

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
B H U B A N E S W A R**

**Filing No.
Case No.**

IN THE MATTER OF: An application for wheeling charges, surcharges and additional surcharges for the Financial Year 2009-10 under the Electricity Act – 2003 and in conformity with Section 4-(1)(XIV), (2)(VII) & (3)(VI) of OERC (Determination of Open Access charges) Regulations – 2006 & OERC (Terms and conditions of Open Access) Regulations - 2005.

AND

IN THE MATTER OF: Chief Executive Officer, Central Electricity Supply utility of Orissa (CESU), 2nd Floor, IDCO Towers, Janpath, Bhubaneswar – 751 022.

.....Applicant

THE HUMBLE APPLICANT ABOVE NAMED MOST REPECTFULLY SHEWETH:

1. That, the Central Electricity Supply Utility of Orissa is required to file the application for approval of Open Access charges for the FY 2009-10 as per Clause – 4 of OERC (Determination of Open Access Charges) Regulation 2006.
2. That, for the FY 2009-10, CESU submitted the ARR proposal to the Commission which has been admitted vide Case No.66/2008 and under consideration of the Commission.
3. That, the Open Access charges for FY 2009-10 are to be filed based on the distribution cost envisaged while filing the ARR for FY 2009-10 and quantum of energy to be sold to different category of consumer in different voltage levels.
4. That, the Open Access charges are computed considering the existing tariff for HT/EHT category of consumers for FY 2008-09 and submitted herewith from Page-1 to Page-6.

P R A Y E R

In view of the above, it is respectfully prayed that the Hon'ble Commission may kindly be pleased to:

1. Accept the Open Access charges application of the Utility.
2. Approve the Open Access charges of the Utility for the FY 2009-10.
3. Grant any other relief as deems fit and proper in the eyes of laws.

And for this act of kindness the applicant as in duty bound shall every pray.

Bhubaneswar

By the applicant through

Date:

**(Swapan Kumar.Dasgupta)
CHIEF EXECUTIVE OFFICER**

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IN THE MATTER OF: Chief Executive Officer, Central Electricity Supply utility of Orissa (CESU), 2nd Floor, IDCO Towers, Janpath, Bhubaneswar – 751 022.

.....Applicant

Affidavit verifying the application for Open Access charges

I, Sri Swapan Kumar Dasgupta, S/o Janardan Dasgupta, aged about 56 years residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief Executive Officer of Central Electricity Supply Utility of Orissa, the applicant in the above matter and duly authorized to make this affidavit on its behalf.
2. The statements made at Point No. 1 to 4 and other information herein shown to me are based on information and I believe them to be true.

Bhubaneswar

By the applicant through

Date:

**(Swapn Kumar Dasgupta)
CHIEF EXECUTIVE OFFICER**

Background for Open Access Charges Application:

A. Orissa Electricity Regulatory Commission (Terms for Open Access) Regulations – 2005 came into force w.e.f. 6th June'2005 and as per Clause – 11 of the above Regulations i.e. **Phasing of Open Access**, any customer intending to avail load of more than 1MW can apply for non-discriminatory open access to the distribution/transmission networks with effect from 1st April 2008. The Commission vide its Order dtd. 29-03-2008 to Case No.66/2006 approved the Open Access charges for the FY 2008-09 effective from 1st April'2008. CESU being a distribution licensee holder for central zone Electricity Distribution network of Orissa is required to submit proposal for approval of Open Access charges before the Commission for the FY 2009-10 as per the terms of OERC (Terms & Conditions for Determination of Tariff) Regulations – 2004.

B. Regulations referred in this application:

- (i) Indian Electricity Act, 2003 & it's amendments from time to time.
- (ii) OERC Distribution (Conditions of supply) Code, 2004 & it's amendments from time to time.
- (iii) OERC (Terms for Determination of Tariff) Regulations – 2004 & it's amendments from time to time.
- (iv) OERC (Terms for Open Access) Regulations, 2005 and it's amendments from time to time.
- (v) OERC (Determination of Open Access charges) Regulations – 2006.
- (vi) OERC (Intra-state ABT) Regulations 2007.

