

**ODISHA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN  
BHUBANESWAR – 751021**

**NOTIFICATION**

**The **XX<sup>th</sup>XXXXX**, 2022**

**No. OERC/RA/RST. REGU.–36/2021- \_\_\_\_\_** - In exercise of powers conferred under Sections 61, 62 and 86 read with Section 181 of the Electricity Act, 2003 (Act 36 of 2003) and all other powers enabling it in that behalf, the Odisha Electricity Regulatory Commission hereby makes the following Regulations, namely:

**1. PRILIMINARY**

**1.1. Short Title, Applicability, Commencement and Extent**

- 1.1.1. These Regulations shall be called **“Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022”**.
- 1.1.2. These Regulations shall come into effect from the date of their publication in the Official Gazette and shall remain in force till March 31, 2028, unless otherwise reviewed/extended by the Commission.
- 1.1.3. These Regulations shall extend to the whole of the State of Odisha.
- 1.1.4. The Commission in specifying these Regulations shall be guided by the principles contained in Section 61 to 65 of the Act.
- 1.1.5. These Regulations shall be applicable to all existing and future Distribution Licensees and their successors, if any;
- 1.1.6. The Orissa General Clauses Act, 1937 shall apply to the interpretation of these Regulations.
- 1.1.7. These Regulations shall supersede the OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply tariff) Regulations, 2014.

**1.2. Definitions and Interpretation**

- 1.2.1. In these Regulations, unless the context otherwise requires-
  - 1) **“Act”** means the Electricity Act, 2003 as amended from time to time;
  - 2) **“Aggregate Revenue Requirement” or “ARR”** means the annual revenue requirement comprising of allowable expenses and return for a Financial Year, pertaining to the Licensed business which are permitted, in accordance with these Regulations, to be recovered from the tariffs and charges determined by

the Commission;

- 3) **“Allocation Statement”** means for each Financial Year, a statement in respect of each of the separate businesses of the Distribution Licensee for optimum utilization of its assets, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc., which has been either:
- i. charged from or to each such Other Business together with a description of the basis of that charge; or
  - ii. determined by apportionment or allocation between different businesses of the licensee including the Licensed Businesses, together with a description of the basis of the apportionment or allocation:

Provided that ‘Allocation Statement’ shall not be construed as a substitute for maintaining separate accounting statement for the regulated business and other businesses of the Distribution Licensees.

Provided that for the purpose of these Regulations, the licensed business of the Distribution Licensee for an area of supply would be separated as Wheeling business and Retail Supply business;

- 4) **“Applicant”** means a Distribution Licensee who has made an application for determination of Aggregate Revenue Requirement and tariff in accordance with the Act and these Regulations and includes a Distribution Licensee whose tariff is the subject of a review by the Commission on Suo- motu basis or as part of a Truing-up exercise;
- 5) **“Area of Supply”** means the area within which a Distribution Licensee is authorised by its license to supply electricity;
- 6) **“Auditor”** means an auditor appointed by the applicant, in accordance with the provisions of sections 224, 223B and 619 of the Companies Act, 1956 (1 of 1956), as amended from time to time or Chapter X of the Companies Act, 2013 (18 of 2013) or any other law for the time being in force;
- 7) **“Authority”** means Central Electricity Authority referred to in Section 70 of the Act;
- 8) **“Bank Rate”** shall mean the Bank Rate declared by the Reserve Bank of India from time to time;
- 9) **“Base Rate”** shall mean the one-year Marginal Cost of Lending Rate (‘MCLR’) as declared by the State Bank of India from time to time;
- 10) **“Base Year”** means the Financial Year immediately preceding the first year of the applicable Control Period;
- 11) **“Change in Law”** means occurrence of any of the following events:
- (i) the enactment, bringing into effect, adoption, promulgation, amendment, modification, repeal or enactment of any Indian law; or

