Before the Odisha Electricity Regulatory Commission
Pot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: ______________ of 2023

In the Matter of	An Application for a) Annual Performance Review(APR) of FY 2023-24 and b) Aggregate Revenue Requirement (ARR) ,Wheeling Tariff , Retail Supply Tariff and Open Access Charges for the Financial Year 2024-25 under the Electricity Act 2003,OERC (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022 , OERC (Conduct of Business Regulations) 2004 , OERC (Terms and condition of Intra-State Open Access) Regulations 2020, Vesting Order dated 26.05.2020, ,Carved out Balance Sheet as on 01.06.2020 and its Order dated 30.09.2021 and Other Tariff related matter.
	And
In the Matter of	TP Central Odisha Distribution Ltd., Corporate Office, Power House, Unit 8, Bhubaneswar- 751 012 represented by its Chief –Regulatory & Government Affairs.
	...Petitioner
	And
In the Matter of	GRIDCO,OPTCL,SLDC , DoE-GoO and All Concerned Stake Holders
	...Respondents

Affidavit

I, Vidyadhar Hari Wagle , aged about 56 son of late Hari Prabhakar Wagle residing at Bhubaneswar do hereby solemnly affirm and say as follows:

1. I am the Chief-Regulatory & Government Affairs of TP Central Odisha Distribution Ltd., the Petitioner in the above matter and I am duly authorized to swear this affidavit on its behalf.

2. The statements made in the submission herein shown to me are based on information provided to me and I believe them to be true.

Bhubaneswar.
Dated: 30.11.2023

Chief-Regulatory & Government Affairs

NOTARY
Jagyneswar Acharya
Regd No.:7791/2009
Dist-Khurda
BBSR, Odisha
M-9861006174
GOVERNMENT OF INDIA

IDENTIFIED BY ME
ADVOCATE, BBSR

Jagyneswar Acharya
Notary, Govt. Of India
Odisha, BBSR, Dist-Khurda
Regd.No.-7791/2009
Mob:-9861006174

30/11/2023

Before the Odisha Electricity Regulatory Commission
Pot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: ______________ of 2023
File No TPCODL/Regulatory /2023/ /

In the Matter of	An Application for a) Annual Performance Review(APR) of FY 2023-24 and b) Aggregate Revenue Requirement (ARR) ,Wheeling Tariff , Retail Supply Tariff and Open Access Charges for the Financial Year 2024-25 under the Electricity Act 2003,OERC (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022 , OERC (Conduct of Business Regulations) 2004 , OERC (Terms and condition of Intra-State Open Access) Regulations 2020, Vesting Order dated 26.05.2020, ,Carved out Balance Sheet as on 01.06.2020 and its Order dated 30.09.2021 and Other Tariff related matter.
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	…Respondents

In line with Regulation 2.6 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 "Tariff Regulations", Section 62 of the Electricity Act 2003 and Regulation 53 of OERC (Conduct of business) Regulations, 2004, TPCODL is filing the application before the Hon'ble Commission for approval of Annual Performance Review (APR) or Provisional True-up and Annual Revenue Requirement and Tariff proposal for the Financial Year 2024-25 and Open Access charges for FY 2024-25. The submissions from TPCODL are enclosed and the following is prayed.

Prayers

TPCODL prays that the Hon'ble Commission may kindly be pleased to;

1. Approve the Aggregate Revenue Requirement (ARR) for Retail business and Wheeling business of the Utility for the Financial Year 2024-25 as proposed by TPCODL.
2. Bridge the Revenue Gap through as the Hon'ble Commission may deem appropriate.
3. May kindly allow carrying cost till recovery of the cumulative Revenue Gap.
4. Consider the Tariff Design and Rationalization proposal submitted in the section: **Chapter 5 -Tariff Design & Rationalization Proposal.**
5. Consider our request made in **Chapter 6 Other Special Issues for consideration of the Hon'ble Commission**
6. Permit making additional submission required in this matter.
7. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

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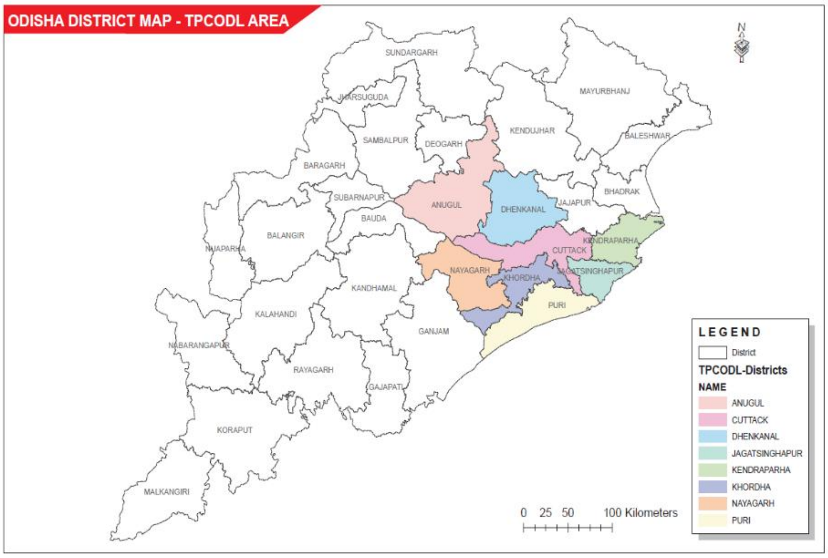
Chapter 1. Background and overall approach to filing

1.1 Introduction of TPCODL

1. TP Central Odisha Distribution Limited (TPCODL) is a joint venture of Tata Power (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. TPCODL took over the license to distribute electricity in the central part of Odisha, which was earlier served by erstwhile CESU, after being selected through a competitive bidding process. TPCODL's utility business is being governed by the provisions of license issued by Hon'ble OERC for Distribution and Retail Supply of Electricity in Central Odisha. The Hon'ble OERC regulates the working of the entire power sector of Odisha state, including determination of tariff chargeable to end consumers and establishing performance norms (mainly related to Loss reduction, Safety, Reliability of power supply and Consumer service delivery).

2. TPCODL's license area is spread over a geography of 29354 Sq.Km and it serves the registered consumer base of about 3.1 million. TPCODL procures power from GRIDCO which is a state owned company, engaged in the business of purchase of electricity in bulk from various generators located inside Odisha and the state share of power from Central generators for supply to all power distribution utilities, including TPCODL. Further, TPCODL receives electrical power at a sub transmission voltage of 33KV from Odisha Power Transmission Company Limited's (OPTCL) 220/132/33 kV Grid Substations and then distributes the power at 33KV / 11KV / 440V / 230V depending on the load of the consumer. For effective operations; license area is divided in 5 circles (covering 8 districts) which is further sub divided in 20 Divisions and 65 Sub-division who manage the commercial and O&M activities in order to serve its consumer. The area belonging to TPCODL is as shown in Figure below

Figure 1-1: District Presence of TPCODL



1.2 Vesting Order and Carve Out Order

1.2.1 Vesting Order

3. A "Vesting order" dated 26th May 2020 in matter of Suo Moto proceedings in Case No 11 of 2020 was passed by the Hon'ble Commission vesting the utility of CESU to TPCODL. All assets and specific liabilities have been transferred to TPCODL.

4. It is further submitted that Section 21 (a) of the Act states that *“the utility shall vest in the purchaser or the intending purchaser, as the case may be, free from any debt, mortgage or similar obligation of the licensee or attaching to the utility”*. The Hon'ble Commission recognizing that certain liabilities pertaining to employees, consumers, suppliers and statutory payments, etc. which were not indicated in the opening balance sheet provided in RFP, were also passed on TPCODL since CESU did not have any revenue to fund the liabilities.

1.2.2 Carve Out Order or Segregation Order

5. The Hon’ble Commission had in the Order dated 30th September 2021 (“Carve Out Order” or “Segregation Order”) had carved out the Opening Balance Sheet of TPCODL as on 1st June 2020. The Balance sheet was carved out from the Balance Sheet of erstwhile CESU as on 31st May 2020 and applying the principles of the Vesting Order dated 26th May 2020 for TPCODL. The carved out Balance Sheet for TPCODL as on 1st June 2020 is as follows:

Table 1-1: Opening Balance Sheet of TPCODL on 1st June 2021

Particulars	CESU As at 31.05.2020	TPCODL As at 01.06.2020 (Carve out) OERC Order of 30th Sep 2021	Residual CESU As at 01.06.2020 (OERC Order)
	Rupees in Crores	Rupees in Crores	Rupees in Crores
	A	B	C=A-B
I. EQUITY AND LIABILITIES			
Equity Share Capital		300.00	-300.00
1. Capital Funds :			
(a) Capital Funds	72.72		72.72
(b) Reserves and Surplus	-4379.04	0.00	-4379.04
Sub-Total	**-4306.32**	**300.00**	**-4606.32**
2. Non-current liabilities			
(a) Long term borrowings	3423.47	0.00	3423.47
(b) Deferred tax liabilities (Net)	0.00	0.00	0.00
(c) Other Long Term Liabilities :	**3280.87**	**3218.79**	**62.07**
Security Deposit from Consumers	*734.72*	*734.72*	0.00
Deposits from Suppliers/Contractors	*73.34*	*73.34*	0.00
Deposit For Electrification, Service Connection	*299.80*	*299.80*	0.00
Consumers' Contribution under ESA	*1523.97*	*1523.97*	0.00
Grants received/Adjustment (Bal.fig)	*649.03*	*586.96*	62.07
(d) Long-term provisions	**1699.83**	**54.38**	**1591.06**
P.F.Trust	*54.38*	*54.38*	0.00
Pension Trust	*1344.21*	*0.00*	1344.21
Gratuity Trust	*112.74*	*0.00*	112.74
Leave Encashment	*188.49*	*0.00*	188.49
Sub-Total	**8404.17**	**3273.18**	5130.99
3. Current Liabilities			
(a) Short-term borrowings	157.54	157.54	0.00
(b) Trade payables	1790.02	225.16	1564.86
(c) Other Current Liabilities	**296.04**	**105.57**	**190.47**
Sundry Creditors	*62.56*	*62.56*	0.00
Other Liabilities	*1.85*	*1.85*	0.00
Electricity Duty Payable (Subject to realisation from consumer)	*190.47*	*0.00*	190.47
Electricity Duty Payable (Collected)	*9.11*	*9.11*	0.00
Electric Public Awarness Media campaign Funds	*0.14*	*0.14*	0.00
Interest Payable on Security Deposit	*31.91*	*31.91*	0.00
(d) Short-term provisions	**317.09**	**203.07**	
Short-term provisions	*266.24*	*152.23*	114.01
Payable to Franchisee	*50.84*	*50.84*	0.00
Sub-Total	**2560.68**	**691.34**	1869.34
Total :	**6658.52**	**4264.51**	2394.01

Particulars	CESU As at 31.05.2020 Rupees in Crores	TPCODL As at 01.06.2020 (Carve Rupees in Crores	Residual CESU As at 01.06.2020 (OERC Rupees in Crores
II. ASSETS			
1.Non-Current Assets			
1.(a) Fixed Assets			
(i) Property, Plant and Equipment	*2061.67*	*2053.97*	
(ii) Intangible Assets	*0.00*	*0.00*	0.00
(iii) Capital Work-in-Progress	*460.67*	*460.67*	0.00
(iv) Intangible assets under develpoment	**0.00**		0.00
Total Fixed Assets	**2522.34**	**2514.64**	7.70
1 (b) Non current Investments			
1 (c) Deferred tax assets (Net)			
1 (d) Long term loans and advances	9.32	0.00	9.32
1 (e) Other non-Current assets	350.04	60.24	289.80
1 (e) Receivable from franchisees	27.43	27.43	0.00
Total Non-Current Assets	**2909.13**	**2602.31**	306.82
2. Current Assets			0.00
			0.00
(a) Inventory	*198.32*	*198.32*	0.00
(b)Trade receivables	*2223.22*	*135.98*	2087.24
(c) Cash and Bank balance	*1315.92*	*1315.92*	0.00
(d) Short-term loan and Advance	*4.08*	*4.08*	0.00
(e) Other Current assets	*7.84*	*7.84*	0.00
Total Current Assets	**3749.39**	**1662.15**	2087.24
Total	**6658.52**	**4264.46**	2394.06

6. The Hon'ble Commission in the Carve Out Order dated 30th September 2021 has allowed Additional Serviceable Liability (ASL) under Paragraph 37 of the Order. TPCODL has submitted a petition vide letter dated 9th Nov 2021 before the Hon'ble Commission for determination and approval of the ASL as per its computation. Further an independent audit was carried out on various aspects of the above petition. Based on the report submitted by the Auditor M/s SRB & Associates, a reworked ASL (amounting to Rs. 386.64 Cr) was submitted for the approval of the Hon'ble Commission vide letter dated 17th Feb 2022 which is under consideration by the Hon'ble Commission.

1.3 Approach to filing of the present petition

7. The broad approach to the present filing would be on the following:

   a) The opening Balance Sheet as on 01.06.2020 as approved by Hon'ble Commission in its Order dated 30.09.2021 has been taken as opening balance (e.g GFA for deprecation calculation etc.).
   b) Treatment provided by the Hon'ble Commission in the Vesting Order for various elements
   c) The Order dated 8th September 2020 in Case No 32 of 2020 passed by the Hon'ble Commission in the matter of approval of Capital Investment proposal of TPCODL for FY 2020-21 ("Capex Order for FY 21").

d) The Order dated 18th September 2021 in Case No 05 of 2021 passed by the Hon'ble Commission in the matter of approval of Capital Investment proposal of TPCODL for FY 2021-22 ("Capex Order for FY 22").

e) The Order dated 19th July 2022 in Case No-14/2022 in the matter of approval of Capital Investment plan of TPCODL for FY 2022-23 (" Capex Order for FY 23").

f) The Order dated 16th Dec 2022 in Case No-51/2022 in the matter of approval of Supplementary Capital Investment plan of TPCODL for FY 2022-23 (" Supplementary Capex Order ").

g) The Order dated 21st June 2023 in Case No 98 of 2022 passed by the Hon'ble Commission in the matter of approval of Capital Investment Plan for FY 2023-24 ("Capex Order for FY 24").

h) The Petition filed by TPCODL (registered as Case 102/2023) for approval of Capital Investment plan for FY 2024-25.

i) The petition filed by TPCODL (to be registered) for True-Up of FY 2022-23 along with the issues raised for FY 2021-22 and FY 2020-21 and matter of settlement of Additional Serviceable Liability (ASL)

j) The Hon'ble Commission's letter dated 19th Feb 2022 approving Medical Allowance on revised pay scale for all the executive's employees of the erstwhile CESU.

k) The Hon'ble Commission 's letter dated 20th April 2022 approving HRA at 18% /20% on revised pay scale for all the executives employees of the erstwhile CESU.

l) The Hon'ble Commission in its letter dated 15th Oct 2022 while approving 100 no's of additional manpower recruitment for FY 2022-23 has stipulated that the additional cost incurred due to such recruitment would be considered during the Truing up exercise after prudent analysis.

m) The Hon'ble Commission in Tariff Order for FY 2023-24 has approved recruitment of 100 manpower in FY 2023-24.

n) Subsequent to the discussion in SAC meeting and directive given to the DISCOMs for increasing the manning norm for rural areas and uniform for BA employees, TPCODL's vide its letter dated 28th July 2023 has requested additional cost for revised manning norms in rural areas and uniform for BA employees.

o) The Hon'ble Commission vide its letter dated 17th August 2023 has approved revision in Conveyance allowance for executive cadre employees of erstwhile CESU.

p) TPCODL vide its letter dated 14th Sep 2023 has requested for additional O&M Cost on account of higher discovered price of MBC Contract.

q) Against TPCODL 's letter dated 7th Sep 2023 and 25th Oct 2023 for approval of interest cost of loan for promotion of EV as per Govt. of Odisha Policy for erstwhile employees, the Hon'ble Commission vide letter dated 3rd Nov 2023 has directed to submit the matter in ARR FY 2024-25 application.

Chapter 2. Summary of True-up of FY 2022-23

2.1 Gap /Surplus for FY 2022-23

8. We have filed a separate petition with the Hon'ble Commission for approval of the ARR of FY 2022-23 , the revenue earned and the resultant Gap that is arising from the same. We are presenting below the summary of the same

TPCODL

Table 2-1: ARR and Gap/Surplus for FY 2022-23

Sr No	Particular	UoM	Approved	Actual Claimed for True up FY 2022-23
I	**Key Parameters**			
a	Sales	MU	7545	7639
b	Power Purchase /Input	MU	9790	9902
c	AT&C Loss	%	23.70%	20.96%
d	Billing Efficiency	%	77.07%	77.15%
e	Collection Efficiency	%	99.00%	102.45%
f	Distribution Loss	%	22.93%	22.85%
	Expenditure			
1	Cost of Power Purchase	Rs. Cr	2937	2970.4
2	Transmission Cost	Rs. Cr	274.12	277.13
3	SLDC Cost	Rs. Cr	1.75	1.75
A =1+2+3	**Total Gross Power Purchase ,Transmission & SLDC Cost (Before Rebate)**	**Rs. Cr**	**3212.87**	**3249.29**
4.a	Gross Employee Cost	Rs. Cr	775.49	776
4.b	Less: Employee Cost Capitalization	Rs. Cr	23.9	24
4= 4.a-4.b	Net Employee Cost	Rs. Cr	752	752
5	R&M Expenditure	Rs. Cr	239.85	235
6	A&G Expenditure	Rs. Cr	133	133
7	Provision for Bad & Doubtful Debt	Rs. Cr	34.28	47
8	Depreciation	Rs. Cr	48.34	67.65
9.a	*Interest on Consumer Security Deposit*	Rs. Cr	30.78	62
9.b	*Interest on Long Term Loan*	Rs. Cr	20	28
9.c	*Interest on Working Capital Loan*	Rs. Cr	0	21
9.d	*Finance Cost*	Rs. Cr		2
9=9.a+9.b+9.c+9.d	Total Interest on SD, Long Term & Working Capital Loan	**Rs. Cr**	**50.78**	**112.86**
10	Loss on Retirement of Fixed Assets	**Rs. Cr**		**5.75**
B =4+5+6+7+8+9+10	**Total Operation & Maintenance Cost and Other Cost**	**Rs. Cr**	**1257.56**	**1352.65**
11	RoE	Rs. Cr	48	74
12	Tax on RoE	Rs. Cr		25
C = B+11+12	**Total Distribution Cost**	**Rs. Cr**	**1305.55**	**1452.16**
13	Less: Misc Receipt/Non Tariff Income (including Open Aceess Charges)	Rs. Cr	107.21	109
D = C-13	**Net Distribution Cost**	**Rs. Cr**	**1198.34**	**1342.67**
E	Provisional Surplus Considered	Rs. Cr	140	
F	Gain/(Loss) Due to AT&C Loss	Rs. Cr		3
F = A+D-E+F	**Total Revenue Requirement**	**Rs. Cr**	**4271.21**	**4595.10**
G	Estimated Revenue at existing Tariff	Rs. Cr	4273	4687
H= G-F	**(Gap) / Surplus**	**Rs.Cr**	**1.79**	**92.23**
I	Recovery of ASL paid till FY-23	Rs. Cr		246.90
J= H-I	**(Gap) / Surplus after considering Recovery of ASL Payment**	**Rs.Cr**		**-154.67**

2.2 Cumulative Gap/Surplus upto 31st March 2023

9. The petition filed also estimates the cumulative Gap till 31st March 2023 and the same is presented in table below

Table 2-2: ARR and Gap/Surplus for FY 2022-23

Sr No	Pariculars	Units	FY 2020-21 (10 Months)	FY 2021-22	FY 2022-23
1	Opening Gap	Rs Cr	0.00	118.35	88.85
2	Addition	Rs Cr	92.89	-24.39	154.67
3	Relevant Carrying Cost	Rs Cr	25.5	-5.1	24.3
4	**Closing Gap with Interest**	**Rs Cr**	**118.35**	**88.85**	**267.82**

TPCODL

Chapter 3. Annual Performance Review (APR) for FY 2023-24 and ARR for FY 2024-25

3.1 Sales Estimate

10. This section covers the estimation of sales for the present year i.e FY 2023-24 and projection of sales for the ensuing year i.e FY 2024-25. It is submitted FY 2020-21 and FY 2021-22 were challenging years majorly on account of COVID -19 which adversely impacted the power consumption owning to the shutdown, lockdown, and commercial & industrial establishment being shut for most part of the year. However, with the COVID-19 situation improving the power consumption increased in FY 2022-23 owing to increase in the commercial and industrial consumption.

