), Odisha Electricity Regulatory Commission

-----**Petitioner**

And

IN THE MATTER OF:

North Eastern Electricity Supply Company of Orissa Ltd (NESCO),
Corp. Office-Januganj, Balasore-756019 & Others

-----**Respondents**

The humble Respondent above named most respectfully sheweth:

1. That, North Eastern Electricity Supply Company of Orissa Limited (NESCO), a Distribution and Retail Supply licensee, in Odisha has been carrying out the business of distribution and retail supply of electricity in the five districts of Orissa namely Balasore, Bhadrak, Jajpur, Keonjhar and Mayurbhanj by virtue of License granted to it vide No.3/99 by the Hon'ble OERC.
2. That, NESCO has filed the ARR application for FY 2012-13 before Hon'ble OERC on dtd. 30.11.11, which was registered as case no. 94 of 2011.
3. That, Hon'ble Commission has introduced ‘Take or Pay’ Tariff vide Para-262 of the Tariff Order FY 2012-13. *The industries should guarantee in writing to pay for consumption of 70% of the Load Factor or actual drawl whichever is higher. For the purpose of determination of Load Factor (a) maximum demand shall be based on the highest demand recorded in hours in respect of hours other than off peak hours.*

4. That, the 'Take or Pay' tariff also introduced in the tariff orders FY 2011-12 where in the guaranteed Load Factor was based on 75% of Load factor or actual consumption whichever is higher. For the purpose of determination of Load Factor, the contract demand shall be taken into consideration.
5. That, the current tariff order has considered 70 % load factor which is 5% less than the previous tariff order and also considered maximum demand instead of contract demand.
6. That, in the current tariff order the special rebate allowed is Rs. 0.50 per kwh instead of 5% of the electricity charges.
7. That, the Hon'ble Commission vide their Lr. No. DIR(T)-389/2011/VOL-I/3286, dtd. 08.05.2012 has directed DISCOMs to implement the scheme of the Commission first and desired to review the scheme after three months considering the feedback of all stakeholders.
8. That, again vide Lr. No. DIR(T)-389/2011/VOL-I/3518, dtd. 20.06.2012 the Hon'ble Commission desired the information on status of 'Take or Pay' by 30.06.2012 for consideration.
9. That, in reference to above & para 10 of the petition of the petitioner it is submitted that vide Lr. No. RA-122/9724, dtd. 26.06.2012 NESCO has already submitted the information on status of 'Take or Pay' as desired by the Hon'ble Commission. The information submitted is enclosed to this submission as '**ANNEXURE-I**'.
10. That, in view of the above, **NESCO would realize less revenue of minimum Rs.55.63 Cr** during the FY 2012-13 due to allowance of special rebate under 'Take or Pay' tariff as these consumers were already consuming a minimum of 80% LF (except IDCOL Ferro Chrome) in the FY 2011-12. Detail is enclosed as '**Annexure-II**'.
11. That, to maintain present revenue intact the consumers having load factor of 70% and above have to increase their load factor by another 10% in minimum. Detail enclosed as '**Annexure-III**'.
12. That, as per para 263 of RST order for FY 12-13 the industries both in HT and EHT category having CD 110KVA above are already incentivized through graded slabs. The graded slabs are implemented to maintain higher load factor which benefited,

specially power intensive consumers whose normal consumption are more than 70% load factor.

13. That, if Hon'ble Commission would not have allowed the special rebate under 'Take or Pay' then also these consumers would have maintained same load factor & consumption due to their nature of operation.
14. That, the Special rebate allowed by Hon'ble commission is also not taken care of in the approved RST of the Licensee under EHT category.

Prayer

It is therefore, most respectfully prayed that the above submission of the respondent (NESCO) may kindly be considered by the Hon'ble Commission and the special rebate under 'Take or Pay' may be waived from RST order FY 2012-13.

By the Applicant

Place: Balasore

Through

Date:

General Manager (RA)

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-----**Respondents**

Affidavit verifying the Submission:

I, Sibaduta Bhanj, Son of late R.K. Bhanj, aged about 56 years, residing at Balasore, do hereby solemnly affirm and state as follows:-

I am the General Manager (RA) of the North Eastern Electricity Supply Company of Orissa Limited (NESCO), Corp. Office-Januganj, Balasore-756019.

