

**ODISHA ELECTRICITY REGULATORY COMMISSION  
PLOT NO. 4, CHUNOKOLI, SAILASHREE VIHAR,  
BHUBANESWAR-751021**

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**ORDER**

**No. OERC/Engg./06/2021/718 Date: 29.06.2021**

1. The Commission vide its order dated 31.03.1999 passed in Case No.24/98 under the provisions of the Orissa Electricity Reform Act, 1995, had issued Licence to North Eastern Electricity Supply Company of Orissa Ltd (the **NESCO**), Januganj, Balasore- 756019, Orissa to carry out the business of Distribution & Retail Supply in the areas of supply as mentioned in their licence No 3/99. Under the said Licence, NESCO carried out the Distribution and Retail Supply business as the Licensed Activities in its Area of Supply.
2. The Electricity Act, 2003 (the **Act**) came into force from 10th June 2003. Under Section 14 of the Act, any person engaged in the business of supply of electricity under the provisions of repealed laws or any Act specified in the Schedule on or before the appointed date shall be deemed to be a licensee under the Act. By virtue of this provision, NESCO became a Deemed Distribution Licensee for carrying out the Licensed Activity in its Area of Supply.
3. Thereafter, the Commission prepared another draft Licence conditions for NESCO and decided to finalise the same through a consultative public hearing. For this purpose, the Commission initiated a suo-moto proceeding and a case was registered as Case No. 21/2006. The Commission, vide Order dated 27.10.2006, finalized the Licence conditions for NESCO which became applicable with effect from 01.11.2006.
4. Under Section 19 of the Electricity Act, 2003 (the **Act**), the Commission revoked license of NESCO with effect from Mar 2015 and appointed CMD, GRIDCO as the administrator under Section 20(d) of Act and vested the management and control of NESCO Utility along with their assets, interests and rights with the CMD, GRIDCO Limited. The order on revocation of licenses by the Commission was upheld by the Honble APTEL in Appeal No. 64 of 2015 and has also been confirmed by the Honble Apex Court vide their Order dated 24.11.2017 in Civil Appeal No.18500 of 2017.
5. In terms of Section 20 of Act the Commission initiated a transparent and competitive bidding process for selection of an investor for sale of utility of NESCO (**NESCO Utility**) and had issued the updated Request for Proposal (the **RFP**) on 31.07.2020. In response to the said RFP, one bid was received by the bid due date. After detailed evaluation by independent bid evaluation committee setup by the Commission, The Tata Power Company Limited (the

“TPCL”) was recommended as the successful bidder and Commission accepted the same under Section 20(1)(a) of the Act.

6. The Commission issued a Letter of Intent (the “**Lol**”) to TPCL vide Letter No. OERC/RA/SALE of NESCO-26/2019(II)/160 dated 29.01.2021. TPCL communicated the acceptance of the Lol vide Letter No. T&D /BD/ DOM/ FY21/ OERC/ NESCO/PPP/100 dated 05.02.2021.
7. As per the terms of the RFP, upon completion of sale, NESCO Utility shall vest in a special purpose vehicle (the “**Project SPV**” or “**Operating Company**”) in which TPCL shall hold 51% (fifty one percent) equity shares and Government of Odisha (~~%GoO+~~) shall hold 49% (forty nine percent) equity shares through GRIDCO Limited (the ~~%GRIDCO+~~).
8. The Commission vide letter no. OERC/RA/SALE OF NESCO-26/2019(Vol.II)/162 dated 29.01.2021 then directed GRIDCO to incorporate the said SPV to which the utility of NESCO shall be vested and Licence of NESCO Utility shall be transferred. TPNODL shall be the SPV in which TPCL and GRIDCO shall hold 51% and 49% equity shares respectively after the completion of sale.
9. The Commission vide letter No. OERC/RA/SALE of NESCO-26/2019(II)/161 dated 29.01.2021 directed TPCL that it is required to comply with the requirements of the Competition Act, 2002 and furnish a certificate on such compliances to OERC. M/s TPCL vide its letter No. T&D/BD/DOM/FY21/OERC/NESCO/PPP/113 dated 19.03.2021 communicated to the OERC that CCI vide its e-mail dated 19.03.2021 to the TPCL intimated that it considered the proposed combination and approved the same under sub-section (1) of Section 31 of the Act. This approval is with reference to the notice filed by the Tata Power Company Ltd. (TPCL/Acquirer) on 08.02.2021 under sub-section (2) of Section 6 of the Competition Act, 2002.
10. The Commission initiated a suo-moto proceeding in Case No. 9/2021 to issue suitable directions with respect to sale of utility of NESCO under Section 20 of the Act and for vesting of utility of NESCO to the intending purchaser under Section 21 of the Act. The Commission decided to dispose of the petition through a hearing of the concerned parties namely NESCO Utility, TPCL, GRIDCO, OPTCL and the Government of Odisha. After hearing the parties including public interveners, the Commission issued an Order (the “**Vesting Order**”) on 25.03.2021 to the best interest of all the stakeholders.
11. The Vesting Order specified that the date of vesting of utility of NESCO to TPNODL would be 01.04.2021 (the “**Effective Date**”). In the said order, the Commission directed the parties to undertake the transaction in such a manner that all the activities proposed for execution of this transaction in their submissions filed in response to suo-moto petition must be completed on or before 01.04.2021. The sale process would then be considered to be complete.

12. The Vesting Order also stated that upon completion of sale, the rights, powers, authorities, duties and obligations of the NESCO Utility under its licence shall stand transferred to TPNODL as per Section 21(b) of the Act. Upon delivery of utility of NESCO to TPNODL with effect from 01.04.2021, TPNODL shall be deemed to be the Licensee. The Commission shall then issue an order amending Licence Conditions within 90 (ninety) days of the Effective Date. Till the time amended Licence is granted, the provisions of the Vesting Order and the rights, powers, authorities, duties and obligations specified in the Licence issued to NESCO vide order dated 27.10.2006 and subsequently transferred to NESCO Utility shall apply to TPNODL.
13. T P Northern Odisha Distribution Limited (~~TPNODL~~) was incorporated on 20.03.2021 as wholly owned subsidiary of GRIDCO with an authorized share capital of Rs. 1000 crores (Indian Rupee One Thousand crores only) and paid-up capital of Rs. 5 lakhs (Indian Rupee Five lakhs only). As per the directions contained in the Vesting Order and in fulfilment of requirement under Section 20(3) of the Act, the Administrator of NESCO Utility has delivered his utility to TPNODL with effect from 01.04.2021 after completing all the modalities of the transaction.
14. With the delivery of utility of NESCO to TPNODL, the Licence of NESCO Utility stood transferred to TPNODL with effect from 01.04.2021 as per the Vesting Order. Now, to incorporate the terms of the RFP, the commitments made by TPCL in its Bid and provisions of Vesting Order an amendment to the Licence conditions transferred to TPNODL is necessitated. The present order is pursuant to the Vesting Order which states that the Commission shall issue an order amending Licence conditions within 90 (ninety) days of the Effective Date.
15. Under Condition 4.2 of Licence transferred to TPNODL, the Licence Conditions are subject to modification or amendment in accordance with the provisions of relevant Regulations and in accordance with the provisions of the Act. The Commission has issued the Vesting Order dated 25.03.2021 under Section 21 of the Act which empowers the Commission to specify Conditions for the new Licensee TPNODL in consonance with the said Order and precludes further consultations. This is because any amendment to the existing Licence Conditions shall be done within the perimeter of the Vesting Order which has already been settled.
16. Moreover, the operational control of NESCO Utility has been transferred to TPNODL vide Order dated 25.03.2021 in Case No.09/2021. Hence, the Commission is mandated under Regulation 9.3 of OERC (Conduct of Business) Regulation, 2004 to impose suitable Licence Conditions. Hence, it is necessary that the Licence transferred to TPNODL be amended considering the fresh Conditions in the Commission's Order dated 25.03.2021, so that TPNODL, the successor of NESCO Utility, performs its obligation successfully as a Licensee pursuant to its commitment.