- (ii) change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or
  - (iii) change by any competent statutory authority, in any condition or covenant of any consent or clearances or approval or license available or granted for the project; or
  - (iv) any change in taxes or duties, or introduction of any taxes or duties levied by the Central or any State Government excluding the change in taxes and duties related to O&M expenses
- 12) **“Collection Efficiency”** for a period is defined as the ratio of actual revenue collected for sale of energy excluding arrear and actual amount billed for sale of energy expressed as percentage.
- 13) **“Commission”** means the Odisha Electricity Regulatory Commission referred to in sub-section (1) of the Section 82 of the Act;
- 14) **“Competitive Bidding”** means a transparent process for procurement of power, equipment, services and works in which bids are invited by the procurer by open advertisement covering the scope and specifications of the power requirement, equipment, services and works required, and the terms and conditions of the proposed contract as well as the criteria by which bids shall be evaluated, and shall include domestic competitive bidding and international competitive bidding;
- 15) **“Control Period”** means a multi-year period comprising first five Years from FY 2023-24 to FY 2027-28, and as may be extended by the Commission from time to time;
- 16) **“Day”** means the 24-hour period starting at 00:00 hour;
- 17) **“Distribution Loss”** means the difference between the energy input (in units) and the energy sold (in units) as percentage of the total input energy (in units) measured through appropriate meter;
- 18) **“De-capitalisation”** means reduction in Gross Fixed Assets of the project corresponding to the removal of assets as admitted by the Commission corresponding to inter-unit transfer of assets or the assets taken out from service;
- 19) **“Deemed Distribution Licensee”** means a person deemed to be a Distribution Licensee under Section 14 of the Act;
- 20) **“Distribution Business”** means the business of operating and maintaining a distribution system for supplying electricity in the area of supply of the Distribution Licensee;
- 21) **“Distribution Licensee”** means a Licensee authorised to operate and maintain a distribution system for supplying electricity to consumers in its area of supply;
- 22) **“Distribution System User”** means a retail consumers of the Distribution

licensee to whom the electricity is supplied by the Distribution licensee through their own distribution infrastructure along with the person who has been allowed open access to the distribution system of a distribution licensee and the consumer or a class of consumers allowed to receive supply from a person other than a distribution licensee;

- 23) **“Distribution Wheeling Business”** means the business of operating and maintaining a distribution system for wheeling of electricity in the area of supply of the Distribution Licensee;
- 24) **“Detailed Project Report Scheme”** (or "DPR Scheme") means a capital expenditure Scheme with projected capital cost exceeding the limits specified in the guidelines for in-principle clearance of proposed Investment schemes or any such amount stipulated by the Commission, for which the Distribution licensee, as the case may be, is required to obtain prior in-principle approval by submitting a Detailed Project Report (DPR);
- 25) **“Effective Date”** means date of vesting of erstwhile CESU, WESCO, NESCO and SOUTHCO to TPCODL, TPWODL, TPNODL and TPSODL on 01.06.2020, 01.01.2021, 01.04.2021 and 01.01.2021 respectively as per the Vesting Orders
- 26) **“Erstwhile DISCOMs / Distribution Licensees”** means CESU, WESCO, NESCO and SOUTHCO
- 27) **“Expected Revenue from Tariff and Charges”** means the revenue estimated to accrue to the Distribution Licensee from the Regulated Business at the prevailing tariffs and charges;
- 28) **“Existing Project”** means a project declared under commercial operation on a date prior to April 01, 2023;
- 29) **“Extended Life”** means the life of a Distribution system or element thereof, beyond the period of Useful Life, as may be approved by the Commission on a case to case basis;
- 30) **“Financial statement”** means for each Financial Year, the following statements, namely-
  - (i) balance sheet, prepared in accordance with the form contained in Part I of Schedule III to the Companies Act, 2013 as amended from time to time or Part I of Schedule VI to the Companies Act, 1956 as amended from time to time, whichever is applicable;
  - (ii) profit and loss account, complying with the requirements contained in Part II of Schedule III to the Companies Act, 2013 or Part II of Schedule VI to the Companies Act, 1956, as amended from time to time, whichever is applicable;
  - (iii) cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India and as per Section 2(40) of the Companies Act 2013;

- (iv) report of the statutory auditors;
- (v) reconciliation statement, duly certified by the statutory auditors, showing the accounting statement under Indian Accounting standard (IND AS) and Generally Accounting Accepted Principles (GAAP) for reconciliation between the total expenses, revenue, assets and liabilities, of the entity as per financial statement and Regulatory format;
- (vi) cost records as reflected in the books of accounts defined in Section 2 (13) of the companies Act 2013 or Section 209(1)(d) of the Companies Act, 1956 along with Cost Audit Reports;

together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;

Provided that the revised schedules and forms as stipulated under the Companies Act, 2013 shall be applicable from the date as prescribed therein:

Provided also that in case of any local authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as mentioned above, prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority:

- 31) **“Financial Year”** means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;
- 32) **“Fixed Asset”** means an asset held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business
- 33) **“Fees”** means fees payable to the Commission for filing of Petitions and other applications as per Schedule of fees approved by the Commission;
- 34) **“Force Majeure”** for the purpose of these regulations means the event or circumstance or combination of events or circumstances including those stated below which partly or fully prevents the distribution company to discharge its function as per the Licence Conditions and only if such events or circumstances are not within the control the distribution company and could not have been avoided, had the distribution company taken reasonable care or complied with prudent utility practices:
  - a. Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, pandemic or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred years; or
  - b. Any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or
  - c. Industry wide strikes and labour disturbances having a nationwide impact in India;