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AVP RA  
28/11/19

BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION

BHUBANESWAR

IN THE MATTER OF

An Application for approval of Open Access Charges for the financial year 2015-16, in accordance with the para 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 and Additional Surcharge 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

Western Electricity Supply Company of Odisha Ltd (WESCO)  
Regd. Office-Plot No.1/22, Nayapalli, Bhubaneswar-751015.  
-----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 :**

1. That Western Electricity Supply Company of Odisha Limited, Burla,( WESCO), is the holder of The Orissa Distribution and Retail Supply License, 1999 ( No 4/99) and has been carrying out the business of distribution and retail supply of electricity in the nine districts of Orissa namely Sambalpur, Sundargarh, Bolangir, Bargarh, Deogarh, Nuapara, Kalahandi, Sonepur and Jharsuguda. 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 with 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.

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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 6<sup>th</sup> 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 6<sup>th</sup> 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

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



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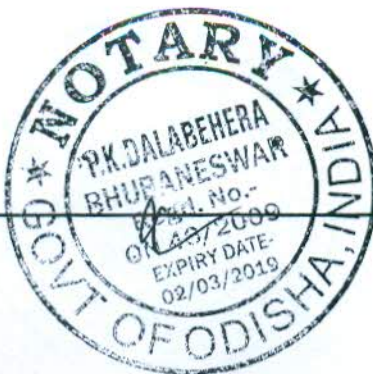


provisions of Section 7 (d) under Chapter-III of the OERC (Terms and Conditions for determination of tariff) Regulations 2004.

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. Western Electricity Supply Company of Orissa Limited (WESCO) is the holder of license No.4/99 granted by OERC under Section 15 of the OERA vide their order dated 31<sup>st</sup> March, 1999 and has been operating under the license granted by the Commission.
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.



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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.

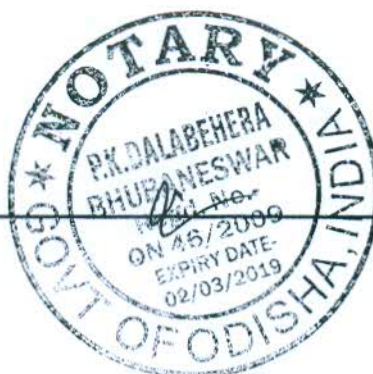
In the said Regulation 2006 the Hon'ble Commission prescribed the issue of methodology to be followed for determination of transmission charges, wheeling charges, cross-subsidy surcharge and additional surcharge. It is envisaged that based on the prescribed methodology, the transmission charges, wheeling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

#### **1. 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.



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- (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	111

**2. 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 vide para 8.5.1 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

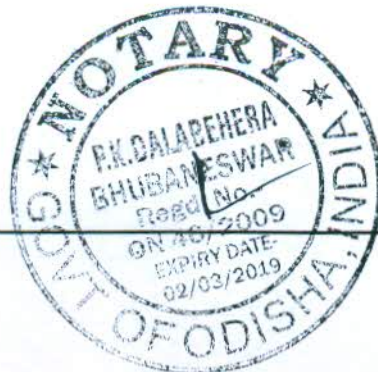
*D* is the Wheeling charge

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

Now, Hon'ble Commission vide Order dt.10.10.2014 in case no.16,17,18 & 23 of 2014 has recommended the method of calculation in line with earlier years order 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% load factor.

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



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