17. Hence, in exercise of powers conferred under the OERC (Conduct of Business Regulations), 2004 and the Vesting Order, the Commission hereby amends certain Conditions of the Licence of NESCO Utility which has been transferred to TPNODL.
18. The Licence Conditions as amended vide this order shall be the Licence conditions applicable to TPNODL. The Licence shall remain in force for 25 (twenty five) years with effect from 01.04.2021 unless revoked earlier as per Section 15(8) of the Act.
19. TPNODL is directed to keep the Licence Conditions in the website and make available the copy of the said Licence Conditions to the interested persons on payment of reasonable charge. Further, TPNODL is directed to publish a public notice in 1 (one) English and 2 (two) Odia dailies having wide circulation in the State of Odisha for 2 (two) consecutive days, informing the general public about the Licence Conditions approved by the Commission which is available in the Licensee's website and copy of the same may be obtained from their Corporate office on payment of reasonable charges.
20. The copy of this Order and the text of the Licence Conditions of TPNODL may be communicated to Department of Energy, Government of Odisha, Central Electrical Authority, Government of India by the Commission's Secretary.
21. In case of any conflict between the Licence Conditions attached to this Order and the Vesting Order and the provisions of RFP or RFP Documents namely Share Acquisition Agreement, Shareholders Agreement, Bulk Supply Agreement and Bulk Power Transmission and SLDC Agreement, then such matter shall be referred to the Commission and the decision of the Commission on such issues shall be final.

**Sd/-  
Member (M)**

**Sd/-  
Member (P)**

**Sd/-  
Chairperson**

**LICENCE CONDITIONS**

**OF**

**TP NORTHERN ODISHA DISTRIBUTION LIMITED  
(TPNODL)**

**Corporate Office: Januganj, Dist. Balasore- 756019, Odisha**

## PART I: PRELIMINARY

### 1. SHORT TITLE

- 1.1. These Licence Conditions may be called ~~the~~ **the Licence Conditions of TP Northern Odisha Distribution Limited (TPNODL)** which are applicable to the Licensee with effect from 1<sup>st</sup> April 2021.

### 2. AREA OF OPERATION OF LICENSED ACTIVITY (AREA OF SUPPLY)

- 2.1. The area of operation of Licensed Activity of the Licensee shall comprise the Electricity Distribution Circles of Balasore, Bhadrak, Baripada, Jajpur and Keonjhar existing as on date, excluding any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purposes.

### 3. DEFINITIONS

- 3.1. Unless the context otherwise requires the words, terms and expressions used in these Licence Conditions shall have the same meaning as assigned by the Electricity Act, 2003 or in the Commission's order dated 25.03.2021 in Case No. 9/2021 (the ~~Vesting Order~~ **Vesting Order**)
- 3.2. Words, terms and expressions used in these Licence Conditions which are not defined in these Conditions or in the Electricity Act, 2003 or in the Vesting Order shall have the meaning as usually are understood in electrical industry.
- 3.3. In these, unless the context otherwise requires:
- (a) **"Act"** means the Electricity Act, 2003 (36 of 2003) and subsequent amendments thereof;
  - (b) **"Additional Serviceable Liabilities"** shall have the meaning ascribed to it in the Vesting Order;
  - (c) **"Affiliate"** means, in relation to the Licensee, any Holding Company or Subsidiary of the Licensee or any Subsidiary of a Holding Company of the Licensee;
  - (d) **"Annual Accounts"** means the accounts of the Distribution Licensee prepared in accordance with the Companies Act, 2013 and/ or in such other manner as may be directed by the Commission in terms of the provisions of the Act;
  - (e) **"Area of Distribution" or "Area of Supply"** means the area of Distribution stated in Condition No. 2 of these within which the Distribution Licensee is authorised to establish, operate and maintain the Distribution System and supply electricity;
  - (f) **"Auditors"** means the Distribution Licensee's auditors holding office in accordance

with the requirements of Sections 139 to 148 or any other Section as appropriate, of the Companies Act 2013 (18 of 2013);

- (g) **“Authorised”**, in relation to any Person, business or activity, means authorised by licence granted under Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations of the Commission;
- (h) **“Bid”** means the bid submitted by The Tata Power Company Limited in response to the RFP dated 14.08.2020 for sale of utility of NESCO;
- (i) **“Commission”** means the Odisha Electricity Regulatory Commission;
- (j) **“Distribution”** means the conveyance or wheeling of electricity by means of a Distribution System;
- (k) **“Distribution Business”** means authorised business of a Distribution Licensee to operate and maintain a Distribution System for supplying of electricity to the consumers in an Area of Supply;
- (l) **“Distribution Code”** means the Distribution (Planning and Operation) Code governing all material technical aspects relating to connections to and the operation and use of the Distribution System as approved by the Commission;
- (m) **“Distribution Licensee”** means the person authorised by the Distribution Licence under Section 14 of the Act;
- (n) **“Distribution System Operating Standards”** means the standards related to the Distribution Licensee’s operation of the Distribution System as approved by the Commission pursuant to Condition 20 of these General Conditions;
- (o) **“Distribution System Planning and Security Standards”** means the standards related to the adequacy of the Distribution Licensee’s system planning and security of the Distribution System, as approved by the Commission pursuant to Condition 20 of these General Conditions;
- (p) **“Existing Distribution System Planning and Security Standards”** means the standards for system planning and security of the Distribution System existing in the Area of Distribution as on the date of the grant of Licence;
- (q) **“Existing Distribution System Operating Standards”** means the standards for operating the Distribution System existing in the Area of Distribution as on the date of the grant of Licence;
- (r) **“Financial Statements”** means for each financial year, financial statements for the

Licensed Business comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto as detailed under the Companies Act, 2013 (18 of 2013) and such other particulars and details in the manner as the Commission may direct from time to time. If the Distribution Licensee engages in any business or activity in addition to the present Business, the financial statements shall comply with the regulations of the Commission dealing with the treatment of Other Business of Distribution Licensee and show separately the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:

- charged from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or
  - determined by apportionment or allocation between the Licensed Business and any Other Business of the Distribution Licensee together with a description of the basis of the apportionment or allocation.
- (s) **“Force Majeure”** means events beyond the reasonable control of the Licensee, including, but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion or other similar occurrences that leads to any act that would involve a breach of relevant laws or regulations concerned with electrical safety;
- (t) **“Generating Set”** means any plant or apparatus for the production of electricity and shall, where appropriate, include a generating station comprising of one or more than one generating unit;
- (u) **“Generator Interconnection Facilities”** means electrical lines, transformers, busbars, switch-gear, plant or apparatus utilised to enable access to a Transmission System or Distribution System by the Generating Set(s);
- (v) **“Holding Company”** shall have the same meaning as in Section 2(46) of the Companies Act 2013 (18 of 2013);
- (w) **“Licence”** means Distribution Licence held by the Licensee under Section 14 of the Act;
- (x) **“Licensee”** refers to TP Northern Odisha Distribution Limited (TPNODL);
- (y) **“Licensed Business”** means the business of Distribution and Supply of electricity as authorised under the Distribution Licence;
- (z) **“Major Incident”** means an incident associated with the Distribution of electricity,



which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, or as otherwise decided by the Commission and shall also include any other incident which the Commission expressly declares to be a major incident;

- (aa) **“Non Core Activity”** means any activity of the Licensee or an Affiliate of the Licensee other than that carried out as a part of the Distribution Business;
- (bb) **“Operational Control”** means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment;
- (cc) **“Odisha Grid Code (OGC)+** means the Odisha Grid Code 2015, specified by the Commission under Section 86(1)(h) of the Act and as amended from time to time;
- (dd) **%Other Business+** means business of the Distribution Licensee other than the Licensed Business;
- (ee) **%Performance Standards+** means the standards as may be determined by the Commission pursuant to Section 57 of the Act;
- (ff) **%Person+** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (gg) **%Regulations+** means the regulations made by the Commission, under the provisions of the Act or the State Act;
- (hh) **“Specific Conditions”** means the Conditions stipulated in Part III of these Licence Conditions;
- (ii) **“State”** means the State of Odisha;
- (jj) **“Standards of Performance”** refer to such standards of performance as may be specified by the Commission;
- (kk) **“State Act”** means the Orissa Electricity Reform Act, 1995 to the extent the provisions of the said Act are not inconsistent with the Act;
- (ll) **“State Government”** means the Government of the State of Odisha;
- (mm) **“Subsidiary”** shall have the same meaning as in Section 2(87) of the Companies Act 2013 (18 of 2013);
- (nn) **%Trading Business+** means the authorized business of an Electricity Trader in the area of operation allowed under the Trading Licence granted;

- (oo) ~~%~~**Trading Licence**+ means the Licence granted under Section 14 of the Act to undertake Trading in Electricity;
- (pp) ~~%~~**Trading Licensee**+ means an Electricity Trader who is so authorised under Section 14 of the Act;
- (qq) "**Transmission Business**" means the authorized business of transmission of electricity;
- (rr) "**Transmission System**+ means the system consisting mainly of extra high voltage electric lines, owned or controlled by the Transmission Licensee, and used for the purposes of the conveyance of electricity from one power station to a sub-station or to another power station or between sub-stations, or to or from any external interconnection including 33/11 kV bays equipment up to the interconnection with the Distribution System, and any plant, apparatus and meters owned or used in connection with the transmission, and such buildings or plants thereof as may be required to accommodate such plant apparatus, other works and operating staff thereof;
- (ss) "**Transmission Licensee**" means any person who is authorized to carry out Transmission;
- (tt) ~~%~~**Transfer**+ shall include the sale, exchange, gift, lease, licence, loan, Securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;
- (uu) "**Use of System**" means use of the Distribution System for the transportation or wheeling of electricity;
- (vv) "**Users**" means anyone who uses the Distribution System;
- (ww) "**Vesting Order**" refers to the order dated 25.03.2021 issued by the Commission in case no. 9/2021 and any subsequent amendments thereof.

3.4. References in these Licence Conditions to Paragraphs, Conditions, Parts and Schedules shall unless the context otherwise requires, be construed as references to Conditions, paragraphs and parts of and schedules to these Licence Conditions.

#### 4. Terms of Licence

4.1. Unless the Licence of the Licensee is revoked earlier, the Licensee will carry its Licensed Activity for a period of 25 (twenty five) years from 1<sup>st</sup> April, 2021.

- 4.2. These Licence Conditions are subject to modification or amendment in accordance with the provisions of relevant Regulations and in accordance with the provisions of the Act.
- 4.3. The Licensee shall not have the right of exclusivity in its Area of Supply by virtue of these Licence Conditions (General or Specific). Under 6th proviso of Section 14 of the Act, the Commission may grant licence to any person(s) for distribution of electricity in the Licensee's Area of Supply.

## **PART-II: GENERAL CONDITIONS**

5. The General Conditions for Distribution Licensees as specified by the Commission in Appendix 4A of the OERC (Conduct of Business) Regulations, 2004 after necessary modifications (in exercise of powers conferred under Clause 18(2) of the Act) shall be General Conditions as given below.

### **6. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

- 6.1. The Licensee shall duly comply with the provisions of the Act, Rules, Regulations including Policies, Notifications, Circulars and Orders made there under and the provisions of all applicable laws and orders, directions issued by the Commission from time to time.
- 6.2. The Licensee shall act in accordance with these General Conditions except where the Licensee is exempted from any provisions of these General Conditions at the time of the grant of Licence or otherwise specifically by an approval of the Commission to any deviation there from.
- 6.3. The Licensee shall duly comply with the Order and Directions of the National Load Despatch Centre, Regional Load Despatch Centre and the State Load Despatch Centre and other statutory authorities, issued in the discharge of their functions under the Act or the State Act.

### **7. FUNCTIONS OF THE LICENSEE**

- 7.1. The Licensee shall develop and maintain an efficient, co-ordinated and economical Distribution System in the Area of Distribution and effect supply of electricity to consumers in such area in accordance with the provisions of the Act, the State Act, Rules, Regulations, Orders and Directions of the Commission.
- 7.2. The Distribution Licensee shall be obligated to procure power from GRIDCO as per Condition 26 of these Licence Conditions. The Licensee may:
- (a) Subject to Conditions specified in the Vesting Order, purchase, import or otherwise acquire electricity from generating companies, electricity trader(s) and from other persons with whom the Licensee has agreements or arrangements of power purchase or procurement of energy in accordance with the Terms and Conditions of such agreement as approved by the Commission;
  - (b) Subject to conditions specified in the Vesting Order, purchase or acquire electricity from any Person whose generating unit existing as on date of issue of these Licence Conditions, is directly connected to and interfaced with the Distribution System of the Licensee, provided that the Licensee shall intimate the Commission of the existing

arrangements for such purchase or acquisition of electrical energy and obtain the general or specific approval of the Commission;