C. Assumptions in this application:

- (i) The various charges proposed for Open Access customers are applicable to both long-term and short-term open access applications.

- (ii) Open Access applications requiring load less than 1MVA are not envisaged for the ensuing year since phasing of such customers is yet to be allowed by the Hon'ble Commission.
- (iii) Wheeling charges proposed in this application is for customers intending to avail Open Access utilizing the HT network only (33KV or 11KV).
- (iv) For computation of wheeling charges the distribution cost as proposed in the ARR application of CESU for FY 2009-10 vide case No- 66 of 2008 is considered.
- (v) For determining cost of supply of electricity to different HT category of consumers **Avoided Cost method** is adopted.
- (vi) For computation of sales rates per unit to different category of consumers in HT & EHT, the approved RST rates for FY 08-09 is considered. CESU has not proposed for revision of RST rate for HT/EHT consumers for the ensuing year in the ARR application submitted to the Commission for approval.
- (vii) The rate of transmission charges as approved by the Commission for FY 2008-09 is assumed to be applicable for the ensuing year.
- (viii) The approved loss level of 4.5% in EHT and 8% in HT as applicable for the FY 08-09 is also considered for the ensuing year.

D. Open Access Charges:

1. Wheeling charge:

Wheeling charge for CESU for HT customers = Total distribution cost in HT/Total no. of units to be distributed in HT during FY 2009-10.

Units to be distributed during FY 09-10

CESU vide its ARR application for the FY 09-10 proposed to purchase 4780.27 MU for distribution in HT.

Distribution cost:

CESU applied for approval of following distribution cost vide ARR application for FY 09-10 & percentage costs as attributable to distribution is indicated against each.

DISTRIBUTION COST FOR CALCULATION OF WHEELING CHARGES				
Sl.No.	Particulars	Cost as per ARR (Rs. Lacs)	Cost at HT (Rs. Lacs)	Percentage of cost
1	Employee cost	22935.07	17201.30	75%
2	R&M cost	5144.53	5144.53	100%
3	A&G cost	5044.84	3026.90	60%
4	Interest on loans	6791.82	6791.82	100%
5	Interest on Security Deposits	1299.56	-	-
6	Legal charges	39.74	19.87	50%
7	Bad debts	3030.68	-	-
8	Auditors' fees	11.62	-	-
9	Depreciation	7343.85	7343.85	100%
10	R.O.E (Return on Equity)	1164.00	1164.00	100%
	Total:	52805.71	40692.27	

Wheeling cost per unit = Rs.40692.27 Lakhs/4780.27 MU = 85.13 paise per unit.

So, CESU proposes wheeling charge of 85.13 paise per unit for Open Access customers for the FY 09-10.

2. **Cross subsidy surcharge:**

For HT Open Access consumers:

The basic principle of surcharge to be levied on open access customers is to compensate the incumbent utility for the revenue loss due to migration of the open access customer to another utility/CGP/IPP.

For a HT consumer revenue earning is equivalent to differential of rate of sale per unit to the HT consumer and sum of BST price, transmission charge/ wheeling charge plus losses.

Distribution loss of 8% as approved for the FY 08-09 is considered for calculation of wheeling charge for realistic assessment of loss of revenue to the utility. The transmission loss is generally appropriated while fixing the BST rate; so this loss is not loaded while computing the surcharge.

The rate per unit charged to a HT consumer varies with the percentage of load factor at which the consumer avails supply. The Commission while approving Open Access charges for the FY 2008-09 assumed minimum load factor of 20% & up to maximum of 100% for deriving sales rates to different HT consumers. The Consumers availing less than 20% load factor are liable to pay surcharge at minimum of 20% L.F.