11. The LT sales which have shown considerable growth in COVID years have not grown much in FY 2022-23. However, considering the present trend of growth of LT sales the LT Sales too are expected to quite high as compared that in FY 2022-23. Similarly, the growth for FY 2024-25 is expected to be higher in all the categories. Accordingly, the estimated sales for FY 2023-24 and FY 2024-25 is provided in table below.

Table 3-1 Sales Projections (MUs)- FY 23-24 and FY 2024-25

Sr No	Category	UoM	FY-22 Actual	FY-23 Actual	FY 2023-24			% Growth FY24 -FY23	FY 2024-25 (Projected)	% Growth FY25 -FY24
					H-1 Actual	H2 (Est.)	Total (Est.)			
1	LT	Mus	4117	4269	2803	2093	4897	14.7%	5592	14.2%
2	HT	Mus	1462	1813	1097	979	2076	14.5%	2288	10.2%
3	EHT	Mus	1149	1556	959	903	1862	19.6%	2065	10.9%
4	**Total**	**MUs**	**6728**	**7639**	**4859**	**3976**	**8835**	**15.7%**	**9944**	**12.6%**

12. The category wise breakup of the sales is as provided in Form T1 of the submission. After the estimation of sales , the same have been grossed up by Billing Efficiency to arrive at the estimated Power Purchase.

3.2 Estimation of Quantum of Power Purchase at estimated Loss

13. The AT&C loss levels for Tariff determination are different from the actual AT& C loss levels and the trajectory till FY 2030 has been fixed by the Hon’ble Commission. At the same time, the Hon’ble Commission has been allowing a collection efficiency of 99. On the basis of the same, the Billing Loss (or Distribution Loss) for the period FY 2023-24 and FY 2024-25 work out as given in the table below.

Table 3-2 Normative Billing Loss or Distribution Loss

Sr No	Particulars	FY 2023-24	FY-2024-25
1	AT&C Loss for Tariff determination (as per Vesting Order/Tariff Regulation 2022)	22.00%	20.00%
2	Collection Efficiency	99%	99%
3	Billing Efficiency =100% -[100%-(1)]/[2]	78.79%	80.81%
4	**Distribution Loss for working out Power Purchase Cost = 100%-(3)**	**21.21%**	**19.19%**

14. Power purchase estimate has been made as per Regulations 5.4.1 of the Tariff Regulations 2022 after taking into account the sales and grossing up the same by estimated Distribution losses worked out above.

15. The quantum of power purchase estimate for FY 2023-24 and FY 2024-25 is worked out is as follows:

Table 3-3 Quantum of Power Purchase

Power Purchase Qunatum at estimated Billing Efficiency					
Sr No	**Particulars**	**UoM**	**FY 2022-23 (Actual)**	**FY 2023-24**	**FY-2024-25**
1	Total Sales	MU	7639	8835	9944
2	Billing Efficiency	%	77.14%	78.79%	80.81%
3	**Input /Power Purchase**	**MU**	**9903**	**11213**	**12306**

3.3 Cost of Power Purchase and Rebate

16. The Power Purchase cost comprises a) Cost of Power purchased from GRIDCO at BSP b) Transmission Charges paid to OPTCL and c) SLDC charges. Further, In line with the directive of the Tariff Regulations 2022, the rebate on Power purchase cost has been considered under Non Tariff Income. The relevant extract from the Tariff Regulation , 2022 is provided below in this regard.

3.12. Rebate

3.12.1. Any rebate earned by the Distribution Licensee on the last date of payment of bill for which it is eligible for getting rebate from GRIDCO, generation & transmission utilities, SLDC, RLDC etc. shall be considered as Non-Tariff Income for the Distribution Licensee(s);

17. Based on the quantum of Power Purchase worked out above, the estimated Power Purchase and the resultant rebate is as given below

Table 3-4 Normative Power Purchase Costs

Power Purchase Cost for ARR - Normative Loss				
Sr No	**Particular**	**Unit**	**FY-2023-24**	**FY-2024-25**
A	Total Sales (MU)	MU	8835	9944
B	Normative Billing Loss	%	21.21%	19.19%
C= A/(1-B)	Normative Input/Power Purchase Units	MU	11213	12306
D	Power Purchase Cost @ BSP Rate of Rs.3.05/kWh	Rs. Cr	3420	3753
E	Transmission Charges @ Rs.0.24 /kWh	Rs. Cr	269	295
F	SLDC Charges @ (Rs. 14.52 Lakhs per Month)	Rs. Cr	1.7	1.7
G=D+E+F	**Total Power Purchase Cost**	Rs. Cr	**3691**	**4050**
H	Rebate Considered at 1%	Rs. Cr	37	41
I	**Net Power Purchase Cost After Rebate**	**Rs. Cr**	**3654**	**4010**

3.4 Capital Expenditure and Capitalisation

18. This section presents the projections of the Capital Expenditure/ Capitalisation and the impact it has on the proposed financing of the same. In addition, it also presents the treatment to the ongoing schemes of CESU (i.e. Opening CWIP) and also some Government Funded schemes undertaken by erstwhile CESU and TPCODL.

19. The Capex works of TPCODL can broadly be classified into following types as mentioned below.

- **TPCODL 's Own Capex** (i.e. Annual Capex approved by the Hon'ble Commission)
- **Capex works funded by Govt.** and executed by TPCODL and capitalized in books of TPCODL
- **Capex works carried out by the Govt. of Odisha with OPTCL/TPCODL being the PMA**, assets created under these projects are not owned by TPCODL (not in books of TPCODL) but maintained by TPCODL on which TPCODL is entitled to get R&M at 3% of GFA as per the Tariff Regulations 2022.
- **Consumer Contribution :** Deposit work capex

3.4.1 TPCODL's Own Capex (i.e. Annual Capex approved by the Hon'ble Commission)

20. TPCODL has been executing the Capex approved by the Hon'ble Commission. The orders of the Hon'ble Commission (a) dated 8th September 2020 and 4th September 2021 in the matter of Case 32/2020 (b) dated 18th September 2021 in the matter of Case 05 /2021 and (c) dated 19th July 2022 in the matter of Case 14/2022 and dated 16th Dec 2022 in the matter of Case 51 /2022 and (d) dated 21st June 2023 in the matter of Case 98 of 2022 have been factored in this submission.

21. The Capital investment plan for FY 2024-25 has been submitted by TPCODL vide submission TPCODL/Regulatory /2023/246/6520 dated 30th Oct 2023. While the Order for FY 2024-25 is yet to be issued by the Hon'ble Commission, the capex plan submitted in this petition also has been considered for estimating the ARR for FY 2024-25.

22. The total capex and capitalization for FY 2020-21 ,FY 2021-22 and FY 2022-23 has been discussed in detail in the True up petition for FY-21 , FY-22 and FY-23.The following table depicts the status of actual Capex and Capitalization done till 31.03.2023 and estimated capex and capitalization for FY 2023-24 and FY 2024-25.

Table 3-5 : Status of Actual Capex and Capitalization as on 31.03.2023 and estimated Capex and Capitalization for FY 2023-24 and FY 2024-25

in Rs. Crore

Sr No	Major Category	Capex approved till 31.03.2024	Capex Proposed in Capex Plan FY-25	Actual Capex till 31.03.2023	Actual Capitalization till 31.03.2023	Est. Capex in FY 2023-24	Est.Capitalization in FY 2023-24	Est. Capex in FY 2024-25	Est.Capitalization in FY 2024-25
1	Statutory and Safety	**119.42**	13.42	95.96	85.78	25.51	30.11	7.54	9.28
2	Loss Reduction	**194.84**	30.00	82.24	65.99	76.80	42.28	57.24	99.43
3	Reliability	**433.53**	217.63	222.59	201.73	152.52	100.15	213.96	224.98
4	Load Growth	**207.78**	90.00	80.76	36.64	122.95	114.77	68.39	94.96
5	Technology & Infrastructure	**288.07**	65.00	143.74	129.94	121.20	113.23	69.59	72.77
6	Total	**1243.64**	**416.05**	**625.29**	**520.08**	**498.98**	**400.54**	**416.73**	**501.44**

23. The above Capex is Hard cost only excluding IDC, Employee Cost and GRIDCO contribution of assets in lieu of equity shares. The contribution of the items like IDC , Employee Costs and Gridco Equity has been discussed in the subsequent paragraphs

3.4.2 Interest During Construction

24. In addition to the quantum presented above for TPCODL's own capex, we have considered the Interest During Construction (IDC) which would be required to be added to the Capital Expenditure for that year and out of such IDC, part of it would need to be capitalized. The computation of IDC is as given in **Chapter 7 Working of IDC**

3.4.3 Employee Costs to be capitalised

25. In addition to the Hard Cost, the Cost of employees associated with the project activities is also required to be capitalized.

3.4.4 Additional Capitalization towards assets contribution of GRIDCO towards equity

26. The capital expenditure incurred by TPCODL on its capex Schemes (i.e not funded by Govt./Consumer contribution) would be required to be financed in the ratio of 70 % (Debt) and 30% (Equity) .Since TPCODL has the shareholding of Tata Power (51%) and GRIDCO (49%), in order to maintain 51% / 49% stake in the company by the respective shareholders , they are respectively required to contribute 51% /49 % of such equity requirement.

27. In this matter, relevant extract of the approved Share Holder's Agreement (SHA) is mentioned below.

    2.1 The amount of issued and paid up capital of OPERATING COMPANY may be varied from time to time as may be determined by the Board of Directors or the Shareholders of OPERATING COMPANY, provided that any issue of new shares shall be offered to GRIDCO and TPCL in a manner so as to ensure that GRIDCO and TPCL shall, at all times, hold 49% and 51% respectively of the issued, subscribed and paid up equity share capital of OPERATING COMPANY. The consideration paid by GRIDCO for subscription of equity shall be in cash, kind or any other form, as decided by GRIDCO and should be in compliance with the provisions of the Companies Act, 2013. In case consideration paid by GRIDCO is in any form other than cash, it should be of such nature that it is allowed by the Commission to be included in the fixed asset base for consideration in ARR. Such consideration may include the assets held in the books of the GoO which are being used by CESU utility and which shall continue to be used by the OPERATING COMPANY

28. While TPC is contributing to its share of equity in cash, GRIDCO has preferred to contribute to such equity in kind. The Extract from letter of Gridco dated 15th April 2021 is as follows:

    Sub:- Issuance of Shares by TPCODL.

    Ref:- Your Letter No TPCODL/CS/01/2021 dtd.18/02/2021.

    Sir,

    With reference to issuance of equity shares for an amount aggregating to Rs.100 Crore having face value of Rs.10 each for the purpose of financing the capital expenditure by TPCODL, we would like to intimate our In-Principle consent to subscribe to the equity in the form of distribution assets created by way of Govt. funding.

29. In FY 2021-22 , Distribution Assets worth Rs. 99.94 Cr have been transferred to TPCODL towards GRIDCO's share of contribution to equity vide DoE, Govt. of Odisha notification dated 31.03.2022. Similarly, Distribution Assets worth Rs. 42.03 Cr have been transferred to TPCODL towards GRIDCO's share of contribution to equity for FY 2022-23. These assets have been capitalized in the books of TPCODL.

30. The treatment for contribution of GRIDCO is provided in Regulations 3.6.5 of the Tariff Regulations 2022 .The relevant extracts is as given below.

3.6.5. The assets transferred to Distribution Licensee(s) in lieu of equity investment by GRIDCO shall be allowed in fixed asset base for determination of tariff, after prudence check,

Provided that the assets transferred are distribution assets.

31. For the purpose of computation of equity requirement in kind from GRIDCO, the following methodology has been adopted which is illustrated below. To illustrate the concept, consider the Capital Expenditure of Rs 100 Crore. Based on the same, the Capex/ Capitalisation, Debt and Equity for the purpose of Tariff would be as provided in the table below:

Table 3-6 Methodology for GRIDCO equity computation in kind

Sr No	Particular		Amount (Rs. Cr)
A	Capex / capitalization		100.0
B=G	Assets to be transferred by GRIDCO towards its share of equity		17.2
C = A+B	Total Capex / capitalization for the purpose of Tariff		117.2
D = 70% x C	Debt	70%	82.1
E= 30% x C	Equity	30%	35.2
F= 51% x E	TPC	51%	17.9
G=49% X E	GRIDCO	49%	17.2

32. Consequently, as per the Regulations Rs. 117.2 Cr as per the above table shall be treated as Distribution Assets for Tariff determination. For determining GRIDCO's equity contribution in kind in FY-24 & FY-25 the Cumulative capitalization till that financial year is grossed up by 17.2 % on which GRIDCO's equity portion is calculated and the equity contribution in kind till the previous FY is deducted .

3.4.5 Capex funded by Govt. (Assets Capitalized in the books of TPCODL)

33. TPCODL is executing various Govt. funded projects fund for which funds have been sanctioned. The estimated capitalization against these schemes for FY 2023-24 and FY 2024-25 is as provided below.

Table 3-7 : Estimated Capitalization in FY-24 and FY-25 against various Govt. Funded Schemes

in Rs. Crore

S No	Project Name	Funds Sanctioned	Capitalization target for FY 23-24	Capitalization target for FY 24-25
1	Elephant Corridor & Movement Area PH IV pt II	131.01	100	0
2	Up gradation of Lord Jagannath Temple ,Puri	44.98	35	9.98
3	ODSSP PH IV	350.01	60	290.01
4	BGJY	71.57	41.46	0
5	ODSSP PH V (CMPDP)	318.35	100	218.35
6	SDMF(Network Strengthening in Coastal Area)	41.31	16	25.31
7	**Total**	**957**	**352**	**544**

3.4.6 Assets Created against Consumer Contribution

34. Capitalization of Rs. 106 Cr is estimated in FY 2023-24 against ‘Consumer Contribution’. This is an ongoing activity and difficult to project, hence at present we have not estimated any capitalization for FY-25. However we will consider the same at the time of truing up

3.4.7 Summary of Estimated Capitalization for FY 2023-24 and FY 2024-25

35. The summary of estimated capitalization for FY 2023-24 and FY 2024-25 and funding of capitalization is as provided below.

Table 3-8 : Estimated Capitalization for FY 2023-24 and FY 2024-25 and funding of Capitalization

Sr No	Particular	FY 2023-24 (Est.)	FY 2024-25 (Est.)
		Capitalization	Capitalization
1	Own Capex (OERC Approved capex) including IDC and Employee Cost Capitalization	432.0	542.2
2	From Opening CWIP	0.00	0.00
3	Asset created from Govt Scheme like Saubhagya, Fani, Elephant Corridor (i.e. Assets against Grants)	352.46	543.65
4	Against Consumer Contribution	105.66	0.00
5	Metering Capex (To be recovered through Rent)	124.00	150.00
6	Assets against GRIDCO's Contribution in kind	28.21	93.41
7	**Sub Total**	**1042**	**1329**

3.5 Asset Class wise Capitalization / GFA Addition

36. TPCODL's total GFA as on 31.03.2023 stands at Rs.5305 Cr as per the Audited Financial Statements for FY 2022-23. This includes the opening /inherited assets that were transferred to TPCODL in its opening balance sheet as on 01.06.2020 as approved by the Hon'ble Commission in its Carve out order dated 30.09.2021. Since its commencement of operation on 1st June 2020, TPCODL has been adding assets in its books under following categories.

- Assets Created out of opening CWIP transferred to TPCODL in its Opening Balance sheet.
- Assets Created against Govt. Grants
- Assets Created against Govt. Loan (R-APDRP Scheme)
- Assets Created against Consumer Contribution
- Assets Created against TPCODL 's own Capex (Annual Capex Plan approved by the Hon'ble Commission)
- Assets Created against GRIDCO's contribution in kind

37. The table below depicts the total GFA as on 31.03.2023 with linkage with Audited Financial Statement for FY 2022-23.

Table 3-9 : Total GFA in books of TPCODL as on 31.03.2023

Sr No.	Particular	Amount (Rs. Cr)	Reference in Audited Financial Statement for FY 2022-23
1	Gross Block of Propert,Plant, Equipment as on 31.03.23	3929.58	Note 4.02
2	Gross Block of Intangible Assets as on 31.03.23	48.96	Note 4.03
3	Opening Accumulated Depreciation of Inherited Asset as on 1.06.2020	1349.76	Note 4.04
4	Less: Accumulated Depreciation of Assets Retired in FY-22	4.80	Note 4.04
5	Less: Accumulated Depreciation of Assets Retired in FY-23	18.61	Note 4.04
6 =1+2+3-4-5	**Total GFA as on 31.03.2023**	**5305**	

38. The summary of GFA estimated to be added under the above categories along with the GFA (asset class wise) movement for FY 2023-24 and FY 2024-25 starting from the GFA as on 31.03.2023 (as per audited financial statement for FY 2022-23) is following section. The Summary of the estimated GFA is as provided below.

3.5.1 Summary of Total GFA for FY 2023-24 and FY 2024-25

39. Based on the category wise assets addition as explained above , the total estimated GFA for the FY 2023-24 and FY 2024-25 is as provided below.

Table 3-10 : GFA of Inherited Asset

A. Inherited Assets

Asset Class	As on 31.03.2023 as per Audited Balance sheet	Est. as on 31.03.2024	Est. as on 31.03.2025
Land	0.00	0.00	0.00
Building	23.47	23.47	23.47
Network Assets	1998.82	1998.82	1998.82
Overhead Lines	1329.24	1329.24	1329.24
Furniture & Fittings	3.43	3.43	3.43
Vehicles	0.08	0.08	0.08
Office Equipment	10.02	10.02	10.02
O&E- Computers	0.00	0.00	0.00
Meters	0.00	0.00	0.00
Softwares	0.00	0.00	0.00
Total	**3365.06**	**3365.06**	**3365.06**

Table 3-11 : GFA of New Assets Created after effective date

B. Assets Created after effective date

Asset Class	As on 31.03.2023 as per Audited Balance sheet	Est. as on 31.03.2024	Est. as on 31.03.2025
Land	0.00	0.00	0.00
Building	39.92	65.22	96.98
Network Assets	817.39	1500.59	2492.63
Overhead Lines	727.19	850.01	947.26
Furniture & Fittings	17.07	21.82	27.78
Vehicles	3.24	5.75	8.91
Office Equipment	7.15	12.69	19.65
O&E- Computers	69.78	123.85	139.47
Meters	209.10	340.29	499.30
Softwares	48.96	61.91	79.41
Total	**1939.80**	**2982.13**	**4311.39**

Table 3-12 : Total GFA (Inherited +New Assets Created after effective date)

Asset Class	As on 31.03.2023 as per Audited Balance sheet	Est. as on 31.03.2024	Est. as on 31.03.2025
Land	0.00	0.00	0.00
Building	63.39	88.69	120.45
Network Assets	2816.21	3499.41	4491.45
Overhead Lines	2056.43	2179.26	2276.51
Furniture & Fittings	20.50	25.25	31.21
Vehicles	3.32	5.83	8.98
Office Equipment	17.17	22.71	29.67
O&E- Computers	69.78	123.85	139.47
Meters	209.10	340.29	499.30
Softwares	48.96	61.91	79.41
Total	5304.85	6347.19	7676.45

3.6 Depreciation

40. The Hon'ble Commission in the Paragraph 3.8 of the Tariff Regulations,2022 has laid down the directives for computation of deprecation. The computation on the basis of the same are as follows:

3.6.1.1 Depreciation on Existing Assets i.e Assets at the time of Effective Date

41. The Hon'ble Commission vide its carve out order dated 30.09.2021 has approved the opening balance sheet for TPCODL as on 01.06.2020. In this Opening Balance sheet, the assets of erstwhile CESU that was transferred to TPCODL (inherited assets) was of Gross Block amounting to Rs. 3403.73 Cr. Subsequently, based on the Physical verification carried out by an Independent Auditor and with approval of the Board, TPCODL has decapitalized certain assets as these assets are not physically available/ traceable and fall under the category of 'Theft and Not Traceable' as per the PV Report. Considering the same, the total GFA of inherited asset as on 31.03.2023 is Rs. 3365.06 Cr , the table below depicts it with linkage with accounts.