- (c) Subject to conditions specified in the Vesting Order, purchase or otherwise acquire electricity from any person or licensee at tariffs and terms and conditions as approved by the Commission;
  - (d) Appoint franchisees to distribute and/ or supply of electricity for a specified area within the Area of Distribution of the Licensee without a separate licence to be taken by such franchisee provided that the Licensee shall be responsible for distribution of electricity in its Area of Supply;
  - (e) Undertake trading in electricity without the need for a separate Trading Licence;
  - (f) Provide access to the Distribution System to any person for wheeling of electricity in accordance with Regulations made by the Commission for the purpose;
  - (g) Sell electricity or energy capacity contracted for such period and to the extent of electricity or capacity not required by the Licensee for the discharge of its obligations to supply electricity in the Area of Supply.
- 7.3. The Licensee shall sell, supply or otherwise dispose off electricity to any person, only in accordance with its Licence, on the tariffs and terms and conditions as approved by the Commission;
- 7.4. The Licensee shall purchase the energy required by the Licensee for meeting obligation under its Licence in an economical manner and under a transparent power purchase or procurement process and in accordance with the Regulations, guidelines, directions made by the Commission from time to time and conditions specified in the Vesting Order.
- 7.5. The Licensee shall engage in any Other Business only if consistent with the Regulations of the Commission issued under Section 51 of the Act.
- 7.6. The Licensee shall seek approval of the Commission before making any loans to or issuing any guarantee for any obligation of any Person, except when made or issued for the purposes of the Licensed Business. The loans to employees pursuant to their terms of service and trade advances in the ordinary course of business are excluded from the requirement to seek such approval.
- 7.7. The Licensee may engage any of the Subsidiaries or Holding Company or a Subsidiary of such Holding Company of the Licensee to provide any goods or services to the Licensee in connection with the Licensed Business, subject to the following conditions:
- (a) that the transaction will be on an arms-length basis and at a value that is fair and

reasonable in the circumstances;

- (b) that the transaction will be consistent with any Regulations framed by the Commission relating to the provision of goods and services with respect to Licensed Business; and
  - (c) that the Licensee will give 15 (fifteen) days notice with details of such arrangement, to the Commission prior to commencement of such arrangement.
- 7.8. The Licensee may establish Subsidiaries or associated companies or grant a franchisee or enter into management contracts including appointment of billing agent to conduct or carry out any of the functions, which the Licensee is authorised to conduct or carry under its Licence provided that the Licensee shall be responsible for all actions of the Subsidiaries or associated companies or franchisees or agents or contractors.
- 7.9. Except as provided in Condition 7.8 above the Licensee shall not transfer or assign its Licence or any of the functions under its Licence to any other person without the prior approval of the Commission.
- 7.10. The Licensee shall provide Open Access, as per Regulations in this regard, to the Distribution System for use of the other licensees, and Generating Companies including the Captive Generating Plant(s) and the Consumer subject to no operational constraints in the Distribution System and subject to payment by the user of all applicable tariffs and charges as determined or directed to be charged by any general or special order of the Commission.
- 7.11. The Licensee shall not, without the prior approval of the Commission in accordance with the provision of Section 17 of the Act:
- (a) undertake any transaction to acquire by purchase or take over or otherwise, the utility of any other Licensee;
  - (b) merge its utility with the utility of any other Licensee;
  - (c) acquire any beneficial interest in any Generating Company or Generating Station; or
  - (d) transmit, distribute or supply electricity to any Person in the State, not under the Licensee.
- 7.12. The Licensee shall provide to the other licensees the intervening Distribution facilities to the extent of surplus capacity available, in its Distribution System and in the event of any dispute with respect to the availability of the surplus capacity, the same shall be determined by the Commission. The charges, terms and conditions for the use of the intervening facilities may be mutually agreed between the Licensees subject to any order made by the Commission for the purpose. In the event of any disagreement the same shall be decided by the Commission.

## 8. ACCOUNTS

- 8.1. Unless otherwise permitted by the Commission the financial year of the Licensee for the purposes of these General Conditions and matters relating to the Licensed Business shall run from the 1<sup>st</sup> (first) of April to the following 31<sup>st</sup> (thirty-first) of March.
- 8.2. The Licensee shall maintain separate accounts for each such business undertaking to ensure that distribution business neither subsidizes in any way such business undertaking nor encumbers its distribution assets in any way to support such business.
- 8.3. The Licensee shall maintain a separate account of depreciation on the existing assets of NESCO Utility transferred to the Licensee vide the Vesting Order.
- 8.4. The Licensee shall, in respect of the Licensed Business and any Other Business:
- (a) keep such accounting records as would be required to be kept in respect of each such business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the Licensed Business are separately identifiable in the books of the Licensee, from those of Other Business in which the Distribution Licensee may be engaged;
  - (b) prepare on a consistent basis from such accounting records and deliver to the Commission the Financial Statements; namely
    - (i) in respect of the first 6 (six) months of each financial year, a half yearly profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may direct from time to time;
    - (ii) in respect of the Financial Statements prepared, an Auditor's report for each financial year, stating whether in their opinion the statements have been properly prepared and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to such businesses to which the statements relate; and
    - (iii) a copy of each half yearly profit and loss account not later than 3 (three) months after the end of the period to which it relates, and copies of the Financial Statements and Auditor's report not later than 6 (six) months after the end of the financial year to which they relate.
- 8.5. The Licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the Financial Statements in respect of a financial year from those applied in respect of the previous financial year, without prior

intimation to the Commission. Any change, if proposed, in the basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 2013, the Accounting Standards or Rules and any guidelines issued by the Commission in this regard.

8.6. Where, in relation to the Financial Statements in respect of a financial year, the Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if directed by the Commission, prepare and deliver to the Commission such Financial Statements on the basis which it applied in respect of the immediately preceding financial year.

8.7. The Financial Statements under Condition 8.2 above shall, unless otherwise directed by the Commission:

(a) be prepared and published with the Annual Accounts of the Licensee, in the manner provided herein;

(b) state the accounting policies adopted;

(c) be prepared in accordance with the generally accepted accounting policies; and

(d) be prepared in the form as the Commission may stipulate from time to time.

8.8. The references to costs or liabilities of or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such business and interest thereon.

8.9. The Licensee shall ensure that the Financial Statements in respect of each financial year prepared under Condition 8.2 and the Auditor's report in respect of each financial year are publicised in such manner as the Commission may direct and are made available to any Person requesting them at a price not exceeding the reasonable cost of duplicating them.

## **9. PROHIBITION OF UNDUE PREFERENCE**

The Licensee shall not show undue preference to any Person in the distribution and supply of electricity or rendering of services in the Area of Supply. The Licensee shall not be held to have shown any such undue preference if any differentiation of the consumer occurs as a result of the implementation of any order of the Commission or of the order of the State Government in regard to subsidy payment under Section 65 of the Act.

## **10. PROVISION OF INFORMATION TO THE COMMISSION**

10.1. The Licensee shall furnish to the Commission without delay such information, documents and details related to the Licensed Business or any Other Business of the Licensee, as the



Commission may require from time to time for its own purposes or for the purposes specified in the Vesting Order or for the purposes of the Government of India, State Government, the Central Commission, the Central Electricity Authority, the State Transmission Utility and State Load Dispatch Centre.