CESU proposes the above principle for calculation of sale rates/unit for following HT consumer categories –

- General Purpose \geq 110KVA
- Public Water Works sewerage pumping
- Large Industry
- Power Intensive Industry
- Mini Steel Plant
- Railway Traction

The sales rate is calculated for incremental load factor of 10% starting from 20% and as shown below:

Load Factor (%)	20	30	40	50	60	70	80	90	100
Sale rate Paise/Unit	452	401	376	361	338	321	309	299	291

Surcharge (S) applicable to the above category of consumers is calculated as:

$$S = T \left\{ C(1 + L/100) + D \right\}$$

Where T – Sale rate/unit to the consumer

C – Bulk Supply Purchase rate/unit

L – Standard Distribution loss percentage

D – Wheeling charge/unit

Applying the above formula rate of surcharge at different incremental L.F.
is calculated as –

Load Factor (%)	20	30	40	50	60	70	80	90	100
Surcharge (Paise/Unit)	235	184	159	143	121	104	91	81	73

For irrigation and Agro Industrial category open access surcharge is not envisaged since, the RST rates applicable are highly subsidized and Open Access will not be commercially beneficial.

Open Access for Emergency Power to CPP is not envisaged as emergency requirements to this category of consumers will be for very short period and can be met by way of temporary supply as per OERC Distribution (Conditions of Supply) Code 2004.

Bulk Domestic & Specified Public Purpose category:

The sale rates per unit at various incremental power factors are computed as shown below.

Load Factor (%)	20	30	40	50	60	70	80	90	100
Sale rate for bulk Domestic consumers (paise/unit)	238	235	234	233	233	232	232	232	232
Sale rate for specified public purpose consumers(paise/unit)	338	325	319	315	300	289	280	273	268

Surcharge proposed for the above two categories of consumers are assessed as per the aforementioned formula for FY 09-10 is:

Load Factor (%)	20	30	40	50	60	70	80	90	100
Surcharge for Bulk Domestic category (paise/unit)	45	43	41	41	40	40	40	39	39
Surcharge for Specified public purpose category (paise/ unit)	144	131	125	121	106	94	86	79	74

For EHT Open Access Consumers:

Surcharge is applicable to the following category of open access consumers; For assessment of surcharge sales rate per unit at different load factors is calculated below for following category of consumers:

- General Purpose.
- Large Industry.
- Railway traction.
- Heavy Industry.
- Power Intensive Industry.
- Mini Steel Plant.

Sales rate per unit is computed for different incremental load factors applicable for above category of consumers availing supply in EHT as shown below;

Load Factor (%)	20	30	40	50	60	70	80	90	100
Sale rate (Paise/ unit)	442	391	366	351	326	308	295	285	276

$$\text{Surcharge(S)} = T - (C + D)$$

Where T- sales rate per unit

C-BST rate for CESU

D-Transmission Charge

Transmission charges as applicable for FY 08-09 is considered for calculation of surcharge.

Hence surcharge applicable to EHT category of open access consumers is calculated as per above formula for incremental load factors starting from 20% and shown below;

Load Factor (%)	20	30	40	50	60	70	80	90	100
Surcharge (Paise/unit)	318	267	242	226	202	184	171	160	152

Open access surcharge for Emergency supply to CPP in EHT may be dealt as proposed for the HT consumers.

The surcharge as proposed above for FY 09-10 may be further appropriated if the Hon'ble Commission considers & allows revision of following rates for the ensuing year;

- a) Transmission Charge.
- b) R.S.T rate (for energy as well as demand charge)
- c) B.S.T rate.
- d) Standard rate of Distribution loss.

3.Additional Surcharge:

At present no consumer is availing supply in open access from CESU's network. On receipt of open access application from any intending consumer, CESU will submit to the Commission within 30 (thirty) days of receipt of application on account of additional fixed cost to be incurred towards its obligation to allow open access & for determination of additional surcharge as per CI-3 of OERC (Determination of open access charges) Regulation-2006.

4.Scheduling & System operation charges.

Intra state ABT regulations are applicable to all HT & EHT consumers availing supply with load of 5 MVA and above. Such consumers when apply for long term open access are liable to pay scheduling and operation charges for effecting each revision in scheduling on bona fide grounds.

The short term open access customers are also liable to pay scheduling and system operation charges.

CESU proposes that a sum of Rs.1000/ day or part thereof may be allowed to be paid by all open access customers for each transaction.

5. The following charges have not been evaluated.

Reactive Energy charges

Charges for short term access through bidding.

Unscheduled Interchange charge.

Miscellaneous charges.

However, CESU submits that these charges may be allowed as and when the commission deemed fit.