Table 3-13: Total GFA of Inherited Asset as on 31.03.2023

Sr No	Particular	Amount (Rs. Cr)	Remark
1	GFA of Inherited Asset as on 1.6.2020 as per approved Opening Balance Sheet	3403.73	Note 4.04 of the Audited Financial Statement for FY 2022-23
2	Less: Retirement of Assets in FY-22	13.44	
3	Less: Retirement of Assets in FY-23	25.23	
4=1-2-3	GFA of Inherited Asset as on 31.03.2023 as per Audited Financial Statement as on 31.03.2023	3365.07	

42. Further out of the above inherited assets, assets amounting to Rs. 1036.99 Cr has been depreciated up to 90% and total value of Depreciable assets amounts to Rs. 2328.06 Cr. It is on this quantum, the depreciation has been computed on the inherited assets..

43. Further, the depreciation rates applicable would be as existing "pre- 92" rates. The relevant extract from the Tariff Regulations,2022 is as provided below.

3.8.4. For the assets of erstwhile DISCOMs transferred to the new Distribution Licensees through the Vesting Orders, the depreciation shall be calculated on the pre-up valued cost of assets at pre-1992 rate on the asset base approved by the Commission.

44. Accordingly, the estimated Depreciation on Inherited Asset is as provided below.

Table 3-14: Depreciation on Inherited Asset

Sr No	Asset Class	Dep. Rate (Pre-92)	GFA of Inherited Assets as on 31.03.2023 as per Audited Balance Sheet	Assets that have been fully Depreciated	Depreciable Asset Value/GFA as on 31.03.2023 (Same for the Control Period)	Est. Depreciation	
						FY 2023-24 (est.)	FY 2024-25 (est.)
		A	B	C	D= B-C	E= D xA	F= D xA
1	Land	0%					
2	Building	1.80%	23.47	1.77	21.70	0.39	0.39
3	Network Assets	3.60%	1998.82	689.85	1308.97	47.12	47.12
4	Overhead Lines	3.60%	1329.24	332.09	997.15	35.90	35.90
5	Furniture & Fittings	4.55%	3.43	3.41	0.02	0.00	0.00
6	Vehicles	12.86%	0.08	0.07	0.00	0.00	0.00
7	Office Equipment	9.00%	10.02	9.79	0.23	0.02	0.02
8	O&E- Computers	9%					
	Total		**3365.06**	**1036.99**	**2328.06**	**83.43**	**83.43**

3.6.1.2 Depreciation on Assets created from opening CWIP

45. The depreciation on these assets has been calculated at same rate that has been used for calculating depreciation on opening assets.

3.6.2 Depreciation on Assets created during the control period FY 2023-24 to FY 2027-28

46. As stipulated in Paragraph 3.8.5 of the New Tariff Regulations 2022 , the depreciation on the assets created during the control period FY 2023-24 to FY 2027-28 would be calculated at the deprecation rate as provided in Annexure-II of the New Tariff Regulations ,2022. The relevant extract from the Tariff Regulations,2022 is as provided below.

3.8.5 For assets achieving date of commercial operation (COD) in this control period, depreciation shall be computed in the following manner:

a. The approved original cost of the project/fixed assets shall be the base value for calculation of depreciation;
*b. Depreciation shall be computed annually based on the straight-line method at the rates specified in the **Annexure II** to these Regulations:*

Provided that the remaining depreciable value as on 31stMarch of the year closing after a period of 15 years from date of commercial operation shall be spread over the balance useful life of the assets:

*Provided that the rate provided in **Annexure II**, are the upper ceiling of the rate of depreciation to be provided up to 15th year from the date of commercial operation and the Distribution Licensee shall have the option of indicating, while seeking approval for tariff, lower rate of depreciation, subject to the aforesaid ceiling and the same will be considered for computation of normative loan as per Regulations.*

Provided also that the Distribution Licensee, shall submit all such details or documentary evidence, as may be required under these Regulations and as stipulated by the Commission, from time to time, to substantiate the above claims:

47. Further, it is stipulated in Regulations 3.8.6 of the New Tariff Regulations 2022 that the salvage value of IT equipment and software shall be considered as NIL and for all other assets the salvage value shall be considered as 10% of the allowed capital cost. Further, the Regulations 3.8.6 of the New Tariff Regulations 2022 also stipulates that deprecation on assets transferred towards contribution against equity participation by GRIDCO will be allowed and deprecation on assets funded by Central/State Govt. (except assets transferred by GRIDCO in lieu if equity) and consumer contribution (i.e any receipt from consumer that are not treated as revenue) and capital subsidies/grants will not be allowed. The relevant extract from the Tariff Regulations 2022 is as provided below.

3.8.6. The salvage value of the asset shall be considered as 10% of the allowable capital cost and depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:

Provided that the Distribution Licensee shall submit certification from the Statutory Auditor for the capping of depreciation at 90% of the allowable capital cost of the asset;

Provided also that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

Provided that depreciation shall not be allowed on assets funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue), capital subsidies/grants:

*Provided that depreciation on assets funded by **Central/State Govt**. **except the assets transferred towards contribution against equity participation by GRIDCO** as approved by the Commission shall not be allowed to the Distribution Licensee: (emphasis supplied)*

48. Accordingly, for assets (other than inherited asset and asset created against opening CWIP) estimated to be capitalized in FY-24 and FY-25, the depreciation has been calculated as per the rate mentioned in New Tariff Regulations,2022.

3.6.2.1 Summary of Depreciation claimed in ARR

49. Based on the above, the total depreciation for FY-24 and FY-25 is projected. Metering Capex is to be recovered through monthly meter rents, hence depreciation on meters has not been claimed for ARR. Further 'Amortization' on Consumer Contribution has been deducted to arrive at final Depreciation value for ARR purpose. Also, we have deducted the deprecation on assets created against Govt. Grant, Consumer Contribution (i.e. Asset not funded by TPCODL) for claiming the depreciation for ARR. The summary of total Depreciation for FY-24 and FY-25 is as provided below.

Table 3-15 Summary of Depreciation for ARR (Rs. Cr)

Sr No	Particular	FY 2023-24	FY 2024-25
1	Inherited Assets	83.43	83.43
2	Out of Opening CWIP*	16.10	16.10
3	Asset created from Govt Scheme (i.e. Assets against Grants)	18.24	43.28
4	Asset created under R-APDRP Scheme (Assets against Govt. Loans)	1.23	1.23
5	Asset created from Consumer Contribution	15.14	17.61
6	Asset created from TPCODL Own Capex	64.29	100.24
7	Assets Created from Capex in Kind	6.53	7.85
8	Assets Created from Meter Cap.	47.34	73.62
9=sum (1:8)	Total Depreciation estimated to be booked in Accounts	252.31	343.37
10 = 8	Less: Depreciation on Meters	47.34	73.62
11	Less: Amortization on Opening/Inherited Assets (@ 3.6% on Asset value of Rs. 1882.14 Cr)	67.76	67.76
12 = 3	Less: Amortization on Assets Created against Grants	18.24	43.28
13=5	Less: Amortization on Assets Created against Consumer Contribution	15.14	17.61
14	Less: Amortization on Assets Created against Consumer Contribution (out of Opening CWIP)--> @ 3.6% on Asset value of Rs. 92.49 Cr*	3.33	3.33
15 = 9-sum(10:14)	**Total Depreciation for ARR**	**100.50**	**137.77**
16 = 1+2-11-14	**Depreciation on Inherited Assets**	**28.45**	**28.45**
17=4	**Deprerciation on R APDRP Assets (Govt. Loan)**	**1.23**	**1.23**
18= 6+7	**Depreciation on Own Asset**	**70.82**	**108.09**
Total	**Total Depreciation for ARR**	**100.50**	**137.77**

** Note: Out of the GFA as on 31.03.2023 against Assets Created out of Opening CWIP (Rs.447.86 Cr) , Rs. 92.5 Cr is against Consumer Contribution which is being amortized. Balance Rs. 355.3 Cr are not being amortized as no Opening Grant was there against these Assets Created out of Opening CWIP.*

50. Out of the above deprecation claimed for ARR, the depreciation on Assets created out of own capex will be used towards repayment of capital loan and balance amount will be used towards funding of ASL as illustrated below.

Table 3-16 Utilization of Depreciation Claimed in ARR (Rs. Cr)

Sr No.	Utilization of Depreciation claimed in ARR	FY 2023-24	FY 2024-25	Remark / Utilization
1	Total Depreciation Claimed in ARR	100.50	137.77	
2	Less: Depreciation on Assets Created out of Own Capex (excluding Meters)	70.82	108.09	For Repayment of Capital Loan
3= 1-2	**Total Depreciation available for funding of ASL**	**29.68**	**29.68**	**For Funding of ASL**

3.7 Interest on Capital Loans

51. The Hon’ble Commission in Regulations 3.7 of the New Tariff Regulations 2022 has laid down directives for computation of interest on capital loan. As per the Tariff Regulations, the interest on loan would be calculated on the normative average loan of the year by applying the weighted average rate of interest. The relevant extracts from the Tariff Regulations is as provided below.

3.7.6. The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the year shall be considered on the basis of the actual asset capitalization approved by the Commission for the year.

52. For the purpose of financing the Capital Expenditure, TPCODL has tied up Capex loans from State Bank of India (SBI) ,UBI and Canara bank . Based on requirement, Further loan facility will be tied up. The relevant extract from the sanction letter of the both the banks is as provided below.

Extract 3-1 : Relevant extract from SBI Sanction letter

Particulars	Proposed Terms
Borrower	TP Central Odisha Distribution Limited
Promoter	The Tata Power Co Ltd (TPCL)
Capex Cost	Rs.353 crores
Term Debt Facility (Amount)	Rs.247 crores
Purpose	For funding of approved capital expenditure.
Promoters contribution	For capex: the promoters' contribution will be 30% of the Capex requirement.
Upfront Fee	1.10% of the Term Loan Facility Amount plus applicable taxes payable upfront at the time of sanction.
Tenor of loan	Door to Door tenor of 15 years with Average Maturity of 7.87 years. Repayment Schedule starting from June 2021 till September 2036 is given below this table Repayments will be made as 4 equal quarterly payments at the end of each quarter.
External Credit Rating	External Credit Rating from any rating agencies approved by RBI to be obtained. Company will be permitted timeline upto 3 months for obtention of External Credit Rating from the date of first disbursement of credit facilities advised letter no. CAG/AMT-4/2020-21/690 dated 07.10.2020 and accepted by the company.
Rate of Interest	Applicable Rate of Interest shall be equivalent to SBI 6 month MCLR (Applicable Benchmark) prevailing at the time of first disbursement under the RTL + Spread. The proposed spreads for different levels of initial credit rating of the Facility are given below: if AA bucket MCLR + 0.75% i.e., 7.70% pa. if A bucket MCLR + 0.90% i.e., 7.85% pa. Applicable Benchmark rate as on date is 6.95% Applicable Benchmark will be reset at end of 6 months from first disbursement under the Facility and thereafter on 6 months intervals. Applicable Spread for SBI shall remain constant throughout the tenor of the Facility. Till the time, ECR is obtained by the company, interest rate as applicable for A+/A/A- would be applicable for the facility. All disbursements till next reset of Applicable Benchmark shall be linked to same Applicable

Extract 3-2 : Relevant extract from Canara Bank Sanction letter

Particulars	Terms
Borrower	TP Central Odisha Distribution Limited (TPCODL)
Promoter	The Tata Power Company Limited (TPCL)
Capex Cost	Rs 357.14 Crore
Term Loan Amount	Rs.250.00 Crore (Rupees Two hundred fifty Crore only)
Project/ Purpose	For funding of approved capital expenditure up to FY 2022-23
Means of Finance/ Promoter Contribution	The Capex shall be funded 70% from debt and 30% from promoter contribution i.e. DER of 2.33:1 to be maintained.
Tenor of Facility	Door to Door tenor of 14 Years
Repayment	In 12 years ie. 48 Quarterly equal Installments post moratorium period of 2 years payable on 15th of first month of each quarter, from the date of first disbursement. Interest to be paid as and when due.(Due on last day of the month)
Availability Period	Up to 31.03.2023.
Upfront Fees	Nil
Documentation charges	Not applicable
Rate of Interest	One year MCLR i.e. Presently 7.35% p.a.
Reset of ROI	The rate of interest is subject to annual reset from date of first disbursement. Interest to be paid as and when due. Further bank shall reserve the right to review the rate of interest in case of the following: - In case of any adverse deviation in the External rating or internal rating of the Borrower. - Changes in interest rate policy, etc. made by the Reserve Bank of India /

Extract 3-3 : Relevant extract from UBI Sanction letter

Subject: Sanction of Term Loan in favour of M/s TP Central Odisha Distribution Ltd (TPCODL)

We are pleased to inform that the following Term Loan has been sanctioned in favour of TPCODL by the competent authority with terms & conditions and other details as under:

1	DATE OF SANCTION	:	28.09.2022
2	VALIDITY OF SANCTIONS	:	27.03.2023
3	PURPOSE OF LOAN	:	Funding of Capex to carry out various improvements and safety activities in its area of operation.
4	DUE DATE FOR REVIEW/RENEWAL	:	27.09.2023

DETAILS OF LIMITS WITH MARGIN/INTEREST/SECURITY:

(Rs. in Crore)

Nature of Limit	Amount		Interest / Commission	Margin	Security
	Existing	Proposed			
Fund Based					
Term Loan	0.00	245.14	3 Months MCLR i.e. 7.35% p.a. at present	30%	**Prime Security:** First pari passu charge on the entire movable fixed assets of the company, both present and future, including on the assets created /to be created out of our bank finance under the capex project excluding assets transferred to the company from CESU vide vesting orders of OERC and any other assets as specified by OERC from time to time along with other Banks under MBA. **Collateral Security:** Second pari passu charge on the entire current assets of the company, both present and future, excluding regulatory deposits and any other assets as specified by OERC from time to time. "Regulatory Deposits" includes customer security deposits and Govt. deposits

53. The Tariff Regulations specify to apply the weighted average interest rate on the Opening Balance of the loans. In view of this and also the present trend of interest rates, we have considered the weighted average interest rate on capital loan for FY 2023-24 and FY 2024-25 at estimated at 8.40% and 8.50% respectively.

54. The quantum of debt component which has been considered and the computations of interest on capital loan are as given below

Table 3-17 Quantum of Debt Component

All Amount in Rs. Cr

Sr No	Capitalization & Debt	FY-21 (June'20 - Mar'21)	FY-22	FY-23	FY-24	FY-25
a	Capitalization excluding meters from TPCODL's own capex(including IDC & Emp Cost)	66.13	236.85	254.80	432.00	542.20
b	GRIDCO's Contribution in kind in lieu of Equity	0.00	99.94	42.03	28.21	93.41
c=a+b	**Total Capitalization**	**66.13**	**336.79**	**296.83**	**460.21**	**635.61**
d	**Total Debt = 70% of C**	**46.29**	**235.75**	**207.78**	**322.15**	**444.93**
e	**Total Equity = 30% of C**	**19.84**	**101.04**	**89.05**	**138.06**	**190.68**
f=d+e	**Total Debt + Equity**	**66.13**	**336.79**	**296.83**	**460.21**	**635.61**

Table 3-18 Interest on Capital Loan

in Rs. Crores

Interest on Capital Loan							
Sr No	**Particular**	**Unit**	**FY-21**	**FY-22**	**FY-23**	**FY-24**	**FY-25**
1	Opening Balance	Rs Cr	0	43.56	266.00	439.22	690.55
2	Addition	Rs Cr	46.29	235.75	207.78	322.15	444.93
3	Repayment = Depreciation on Assets Created out of Own Capex (excluding meters)	Rs Cr	2.73	13.31	34.56	70.82	108.09
4=1+2-3	Closing Balance	Rs Cr	43.56	266.00	439.22	690.55	1027.39
5= Average(1,4)	Average Balance	Rs Cr				564.89	858.97
6	Period	Years				1.00	1.00
7	Weighted Average Interest Rate (estimated)	%				8.40%	8.50%
8= 5 X 6 X7	**Interest Amount**	**Rs Cr**				**47.5**	**73.0**

3.8 Interest on Working Capital

55. As per the Tariff Regulations, the computation of Working Capital and also the interest on the same is as given in the table below:

3.10. Interest on Working Capital

3.10.1.The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Wheeling and Retail supply business for the Financial Year. The working capital for the purpose of ARR calculation shall be computed as follows:

a. Operation and maintenance expenses for one month ; plus
b. Maintenance spares @ 20% of average R&M expenses for one month ;plus
c. Power Purchase Cost for one (1) month

Working Capital requirement of the Distribution Licensees may be met through depreciation allowed by the Commission on the assets of erstwhile DISCOMs in a manner mentioned in the Vesting Orders and as approved by the Commission. Shortfall in meeting the working capital requirement as mentioned above shall be allowed. The interest on the working capital shall be at a rate equal to the SBI Base Rate or any replacement thereof by SBI from time to time (being in effect applicable for 1 year period) as applicable as on 1stApril of the Financial Year (for which Truing Up shall be done) plus 300 basis points or actual weighted average rate of interest towards loan for meeting working capital requirement availed by the Distribution Licensee(s), whichever is lower:
Provided that at the time of truing up for any year, the working capital requirement shall be re-calculated on the basis of the components of working capital approved by the Commission.

Provided that, the variation between the normative interest on working capital recomputed at the time of Truing-up and the actual interest on working capital incurred by the Distribution Licensee, substantiated by documentary evidence, shall be considered as an efficiency gain or efficiency loss, as the case may be, on account of controllable factors.

We have considered the above regulations to work out the Interest on Working Capital for FY 2024-25. The Base rate has been defined as one year MCLR as declared by SBI (relevant extract is as provided below).

1.2 Definitions and Interpretation
….
10) “ ***Base Rate****” shall mean the one year Marginal Cost of Lending Rate (‘MCLR’) as declared by the State Bank of India (SBI) from time to time;*

56. As per the regulation 3.10.1 , the interest rate applicable for FY 2023-24 would be the one year MCLR declared by SBI as on 1.04.2023 plus 300 Basis Points. For the purpose of computation of interest on working capital for FY 2024-25,we have taken the one year MCLR declared by SBI which is in effect from 15.10.2023 (i.e. 8.55%). Based on the

above, the estimated Interest on Working Capital for FY 2024-25 and also for FY 2023-24 is provided below:

Table 3-19 Interest on Working Capital Computations for ARR FY-25

in Rs. Crores

Sr No.	Particulars	UoM	FY-24	FY-25
1	O&M Expenses for One Month	Rs. Cr	106.91	123.07
2	Power Purchase Cost for One Month (incl. Transmission & SLDC Charges)	Rs. Cr	307.58	337.54
3	Maintenance Spares at 20% of R&M expenses for one Month	Rs. Cr	4.66	5.96
4=1+2+3	Total Working Capital	Rs. Cr	419.14	466.57
5	*Applicable Interest Rate	%	11.5%	11.6%
6= 4 x 5	Interest on Working Capital	Rs. Cr	48.20	53.89

* Norm: SBI Base Rate (One Year MCLR) as on 1st April of the FY plus 300 Basic Points ,
For FY-24 , One Year MCLR as on 01.04.2023 (8.5%) + 300 Basic Points , for FY-25: One Year MCLR as on 15th Oct 2023 (8.55%)+ 300 Basic Points)

3.9 Financing Cost

57. The Hon'ble Commission in Tariff Regulations, 2022 has stipulated that Financing charges other than refinancing charges incurred by the DISCOMs shall be allowed at the time of True up subject to prudence check. The relevant extract from the Regulations is as provided below.

> *3.7.8 The finance charges other than the refinancing charges, incurred for obtaining loans or Payment Security mechanism from financial institutions or guarantee fee payable to Government for any Year shall be allowed by the Commission at the time of Truing up, subject to prudence check.*

58. In FY 2022-23, TPCODL has incurred an expenditure of Rs. 1.92 Cr towards upfront payment fees, commitment charges, processing charges levied by Banks for Lending as well as Credit Rating charges and annual Surveillance charges etc. which are over and above the interest rate charged by banks.

59. We are in this submission, requesting approval of Rs. 2 Cr estimated towards Financing Cost for each year of FY 2024-25 and FY 2023-24.

3.10 Return on Equity

60. The Tariff Regulations provide for RoE on equity capital invested in the Capitalisation. Further the regulations also allow asset transferred by GRIDCO in lieu of equity to be considered in fixed asset base for determination of return on equity. The relevant extract from the New Tariff Regulations 2022 is as provided below.