- 10.2. The Licensee shall duly maintain the information as the Commission may direct under Section 128 of the Act.
- 10.3. The Licensee shall notify the Commission as soon as possible, the occurrence of any Major Incident affecting any part of its Distribution System and in any event, by not later than 48 (forty eight) hours of such occurrence. The Licensee shall:
  - (a) submit a report to the Commission within 2 (two) months giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause;
  - (b) in the event the report under sub-Condition (a) is likely to take more than 2 (two) months from the date of such incident, the Licensee shall within 1 (one) month from such date of the incident submit a preliminary report with such details which the Licensee can reasonably furnish and state reasons as to why the Licensee requires more than 2 (two) months for giving full report of such incident; and
  - (c) give copies of the report to all parties concerned with the Major Incident and to such other Persons as the Commission may direct.
- 10.4. The decision of the Commission as to what is a Major Incident shall be final. The Commission may by order, after providing an opportunity of hearing, direct the Licensee to provide such amount of compensation as the Commission may direct to persons, who suffer substantial injury or to the heirs of those who lose their lives as a result of such Major Incident where the Major Incident has been caused by any act of commission, omission or negligence on the part of any of the employees or agents of the Licensee.
- 10.5. The Commission at its discretion may require the submission of a report on the Major Incident to be prepared by an independent person at the expense of the Licensee.
- 10.6. The Licensee shall also undertake such studies as the Commission may direct from time to time for the improvement of its Distribution System and any other matter concerning the Distribution Business that the Commission considers necessary to avoid the occurrence of any such Major Incident.
- 10.7. The Licensee shall duly inform the Commission about any incident restricting it from meeting obligations under these Licence Conditions including any act of omission or commission by others and steps taken by the Licensee to mitigate the effect of such incident.

- 10.8. The Commission may at any time require the Licensee to comply with the provisions of Conditions 10.3 to 10.7 as to incidents which the Commission may specifically direct and the Licensee shall be obligated to comply with the same notwithstanding that such incidents are not Major Incidents; provided that the time limits specified shall commence from the date that the Commission notifies Licensee of such requirement.
- 10.9. The Licensee shall submit a business plan within 3 (three) months of Licence Conditions coming into force for such period as the Commission may direct and shall update such plan annually. The business plan shall contain year wise load growth, year wise distribution loss reduction proposal along with specific action plan, metering plan for metering interface points, investment plan as detailed in Condition 11 herein, treatment of previous losses, debt restructuring plan, cost reduction plan, projected profit and loss account, projected balance sheets, projected cash flow statements and projected important financial parameters.
- 10.10. The Commission may require the Licensee to intimate by the end of first quarter of each financial year the progress made in implementing the business plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission and shall post it in its web-site.

## **11. INVESTMENTS**

- 11.1. Unless otherwise directed by the Commission, every Licensee shall obtain prior approval of the Commission for making investment in the Licensed Business if such investment is above the limits laid down in Condition 32.
- 11.2. The Licensee shall duly comply with the Regulations, guidelines, directions and orders the Commission may issue from time to time in regard to the investments to be made in the Distribution Business.
- 11.3. The Licensee shall submit to the Commission investment plans as a part of the business plan under Condition 10.9 above giving details of investment schemes to be undertaken during the concerned period for the approval of the Commission. For new schemes formulated by the GoO, if TPNODL wishes to avail funding under such scheme, an agreement shall be signed between GoO/ GRIDCO/ OPTCL and TPNODL for utilization of such grants. The Licensee shall demonstrate to the satisfaction of the Commission that:
- (a) there is a need for such investments in the Distribution System;
  - (b) the Licensee has made techno-economic analysis and environmental aspects of all viable alternatives to the proposal for investing in or acquiring new Distribution System assets to meet such need;
  - (c) the investment plan is in conformance to the conditions for capital investment

specified in the Vesting Order.

11.4. In the application for investment approval, the Licensee shall furnish the following information or particulars:

- (a) A detailed project report containing techno-economic analysis and environmental aspects of the investment together with the outline of the works to be undertaken, the salient features and particulars demonstrating the need for investment;
- (b) The project cost together with the cost benefit analysis;
- (c) Whether the investment is in a new project or for expansion or up-gradation of an existing system;
- (d) Sanctions and statutory clearances required for execution of the project and status of such sanctions and statutory clearances;
- (e) Phasing of investment over the financial years and commissioning schedule;
- (f) The manner in which investments will be capitalised for the purposes of inclusion in the revenue requirements of the Licensee;
- (g) Constraints which the Licensee may face in making the investments or in implementing the project including constraints on information available;
- (h) Resource mobilisation and financial plans for meeting the investment;
- (i) Process for inviting and finalizing tenders for procurement of equipment, material and/or services relating to investment, in accordance with a transparent tendering procedure as may be approved by the Commission; and
- (j) Such other particulars as the Commission may from time to time direct.

11.5. The Licensee shall cooperate with the Commission's staff, consultants and experts to enable them to discharge their functions and to submit a report to the Commission on the outcome of their findings.

11.6. The Licensee shall intimate, by the end of the first quarter of each financial year:

- (a) the annual investment plan with details of investment schemes to be carried out during the financial year; and
- (b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission for the concerned period.

- 11.7. The Licensee shall make the investments in a prudent manner being guided by the duty to build, maintain and operate an efficient, co-ordinated and economical Distribution System in its Area of Supply.
- 11.8. The Licensee shall not undertake schemes involving Major Investments, not covered under the investment plan approved by the Commission under Condition 11.3 above without the prior approval of the Commission, and for such approval the Licensee shall demonstrate to the satisfaction of the Commission the factors mentioned in Condition 11.3 above.
- 11.9. The Licensee shall invite and finalise tenders for procurement of equipment, material and/ or services relating to Major Investment, in accordance with a transparent tendering procedure as may be directed by the Commission.
- 11.10. For the purposes of this Condition 11, the term "Major Investment" means any planned investment in or acquisition of Distribution facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds an amount contained in the Specific Conditions applicable to the Licensee or otherwise decided by the Commission from time to time by a general or special order (Refer Condition 32.1).
- 11.11. The Licensee shall be entitled to make investment in the Distribution Business other than those covered under Conditions 11.3 and 11.8 above but for the purposes of considering such investment while determining the tariff, the Licensee shall satisfy the Commission that the investment was required for the Distribution Business and such investment was made in an efficient, coordinated and economical manner.
- 11.12. The Licensee shall submit to the Commission along with the Expected Revenue Calculations+ filed under Section 62 of the Act, the highlights of the annual investment plan consisting of the schemes approved by the Commission, schemes submitted before the Commission for approval and all schemes not requiring prior approval of the Commission planned for the ensuing financial year and shall make investment in the said financial year in accordance with the said investment plan. The Commission shall take into consideration while determining the tariffs of the Licensee as per the Regulations framed by the Commission under Section 61 of the Act, the approval granted by the Commission to the Licensee for the investments under this Condition and the actions and inactions on the part of the Licensee in complying with the terms contained in this Condition.

Provided that if any unforeseen contingencies require reallocation of funds within the schemes listed in the annual investment plan, the Licensee may do so to the extent such reallocation up to a limit of 10% of the overall investment plan and 25% of the approved amount in respect of each item/ work of the investment plan. The Licensee shall give due intimation of such relocation to the Commission within 7 (seven) days of making the

investment.

Provided also that if on account of such circumstances the Distribution Licensee is required to make investment in a scheme, which does not find a place in the annual investment plan, the Distribution Licensee may do so if the same is not a Major Investment and subject to the conditions contained in Condition 11.12 above.