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

Place: Balasore

DEPONENT

Date:

ARR-2-13

NORTH EASTERN ELECTRICITY SUPPLY COMPANY OF ORISSA LIMITED
Corporate Office: Januganj, Balasore - 756019, Orissa, Fax No.-06782-263259
REGULATORY AFFAIRS & AGENCY OPERATION DEPARTMENT

Letter No. - RA-122/972M⁽²⁾

Date-26-6-12

To,

The Director (Tariff),
 Orissa Electricity Regulatory Commission,
 Bidyut Niyamak Bhawan, Unit-VIII,
 Bhubaneswar-12

Sub: - 'Take or Pay' Tariff introduced in RST Order for FY 2012-13.

Ref: - Your office letter No: DIR(T)-389/2011/VOL-I/3518, Dated: 20.06.12.

Sir,

In reference to the above, the information as desired by Hon'ble Commission on 'Take or Pay' tariff is as following:

Sl No.	Name of The Consumer	Category	Date of Application received from consumer	Date of Permission (Allowed / Not Allowed to Avail Take or Pay)	Reason for Not allowing Take or Pay	Agreement
1	M/s Rohit FerroTech	EHT	28.03.12	25.05.12	-	Executed on 20.06.12
2	TISCO, Brahmanipal	EHT	04.04.12	25.05.12	-	Not Executed
3	M/s Balasore Alloys	EHT	06.04.12	25.05.12	-	Not Executed
4	M/s IDCOL FerroChrome	HT	02.05.12	25.05.12	-	Not Executed
5	M/s Tata Steel, Joda	EHT	31.03.12	25.05.12	-	Not Executed
6	Pankaj Industries	HT	01.06.12	Not Allowed	As consumer has simultaneously applied for Load reduction	-

Yours faithfully,


 General Manager (RA & AO)

OK
 Ccto: - M.D. Cell, NESCO for kind information of M.D. This is as per the information provided by Commerce Branch, Corporate Office.

Annexure-II

NESCO

SL. NO.	NAME	CAT	SUP. VOLT KV	CD KVA	Apr-12		May-12		Jun-12		TOTAL			
					Kwh	Asst.(Rs.)	Kwh	Asst.(Rs.)	Kwh	Asst.(Rs.)	Kwh	Asst.(Rs.)	Rate Per Kwh (Rs.)	Net Rate Per Unit after take or pay (Rs.)
1	Balasore Alloys	POI	132	44000	29252688	137555021	29994736	140636064	28427168	134121523	87674592	412312608	4.70	4.20
2	TISCO, Brahmanipal	POI	132	28000	15009300	72799301	15824160	76035396	13648860	66827941	44482320	215662638	4.85	4.35
3	FMP, TISCO Joda	POI	132	19500	11264000	55519921	11714000	57670587	11469000	56516305	34447000	169706814	4.93	4.43
4	Rohit FerroTech	LARGE	220	55000	27223800	130955029	30539400	145037036	27840600	134140394	85603800	410132459	4.79	4.29
5	IDCOL Ferrochrome	POI	33	10700	5640020	30037095	5887730	31445506	5212540	28252744	16740290	89735345	5.36	4.86
TOTAL					88389808	426866368	93960026	450824589	86598168	419858907	268948002	1297549864	4.82	4.32

OERC Approved Rate Per Kwh FY 12-13 (EHT & HT))

5.47

Actual Rate Per Kwh (Average of April-12 and June-12)

4.32

Excess Approved Per Unit

1.15

Estimated Consumption of above Consumers as per ARR (MU) for Fy-2012-13

1113

Expected Take or Pay Impact (Rs. In Crs.) in FY 12-13

55.63

ANNEXURE-III**Loss of Revenue on account of implementation of "Take or Pay" Tariff**

Sl No	Name of Consumer	CD (KVA)	Avg L/f of last year (FY 11-12)	Avg L/f of Cur year (FY 12-13)	Avg MDI of Cur Year (KVA)	Total KWH April to June'12	Total Asst. April to June'12	Avg Monthly Kwh	Avg Monthly Asst	Rate per KWH	Net Rate per Kwh after Take or Pay	Average L/F to maintain the present revenue intact
1	2	3	4	5	6	7	8	9	10	11	12	13
1	M/s Balasore Alloys	44000	92	93	43168	87674592	412312608	29224864	137437536	4.70	4.20	104
2	TISCO Brahmanipal	28000	80	82	24552	44482320	215662638	14827440	71887546	4.85	4.35	92
3	M/s Tata Steel, Joda	19500	89	86	18933.3	34447000	169706813	11482333	56568938	4.93	4.43	96
4	M/s Rohit FerroTech Ltd	55000	83	87	45162.5	85603800	410132459	28534600	136710820	4.79	4.29	97
5	M/s IDCOL FerroChrome	10700	69	68	12240	16740290	89735345	5580097	29911782	5.36	4.86	75