Extracts 3-1 : Return on Equity as per Tariff Regulations

3.6.1 Return on equity on approved reserve price (INR 300 Crore for TPCODL, INR 300 Crore for TPWODL, INR 250 Crore for TPNODL and INR 200 Crore for TPSODL) for the utilities (TPCODL, TPWODL, TPNODL & TPSODL) of the erstwhile Distribution utilities as on effective date in terms of the provisions of Vesting Orders:

*Return on equity shall be allowed on the approved reserve price of the utility from the effective date of operation at the rate of 16% per annum (post tax**),** in Indian Rupee terms on pro-rata basis as per Vesting Order*

3.6.2.Return on equity on the assets put to use after Effective Date up to date of applicability of these Regulations:
Return on equity on assets put to use after Effective Date up to date of applicability of these Regulations shall be eligible to get return as per Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and its amendments thereof.

3.6.3.Return on equity on the assets put to use under instant Regulations:

Return on equity on assets put to use under these Regulations shall be computed on the paid-up equity capital determined in accordance with these Regulations and shall be allowed at the rate of 16% per annum (post tax), in Indian Rupee terms:

Provided further that for the purpose of truing up for the Distribution Licensee, return on equity shall be allowed from the date of commercial operation on pro-rata basis based on documentary evidence provided for the assets put to use during the year in absence of which the assets shall be considered to be added in the mid of the year.

…..
…..

3.6.4.The return on equity shall be calculated on the normative average equity of the year.

Provided that at the time of truing up, the normative average equity of the year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.

3.6.5.The assets transferred to Distribution Licensee(s) in lieu of equity investment by GRIDCO shall be allowed in fixed asset base for determination of tariff, after prudence check,Provided that the assets transferred are distribution assets.

61. On the basis of the above, TPCODL has worked out the Return on Equity (RoE) for the capitalization arising out of the Capex undertaken by TPCODL after Effective Date. As stipulated in above regulations, the asset capitalization has been taken at mid point and normative average equity for the year has been considered for estimating RoE for the purpose of ARR. The RoE workings are as follows:

Table 3-20 Return on Equity Calculations (Rs Cr)

All Amount in Rs. Cr

Sr No	Equity Addition & RoE	FY-21 (June'20 - Mar'21)	FY-22	FY-23	FY-24	FY-25
a	Capitalization excluding meters from TPCODL's own capex(including IDC & Emp Cost)	66.13	236.85	254.80	432.00	542.20
b	GRIDCO's Contribution in kind in lieu of Equity	0	99.94	42.03	28.2	93.4
c=a+b	Total Capitalization	66.13	336.79	296.83	460.21	635.61
d	**Total Equity = 30% of C**	**19.84**	**101.04**	**89.05**	**138.06**	**190.68**
	RoE					
1	Opening Equity	300	320	421	510	648
2	Addition	19.84	101.04	89.05	138.06	190.68
3=1+2	Closing Equity	320	421	510	648	839
5	Period (Years)	0.83	1	1	1	1
6	**RoE = 16% on Opening and 8% on Addition**	**41.32**	**59.26**	**74.46**	**92.63**	**118.93**

3.11 O&M Expenditure

62. The O&M Expenditure has been categorized under three major heads viz a) Salaries and Wages b) Repairs and Maintenance (R&M) and c) Administration and General (A & G) . The cost estimate under these heads are as follows.

3.11.1 Salaries and Wages

3.11.1.1 Expenses of erstwhile CESU employees (now TPCODL employees)

63. It is submitted that the Hon'ble Commission has been approving the Salaries and Wages for existing employees on the date of takeover on the basis of the revisions made by the Government of Odisha from time to time. Further the Hon’ble Commission in Regulations 3.9.8 of the New Tariff Regulation, 2022 has stipulated that that employee liabilities disbursed towards terminal benefits (pension, gratuity, leave encashment and rehabilitation liabilities etc) will be allowed on cash out go basis in the ARR in line with the Vesting Order directive. The estimation of employee cost of the erstwhile employees for FY 2023-24 and FY 2024-25 is as provided below.

- **Employee Expenditure for FY 2023-24 and FY 2024-25 for erstwhile CESU Employees**

64. The Hon’ble Commission for FY 2023-24 ,had in the Tariff Order of March 2023 approved the estimated expenditure considering the projected number of employees, estimated Dearness Allowance, projections of Other allowances , Staff Welfare & other employee benefit expenses, Terminal Benefits and other cost elements. In the same order (i.e. Tariff Order for FY 2022-23) the Hon’ble Commission has approved recruitment of 100 manpower for FY 2023-24. Further, following additional approvals have been received after issue of the Tariff Order.

- The Hon’ble Commission vide letter dated 17th August 2023 has approved revision in Conveyance Allowance for executive cadre employees of erstwhile CESU.

65. The quantum of expenditure projected for the FY 2023-24 is likely to be different from that allowed in the Tariff Order. We have for the purpose of estimation of employee cost for FY 2023-24 , considered the actual expenditure for H1 FY 2023-24 and projection for H2 FY 2023-24. Similarly the projection for FY 2024-25 is on the following basis:

Basis for projection of FY 2024-25

a. 3% escalation considered on Basic Salary over FY 2023-24 and the impact on account of retirements estimated in FY-25 has been deducted
b. DA is considered at 52% on the Basic Salary. The basis of projection of DA is as given below.
c. Housing Rent allowance considered at 20% of Basic Salary
d. Reimbursement of Medical expenses are considered at 5% of the basic Salary.
e. Staff Welfare on the basis of estimates
f. 5% cost escalation has been considered for outsourced employees also.
g. Ex-gratia /Performance Incentive for erstwhile employees has been estimated

- **Outsourced Employees:**

66. In addition, TPCODL has outsourced manpower for Operations of Substations (about 1805), for Security (about 350) and towards Office Administration (about 182). In all about 2337 personnel would be required. An amount of Rs 64.9 Crores was approved by the Hon’ble Commission for FY 2023-24. Based on the present cost, we are seeking an approval for Rs 71.39 Crores for FY 2024-25

67. Based on the above, the estimated expenditure for the two years i.e FY 2023-24 and FY 2024-25 is as follows:

Table 3-21 Projections of erstwhile CESU employees along with Outsourced Employees (Rs Cr)

Sr No	Particulars	Approved FY-2023-24	Total Estimate for FY 2023-24	Projection for FY 2024-25
	Erstwhile CESU Employees			
1	Basic + Grade Pay	206.6	211.6	206.1
2	Dearness Allowance	92.97	99.14	108.51
3	House Rent Allowance	39.45	42.2	40.19
4	Medical Allowance/Reimbursement of Medical Expenses	10.69	10.38	10.30
5	Terminal Benefits (Gratuities,Pension,Contribution to Provident Fund,Others under Contribution to Provident & Other Fund (EDLI , etc.),Compensated Absences / Leave Encashment	237.44	237.68	246.93
6	Staff Welfare and Other Employee Benefit Expenses			
7	Other Allowances	37.33	32.23	38.20
8	Other Staff Cost			
9	Ex-Gratia / Performance Incentive	18.04	9.78	10.64
10	Arrears under 7th Pay Commission (For Regular and retired employees including differential gratuity, differential commutated pension & differential unutilized leave)		2.21	
11= sum(1:10)	**A. Sub Total**	**642.54**	**643.03**	**660.83**

3.11.1.2 Additional Employees after effective date

68. The Hon'ble Commission in Regulations 3.9.10 – 3.9.15 has stipulated the regulations for employee cost for employees recruited after effective date. As stipulated in Regulations 3.9.9, the detailed manpower plan will be submitted in the Business plan for the control period FY 24-FY28 through a separate submission. Further the Hon'ble Commission in Regulations 3.9.10 has provided a formula for estimating employee cost of employees recruited after effective data, the relevant extract from the regulations is as provided below.

3.9.10.The expenses for the employees recruited after Effective Date shall be determined based on the formula shown below:

EMPn = EMPn-1x (1+IndexEscn) where,
EMPn: Employee Cost of Distribution Licensee for the ensuing year;
EMPn-1: Approved Employee Cost of Distribution Licensee for the year preceding ensuing year;

Provided that for first year of the control period EMPn shall mean employee expenses as approved by the Commission for the first year of the Control Period in the Business Plan;

69. FY 2023-24 being the first year of the control period, we request the Hon'ble Commission to consider the employee cost estimate submitted in this petition for FY

2023-24 for approving the employee cost for the first year of the control period (i.e. FY 2023-24).The estimate of employee cost of employees recruited after effective date is as provided below.

Estimate of Employee cost of employees recruited after effective date:

FY 2023-24

70. TPCODL has been recruiting manpower as per approval of the Hon'ble Commission only. The Hon'ble Commission has approved manpower from time to time. The Hon'ble Commission had approved a total number of 998 Employees till FY 2023-24 while the number of employees recruited till 30th November 2023 are 899 . The recruitment of the balance 99 No of employees is in progress.

71. At present, there is need to meet the Operational and Safety Requirement even further. In this pursuit, all the 33 kV and 11 kV operations are envisaged to be ensured through either PSCC or APSCC (which will be decentralized at circles).Presently all PSCC operations are being executed by TPCODL Engineers ,however APSCC are through PSS Operators .In order to bring full control and ensure complete safe operations all APSCC are now being planned to be manned 24 x 7 by TPCODL Engineers . Further new essential functions like PSCC Network Engineering Group (NEG) and Protection etc are needed to be strengthened further to meet the growing network as well as implement improved safety and improved monitoring. Further, some back end functions would also require few additions. It is therefore required that such functions are properly manned and persons of appropriate skills and qualification are engaged. As a result of this about 50 Engineers are to be deployed .

72. Based on such approvals, TPCODL has been recruiting the necessary and required personnel for its operations. For FY 2023-24, it is planning **250** No of Manpower.

FY 2024-25

73. In this regard, it is necessary to submit as can be seen from **Table 3-22**, there have been substantial retirements in TPCODL. These retirements include about 600 Lineman which need to replenished. This continuous reduction of Lineman is impacting field operations in terms of PTW, Maintenance across Section Offices, Fuse Call Camps etc. Further, the number of FCCs have increased in the past and there is a need to recruit lineman for running this FCC. It is further submitted such FCCs are catering to HT as well as LT network.

74. Hence, to fulfil this gap, it is proposed to approve an additional recruitment of 150 Lineman as Operational Trainees in the FY 2024-25. These linemen will be recruited through structured recruitment policy from various Business Associates who are employed with TPCODL/erstwhile CESU for a long period because of their knowledge and expertise with TPCODL network.

75. In order to meet the above need, TPCODL is planning to further recruit additional 150 No of additional manpower for FY 2024-25. **We are requesting the Hon'ble Commission to kindly approve recruitment of 150 No of Manpower for FY 2024-25.**

76. Based on the above approvals, the recruitments carried out so far, and the proposed addition of 150 in FY 2024-25, the Manpower ratio TPCODL over the period till FY 2024-25 would be as follows:

Table 3-22 Manpower Movement and Manpower Ratio

Sr No	Head		FY 21	FY 22	FY 23	FY 24	FY 25
A	**Approval from the Hon'ble Commission**						
1	Recruitment approved by Hon'ble OERC	No	532	266	100	100	150
2	Total Approved till end of FY	No	532	798	898	998	
B	**Movement of New Recruitment**						
3	Opening Balance	No	0	611	709	798	1048
4	Net Addition	No	611	98	89	250	150
5	Closing Balance	No	611	709	798	1048	1198
C	**Movement of Erstwhile Manpwer**						
6	Opening Balance	No	4917	4648	4440	4272	4136
7	Retirements	No	-269	-208	-168	-136	-138
8	Closing Balance	No	4648	4440	4272	4136	3998
D=B+C	**Movement of Total Manpower of TPCODL**						
9	Opening Balance	No	4917	5259	5149	5070	5184
10	Net Addition	No	342	-110	-79	114	12
11	Closing Balance	No	5259	5149	5070	5184	5196
E	**Manpower Ratio (Employees per Thousand Consumers)**						
12	No of Consumer (Closing)	Lakhs	27.9	29.27	30.75	32.1	33.1
13	Manpower Ratio	No per Thousand	1.88	1.76	1.65	1.61	1.57

77. As can be seen from the above table, while estimated number of personnel at the end of FY 2023-24 would be marginally higher than that approved. However, at the same, it is submitted that TPCODL would bring the Manpower Ratio from 1.88 to 1.57 by the end of FY 2024-25 and over the years, it would achieve the norm of 1.40

Employee Costs

78. The Hon'ble Commission has approved Rs. 95.8 Cr for FY 2023-24 towards new TPCODL employee cost against our submission of Rs. 132.7 Cr. TPCODL vide its letter dated 17th April 2023 and 3rd June 2023 has submitted that the approved cost for FY 2023-24 is

inadequate as it is even lower the cost approved for FY 2022-23 (Rs. 98.1 Cr was approved for FY 2022-23 in FY-23 Tariff Order against which the actual cost that was incurred was Rs. 109.7 Cr).

79. Against the above submission of TPCODL, the Hon'ble Commission vide its letter dated 12th July '2023 while directing TPCODL to make required submission in this matter in ARR FY 2024-25 has stipulated that that the matter would be considered by the Hon'ble Commission while pronouncing the order for FY 2024-25. The relevant extract from the above letter of the Hon'ble Commission is provided below.

The Commission therefore opines that the TPSODL, TPCODL and TPNODL may make their submission with regard to any reconsideration of the approved expenses , allowed in the ARR FY 2023-24 ,along with the submission for the ARR of FY 2024-25. The Commission may accordingly take a suitable view for any reconsideration of the approved amounts, under these heads for FY 2023-24 ,while pronouncing the order for FY 2024-25.

80. It is worthwhile to submit the actual cost booked in FY 2023-24 H-1 for New employees is **Rs. 59.55 Cr**, with some major cost like performance pay incentive etc are going to be booked in H-2 of FY 2023-24. Further, the recruitment made in H1 of FY 2023-24 as well as the recruitment made in H2 of FY 2023-24 would result in the H2 of FY 2023-24 being higher than H1. Based on this, the estimated cost would work out to **Rs 67.92 Crores** i.e a total of **Rs 127.5 Crores** for FY 2023-24.

81. Further for projections of FY 2024-25 , we have considered an increase of 9% over the individual salaries of FY 2023-24 . With this escalation as well budgeting for new recruitment proposed above, the estimated New Employee Costs would be **Rs 152.89 Crores** for FY 2024-25

3.11.1.3 Summary of Total Employee Expenses

82. Based on the above, the summary of the total employee expenditure for FY 2023-24 and FY 2024-25 is as follows:

Table 3-23: Total Employee expenses for FY 2023-24 and FY 2024-25

Sr No	Particulars	Approved FY-2023-24	Total Estimate for FY 2023-24	Projection for FY 2024-25
	Erstwhile CESU Employees			
1	Basic + Grade Pay	206.6	211.6	206.1
2	Dearness Allowance	92.97	99.14	108.51
3	House Rent Allowance	39.45	42.2	40.19
4	Medical Allowance/Reimbursement of Medical Expenses	10.69	10.38	10.30
5	Terminal Benefits (Gratuities,Pension,Contribution to Provident Fund,Others under Contribution to Provident & Other Fund (EDLI , etc.),Compensated Absences / Leave Encashment	237.44	237.68	246.93
6	Staff Welfare and Other Employee Benefit Expenses			
7	Other Allowances	37.33	32.23	38.20
8	Other Staff Cost			
9	Ex-Gratia / Performance Incentive	18.04	9.78	10.64
10	Arrears under 7th Pay Commission (For Regular and retired employees including differential gratuity, differential commutated pension & differential unutilized leave)		2.21	
11= sum(1:10)	**A. Sub Total**	**642.54**	**643.03**	**660.83**
	B.Outsourced Employee Cost	64.9	64.90	71.39
	C . Erstwhile CESU incl. Outsourced Emp Cost (A+B)	**707.4**	**707.9**	**732.2**
	D. CTC Employee Cost	**95.8**	**127.5**	**152.89**
	E.Total Gross Employee Cost (C+D)	**803.2**	**835.4**	**885.1**
	F. Capitalization	**26.30**	**26.30**	**29**
	G. Net Employee Cost(E-F)	**776.9**	**809.1**	**856.2**

3.11.2 R&M Expenditure

83. The Estimated expenditure for FY 2023-24 would be in line with that approved i.e Rs 279 Crores

84. The Tariff Regulations permit recovery of the R&M Expenditure on the following basis (relevant extract from the New Tariff Regulations , 2022 is as provided below).

Repairs and Maintenance (R&M) Expenses

3.9.19 Repair and Maintenance expenses shall be allowed as a % of opening Gross Fixed Assets (GFA) only on assets owned by the distribution company, for each year of the Control Period as provided in the table below:

DISCOMs	***TPCODL***	***TPWODL***	***TPNODL***	***TPSODL***
FY 23-24	*4.20%*	*4.50%*	*4.50%*	*5.40%*
FY 24-25	*4.00%*	*4.20%*	*4.20%*	*4.50%*
FY 25-26	*3.50%*	*4.00%*	*4.00%*	*4.20%*
FY 26-27	*3.00%*	*3.00%*	*3.00%*	*3.50%*
FY 27-28 & onwards as per the directives of the Commission	*3.00%*	*3.00%*	*3.00%*	*3.00%*

3.9.20 The Distribution Licensee(s) shall prepare a plan and budget for periodic preventive maintenance of distribution network including emergency repairs and restoration works under each division.

3.9.21 The Distribution Licensee(s) shall provide the breakup details of R&M expenses in the ARR for the Financial Year along with requirement of annual maintenance spares for smooth operation with minimum down time of the system.

3.9.22 The Commission shall allow an amount for maintenance of assets added under State and Central Government Schemes @ 3.00% of the opening GFA of such assets. The Distribution Licensee(s) shall be required to separately submit to the Commission along with ARR, the details of assets taken into service under these Schemes.

3.9.23 The Commission may also allow special R&M, in order to enable the Distribution Licensee to undertake critical activities which are not covered under Capital Investment plan approved by the Commission.

Provided the Commission shall undertake a prudence check before allowing such expenditure.

85. Considering the present condition of the network and the fact that required maintenance has not been carried out over past many years, it is essential that adequate expenditure is allowed by the Hon'ble Commission to enable TPCODL maintain all its assets in healthy condition which is essential for providing reliable power supply to its consumer and also to ensure longevity of the electrical equipment.

3.11.2.1 R&M on own Assets as per New Tariff Regulations 2022

86. As stipulated in the Regulations 3.9.19 , normative R&M on own assets is allowed at 4% on the opening GFA for FY 2024-25. As per the Opening Balance Sheet of TPCODL as on 1st June 2020 approved by the Hon'ble Commission in its order dated 30th September 2021, the opening GFA was Rs.3403.73 Cr. Thereafter, considerable addition to GFA has been done. The GFA in books of TPCODL as on 31.03.2023 as appearing in the audited Financial Statement for FY 2022-23 is provided in table below.

Table 3-24: GFA as on 31.03.2023 as per Audited Financial Statement for FY 2022-23

Sr No.	Particular	Amount (Rs. Cr)	Reference in Audited Financial Statement for FY 2022-23
1	Gross Block of Propert,Plant, Equipment as on 31.03.23	3929.58	Note 4.02
2	Gross Block of Intangible Assets as on 31.03.23	48.96	Note 4.03
3	Opening Accumulated Depreciation of Inherited Asset as on 1.06.2020	1349.76	Note 4.04
4	Less: Accumulated Depreciation of Assets Retired in FY-22	4.80	Note 4.04
5	Less: Accumulated Depreciation of Assets Retired in FY-23	18.61	Note 4.04
6 =1+2+3-4-5	**Total GFA as on 31.03.2023**	**5305**	

87. The estimated capitalization for FY 2023-24 has already been provided at **Table 3-8 : Estimated Capitalization for FY 2023-24 and FY 2024-25 and funding of Capitalization**.

Accordingly the closing GFA as on 31.03.2024 (i.e. opening GFA for FY 2024-25) and normative R&M for FY 2024-25 on assets in books of TPCODL is estimated in table below.