## **12. TRANSFER OF ASSETS**

- 12.1. Save as provided in this Condition 12, the Licensee shall not transfer or relinquish Operational Control over any asset without prior approval of the Commission whose book value at the time of proposed transfer exceeds the amount decided by the Commission in the Specific Conditions applicable to the Licensee as outlined at Conditions 32.2 and 32.3.
- 12.2. The Licensee shall give to the Commission prior notice of its intention to transfer or relinquish Operational Control over any asset whose value exceeds the amount decided by the Commission as per Condition 12.1 above and the Licensee shall disclose all relevant facts in the communication to the Commission. The Commission may, within 30 (thirty) days of the receipt of the notice, seek further information in support of the transaction and shall, generally within 30 (thirty) days of such further information being submitted by the Licensee, and where no such further information is sought by the Commission as above, within 60 (sixty) days of the filing of the application, approve the transfer arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons to be recorded in the order issued by the Commission.
- 12.3. The Licensee may transfer or relinquish Operational Control over any asset as is detailed in any notice given under Condition 12.2 where:
- (a) the Commission confirms in writing that it consents to such transfer or relinquishment of Operational Control subject to such conditions as the Commission may impose; or
  - (b) the Commission does not inform the Distribution Licensee in writing of any objection to such transfer or relinquishment of Operational Control within the notice period referred to in Condition 12.2 and the transfer is effected by transparent and competitive bidding procedures.
- 12.4. The Licensee may also transfer or relinquish Operational Control over any asset where:
- (a) the Commission has issued directions for the purposes of this Condition 12 containing a general consent (whether or not subject to Conditions) to:
    - (i) the transactions of a particular description, and/ or
    - (ii) the transfer or relinquishment of Operational Control over assets of a particular description, and/ or

- (iii) the transfer or relinquishment of Operational Control in accordance with any conditions to which the consent is subject, or
  - (b) the transfer or relinquishment of Operational Control in question is mandated under any other law; or
  - (c) the asset in question was acquired and used by the Distribution Licensee exclusively or primarily in connection with any Other Business and does not constitute a legal or beneficial interest in land, or otherwise form part of the Distribution System or is not otherwise an asset required for the Licensed Business.
- 12.5. Without the prior approval of the Commission, the Licensee shall not create any charge over any of the assets of the Licensee including but not limited to receivables of the Licensee as a means of facilitating its financing requirements for the Licensed Business.

### **13. PAYMENT OF LICENCE FEES**

- 13.1. Within such period as the Commission may direct, the Licensee shall pay to the Commission the annual Licence fees, mentioned in the Specific Condition 31 in such manner as has been directed under the said Specific Condition.
- 13.2. Where the Licensee fails to pay to the Commission any of the fees due under Condition 13.1 by the due dates:
- (a) without prejudice to other obligations, the Licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of 1.5 percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission; and
  - (b) in the event of continued default by the Licensee, the Commission may revoke the Licence.
- 13.3. The Licensee shall be entitled to take into account any fee paid by it under this Condition 13 excluding the interest for delayed payment as an expense and payment of penalty, fines and charges paid by the Licensee in the determination of aggregate revenues to be charged to the tariffs.

### **14. SUSPENSION/ REVOCATION OF LICENCE**

#### **14.1. SUSPENSION**

- (a) During the continuance of the Licence period, the Commission at any time by recording the reasons in writing, and for the grounds mentioned in Sub-Sections (1) (a), (b), (c), (d) of Section 24 of the Act, may suspend the Licence of the Licensee.

- (b) For the purpose of suspension of Licence, the Commission will follow the procedure as laid down in Section 24 of the Act.

#### 14.2. REVOCATION

- (a) During the continuance of the Licence period, the Commission after making an enquiry, and for the public interest may revoke the Licence of the Licensee for the grounds mentioned in Sub-Sections (1) (a), (b), (c), (d) and Sub-Section (2) of Section 19 of the Act.
- (b) The Commission may also revoke the Licence of the Licensee for the breach of the following Licence Conditions.
  - (i) Where the Licensee fails to pay the Commission any of the fees due under Condition 13 of these Licence Conditions;
  - (ii) Where the Licensee fails to implement its business plan submitted under Condition 10.9 of these License Conditions;
  - (iii) Where the Licensee fails to comply with the provisions of Condition 11.2 of these Licence Conditions with regard to investment to be made in the Distribution Business.
- (c) The Commission may revoke Licence pursuant to the following conditions specified in the Vesting Order:
  - (i) Change in legal standing of Licensee by way of merger/ acquisition/ sale/ divestment/ demerger unless duly approved by the Commission;
  - (ii) Any alteration in equity shareholding, as specified in para 26 of the Vesting Order, of the Licensee without the explicit and prior written approval of the Commission;
  - (iii) Failure to make payment of Bulk Supply Price, transmission charges and SLDC charges in terms of the Bulk Supply Agreement executed between the Licensee and GRIDCO and the Bulk Power Transmission and SLDC Agreement executed between the Licensee and OPTCL;
  - (iv) Failure to meet AT&C Loss as per para 40 of the Vesting Order;
  - (v) Failure to restore the Performance Guarantee as per para 35(g) of the Vesting Order; or
  - (vi) Failure to meet the cumulative capital investment commitment at the end of 5th (fifth) year as per para 39 of the Vesting Order.

## **15. AMENDMENT OF LICENCE CONDITION**

These Conditions of Licence may be altered or amended by the Commission under Section 18 of the Act at any time if it is in public interest on the request of the Licensee or otherwise during the period of the Licence. For any such alteration or amendment, the following provisions shall have effect:

- (a) where the Licensee has made an application under Sub-Section (1) of Section 18 of the Act proposing any alteration or amendment in the Licence Conditions, the Licensee shall publish a notice of such application with such particulars and in such manner as may be directed by the Commission;
- (b) in the case of an application proposing alteration or modification in the Area of Supply comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the alteration or modification shall be made only with the consent of the Central Government;
- (c) where any alteration or amendment in the Licence is proposed to be made otherwise than on the application of the Licensee, the Commission shall publish the proposed alteration or amendment with such particulars and in such manner as the Commission may consider to be appropriate;
- (d) The Commission may give reasonable opportunity of hearing to the Licensee and other affected persons on such proposed amendments/ modifications;
- (e) the Commission shall not make any alteration or amendment unless all suggestions or objections received within 30 (thirty) days from the date of the first publication of the notice have been considered by the Commission.

## **16. DISPUTE RESOLUTION**

- 16.1. The Commission shall be entitled to act as arbitrator or nominate person(s) as arbitrator(s) to adjudicate and settle disputes between the Licensee and any other Licensee or between the Licensee and a Generating Company in pursuance of Clause (f) of Sub-Section (1) of Section 86 read with Section 158 of the Act and Regulations of the Commission.
- 16.2. The arbitration proceedings for disputes may be conducted by the Commission or as the case may be, in accordance with Chapter III of the OERC (Conduct of Business) Regulations specified by the Commission.

## **17. COMPLIANCE WITH THE ODISHA GRID CODE**

- 17.1. The Licensee shall comply with the provisions of the Odisha Grid Code in so far as it is



applicable to the operation of the Distribution System or otherwise to any of the activities of the Licensee.

- 17.2. The Commission may, after consultation with any affected Generating Companies, the Transmission Licensee, the State Transmission Utility, the State Load Despatch Centre and Electricity Traders, issue Directions relieving the Licensee of obligation under Condition 17.1 in respect of such parts of the Odisha Grid Code and to such extent as may be ordered by the Commission.

**18. DISTRIBUTION (CONDITIONS OF SUPPLY) CODE & DISTRIBUTION (PLANNING & OPERATION) CODE**

- 18.1. The Licensee shall abide by the Distribution (Conditions of Supply) Code and Distribution (Planning and Operation) Code.

- 18.2. (a) The Distribution (Conditions of Supply) Code may amongst others provide for recovery of electricity charges, intervals for billing of electricity charges, disconnection of supply for non-payment thereof, restoration of supply of electricity, tampering, distress or damage to electrical plant, electric lines or meter, entry of Licensee to any person acting on its behalf for disconnecting supply and removing the meter, entry for replacing, altering or maintaining electric lines or electrical plant or meter.

- (b) The Commission may, at the request of the Licensee, issue directions relieving the Licensee of its obligations under the Distribution (Conditions of Supply) Code in respect of such parts of the Licensee's Distribution System and to such extent as may be directed by the Commission.

- 18.3 In addition to the Distribution (Conditions of Supply) Code, the Commission may from time to time approve at the request of the Licensee other conditions applicable for supply of electricity by the Licensee in the Area of Distribution.

- 18.4 The Distribution (Planning & Operation) Code may, amongst others, cover all material technical aspects relating to connections, and the operation and use of the Distribution System including the operation of the electrical lines and electrical plant and apparatus connected to the Distribution System as relevant to the operation and use of the Distribution System and shall include, but not be limited to, the Distribution Planning and connection code containing:

- (a) planning code describing the plan for laying the Distribution lines and the service lines in the Area of Supply, the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the Licensee's Distribution System; and

- (b) connection conditions describing the technical, design and operational criteria to be complied with by any Person connected or seeking connection with the Licensee's Distribution System; and the Distribution operating code specifying the conditions under which the Licensee shall operate the Licensee's Distribution System and under which Persons shall operate their plant and/ or Distribution System in relation to the Licensee's Distribution System, in so far as necessary to protect the security and quality of supply and safe operation of the Licensee's Distribution System under both normal and abnormal operating conditions.
- 18.5 The Distribution (Planning and Operation) Code shall be designed so as to permit the development, maintenance and operation of an efficient, co-ordinated and economical Distribution System.
- 18.6 The Licensee shall from time to time, as appropriate, review the Distribution (Planning & Operation) Code and its implementation in consultation with the Transmission Licensee, Trading Licensee, Generating Companies and such other Persons as the Commission may order. The Licensee shall also undertake such review as and when directed to do so by the Commission. Following any such review, the Licensee shall send to the Commission:
  - (a) a report on the outcome of such review;
  - (b) any proposed revisions to the Distribution (Planning & Operation) Code as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the Distribution (Planning & Operation) Code and these Licence Conditions; and
  - (c) all written representations or objections received during such review.
- 18.7 All revisions to the Distribution (Planning & Operation) Code shall require approval from the Commission.
- 18.8 The Licensee shall make available to any Person requesting for it, copies of the Distribution (Planning & Operation) Code and Distribution (Conditions of Supply) Code and practices thereto in force at the relevant time, at a price not exceeding the reasonable cost of duplicating it.
- 18.9 A compliance of the existing codes and practices relating to construction of the Licensee's Distribution System and its Distribution facilities shall be filed with the Commission by the Licensee within 90 (ninety) days of issue of these Licence Conditions. The Licensee shall follow the existing codes and practices with such modification as the Commission may direct from time to time. The construction practices shall be reviewed and upgraded by the Licensee from time to time, as appropriate, based on relevant technological improvements and changes.

## **19. CONSUMER SERVICE**

The Licensee shall duly comply with the following:

### **19.1. Code of Practice on Payment of Bills**

- (a) The Licensee shall, within reasonable time, as directed by the Commission, after these Licence Conditions have become effective, prepare and submit to the Commission, for its approval, a code of practice concerning the payment of electricity bills by consumers including appropriate guidelines for the assistance of such consumers who may have difficulty in paying such bills, and procedures for disconnection in the event of non-payment by the consumer. In granting the approval, the Commission may make such modifications to the code, as it may consider necessary.
- (b) The Commission may, upon receiving a representation or otherwise, require the Licensee to review, the code of practice and the manner in which it has been implemented with a view to determine whether any modification should be made to it or to the manner of its implementation. Licensee shall, in consultation with such other Persons as the Commission may direct, review and submit any revision to the code of practice that it wishes to make, to the Commission for its approval, including any representation received by the Licensee and not accepted by it. The Commission may modify the code of practice concerning payment of bills as it considers necessary.
- (c) The Licensee shall:
  - (i) draw to the attention of consumers, in such manner as the Commission may direct, the existence of the code of practice and each substantive revision of it and how they may inspect or obtain a copy of the code of practice in its latest form;
  - (ii) make a copy of the code of practice, revised from time to time, available for inspection by members of the public during normal working hours; and provide an updated copy of the code of practice revised from time to time to each new consumer and to any other Person who requests for it at a price not exceeding the reasonable cost of duplicating it.
- (d) The Licensee shall comply with the existing practice and procedures with respect to the payment of electricity bills by consumers with such modifications as the Commission may direct, until the code of practice on payment of bills by consumers, as mentioned in this paragraph is adopted with the approval of the Commission.

19.2. **Complaint Handling Procedure:**

- (a) The Licensee shall establish a forum for redressal of grievances of the consumers in accordance with the guidelines issued by the Commission under Section 42 of the Act.
- (b) The Licensee shall within reasonable time, as directed by the Commission, after these Licence conditions have become effective and with approval of the Commission, notify a procedure for handling complaints from consumers of the Licensee in addition to the forum for redressal of grievances. The Commission may on consultation with the State Advisory Committee or a Person or body of Persons, who the Commission considers as representing the interest of the consumers likely to be affected make such modifications of the procedure, as it deems necessary before granting approval to the consumer complaints.
- (c) The Commission may, upon receiving a representation, or otherwise, require the Licensee to review the complaint handling procedure prepared and the manner in which it has been implemented, with a view to determine whether any modification should be made to it or to the manner of its implementation.
- (d) Any procedure so established, including any revisions to it, shall notify the periods within which it is intended that different kinds of complaint should be processed and resolved.

The Licensee shall submit to the Commission for its approval any revision proposed to be made to the procedure established.

- (e) The Licensee shall:
  - (i) draw to the attention of consumers, in such manner as the Commission may direct, the existence of the complaint handling procedure and each substantive revision of it and how the consumers may inspect or obtain copies of such procedure in its latest form.
  - (ii) make a copy of its complaint handling procedure, revised from time to time, available for inspection by members of the public at the relevant offices of the Licensee during normal working hours; and provide a copy of the complaint handling procedure revised from time to time to each new consumer, and to any other Person who requests for it at a price not exceeding the reasonable cost of duplicating it.