Table 3-25: R&M on Assets in books of TPCODL for FY 2024-25 as per New Tariff Regulations,2022

Sr No.	Particular	Amount (Rs. Cr)
1	GFA as on 31.03.2023 as per Audited Financial Statement for FY 2022-23	5305
2	Estimated GFA Addition in FY 2023-24	1042.33
3=1+2	Estimated GFA as on 31.03.2024 (Opening GFA for FY 2024-25)	6347.2
4	R&M % Norm for FY 2024-25 as per Tariff Regulation,2022	4%
5=3 x4	R&M on Asset in Books of TPCODL for FY 2024-25	254

3.11.2.2 R&M on Assets not in the books of TPCODL but maintained by TPCODL

88. It is further submitted that there are significant assets arising out of many Government funded schemes, ownership of which have not been transferred to TPCODL however these assets are being used by TPCODL for supply of power to these consumers and these assets are being maintained by TPCODL. In this regard, Note 38 of the Audited financial statement for FY 2022-23 , extract of which is as produced below , gives the list and quantum of such assets.

Extract 3-4 : Extract from the Audited Financial Statement of FY 2022-23 showing Assets not owned by TPCODL but maintained by TPCODL

38 Disclosure regarding details of assets created with Government Fund and used by CESU/TPCODL

As per details provided by the Odisha Power Transmission Company Limited (OPTCL) vide e-mail dated 18 April 2023 (March 31, 2022: 25 April 2022), certain assets were created for CESU through different schemes formed by the government and executed by OPTCL. Based on details shared by OPTCL, the carrying amount of such assets as of March 31, 2023 is ₹2,403.49 crores (March 31, 2022: ₹2,333.14 crores) for completed assets and ₹250.32 crores (March 31, 2022: ₹439.16 crores) for work in progress(WIP). These are subject to detailed verification and reconciliation by various authorities.

As per the Vesting Order, the ownership of these assets has not been transferred to the Company; however, it can continue to use these assets for supply of power to the consumer. Since the Company is not able to charge any depreciation for these assets in the ARR, the fair value of these assets for the Company at the vesting date is Nil. Details are given below:

As at March 31, 2023 ₹ crore

Name of Scheme	CESU		
	Completed	WIP	Total
Odisha Distribution System Strengthening Project (ODSSP)*	662.64	184.55	847.19
State Capital Region Improvement in Power System (SCRIPS)	511.86	58.56	570.42
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	289.97	-	289.97
Integrated Power Development Scheme (IPDS)	217.73	-	217.73
Pradhan Mantri Sahaj Bijli Har Ghar Yojana – Saubhagya	168.99	-	168.99
Nabakalebar	158.83	-	158.83
Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	38.93	-	38.93
Odisha Dedicated Agriculture & Fishery Feeder Project (ODAFFP)	59.24	7.21	66.45
Biju Gram Jyoti Yojana(BGJY)	153.33	-	153.33
Total	**2,261.52**	**250.32**	**2,511.84**

* Excluding ₹99.94 crore & ₹42.03 crore as it is a part of equity contribution by GRIDCO during the year ending March 31, 2022 and March 31, 2023.

89. It is submitted that as can be seen from the above table, significant assets (not in books of TPCODL i.e. not part of GFA in the Financial Statement) are being maintained/would be maintained in the near future. As stipulated in Regulations 3.9.22 of the New Tariff Regulations 3.9.22 (relevant extract mentioned below), R&M on the asset not owned by DISCOM but maintained by DISCOM is allowed at 3% of opening GFA.

3.9.22 The Commission shall allow an amount for maintenance of assets added under State and Central Government Schemes @ 3.00% of the opening GFA of such assets. The Distribution Licensee(s) shall be required to separately submit to the Commission along with ARR, the details of assets taken into service under these Schemes.

90. Based on the above, the normative R&M on assets not in books of TPCODL is as provided below.

Table 3-26 : GFA as on 31.03.2023 (Assets not in books) from Note-38 of Financial Statement

As per Note 38 of Audited Financial Statement FY 2022-23				
Sl No	**Name of Scheme**	**Completed**	**WIP**	**Total**
1	ODSSP (Net of Assets Transferred by GRIDCO in lieu of equity)	662.64	184.55	847.19
2	SCRIPS	511.86	58.56	570.42
3	DDUGJY	289.96		289.96
4	IPDS	217.73		217.73
5	SOUBHAGYA	168.99		168.99
6	Nabakalebar	158.83		158.83
7	RGGVY	38.93		38.93
8	ODAFFP	59.24	7.21	66.45
9	BGJY (OPTCL DTR)	153.33		153.33
A	**Total (A)**	**2,261.51**	**250.32**	**2,511.83**
	Less:			
7	SOUBHAGYA	168.99	(as Capitalised in TPCODL	
8	BGJY	153.33	(as Capitalised in TPCODL	
12=A-10-11	**Total Govt Asset**	**1,939.19**		

Table 3-27 : R&M on Assets not in books of TPCODL but maintained by TPCODL for FY 2024-25 as per New Tariff Regulations,2022

All Amount in Rs. Cr

Sr No	Particular	Amount	Remark
1	Closing GFA as on 31.03.2023	1,939.19	Derived from Note 38 of the Financial Statement for FY 2022-23
2	GFA Addition during FY-24	125	CWIP as on 31.03.2023 was Rs. 250 Cr (Note-38), 50% is assumed to be capitalized in FY-24
3=1+2	Closing GFA as on 31.03.2024	2,064.35	
4	R&M % Norm as per New Tariff Regulations,2022	3%	
5= 3 x4	**R&M on Asset not in Books of TPCODL but maintained by TPCODL**	**62**	

3.11.2.3 Special R&M Expenditure FY 2024-25

91. It is submitted that in addition, TPCODL is requiring additional Expenditure toward the following

a) In the SAC meeting of July 2023, the Discoms were advised to ensure FCC manning of all Rural Areas in two shifts. We had in the letter dated 28th July 2023 informed the Hon'ble Commission about the impact of the same. As per our submission, there is manpower requirement of 440 Employees resulting in additional burden of Rs 10 Crores
b) It is proposed to provide uniform to all the Business Associates for easy identification and association with TPCODL. The Budgetary provision of Rs 2 Crores is required for the same.
c) One of the ways of reducing losses is arising due to hooking and overloading of DTs and Feeders and mitigating the Hotspots can be achieved through better Enforcement and Dehooking Activities. The Expenditure towards such activities have been considered under R&M and a budget of Rs 30 Crores has been considered.
d) In all a special R&M of Rs 42 Crores is required by TPCODL for FY2024-25 on account of the above. Such Expenditure will also enable TPCODL to reduce the Losses, improve reliability and also improve the customer satisfaction.

3.11.2.4 Summary of Total R&M for FY 2024-25

92. Based on the above estimates, the total R&M for FY 2024-25 is as provided below.

Table 3-28 : Total R&M including Special R&M for FY 2024-25

All Amount in Rs. Cr

Sr No	Particular	FY-25
1	R&M on Assets in Books of TPCODL	254
2	R&M on Assets not in books of TPCODL but maintained by TPCODL	62
3	Special R&M	42
	Total estimated R&M for FY 2024-25	**358**

3.11.3 A&G expenditure

93. The Tariff Regulations, 2022 stipulate following for recovery of the A&G expenditure

Administrative and General (A&G) Expenses

3.9.16. The normal A&G Expenses for each subsequent year will be determined by escalating the approved A&G Expenses (excluding additional or special A&G expense) *for the previous year, at the escalation factor of 7 % to arrive at permissible A&G expenses for each year of the Control Period.*

3.9.17. The Commission, in addition to the normal A&G expenses may allow additional expenses, under this head for special measures to be undertaken by the distribution licensees which are not covered under Capital Investment plan approved by the Commission.

Provided the Commission will undertake a prudence check before allowing such expenditure.

3.9.18.The A&G expense shall be allowed on normative basis in the ARR for ensuing year and shall be subject to True-Up.

Provided that, in case the actual A&G expense is lower than the approved A&G expense, the actual A&G expense shall be considered for True-Up purpose.

Provided that, in case the actual A&G expense is more than the approved A&G expense, the approved A&G expense shall be considered for True-Up purpose.

Expenditure for FY 2023-24

94. The Hon'ble Commission had approved an expenditure of Rs 142 Crores against an amount of Rs 162 requested by us in FY 2023-24 in the ARR petition for FY 2023-24. In addition, it is also submitted that TPCODL was not given the Special A&G Expenditure of Rs 20 Crores which was sought in the Petition. Such Special A&G expenditure was provided to other Discoms.

95. Based on the activities planned for FY 2023-24, the estimated expenditure is about **Rs 168 Crores**. The increase from the approved amount of Rs 142 Crores to Rs 168 Crores is primarily on account increase in price discovered for MBC Contract. The MBC contract price through the latest tender was Rs 100 Crore as against Rs 84 Crores previously. In addition there is additional expenditures of Rs.12 cr incurred towards AMR and consumer awareness related activities

Expenditure for FY 2024-25

96. It is therefore submitted that the expenditure of Rs 142 Crores approved for FY 2023-24 cannot be considered as a base for escalation. The revised base should be the actual estimated expenditure of **Rs 168 Crores** to be incurred for FY 2023-24. Considering such base and an escalation of 7% , the A&G for FY 2024-25 would work out Rs **179.9** Crores.

97. On the basis of the above, the normative A&G expenditure for FY 2024-25 is as computed in the table below.

Table 3-29 A&G Expenditure projections on basis of norms

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost approved in FY 2023-24 Tariff Order	142
2	A&G Cost to be considered as base (Equal to actual Estimated Expenditure for FY 2023-24)	168
3	A&G for FY 2024-25 by applying a base of 7% p.a	179.9

98. In addition, TPCODL would require additional costs due to the following reasons

3.11.3.1 Customer Related Activities

99. Meter reading and bill collection are critical components of the power utility business, playing a pivotal role in managing Aggregate Technical and Commercial (AT&C) losses. Since inception, TPCODL has relied on Business Associates for meter reading, billing, and bill distribution, coupled with timely bill collection through door-to-door visits. The selection of these associates was meticulously carried out through a competitive bidding process. TPCODL, aiming for continuous improvement, incorporated past learnings in its strategy for achieving targets in FY 21-22 and FY 22-23:

- Reading Coverage - Aimed to increase from 88% to 100%.
- Provisional Billing Reduction - Targeted a reduction from 23% to 5%.
- LT Collection Efficiency - Aiming to increase from 88% rolling to 100%.
- Collection Coverage - Aiming to increase from 52% to 100%.

100. Under the existing Productivity Linked and Performance-Based Contract (PLPBC) with Meter Reading and Bill Collection (MBC) associates, TPCODL observed significant improvements over the last two years till Mar'23:

- Reading coverage increased from 88% to 98.8%.
- Provisional Billing reduced from 21% to 5.42%.
- Optical Character Recognition increased from 13% in July'22 to 59% in Oct'23.
- Collection Efficiency of LT Consumers increased from 88% rolling to 98%.
- Paid Money Receipt coverage increased from 52% to 75%.
- Rebate consumers increased from ₹12.25 Lac to ₹15.40 Lac.

101. While progress has been made, certain areas still demand immediate attention to meet targets set for FY 24-25 identified as follows:

- Restriction of arrear accumulation - ₹608 Cr of arrear as of Nov 1st, '23.
- OCR reading coverage without manual intervention still at 59% as of Oct ’23.
- Increase in Zero Arrear count - 16.23 out of 28.48 Lac consumers as of Nov 1st, '23.
- Increase average monthly paid money receipt from 75% to 85%.
- Increase in rebate count from 15.40 Lac to 20 Lac.

102. Despite improvements, challenges persist, such as arrear reduction on trend is constant, billing efficiency below 80%, and the MBC (Meter reading, Billing & Collection) model's sustainability. Field-level issues from readers and collectors include Inconsistency in Monthly Fuel & Mobile Data expenses disbursement by BA, Old mobiles & Printers creating hindrance in OCR reading, Frequent strike due to delay in salary disbursement, uneven work load distribution in urban & rural for reading & collection due to less manpower in few area, Delay / hold cash collection amount by collector because cash deposit in bank is carried out by bill collector itself and they are misusing money by holding it and Bill Collection & Distribution of NSBM consumer in time bound manner etc.

103. To address these challenges, TPCODL plans to make changes scope of work & its estimation in the upcoming tendering process, considering the following parameters:

- Increase in costing comparing with existing due to escalation in minimum wage by 5% and upcoming minimum wages revision will take care in contract.

- Increase meter readers & bill collectors nos. from 2794 to 2939 for meter reading, collection activities along with considering 2% consumer growth and focus on other parameter capturing to plug theft by taking inputs from them so minimum allocation for reading & collection restructuring will be done for achieving 100% reading coverage and average collection coverage up to 85% by achieving collection efficiency 105% each month. Accordingly, there will be increase in cost due on account of supervision.

104. By addressing these factors, TPCODL aims to enhance quality in meter reading and collection activities, ensuring greater accuracy, efficiency, and a reduction in AT&C losses. In summary several other activities would be carried out, the details of which are provided in table below.

Table 3-30 : Estimated Expenditure towards Customer Related Activities for FY 2023-24 and FY 2024-25

in Rs. Cr

Sr No.	Activity	Expense Head	Est. for FY 2023-24	Est. for FY 2024-25	Justifictaion for Expenses
1	Meter Reading,Billing, Collection and other related Services	Reading and Billing Expenses	81.78	105.70	Spot Billing of Approx. 25 Lakh Customer base. Wages hike consider for field staff as per trend. new phones & printer for next year with all incentive (1500 per person).
2		Collection Expenses			Door to Door Collection from approx. 18 Lakh Customer considered. (minimum wages increase 2% and 2% from last contract rate). Arrear, % Paid MR & Rebate Incentive included in this.[Bid value : Rs.121 Cr /Rs.109 Cr]
3		WSHG cost	11.85	12.16	Approx. 4.5 Lakh Customer (2 Lakhs both Reading and Collection, 2.5 lakhs collection). 502 nos. of SHG considered with 4% increase from LFY. No SHG addition considered. Rate considered as same of running contract with NGO.
4		Bill Printing / Distribution	0.98	1.43	Bill Printing / Distribution for approx. 70 thousand Non SBM Bills as per tender value. Also disconnection red notice, pink slip, RRI slip & SVR book cost consider.
5		Special Site Verification	0.00	0.66	Special Site visit is consider for Disconnected Cases/Stop billing, Customer Complaint cases, Special Meter Reading etc.
6		Scan for Meter reading results through OCR Technology	0.69	0.72	Scanning of Monthly Meter Reading @0.18 Paise per Meter read @ 26.5 Lakhs & 0.05 paise per meter read for des
7		Sending Bills through Whatsapp	0.40	1.89	Sending Bills on whatsapp @0.49 Paise per Bill
8		Vehicle for division & Circle for commercial activities monitoring	0.85	0.82	25 vehicles (1 each in division i.e. 20 nos. & 1 each in circle i.e. 5 nos.)
9		Vehicle for bill delivery of NSBM from HQ to divisions		0.03	5 vehicles one day for each month to deliver NSBM bills (5*12)
10		Other Incentive	3.35	3.02	Additional expenses for ensuring 100% bill distrubution and 100% bill collection through special projects for bringing all the consumers into billing fold and collection from TD and Non Paying consumers etc.
11		SIM rental	0.00	0.36	collection @250 P.MData Plan * 1200 SIM Card
12		Others	0.46	0.21	TD case analysis, Suppress reading checking, dues transfer cases analysis, theft identification through consumption analysis
13		Revenue Recovery Related A&G Cost		5.53	Voice Bots,TD SVR Project and Incentives
14	Meter Services	AMR and Related Activities	3.29	10.39	Please refer table below for details
15	Other Consumer Related Activities	Other Consumer Related Activities	0.1	1.1	
17		**Total Customer Related A&G Cost**	**103.73**	**144.02**	

Table 3-31 : AMR and Related Activities

Sl No	Particular	For FY 2024-25	Quantity	Unit Cost (in Rs.)(B)	Total A x B (With GST) in Rs. Cr	Remarks /Basis
1	Smart Meter & AMR	Smart Meter trouble shooting	30000	362.67	1.28	10% of Total SMART Meters
2		SIM Rental for Modem	162000	18.00	0.34	As per last year data
3		CMRI data downloading + Reconnection	65432	205.61	1.59	As per last year data
4		Reading special cases	1200	184.75	0.03	
5		SIM Rental for Smart Meter (AMI)	2000000	18.00	4.25	2.5 lacs SMART Meters Installation for 8 months.
6		Accessories	500	2,500.00	0.15	As per last year data
7		RAPDRP & IPDS MDAS application & Server AMC	1	39,60,000.00	0.47	
8		**Smart Meter HES (FG)+ MDM AMC**	1	1,30,00,000.00	1.53	
9		Lease line rental(3-smart, 1-RAPDRP & 2-IPDS)	6	2,75,000.00	0.19	
10		Poly carbonate seals	483159	4.54	0.26	As per last year data
11		Contingency			0.30	
TOTAL (Rs. Cr)					**10.39**	

3.11.3.2 DSM (Demand Side Management Initiative)

105. TPCODL has launched a number of programs for our Consumers in collaboration with vendors for to purchase energy-efficient appliances such as Air Conditioners, BLDC fans and energy efficient Motors at a discounted rate along with extended warranty and doorstep delivery. TPCODL has also signed a MoU with a National Level ESCOs (EESL) to

distribute Energy Efficient Products (BLDC Fan, Super Energy Efficient AC and IE3 Motors).

106. Details of the various DSM initiatives already underway are available on our Website as well as displayed in our Consumer Care Centers.

107. Further, TPCODL has filed a petition (combined petition on behalf of all four Discoms) for approval of Energy Efficiency Program for Domestic Consumer for promotion of Demand Side Management in the State. The above petition which is registered as Case 79/2023 proposes replacement of 20,00,000 induction Fans with BEE 5 Star rated Brush-Less Direct Current (BLDC) Fans(Maximum 2 per Household) for Domestic (Private) Consumers. The Proposal includes 30% subsidy by GoO and 20% by DISCOMS by way of approval in ARR. Total Rs. 38 Cr for each DISCOM (total Rs. 152 Cr for four DISCOM) is proposed which translates into yearly requirement of Rs. 8 Cr in ARR of each Discom. TPCODL has considered the same in their ARR

3.11.3.3 Statutory and Compulsory Finance Related Charges

108. It is submitted that there are certain kinds of expenditure such as Insurance Premium, Bank Charges, Auditors fees etc that are compulsory or mandatory in nature. Such charges are either required to be paid either to meet the requirement under a statute or is required to be incurred to meet the lending or other important stipulation. In addition, TPCODL is also engaging the services of legal firms/lawyers to defend its cases. It is further added that TPCODL is in the business where adverse or favourable impact of any legal case outcome is ultimately borne by the consumer at large. Hence in a way TPCODL is fighting the cases on behalf of the consumers.

109. In our humble submission therefore there is no scope as such to reduce expenditure under this head as such. The breakup of the expenditure is as follows:

Table 3-32 :Statutory and Compulsory Charges

Particulars	Est. FY -24	Est. FY -25
Bank & other charges	6.98	7.47
Insurance premium	7.00	9.63
Legal and professional charges	7.61	10.90
Other Finance/Statutory Expenses	4.86	5.20
Total	**26.45**	**33.20**

3.11.3.1 Administrative Expenses

110. TPCODL had taken over the business on as is where basis is. In order to meet its objectives, TPCODL was required to create and maintain an Administrative set up in the

form of new offices and Guest Houses to enable create agile, efficient and optimum work environment. In this regard, it is required to incur expenditure under various heads and break up of the expenditure for FY 2024-25 is as follows:

Table 3-33 :Administrative Expenditure

Particulars	Est. FY -24	Est. FY -25
Rental of land, buildings, plant and equipment, etc	7.17	9.25
Electricity consumption expenses	4.57	3.75
Telephone & Communication expenses	2.12	2.27
Office expenses + Facility Management and House Keeping etc	9.50	10.62
Travelling expenses	6.22	6.50
Printing and stationary	2.09	2.10
Total	**30.55**	**34.49**

3.11.3.2 Other A&G expenses

111. In addition to above, some of the expenditure needs to be incurred for dissemination of information through media and advertisement for propagating messages on safety, inviting tenders, invite objections and comments on ARR and other public filings. Further expenditure towards Food and conveyance and Miscellaneous expenditure are also incurred every year.

Table 3-34 :Other A&G Expenditure

Sr No	Particulars	FY 2023-24	FY 2024-25
1	Foods and conveyance	1.60	1.60
2	Software & IT expenses	0.53	4.46
3	Advertisement & marketing expenses	2.60	5.15
4	Miscellaneous expenses	1.53	3.00
5	**Total**	**6.26**	**14.20**

3.11.3.3 Summary of A&G Expenditure

112. Based on the above heads, the summary of the A&G expenditure for FY 2023-24 and FY 2024-25 is as follows.

Table 3-35 :Total A & G Expenses

Particulars	Total estimate for Current FY 2023-24	Total Estimate for (FY-2024-25)
Rental of land, buildings, plant and equipment, etc	7.17	9.25
Electricity consumption expenses	4.57	3.75
Telephone & Communication expenses	2.12	2.27
Foods and conveyance	1.60	1.60
Bank & other charges	6.98	7.47
Office expenses + Facility Management and House Keeping etc	9.50	10.62
Travelling expenses	6.22	6.50
Insurance premium	7.00	9.63
Legal and professional charges	7.61	10.90
Software & IT expenses	0.53	4.46
Other Finance/Statutory Expenses	4.86	5.20
Advertisement & marketing expenses	2.60	5.15
Metering and billing expenses Collection, Payment Transcation Charges,Customer Awareness for Digital/Prompt/Regular Payments, Customer Service (Cust. Care, Call Center,Meter Services etc.)	103.73	144.02
Printing and stationary	2.09	2.10
Miscellaneous expenses	1.53	3.00
DSM Activity		8.00
TOTAL	**168**	**234**

113. Hence the Normative Expenditure of Rs 179.9 Crores would not be adequate to meet the level of activities planned for FY 2024-25. Hence additional or Special A&G Expenditure is required for TPCODL to be approved. We therefore request the Hon'ble Commission to approve and expenditure of Rs 234 Crores as shown in the table below

Table 3-36 :Total A & G Expenses

Sr No	Particular	Amount (Rs.Cr)
1	A&G Cost approved in FY 2023-24 Tariff Order	142
2	A&G Cost to be considered as base (Equal to actual Estimated Expenditure for FY 2023-24)	168
3	A&G for FY 2024-25 by applying a base of 7% p.a	179.9
4	Additional or Special Expenditure Required	54
5	**Total A&G Cost Required**	**234**

3.12 Provision for Bad and Doubtful Debts

114. The New Tariff Regulations 2022 stipulates following on provision for bad debts.

5.8. Provision for Bad and Doubtful Debt:

5.8.1.The Commission shall allow provisioning for bad debts as a pass through in the Aggregate Revenue Requirement, as a prudent commercial practice in the revenue requirement of the licensee. The Bad and Doubtful debt during this control period shall be allowed on normative basis of 1% of the total annual revenue billed for sale of electricity.

Provided that during True-Up, the DISCOMs shall submit the audited annual accounts depicting provision for bad and doubtful debt for the respective years and provisioning for bad debt shall be allowed subject to ceiling of @ 1% of the total annual revenue billed for sale of electricity and provisioning of bad and doubtful debt mentioned in the audited annual accounts whichever is lower.

115. Accordingly, the provision has been worked out on the quantum of revenue estimates (provided later in this submissions) at existing tariff and on the basis of the Billed revenue and has been considered at 1% of the Revenue Billed. The quantum of the provision to be made is as given in the following table:

Table 3-37 Provision for Bad and Doubtful debts

All Amount in Rs. Cr

Sr No	Particular	Est. for FY 2023-24	Est. for FY 2024-25
1	Est. Gross Revenue	5243	5814
2	Provision for Bad & Doubtful Debt @ 1% of the Revenue	52.43	58.14

3.13 Interest on Consumer Security Deposits

116. The New Tariff Regulations 2022 stipulates computation of interest on security deposit at Bank rate prevailing as on 1st April of the financial year. The relevant extract of the Tariff Regulation 2022 and the definition of the Bank rate is as provided below.

3.7.11. The Distribution Licensee(s) shall adjust interest on the amount held as security deposit (held in cash or cash equivalent) from Distribution System Users and Retail consumers at the Bank Rate as on 1stApril of the Financial Year in which the Petition is filed in their monthly bills.

Definition of 'Bank Rate' as provided in the New Tariff Regulations,2022.

*9) "**Bank Rate**" shall mean the Bank Rate declared by the Reserve Bank of India from time to time;*

117. Based on the above, for the purpose of estimating the interest on security deposit for FY 2023-24 and FY 2024-25 we have considered the current Bank rate notified by RBI i.e 6.75% as the current bank rate will be the best assumption for projecting the bank rate on 1st Apr 2024, further the bank rate was the same (i.e. 6.75%) on 1st April 2023 also. The Hon'ble Commission has also approved interest on Consumer Security Deposit at 6.75% in the Tariff Order for FY 2023-24. Further , for estimating the quantum of Security Deposit we have considered the average growth rate in quantum of Security Deposit for last 3 years as depicted in table below.

Table 3-38 Growth in Quantum of Consumer Security Deposit in Previous Years

As on	31.05.2020	31.03.2021	31.03.2022	31.03.2023
Quauntum of Security Deposit	734.72	786.57	876.4	1013.34
% Growth		7.1%	11.4%	15.6%
Average of Last 3 Year Growth				11.4%

118. Based on the above, the Interest on Security Deposit for the two years period i.e FY 2023-24 and FY 2024-25 is estimated in table below.

Table 3-39 Interest on Security Deposits

Sr No.	Particular	As on 31.03.2023	As on 31.03.2024	As on 31.03.2025	Remark
1	Qunatum of Consumer Security Deposit	1013	1129	1257	The Average % Growth in Quantum of Security Deposit (Closing Figures) for last 3 years have been considered (i.e. 11.4%) for escalation in Secuity Deposit Quantum for FY-24 and FY-25 over FY-23 actual Closing Figures

Sr no	Particular	For FY 2023-24	For FY 2024-25
2	*Applicable Interest Rate	6.75%	6.75%
3= 1 x2	Interest on Consumer Security Deposit	76.18	84.84

* Note: Applicable Interest Rate is taken as Bank Rate notified by RBI w.e.f 8th Feb 2023 (i.e. 6.75%)

3.14 Income Tax or Tax on Income

119. The Regulations 3.11 of the New Tariff Regulations 2022 stipulates the norms for Tax on Income . Further ,the Tariff Regulations 2022 stipulates following:

3.11.1

….

Provided that no Income Tax shall be considered on the amount of efficiency gains and incentive approved by the Commission, irrespective of whether or not the amount of such efficiency gains and incentive are billed separately:

Provided further that no Income Tax shall be considered on the amount of income from Delayed Payment Charges or Interest on Delayed Payment or Income from Other Business, as well as on the income from any source that has not been considered for computing the Aggregate Revenue Requirement:

120. A 16% Post Tax Return on Equity is allowed to the Discoms. As mentioned above, The Regulations provide that Non Distribution business Streams, efficiency gains and incentives, income from DPS, Interest on Delayed payment etc. shall not be entitled for tax recovery through ARR. In-order to ensure that tax is computed only on Return on Equity , the same has been estimated for FY 23 and FY 24 as follows:

Income Tax = RoE (Rs. Cr.) * Applicable Tax Rate / (1- Applicable Tax Rate)

121. The Income Tax projections have been made on the basis of the RoE and Grossing up of the same. Accordingly, the Income Tax for the two years is as follows:

Table 3-40 Projections of Tax on Income

Sr No	Particulars	UoM	Est. for FY 2023-24	Est. for FY 2024-25
1	RoE	Rs. Cr	93	119
2	Tax Rate Applicable	%	25.17%	25.17%
3	Tax on RoE	Rs. Cr	31	40

3.15 Non-Tariff Income / Misc Receipts (including Open Access Charges)

122. As per the Regulations 5.9.2 of the New Tariff Regulations 2022 , the Non-Tariff Income shall comprise as provided in the extracts below

5.9.2 The indicative list of various heads to be considered for Non-Tariff Income shall be as under:

a. *Income from rent of land or buildings or other assets;*

b. *Income from sale of scrap pertaining to period prior to effective date and Profit / Loss from sale of scrap of assets created after effective date;*

c. *Income from statutory investments;*

d. *Income from interest on Fixed Deposits (including* *contingency reserve investment);*

e. *Interest on Security Deposits not passed on to the consumers*

f. *Interest on advances to suppliers/contractors;*

g. *Income from rental from staff quarters;*

h. *Income from rental from contractors;*

i. *Income from hire charges from contactors and others;*

j. *Income from advertisements, sale of tender documents etc.;*

k. *Service charges;*

l. *Income from customer Charge*

m. *Miscellaneous receipts;*

n. *Deferred Income from grant, subsidy, etc., as per Annual Accounts;*

o. *Prior period income;*

p. *Supervisory charges for contractual works;*

q. *Delayed payment surcharge recovered from the consumers* after netting-off rebate allowed to the consumers

r. *Rebate as per Regulation 3.12 for payment of bills of GRIDCO, generation & transmission utilities, SLDC, RLDC etc.;*

s. *Any Other Non-Tariff Income;*

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income.

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's area of supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff.

123. The Non-Tariff Income is quite difficult to project as the same is entirely based dependent on any operational activity. TPCODL has therefore relied on the quantum of actual Non Tariff Income for FY 2022-23 for projecting the future.

124. The projection of the Non-Tariff Income for FY 2024-25, and we have considered nominal escalation of 5% for each year over FY 2022-23 actuals (other than the Rebate on Power Purchase Cost and Rebate to Consumers which are estimated figures for FY 2024-25) for estimating the Non Tariff income for FY 2024-25.

125. The estimate of Non Tariff Income/Misc. Receipt including Open Access charges for FY 2024-25 is as provided below.

Table 3-41 : Non Tariff Income / Misc Receipts (incl. Open Access Charges) for FY- 25

All Amount in Rs. Crore

Sr No	Head of Income	FY-23 Actual	Estimate for FY 2024-25	Remark
1	Miscellaneous Revenue (Including Income from Open Access Charges)	65.9	55.80	5% Escalation for each year (i.e. FY-24 & FY-25) over FY-23 Actual [The Open Access Charges estimated at reduced cost going by current year's trend and conversion of a major open access player to two part tariff]
2	Interest Income on Bank Deposits	48.6	53.55	5% Escalation for each year (i.e. FY-24 & FY-25) over FY-23 Actual
3	Other Income	11.32	12.48	5% Escalation for each year (i.e. FY-24 & FY-25) over FY-23 Actual
4	Rebate on Power Purchase Cost (incl. Transmission & SLDC Charges)	34.7	40.50	Estimated at 1% of Total Gross Power Purchase Cost as depicted in Table below
5	Delayed Payment Surcharges (DPS)	14.2	15.61	5% Escalation for each year (i.e. FY-24 & FY-25) over FY-23 Actual
6	Less: Rebate Allowed to Consumers	65.20	63.9	Estimated , Refer Table below
7=sum(1:5)-6	**Total Non Tariff Income**	**109.49**	**114.00**	

126. For FY 2023-24, we have considered the Non Tariff Income as approved by the Hon'ble Commission in the Tarif Order for FY 2023-24 i.e Rs 110 Crores

127. Further, the Rebate allowed to consumers that would be netted off against the DPS for the two Financial Years viz FY 2023-24 and FY 2024-25 are as follows:

Table 3-42 : Rebate allowed to Consumers

Sr No	Tariff Category	For FY 2023-24 (Est.)			For FY 2024-25 (Est.)		
		Gross Revenue	Rebate	Net Revenue	Gross Revenue	Rebate	Net Revenue
1	LT	2571	29	2542	2891	33	2858
2	HT	1441	16	1425	1562	17	1545
3	EHT	1232	12	1219	1361	14	1347
4	**Total**	**5243**	**57**	**5186**	**5814**	**64**	**5750**

128. The estimation of Miscellaneous Revenue, Other Income, Interest om bank Deposits , DPS and Income from Open Access as derived from the FY-23 actuals is as provided below.

Table 3-43 : Estimation of Component of Non Tariff Income /Misc Receipts from FY-23 Actuals

Heads	Head of Income/ GL Description	Amount as booked in Accounts (FY-23 Actuals)	FY-24 (5% Escalation over FY-23)	FY-25 (5% Escalation over FY-24)
Miscellaneous Revenue	Miscellaneous charges – Reconnection Charges	0.00	0.00	0.00
	Miscellaneous charges – Service connection Charges	0.01	0.01	0.01
	Miscellaneous charges – Customer Charges & Others	0.01	0.01	0.01
	Customer Service Charge	2.90	3.05	3.20
	Reconnection Charges	0.26	0.27	0.29
	Processing Fee	1.08	1.13	1.19
	Service Connection Charge	21.17	22.23	23.34
	Meter Testing Fees	0.12	0.13	0.13
	Disconnection Charges	0.03	0.04	0.04
	Meter Shifting	0.61	0.64	0.68
	Miscellaneous Charges	0.06	0.07	0.07
	6% supervision charges	6.25	6.56	6.89
	Amortisation of Revenue Grant	0.00	0.00	0.00
	Income from Open Access	33.43	20.00	20.00
	A. Sub Total (Misc. Revenue)	**65.93**	**54.13**	**55.83**
	Interest on Bank Deposits	**48.57**	**51.00**	**53.55**
	Delay Payment Surcharge	14.16	14.87	15.61
	B. Sub Total (DPS)	**14.16**	**14.87**	**15.61**
Other Income	Rental for Staff Quarters	0.00	0.00	0.00
	Rental from contractors	0.10	0.11	0.11
	Sale of Tender forms	0.26	0.27	0.28
	Net Profit on insur. claim recovery on stores & Spares	0.10	0.10	0.11
	Penalties recovered from suppliers	0.00	0.00	0.00
	Penalties recovered from contractors	4.05	4.25	4.46
	Deposits from Supplier/Contractor/Others - forfei	0.01	0.01	0.01
	Other miscellaneous receipts	1.04	1.09	1.15
	Sale of scrap (sale proceeds since no cost is assi	5.15	5.40	5.67
	Ground rent collected on scrap	0.00	0.00	0.00
	Memorandum Franchisee Sale	0.00	0.00	0.00
	Commission fees on Solar Energy	0.00	0.00	0.00
	Late payment fees recovered from Customer	0.03	0.04	0.04
	Other excess provisions in prior periods	0.00	0.00	0.00
	Service Connection Shifting Charges	0.01	0.01	0.01
	Meter Dump Charges	0.00	0.00	0.00
	Cheque Bounce Return Charges	0.52	0.55	0.58
	EBE- Advance Recovery	0.04	0.04	0.04
	Short & Excess-ISU	0.00	0.00	0.00
	Other Income relating to prior periods	0.00	0.00	0.00
	Sub Total (Other Income)	**11.32**	**11.88**	**12.48**

3.16 Additional Serviceable Liability

129. The Hon'ble Commission in the Vesting Order dated 26th May 2020 had permitted TPCODL to finance the Additional Serviceable Liability determined under Paragraph 54 (e) of the order. The relevant extracts from the Order are as follows:

54 (e) The Commission further states that the shortfall, if any, in meeting the current liabilities after using the proceeds of the current assets (the "Additional Serviceable Liabilities"), transferred to TPCODL, shall be dealt within the following manner, so that TPCODL is not adversely impacted:

i. The final amount of Additional Serviceable Liabilities shall be determined when the audited financial statements as on 31.05.2020 are made available on or before 30.11.2020.

ii. Within 1 month from date mentioned in point i above, TPCODL shall file a petition claiming the Additional Serviceable Liabilities based on such financial statements required to be serviced.

iii. From the Effective Date, TPCODL shall be responsible to receive / pay amounts pertaining to assets and liabilities transferred to TPCODL as Additional Serviceable Liabilities.

iv. To fund the Additional Serviceable Liabilities, TPCODL shall be allowed to avail of a separate appropriate financial instrument including but not limited to short-term loan / overdraft facility.

…

…

viii. Principal repayments of such financial instruments shall be allowed by Commission to be made from the following amounts in the same order:

a. Excess recovery net of payments to be made to GRIDCO/ Transmission Charges/SLDC Charges in first month of operation

b. Recovery of past arrears by TPCODL after deducting incentives as specified in para 46 of this order

c. Annual Depreciation on assets as on 31.03.2020 (existing assets recognized in Tariff Order) allowed in Aggregate Revenue Requirement.

ix. In case above amounts falls short to fund principal repayments of appropriate financial instrument, the shortfall shall be considered by the Commission in Aggregate Revenue Requirement in the same year or over a period as the Commission may decide, subject to prudence check

[Emphasis has been added]

130. In this regard , we wish to submit that a petition for determination of ASL was submitted by TPCODL on 9th Nov 2021 and subsequently an independent audit was carried out and a reworked ASL (amounting to Rs. 386.64 Cr) was submitted to the Hon’ble Commission’s approval vide letter dated 17th Feb 2022.

131. It is submitted that as provided in the Vesting Order, the quantum of ASL amount is required to be funded and this amount would be allowed in the ARR/True up of TPCODL. In accordance with the provisions of the Vesting Order for recovery of payments against such Liabilities, Current Assets to the extent of Opening Cash Available have been utilised to part fund such payments. The Balance amounts have been funded through internal accruals/ Loans. In accordance with the provision of the Vesting Order, the repayment of such loan/ internal accrual has been done from the Depreciation available on Opening Assets. The residual amount left, in accordance with Clause 54 (e) of the Vesting Order reproduced above, needs to be allowed to be recovered through ARR in the year in which the same is paid by the Discoms. It is worthwhile to point out that the Depreciation amount available for repayment is limited due to non-allowance in ARR of Depreciation on Assets funded out of Consumer Contribution/ Grant, and consequently, the residual Additional Serviceable Liability requiring recovery through ARR is higher.

132. Against TPCODL’s submission in previous ARR and True up Petition on recovery of ASL payments , the Hon’ble Commission has remarked that the matter shall be dealt separately. The relevant extract from the FY-23 and FY-24 Tariff Order is produced below in this regard.

<u>Extract from FY-23 Tariff Order:</u>

146. The Commission in this regard observes that a separate request filed by the TPCODL in this regard for revision of the ASL is under consideration of the Commission and this will dealt separately. The Commission is therefore not inclined to consider any amount in the present ARR for FY2022-23 for TPCODL. The same will also be applicable to other three DISCOMs, TPWODL, TPSODL and TPNODL basing on their separate request, regarding revision of ASL

<u>Extract from FY-24 Tariff Order:</u>

151. The Commission in this regard observes that a separate request filed by the DISCOMs in this regard for revision of the ASL is under consideration of the Commission and the same will be dealt separately after the audit of all such liabilities are submitted to the Commission. The Commission is therefore not inclined to consider any amount in the present ARR for FY 2023-24 for TPCODL.

133. With regards to above direction of the Hon'ble Commission, it is submitted that the Audit Report for ASL determination and payments and receipts from 1.06.2020 to 30.09.2021 has been submitted vide letter dated 17.02.2022 and the Audit Report on payments and receipts with respect to ASL for period 1.10.2021 to 31.03.2023 has been submitted vide letter dated 28th July 2023.

134. In the submission made by TPCODL for True up of FY 2022-23 , TPCODL has claimed the recovery of net ASL settled till 31.03.2023. Further, there are certain ASL payments likely to be settled in FY 2023-24 and FY 2024-25 also which also need to be allowed to TPCODL in its ARR. It is submitted that TPCODL has already published advertisement in the News paper for submission of claims under ASL , against which various claims are being received which will be verified and audited and will be submitted to Hon'ble Commission's approval in phase wise manner along with Audit Certificates. In this petition, TPCODL has shown ASL expenditure estimated to be settled till 31.03.205. To the extent the recovery of this principal ASL amount is not approved 23 (as and when the matter of ASL is dealt with), the Hon'ble Commission may kindly allow the carrying cost on it till the time its repayment is allowed in the ARR.

135. The computation of ASL estimated to be settled during FY-24 and FY-25 for which repayment of principal amount is claimed in FY 2024-25 is as provided below.

Table 3-44 : Computation of ASL Recovery claimed in FY 2024-25

in Rs. Crore

Sr No	Particular	FY 2023-24	FY 2024-25	Remark
1	Opening Net ASL (For Opening ASL as on 31.03.2023 , the True Up Petition FY 2022-23 may be referred to)	246.9	301.47	
2	Estimated Payment under ASL during the FY	54.57	8	Please refer Table below
3	Estimated Depreciation available for funding ASL	0.00	29.68	Please refer to 'Depreciation' Section for details
4=1+2-3	Closing ASL /Net ASL to be Funded	301.47	279.79	
5=4-1	ASL Recovery Claimed in ARR		32.89	

Note: in FY-24 Tariff Order, the Depreciation on old assets for FY-24 has been adjusted against Working Capital. In view of this , no depreciation has been used for FY-24 in above table

136. The estimated ASL payment in FY 2023-24 and FY 2024-25 is provided in Table below.

Table 3-45 : Estimated ASL payment in FY-24 and FY-25

in Rs. Crore

Sr No	Particular	Total Amount	In FY-24	In FY-25
1	Approval Received in FY-24	17.84	17.84	
2	Approval Pending	4.23	4.23	
3	Payable to Enzen (Final Settlement)	27.5	27.5	
4	Claims being received/estimated to be received against advertisement published in Newspaper	13	5	8
5	Total	62.57	54.57	8

137. Further in our above ASL claim, the ongoing loan liability of Rs. 157.57 Cr. transferred to TPCODL in the opening balance sheet has not been claimed since it is yet to be repaid. The Hon'ble Commission may also allow its recovery through ARR or any other suitable mechanism such as allowance of full Depreciation on Opening Assets which has been mentioned above. This additional allowance towards depreciation could be utilized to liquidate the ASL payments including this opening loan expeditiously. Till such time this loan is liquidated, its actual interest cost needs to be allowed to be recovered through ARR.

3.17 Estimated Revenue at existing Tariff

138. The estimated revenues have been presented in Form T7 both for current year and ensuing year. The summary of revenue (billed) is as follows for the two years.

Table 3-46: Estimated Revenues for FY 2023-24 and FY 2024-25

Sr No	Tariff Category	Gross Revenue (Est.) in Rs. Cr	
		FY 2023-24	FY 2024-25
1	LT	2570.9	2891.1
2	HT	1440.8	1562.4
3	EHT	1231.7	1360.9
4	**Total**	**5243**	**5814.4**

3.18 Aggregate Revenue Required (ARR) and Gap/ Surplus

139. TPCODL is an entity formed with effect from 1st June 2020 and has inherited the systems as existing at the time of Effective date from CESU. As per the Tariff Regulations, the ARR needs to be worked out for Wheeling and Retail Supply business separately. In this submission, for the purpose of working out the Wheeling Charges, we have segregated the expenditure on the basis of the ratios provided in the Allocation matrix in para 2.5.2 of the New Tariff Regulations 2022. The ARR for the FY 2023-24 and FY 2024-25 and the Gap/ Surplus is computed and presented as given below:

Table 3-47: ARR for FY 2023-24 and FY 2024-25

Sr No	Particular	UoM	Approved in ARR FY 2023-24	Estimated Gap/Surplus for FY 2023-24	Estimated Gap/Surplus for FY 2024-25
	Expenditure				
1	Cost of Power Purchase	Rs. Cr	3433	3420.05	3753.37
2	Transmission Cost	Rs. Cr	270.14	269.12	295.35
3	SLDC Cost	Rs. Cr	1.74	1.74	1.74
A =1+2+3	**Total Gross Power Purchase ,Transmission & SLDC Cost (Before Rebate)**	**Rs. Cr**	**3704.96**	**3690.91**	**4050.46**
4.a	Gross Employee Cost	Rs. Cr	803.22	835.40	885.12
4.b	Less: Employee Cost Capitalization	Rs. Cr	26.3	26.3	28.9
4= 4.a-4.b	Net Employee Cost	Rs. Cr	777	809	856
5	R&M Expenditure	Rs. Cr	279.38	279.38	358
6	A&G Expenditure	Rs. Cr	142	168	234
7	Provision for Bad & Doubtful Debt	Rs. Cr	51.71	52.43	58.14
8	Depreciation	Rs. Cr	81.38	100.50	137.77
9.a	*Interest on Consumer Security Deposit*	Rs. Cr	60.82	76.18	84.84
9.b	*Interest on Long Term Loan*	Rs. Cr	38.55	47.45	73
9.c	*Interest on Working Capital Loan*	Rs. Cr	26.28	48	54
9.d	*Finance Cost*	Rs. Cr		2	2
9.e	*Less: Interest Cost Capitalized*	Rs. Cr	10.94		
9=9.a+9.b+9.c+9.d-9.e	Total Interest on SD, Long Term & Working Capital Loan	**Rs. Cr**	**114.71**	**173.75**	**213.66**
10					
B =4+5+6+7+8+9+10	**Total Operation & Maintenance Cost and Other Cost**	**Rs. Cr**	**1446.12**	**1583.28**	**1857.49**
11	RoE	Rs. Cr	81	93	119
12	Tax on RoE	Rs. Cr		31	40
C = B+11+12	**Total Distribution Cost**	**Rs. Cr**	**1526.74**	**1707.07**	**2016.43**
13	Less: Misc Receipt/Non Tariff Income (including Open Aceess Charges)	Rs. Cr	109.55	109.55	114
D = C-13	**Net Distribution Cost**	**Rs. Cr**	**1417.19**	**1597.52**	**1902.43**
E	Total Special Appropriation	Rs. Cr	83.33		
F = A+D+E	**Total Revenue Requirement**	**Rs. Cr**	**5205.5**	**5288.44**	**5952.89**
G	Estimated Revenue at existing Tariff	Rs. Cr	5170.7	5243	5814
H= G-F	**(Gap) / Surplus**	**Rs.Cr**	**-34.80**	**-45.09**	**-138.54**
I	Recovery of ASL	Rs. Cr			32.89
J= H-I	**(Gap) / Surplus after considering Recovery of ASL Payment**	**Rs.Cr**			**-171.42**

3.19 Performance of TPCODL in H1 and H2 of FY 2023-24

140. The performance of TPCODL for FY 2023-24 in terms of 1st Half and 2nd Half is as given in **Chapter 8 APR for FY 2023-24**

Chapter 4. Carrying cost and Cumulative Gap

4.1 Carrying Costs

141. TPCODL has worked out the carrying cost for the consideration of the Hon'ble Commission. In this regard, the New Tariff Regulations ,2022 stipulate the following:

2.11.5

Carrying cost to be allowed on the amount of Revenue Gap or Revenue Surplus for the period from the date on which such gap/surplus has become due, i.e., the interest should be calculated for the period from the middle of the Financial Year in which the revenue gap had occurred upto the middle of the Financial Year in which the recovery has been proposed, calculated on simple interest basis at the weighted average Base Rate of the respective Financial Year or any replacement thereof by SBI from time to time being in effect applicable for 1 year period, as applicable for the relevant year:

142. Further the Base rate is defined as following in the New Tariff Regulations 2022.

10) ***"Base Rate"*** *shall mean the one-year Marginal Cost of Lending Rate ('MCLR') as declared by the State Bank of India (SBI) from time to time;*

143. Based on the submissions in this petition, the Gap has been worked out considering the above interest rates.

Table 4-1: Year wise Gap Workings

Sr No	Particulars	Units	FY 24
1	Gap/(Surplus)	Rs Cr	45.09
2	No of Months of Interest till FY 2024-25	Rs Cr	12
3	Applicable Interest Rate	%	8.55%
4	Interest till FY 2024-25	Rs Cr	3.855

4.2 Cumulative Gap along with Interest Cost

144. The Cumulative Gap with the True-up performance from 1st June 2020 to 31st March 2023 and after inclusion of performance of FY 2023-24 and FY 2024-25 is as follows:

Table 4-2: Cumulative Gap at the end of FY 2024-25 along with Carrying Cost

Sr No	Particulars	Units	FY 21(10 Months)	FY 22	FY 23	FY 24	FY 25
1	Opening Gap	Rs Cr	0.00	118.35	88.85	267.82	316.76
2	Addition	Rs Cr	92.89	-24.39	154.67	45.09	171.42
3	Relevant Carrying Cost	Rs Cr	25.47	-5.12	24.31	3.9	0.0
4	**Closing Gap with Interest**	**Rs Cr**	**118.35**	**88.85**	**267.82**	**316.76**	**488.19**

Chapter 5. Tariff Design & Rationalization Proposal

145. We would like to submit, certain significant Tariff related issues, which may be considered by the Hon'ble Commission while notifying tariffs for various consumer categories.

5.1 DPS on Electricity Bills

146. We wish to submit that the Hon'ble Commission had discontinued the practice of levy of DPS on the Electricity Bills in the Tariff Order for FY 2023-24. The Extracts of the Tariff Order is as follows:

87. The issue of levy of DPS to above categories of consumers was raised by DISCOMs during hearing. The Commission thoroughly scrutinised the issue. It is found that levy of DPS is acting as a hurdle for small consumers in resolving their disputed bills. The revenue impact of DPS for these small consumers is also not substantial. Therefore, in order to resolve bill disputes quickly, the Commission decides to abolish DPS for LT Domestic, LT General Purpose and HT Bulk Supply Domestic Consumers w.e.f. 01.04.2023.

147. We note the concern expressed by the Hon'ble Commission. We however note that rescinding the levy of DPS has resulted in willful delay in payment as there is no deterrent now available. The DPS was acting as the required deterrent and the consumers were paying in time.

148. In this regard we wish to assure that the DPS would be applicable only on the undisputed portion. Hence when the Bill gets revised due to Disputes, the DPS would be once again computed on the Un Disputed amount. Further we also note that the consumers at times are required to pay DPS as the bill delivery is delayed. Such situation arises as the Due Date is very short of 7 days. Hence in order to address this grievance of the consumer, it may be appropriate to increase the Due Date of such consumers to 30 days. In this regard, the stand of the Hon'ble Commission in Tariff Order for FY 2022-23 is relevant and presented below:

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. Therefore, it is directed that LT Domestic, LT General Purpose and HT Bulk Supply Domestic consumers will get 10 paise/unit rebate for prompt payment of the bill within due date. Thereafter, if the bill is paid within the next due date, there shall be no Rebate/Delayed Payment Surcharge. But if it is paid beyond the next due date then there shall be a Delayed Payment Surcharge of 1% of the billed value for each month of delay.

<u>Request to the Hon'ble Commission</u>

149. We therefore request the Hon'ble Commission to kindly consider re-introducing the DPS for LT Domestic, LT General Purpose and HT Bulk Supply Domestic Consumers. However, the Due Date for the payment can be extended from the normal 7 days to the next due date as made applicable in the past.

5.2 Pro-rata Billing

150. TPCODL in this issue is drawing the attention of the Hon'ble Commission's to the importance of pro-rata billing for Tariff Slab applicability in case of billing being in deviation to the monthly billing cycle prescribed by the Hon'ble Commission. The relevant Regulation for Billing Cycle is reproduced below:

109(i) The meter shall normally be read ***on fixed date ± 3 working days for monthly billing cycle****. The licensee/supplier shall issue proper photo identity cards to all meter readers and meter readers shall carry the photo identity card during the course of meter reading. (Emphasis Supplied)*

151. It is submitted that while the Discoms are working towards achieving the above norm under normal conditions, the Hon'ble Commission is cognizant of the uncontrollable climatic conditions such as Kalbaisakhi, monsoons and extremely high temperature during summer months which beset Odisha regularly, that effect normal meter reading billing cycles. While occurrence of such events result in extension of billing period beyond the + 3 working days for monthly billing cycle, processes are being put in place to ensure that subsequent month's billing is done earlier than 30 + 3 days so as to ensure that over two billing cycles, the billing period is largely restored as per norms. The relevant Regulation with respect to pro-rata monthly billing is reproduced below:

148. The charges payable by a consumer for supply of electrical power and other sums payable to the licensee/supplier shall be billed ***on pro-rata monthly basis*** *indicating the period for which charges have been levied.* ***When supply to a new consumer is commenced or an agreement is terminated on a day other than the first day of a month****, demand charges and other charges as applicable under tariff notification shall be levied pro-rata for the number of days during the month for which supply shall have been given or agreement shall have been in force. (Emphasis Supplied)*

152. The issue of Pro-rata Billing in case of deviation of billing from 30 days billing cycle was clarified by the Hon'ble Commission vide letter dated 06.06.2022, wherein pro-rata billing was denied in all cases other than in cases of commencement or termination of supply on a day other than the first day of a month. The Discoms were further directed to follow Regulation 109 (on billing cycle period). The clarification, however has not addressed the situation where the billing, for various reasons , cannot be carried within

the stipulated norms as per regulation 109 of the Supply Code,2019.The relevant extract from the above referred letter is reproduced below:

"A harmonious reading of the Regulation 148 of the OERC Distribution (Conditions of Supply) Code, 2019 reveals that the prorata billing should be adopted only in cases when supply to a new consumer commenced or an agreement is terminated on a day other than first day of a month. ***Prorata billing should not be adopted in other cases including the case of spot billing*** *as provided under Regulation 147 of the OERC Distribution (Conditions of Supply) Code, 2019.* ***Regulation 109 of the OERC Distribution (Conditions of Supply) Code, 2019 shall be strictly followed by DISCOMs without any deviation."***

153. Considering that Billing on the fixed date every month (± 3 days) may not be feasible for reasons as explained above, it is submitted that the Hon'ble Commission may kindly consider permitting pro-rata adjustment of Slabs limits based on actual days of billing vis a vis the standard norm of 30 days (365 Days/ 12) to ensure that the Consumers get the full slab benefit under all actual billing period scenarios (vis a vis the norm).

154. We provide below an illustration to demonstrate the impact on Consumer Bill, of the tariffs applied for 'Fixed Slabs' irrespective of the number of days of billing vis-à-vis the same tariff being applied to 'Pro-rata Slab' based on actual no. of days billing'.

Table 5-1: Scenario for Number of Billing Days

Sr No.	Particular	UoM	Scenario-1	Scenario-2	Scenario-3
1	Actual Billing Days	Days	33	27	30
2	Standard Monthly Billing Days (365/12)	Days	30	30	30
3 = (1/2)	Pro-Rata Factor	No	1.1	0.9	1
4	Total Billed Unit for the Month	kWh	500	500	500

Table 5-2: Impact Analysis of Scenarios

TPCODL

Scenario -1 Actual Days of Billing: 33 days, Pro-Rata Factor: 1.1 (33/30)						
Slabs for Domestic Consumers	Energy Charges for Slab (Rs./kwh)	Standard Slab (Existing Practice) in kwh	Adjusted Slab on Pro-rata basis (Proposed Method) in kwh	Energy Charges as per existing method of Billing (Rs.)	Energy Charges as per proposed method of Billing (Rs.)	Difference (Rs.)
	A	B	C = B X Pro-Rata factor	D = A x B	E = A X C	F = D-E
0-50	3	50	55	150	165	-15
50-200	4.8	150	165	720	792	-72
200-400	5.8	200	220	1160	1276	-116
>400	6.2	100	60	620	372	248
Total		**500**	**500**	**2650**	**2605**	**45**

Scenario -2 Actual Days of Billing: 27 days, Pro-Rata Factor: 0.9 (27/30)						
Slabs for Domestic Consumers	Energy Charges for Slab (Rs./kwh)	Standard Slab (Existing Practice) in kwh	Adjusted Slab on Pro-rata basis (Proposed Method) in kwh	Energy Charges as per existing method of Billing (Rs.)	Energy Charges as per proposed method of Billing (Rs.)	Difference (Rs.)
	A	B	C = B X Pro-Rata factor	D = A x B	E = A X C	F = D-E
0-50	3	50	45	150	135	15
50-200	4.8	150	135	720	648	72
200-400	5.8	200	180	1160	1044	116
>400	6.2	100	140	620	868	-248
Total		**500**	**500**	**2650**	**2695**	**-45**

Scenario -3 Actual Days of Billing: 30 days, Pro-Rata Factor: 1 (30/30)						
Slabs for Domestic Consumers	Energy Charges for Slab (Rs./kwh)	Standard Slab (Existing Practice) in kwh	Adjusted Slab on Pro-rata basis (Proposed Method) in kwh	Energy Charges as per existing method of Billing (Rs.)	Energy Charges as per proposed method of Billing (Rs.)	Difference (Rs.)
	A	B	C = B X Pro-Rata factor	D = A x B	E = A X C	F = D-E
0-50	3	50	50	150	150	0
50-200	4.8	150	150	720	720	0
200-400	5.8	200	200	1160	1160	0
>400	6.2	100	100	620	620	0
Total		**500**	**500**	**2650**	**2650**	**0**

155. As can be observed from above, pro-rata billing for slab adjustment based on actual no's of days of billing vis a vis the standard norm of 30 days is just and equitable for consumers as it compensates the consumers for any deficit in slab benefit in a particular month (less than one month) in the subsequent month where the Billing is for more than 30 days.

156. It is further submitted that similar methodology of pro-rata Slab adjustment is adopted by various States. We are willing to provide the copies of the Bills of the Other states to the Hon'ble Commission.

157. In view of the above explained difficulties in ensuring billing all the time within the stipulated norms, we request the Hon'ble Commission to permit pro-rata billing for any deviation from the billing cycle of 30 days as explained above.

5.3 Meter Cost to be recovered in Tariff instead of through Meter Rent

158. It is submitted that at present the cost of meters are recovered through the approved Meter Rents by the Hon'ble Commission. Further, the Meter rents permitted are for a period of 5 years or 8 years for Single Phase Smart Meters. In addition, the Meter Rents are different for various kind of meter installed

159. In addition, the Supply Code also permits recovery of rent even after a period of 5 years after the meter is changed due to technological upgradation. It is noticed that such conditions in the Supply Code as well as the availability of various types of meters leads to difference in interpretation of various clauses of Tariff Order and also the Supply Code and consumer disputes with regards to recovery of Meter Rent.

160. In view of the above, we propose that the expenditure on Meters for consumers should be a part of the Capex plan that needs to be approved by the Hon'ble Commission. Such Capex Plan would then be a part of the overall Capital Expenditure Plan which too is approved by the Hon'ble Commission. In case the same is approved by the Hon'ble Commission, the Meter Rent application can be ceased. Further for those meters that are installed, the Capital Expenditure incurred so far on such meters less the amount of rent recovered can be considered as Capital Expenditure of the Discom.

5.4 KVAH billing for LT Small and Medium Industry Consumer

161. On verification of KWH and KVAH consumption pattern of LT Small and Medium industry consumers it is noticed than the difference in consumption is more than 50% . Total KWH consumption under both the category during the FY22-23 was around 74.24MU and no of consumers was 9405nos. On introduce of KVAH billing in HT, such type of consumers in HT are more billed compared to LT even though there is a tariff difference in LT & HT. In order to make parity in the consumer category and to reduce the loss and encourage the consumer to install the capacitor bank it is proposed for KVAH billing for LT Small and Medium Industry consumers. Further, to compensate the tariff may be reduced and fix a suitable tariff in comparison to HT consumers or suitable additional rebate may be allowed to such category of consumers.

5.5 Encouragement towards Ebill

162. Moving towards EBill is in the interest of the Discoms as well as the consumers. The consumer benefits through witnessing the Ebill through electronic media obviating the need to print and store the bill. Further, the Discoms too saves the cost of printout bill. In addition, it is also in the interest of nation as it conserves forest. It is therefore proposed that a discount of Rs 10 per Bill per Month may be given to those who opt for

EBill. However, such facility of Ebill Discount should be restricted to Non SBM Consumers.

5.6 Creation of Corpus for Meeting Natural Calamities

163. The state of Odisha faces a lot of natural calamities like, cyclone, flood, thunderstorm, wind storm etc. In such case, the restoration of power supply in quick time is not possible to be made and also requires sudden resources like man and material etc. To face such unforeseen events DISCOMs creation of adequate resource is not cost effective. Therefore, it is to submit that DISCOM needs to create certain fund for such distress requirement. In view of the above it is the humble submission of the licensee a separate charge of Rs.2 per month may kindly be allowed to be recovered from all the consumers through energy charges.

5.7 Billing of Public Lighting.

164. There are many public light points; where metering arrangement is not possible due to various reason as detailed below:

- Previously there was a practice to generate one electricity bill against multiple connection points/ connected load under different Sections and from multiple source/transformer.
- Many such connections are there specifically in Gram Panchayat area where dedicated street light phase has not drawn for separate metering and switching system is done manually. Further, such connection are in scatter manner.

165. Hence, it is proposed that wherever meters are not installed billing should be considered assuming 11 hours burning time taking the average use of summer and winter seasons. Further, there should be a mandate for periodic maintenance of the timer and other switching apparatus by the concerned local authorities in order to avoid the wastage of energy.

5.8 Matters related to Supply Code

5.8.1 Revision of Reconnection Charges

At present, the Reconnection Charges are recovered from consumers for reconnecting their supply after disconnection. The Charges have been fixed way back on 1st April 2012. Over the cost of reconnection has also gone up. Hence we request the Hon'ble Commission to increase the Charges . We propose the following revised Reconnection Charges to be applicable from 1st April 2024

Table 5-3: Revised Reconnection Charges

Sr No	Category	Prior to 1st April 2012 (Rs)	Continuing since 1st April 2012	Proposed Reconnection charges
1	LT Single Phase Domestic Consumer	75	150	300
2	LT Single Phase other consumer	200	400	800
3	LT 3 Phase consumers	300	600	1200
4	All HT & EHT consumers	1500	3000	6000

5.8.2 Realistic Assessment of Load

166. The Hon'ble Commission has specified guidelines for assessment of unauthorized use in the regulation. The assessment is made on LDF basis. However, in our humble submission, the Load Factors to be considered do not provide a realistic assessment of the Energy and therefore the Energy Bill.

167. It is therefore submitted that if a consumer is found using electricity unauthorizedly Domestic LF of 30% (10% at present), for GP may be kept as 60% (30% at present) and in case of continuous process industries, assessment may be done with 100% LF. However, while doing the assessment, due procedure as per Electricity Act and Regulation should be strictly observed.

5.8.3 Standard Service Connection charges:

168. While the OERC supply code defines the Standard Service connection charges for single phase connections upto 5 KW, there is no mention of service connection charges for three phase LT connections. In the absence of which, an estimate is required to be prepared for each case. Thus, in order to fasten the process and making the system based auto Demand Note for three phase connections in line with single phase cases, it is suggested that based on the average length of service cable, a standard cost of service connection charges for three phase connections is to be defined. Below is the proposal as per TPCODL costing on service cable.

Table 5-4: **Connection Charges**

Sr No	Contract Demand	Service Connection Charges (excluding GST)
1	Upto 10 KW	4500
2	11-20 KW	7000
3	21-40 KW	10000
4	41-50 KW	19500
5	51-63 KW (70 KVA)	33000
6	>70 KVA	As per load requirement and Estimate thereof
	The Charges are calculated based on average 25 meters service length and use of armoured cable	

Chapter 6. Other Special Issues for consideration of the Hon'ble Commission

6.1 Expenditure for Energy Police Station

169. The Discoms in Odisha are undertaking collection activity of Electricity Bills and in a big way and they have taken several measures to improve the collection of the same. Some of them being regular visits to consumers for recovery, correction of bills where necessary, increasing payment avenues and payment outlets and resorting to disconnection. However, we note that that despite the same, the collection in various areas is a challenge.

170. There is also a stiff resistance faced by employees at the time of meter replacement and collection of dues and at times they are manhandled. It is therefore imperative that the support from police is available to Discoms. We are of the view that Energy Police Stations should commence operations in TPCODL area. who would be dedicated to the Discom and would be working closely with the Discom to enforce law and order and offer protection to the Discom Staff. We are confident that the presence of such police force in field will improve the collection and also boost the morale of employees of Discoms.

171. To start with, it may be prudent to start operations with 3 No Energy Police Station in TPCODL area. We are in this petition requesting the Hon'ble Commission to kindly consider reimbursing the expenditure towards 3 No Energy Police Station for FY 2024-25. Based on the success of such Energy Police Stations, more can be planned. The estimated expenditure per Police Station is about Rs 1.42 Crore as shown in the table below

Table 6-1: Estimated Cost per Police Station

SrNo	Grade in Police	No	Salary per Annum (Rs Lakh)	Total (Rs Lakhs per Annum
1	Inspector	1	10	10
2	Sub Inspector	2	7.5	15
3	ASI	2	6	12
4	Havildar	1	4	4
5	Constable	12	4	48
6	Driver	1	3	3
7	Follower Orderly	1	3	3
8	**Total**	**20**		**95**
9	Overhead (50%)			47.5
10	Budget per Police Station			142.5

172. We are concurrently taking up with the Government of Odisha for implementation of such police stations. In this regard, we had in the past written to DGP Odisha for implementation of 3 Energy Police Stations.

173. Alternatively, the Hon'ble Commission may consider approving the cost of additional Police Personnel earmarked and deployed for working exclusively with Discom. The estimated cost per location would be however Rs 42 Lakhs.

174. We have at present not factored the cost of such Energy Police Stations in the MBC costs. Based on the decision, the same may be allowed at the time of truing up for FY 2024-25.

6.2 Approval of Interest for purchase of EVs

175. In order to regulate the service and allied matters of the employees of erstwhile Utilities of CESU, SOUTHCO, WESCO & NESCO, the Board of Directors of these Utilities, in their respective 5th meeting held on 24th November 1998, approved adoption of all the service rules, regulations, practices and procedures followed by GRIDCO Limited (GRIDCO) on the basis of various Govt. codes, notifications, office orders, circulars as well as practices and procedures prescribed by the Board of GRIDCO relating to the service matters of employees as on the date of vesting of license to CESU/ SOUTHCO/ WESCO/ NESCO. Further, the employees' wellbeing related policies and procedures, as and when framed/adopted by GRIDCO/ Odisha Power Transmission Corporation Limited (OPTCL) for their employees, were subsequently adopted by erstwhile CESU and other Discoms.

176. Recently, vide its Circular No.AW/E&M-EV-1/2023(PT)/3358 dated 3rd March 2023, OPTCL announced its Electric Vehicle Advance Policy (EVAP) for its employees which is in line with the guideline issued by the Finance Department, Government of Odisha (GoO) vide Memorandum No. 8524/F dated 05th April 2022. The salient features of the said EVAP are as under:

- Advance will be interest free and will be granted based on eligibility and subject to availability of budget.
- All Executives will be eligible to purchase electric motor car/ two-wheeler and non-executives will be eligible for electric two-wheelers only.
- Advance amount will be 75% of cost of vehicle or repaying capacity and maximum advance limit for motor car is ₹ 15 lakhs and for two-wheeler is ₹ 2 lakh.
- Advance recovery shall be in 100 equal installments from the employee's salary unless opted for lesser number of EMIs by the employees.
- In case employee retires/ expires, remaining advance; if any, will be recovered from his/her retirement/ death benefits.

- In case of resignation, remaining advance; if any will be recovered from the dues of concerned employees and the balance amount; if any, to be deposited by the concerned employee before being relieved under the Orissa Public Demands Recovery (OPDR) Act, 1962.
- Employees who have already availed any vehicle advance can also avail this benefit after repaying outstanding of such vehicle on production of No Dues Certificate (NDC) in this respect from the concerned/ Drawing and Disbursing Officer (DDO).
- As it is interest free loan, this benefit shall be computed as part of taxable income of employees concerned under section 17 (2) of Income Tax Act, 1961.

177. The TP Discoms in line with the OPTCL EVAP and Government of Odisha Memorandum have formulated there EV Policy in line with OPTCL's policy. It is therefore proposed to adopt and implement the EVAP of OPTCL in the respective Discoms to facilitate eligible and interested employees to purchase of EV by providing interest free recoverable advance.

178. The Boards of respective Discoms have, in their meetings held on 18th July'2023 (TPCODL & TPWODL) and 21st July 2023 (TPSODL & TPNODL), approved the implementation of EVAP for erstwhile Utility employees in line with OPTCL, subject to approval of the Hon'ble Commission towards expenses on account of interest on such advances since these vehicle loans to employees shall be interest free and the cost for the same shall need to be borne by the Discoms.

179. The estimated interest costs to be borne by the Discoms, based on expected number of employees who are likely to purchase an EV under the Scheme and an estimated financing cost @9%, is provided as given in the table below. It is clarified that amounts are only estimates based on certain assumptions on number of employees taking such advances and the actual interest cost borne by the Discoms for extending such loans.

Table 6-2: Estimated Cost of Interest over life of loan

			FY24				FY25				FY26 (up to Dec'25)					
Discom	Maximum Interest Free Advance (Rs.Lacs)	Total No. of Employees (Nos.)	%age Employees estimated to subscribe (%)	Number of Employees estimated to subscribe (Nos.)	Total Interest Free Advance (Rs. Cr.)	Estimated Interest Cost to be allowed in ARR(Rs L)- for entire interest over the period	%age Employees estimated to subscribe (%)	Number of Employees estimated to subscribe (Nos.)	Total Interest Free Advance (Rs. Lac)	Estimated Interest Cost to be allowed in ARR(INR)	%age Employees estimated to subscribe (%)	Number of Employees estimated to subscribe (Nos.)	Total Interest Free Advance (Rs. Lac)	Estimated Interest Cost to be allowed in ARR(INR)	Total Interest Free Advance (Rs. Lac)	Total Estimated Interest Cost of the Scheme to be allowed in ARR(INR)
A	B	C	D	E=CxD	F=BXE/100	G	H	I=CXH	J=BXI	K	L	M=CXL	N=CXM	O	P=F+J+N	Q=G+K+0
TPCODL		4190	10%	419	16.12	6.10	10%	413	16.19	6.13	10%	399	15.75	5.97	48.06	18.20
TPSODL		1760	25%	440	21.28	8.06	33%	578	24.03	9.10	23%	399	15.78	5.98	61.09	23.14
TPWODL		1927	25%	481.75	25.04	9.48	33%	627	27.95	10.58	25%	481.75	25.04	9.48	78.03	29.55
TPNODL		2321	19%	444.1	16.72	6.33	19%	444	16.72	6.33	19%	444.1	16.72	6.33	50.16	19.00
TOTAL		**10198**	**18%**	**1784.85**	**79.16**	**29.98**	**20%**	**2062**	**84.89**	**32.15**	**17%**	**1723.85**	**73.30**	**27.76**	**237.34**	**89.89**

180. Initially this scheme will be in vogue till December 31, 2025 unless extended otherwise in line with the guidelines issued by the State Government vide O.M. No. 8524 dated April 05, 2022

181. It is requested that the Hon'ble Commission may kindly approve the implementation of EVAP for erstwhile Utility employees in line with OPTCL with actual expenditure on account of interest on such interest free advances to employees being a pass through for the Discoms based on their actual expenditure.

6.3 Issues related to Supply Code 2019- Providing Power Supply to consumers

6.3.1 Relaxation in Documents to providing new Connections:

182. For providing electricity connection, documents in support of a) identity proof and b) ownership proof, should suffice in releasing new service connection. Currently some additional documents are required, which can be taken care through a standard undertaking/self-certification as part of application form citing that "all other necessary documents" like internal wiring certificate on safety approved by the authorised representative of Electrical Inspector of licensed electrical contractor NOC from co-owner, NOC for agriculture, Industrial licence etc. are available with applicant.

183. However, these additional documents should not be a prerequisite for energising the connection. The undertaking will also indemnify the utility for any loss/dispute arises out of it and supply will be liable for disconnection in case of any dishonest declaration.

6.3.2 Agreement for supply

184. Currently in all three phase connection other than domestic and GPS, an agreement in the standard format is required to be executed by applicant with Discom officials and thereafter supply gets effective. So, it is suggested that there should not be any requirement of agreement for all LT connections and HT connections up to 1 MVA. Their initial application shall be considered as standard agreement.

6.3.3 Extension of Time period for temporary connections:

185. As per OERC supply code 2019, Temporary power connections can be given to meet temporary needs on special occasions including marriage or other ceremonial functions, fairs, festivals, religious functions, for construction of residential houses etc upto a period of 6 months. In general, the power requirement of a temporary connection is only upto 6 months like fairs, festivals, religious functions etc except power requirement for construction purpose wherein electricity connection is normally required from 1 to 2 year and even more for big projects to complete the construction activity. Further, as the construction of premise and wiring are not completed, a permanent connection can also not be given.

186. Under such a scenario, it is necessary to extend the timeline for a temporary connection for construction purposes from 6 month to time till the activity is completed.

Chapter 7. Working of IDC

7.1 Estimation of Interest During Construction

Summary		
IDC Capitalization	FY-24	FY-25
FY-21 Approved Capex	1.17	
FY-22 Approved Capex	1.13	
FY-23 Approved Capex	2.88	
FY-24 Proposed Capex	0.00	9.72
FY-25 Proposed Capex		2.12
Total	**5.17**	**11.84**

For FY-21 Approved Capex					
		Year			
Sr No	**Particulars**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
1	Opening CWIP	0.00	19.01	23.10	22.18
2	Capex	85	128	41	26
3	Capitalisation	66	124	42	49
4	Closing CWIP	19.01	23.10	22.18	0.00
5	Average CWIP	9.50	21.05	22.64	11.09
	Loan Movement				
6	Opening Balance	0.00	13.31	16.17	15.53
7= 70% of (2)	Addition= 70 % of (2)	59.72	89.81	28.41	18.51
8= 70 % of (3)	Capitalisation= 70% of (3)	46.41	86.94	29.05	34.04
9	Closing Balance	13.31	16.17	15.53	0.00
	IDC Working movement (on Loan OB and Addition)				
10	Opening Balance	0.00	0.11	0.20	0.51
11	IDC for the Year= RoI x (OB+Net Addtion/2)	0.51	1.13	1.28	0.65
12= (10 +11)x(8/(6+7))	IDC Capitalised	0.40	1.05	0.96	1.17
13	Closing Balance	0.11	0.20	0.51	0.00

Net Addtion = Capex for the year - Capitalisation for the year

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For FY-22 Approved Capex				
			Year	
Sr No	**Particulars**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
1	Opening CWIP	0.00	15.07	28.74
2	Capex	110.70	115.47	72.56
3	Capitalisation	95.62	101.80	101.30
4	Closing CWIP	15.07	28.74	0.00
5	Average CWIP	7.54	21.91	14.37
	Loan Movement			
6	Opening Balance	0.00	10.55	20.12
7= 70% of (2)	Addition	77.49	80.83	50.79
8= 70 % of (3)	Capitalisation	66.94	71.26	70.91
9	Closing Balance	10.55	20.12	0.00
	IDC Working movement (on Loan OB and Addition)			
10	Opening Balance	0.00	0.06	0.28
11	IDC for the Year= RoI x (OB+Net Addtion/2)	0.41	1.24	0.85
12= (10 +11)x(8/(6+7))	IDC Capitalised	0.35	1.01	1.13
13	Closing Balance	0.06	0.28	0.00

For FY-23 Capex				
			Year	
Sr No	**Particulars**	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**
1	Opening CWIP	0.00	54.19	
2	Capex	143.52	237.04	
3	Capitalisation	89.33	251.93	39.30
4	Closing CWIP	54.19	39.30	
5	Average CWIP	27.10	46.75	
	Loan Movement			
6	Opening Balance	0.00	37.93	
7= 70% of (2)	Addition	100.46	165.93	
8= 70 % of (3)	Capitalisation	62.53	176.35	
9	Closing Balance	37.93	27.51	
	IDC Working movement (on Loan OB and Addition)			
10	Opening Balance	0.00	0.58	
11	IDC for the Year= RoI x (OB+Net Addtion/2)	1.53	2.75	
12= (10 +11)x(8/(6+7))	IDC Capitalised	0.95	2.88	
13	Closing Balance	0.58	0.45	

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For FY-24 Capex			
		Year	
Sr No	Particulars	FY 2023-24	FY 2024-25
1	Opening CWIP	0.00	164.35
2	Capex	164.35	119.37
3	Capitalisation	0.00	283.72
4	Closing CWIP	164.35	0.00
5	Average CWIP	82.18	82.18
	Loan Movement		
6	Opening Balance	0.00	115.05
7= 70% of (2)	Addition	115.05	83.56
8= 70 % of (3)	Capitalisation	0.00	198.60
9	Closing Balance	115.05	0.00
	IDC Working movement (on Loan OB and Addition)		
10	Opening Balance	0.00	4.83
11	IDC for the Year= RoI x (OB+Net Addtion/2)	4.83	4.89
12= (10 +11)x(8/(6+7))	IDC Capitalised	0.00	9.72
13	Closing Balance	4.83	0.00

For FY-25 Capex			
		Year	
Sr No	Particulars	FY 2024-25	FY 2025-26
1	Opening CWIP	0.00	118.94
2	Capex	297.36	118.69
3	Capitalisation	178.42	237.63
4	Closing CWIP	118.94	0.00
5	Average CWIP	59.47	59.47
	Loan Movement		
6	Opening Balance	0.00	83.26
8= 70 % of (3)	Addition	208.15	83.08
9	Capitalisation	124.89	166.34
9	Closing Balance	83.26	0.00
	IDC Working movement (on Loan OB and Addition)		
10	Opening Balance	0.00	1.42
11	IDC for the Year= RoI x (OB+Net Addtion/2)	3.54	3.54
12= (10 +11)x(8/(6+7))	IDC Capitalised	2.12	4.95
13	Closing Balance	1.42	0.00

187. Based on the Actual performance for H1 of FY 2023-24 and estimates for H2 of FY 2023-24, the Gap/(Surplus) for FY 2023-24 is as shown in the table below

Table 8-1: The H-1 Actuals , H-2 estimate and estimated ARR for FY 2023-24

Sr No	Particular	UoM	Approved in ARR FY 2023-24	Actual H-1 FY 2023-24	Estimate for H-2 FY 2023-24	Total Estimated Gap/Surplus for FY 2023-24
	Expenditure					
1	Cost of Power Purchase	Rs. Cr	3433	1919.13	1500.92	3420.05
2	Transmission Cost	Rs. Cr	270.14	151.15	117.97	269.12
3	SLDC Cost	Rs. Cr	1.74	0.87	0.87	1.74
A =1+2+3	**Total Gross Power Purchase ,Transmission & SLDC Cost (Before Rebate)**	**Rs. Cr**	**3704.96**	**2071.15**	**1619.76**	**3690.91**
4.a	Gross Employee Cost	Rs. Cr	803.22	402.10	433.3	835.40
4.b	Less: Employee Cost Capitalization	Rs. Cr	26.3	13.1	13.1	26.29
4= 4.a-4.b	Net Employee Cost	Rs. Cr	777	389	420	809.11
5	R&M Expenditure	Rs. Cr	279.38	115.96	163.42	279.38
6	A&G Expenditure	Rs. Cr	142	74	94	168.12
7	Provision for Bad & Doubtful Debt	Rs. Cr	51.71	28.61	23.82	52.43
8	Depreciation	Rs. Cr	81.38	49.42	51.08	100.50
9.a	*Interest on Consumer Security Deposit*	Rs. Cr	60.82	26.27	49.90	76.18
9.b	*Interest on Long Term Loan*	Rs. Cr	38.55	21.41	26.04	47.45
9.c	*Interest on Working Capital Loan*	Rs. Cr	26.28	25.74	22.46	48.20
9.d	*Finance Cost*	Rs. Cr		0.47	1.45	1.92
9.e	*Less: Interest Cost Capitalized*	Rs. Cr	10.94		0.00	0.00
9=9.a+9.b+9.c+9.d-9.e	Total Interest on SD, Long Term & Working Capital Loan	**Rs. Cr**	**114.71**	**73.89**	**99.85**	**173.75**
10						
B =4+5+6+7+8+9+10	**Total Operation & Maintenance Cost and Other Cost**	**Rs. Cr**	**1446.12**	**730.56**	**852.73**	**1583.29**
11	RoE	Rs. Cr	81	42	51	93
12	Tax on RoE	Rs. Cr		14	17	31
C = B+11+12	**Total Distribution Cost**	**Rs. Cr**	**1526.74**	**786.75**	**920.32**	**1707.08**
13	Less: Misc Receipt/Non Tariff Income (including Open Aceess Charges)	Rs. Cr	109.55	49.29	60.260	109.6
D = C-13	**Net Distribution Cost**	**Rs. Cr**	**1417.19**	**737.46**	**860.06**	**1597.53**
E	Total Special Appropriation	Rs. Cr	83.33			
F = A+D+E	**Total Revenue Requirement**	**Rs. Cr**	**5205.5**	**2808.6**	**2479.82**	**5288.45**
G	Estimated Revenue at existing Tariff	Rs. Cr	5170.7	2910.6	4687	5243
H= G-F	**(Gap) / Surplus**	**Rs.Cr**	**-34.80**	**102.03**	**2207.52**	**-45.10**
I	Recovery of ASL	Rs. Cr				
J= H-I	**(Gap) / Surplus after considering Recovery of ASL Payment**	**Rs.Cr**				**-45.10**