### 19.3. **Consumer Rights Statement**

- (a) The Licensee shall, within a reasonable period of time as directed by the Commission after these Licence conditions have become effective or such other time as the Commission may allow, prepare and submit to the Commission for approval, a consumer rights statement, explaining to consumers their rights. The Commission may, upon holding such consultation with the State Advisory Committee, and such other Persons or bodies of Persons who the Commission considers as representing the interests of consumers likely to be affected by it, and may make such modification of the statement, as it considers necessary in public interest.
- (b) The Commission may, upon receiving a representation or otherwise, require the Licensee to review the consumer rights statement prepared and the manner in which it has been implemented with a view to determine whether any modification should be made to it or to the manner of its implementation. The Licensee shall submit any revision to the consumer rights statement that it wishes to make to the Commission for its approval, including any representation received by the Licensee and not accepted by it. The Commission may modify the existing consumer rights statement, as it considers necessary.
- (c) The Licensee shall:
  - (i) draw to the attention of consumers, in such manner as the Commission may direct, the existence of its consumer rights statement and each substantive revision of it and how they may inspect or obtain a copy of such consumer rights statement in its latest form.
  - (ii) make a copy of its consumer rights statement, revised from time to time, available for inspection by members of the public at its offices during normal working hours; and provide a copy of the consumer rights statement, revised from time to time, to all new consumers to be served by it, and to any other Person who requests for it at a price not exceeding the reasonable cost of duplicating it.

### 19.4. **GRF & OMBUDSMAN**

The Licensee shall abide by the provisions of the OERC (Grievance Redressal Forum & Ombudsman) Regulations, 2004 as amended from time to time.

## 20. **DISTRIBUTION SYSTEM PLANNING AND SECURITY STANDARDS, DISTRIBUTION SYSTEM OPERATING STANDARDS, OVERALL PERFORMANCE STANDARDS**

20.1. The Licensee shall comply with the existing Distribution System Planning and Security

Standards and the existing Distribution System Operating Standards, with such modifications as the Commission may direct, until the Distribution System Planning and Security Standards and Distribution System Operating Standards proposed by the Licensee are approved by the Commission.

- 20.2. The Licensee shall plan, develop and operate its Distribution System in accordance with the Distribution System Planning and Security Standards together with the Distribution Code as approved by the Commission;
- (a) The Licensee shall, within such time as the Commission may direct in the Specific Conditions or otherwise submit to the Commission the existing Planning and Security Standards and the Operating Standards for its Distribution System and the existing Planning and Security Standards and Operating Standards relating to generation capacity connected to its Distribution System being followed by the Licensee. Such existing Standards, with such modification as the Commission may direct, shall continue to remain in effect until the new Standards approved by the Commission.
  - (b) The Licensee shall, within such time as the Commission may direct in the Specific Conditions or otherwise, prepare, in consultation with the suppliers, Generating Companies, Central Transmission Utility, State Transmission Utility, Regional Power Committee and such other person as the Commission may direct, and submit to the Commission for approval the Licensee's proposal for Distribution Planning and Security Standards and Distribution Operating Standards in accordance with these General Conditions.
  - (c) The Distribution System Planning and Security Standards and Distribution System Operating Standards, and the Operating Standards submitted by the Licensee pursuant to this Condition 20.2 (a), with such modifications as the Commission may require, shall take effect from such dates as the Commission may direct.
- 20.3. The Licensee shall not be in breach of its obligations if the failure to meet the Distribution System Planning and Security Standards or the Distribution System Operating Standards is due to Force Majeure, provided that, the Licensee has used its reasonable efforts, to comply with the Distribution System Planning and Security Standards or the Distribution System Operating Standards, as the case may be.
- 20.4. The Licensee shall, in consultation with suppliers, the Generating Companies, the Central Transmission Utility, the State Transmission Utility, the Regional Power committee and such other persons as the Commission may order, review the Standards and their implementation. Following any such review, the Licensee shall send to the Commission:
- (a) a report on the outcome of such review;

- (b) any revision which the Licensee proposes to make to such documents from time to time (having regard to the outcome of such review); and
  - (c) any written representations or objections (including those not accepted by the Licensee) from suppliers, the Generating Companies, the Central Transmission Utility, the State Transmission Utility, the Regional Power committee and such other persons as the Commission may order arising during the consultation process.
- 20.5. The Commission may, having regard to any written representations and objections received and following such further consultation as the Commission may consider appropriate, issue directions requiring the Licensee to revise the Standards in such manner as may be given in the directions. The Licensee shall duly carry out the revisions directed by the Commission
- 20.6. The Licensee shall, within 3 (three) months of the end of each financial year, submit to the Commission a report indicating the performance of the Licensee's Distribution System during the previous financial year. The Licensee's compliance with the Standards of Performance may be measured, in part, by the Licensee's adherence to the Distribution Code, Distribution (Conditions of Supply) Code and other codes and Regulations set forth by the Commission. The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.
- 20.7. The Licensee shall conduct its Licensed Business in the manner which it reasonably considers to be the best to achieve the Performance Standards in connection with provision of supply services and the promotion of the efficient use of electricity by consumers, as may be directed by the Commission by a general or special Order.
- 20.8. The Licensee shall provide annually, information to the Commission as to the means by which it proposes to achieve the Performance Standards and other Standards applicable to the Licensee.
- 20.9. The Licensee shall duly comply with the Performance Standards as the Commission may direct from time to time, for the performance of the duties of the Distribution Licensees under the Act or the State Act.

**21. OBLIGATION TO CONNECT CONSUMERS AND PUBLIC LAMPS**

- 21.1. Subject to the other provisions of these Licence Conditions, the Licensee shall on the application of the owner or occupier of any premises within the Area of Supply, give connection to the Licensee's Distribution System for the purposes of providing supply of electricity to such premises, in accordance with the applicable Regulations, Directions and Orders of the Commission.
- 21.2. The Licensee shall abide by the rules made by the State Government in terms of laying down

or placing electric supply lines. The rules framed by the State Government will prescribe the cases and circumstances in which consent in writing is required from the appropriate Government, local authority, owner or occupier, as the case may be, for carrying out the works, the nature and period of notice to be given by the Licensee before carrying out works, procedures and manner of consideration of objections and suggestions, determination and payment of compensation and all such activities in accordance with Section 67 of the Act.

- 21.3. Where, after Distribution mains have been laid down under the provisions of Condition 20.1 and the supply of energy through those mains or any of them has commenced, a requisition is made by the State Government or by a local authority requiring the Licensee to supply for a period of not less than 2 (two) years, energy for any public lamps within the Area of Supply, the Licensee shall supply, and save in so far as it is prevented from doing so by Force Majeure and operational constraints, continue to supply energy for such lamps in such quantities as the State Government or the local authority, as the case may be, may require. The State Government or the relevant local authority, as the case may be, may require the Licensee:
- (a) to provide the mains and other equipment for public lamps; and
  - (b) to use for that purpose supports, if any, previously erected or set up by it for supply of energy.

- 21.4. The Licensee may levy any reasonable charge(s) for carrying out works/ release of supply, in accordance with any procedures that may be stipulated by the Licensee and approved by the Commission as well as the provisions of the Act and the Regulations of the Commission.

## **22. OBLIGATION TO SUPPLY AND POWER SUPPLY PLANNING STANDARDS**

- 22.1. The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee's Distribution System receive a safe, economical and reliable supply of electricity as provided in the Distribution Code, and other Guidelines issued by the Commission in accordance with the provisions of the Act, the State Act, Rules and Regulations issued there under.
- 22.2. The Licensees shall be entitled to utilise the soil, subsoil and areas pertaining to public rights of way, streets, public squares and other assets in the public domain, as well as to cross rivers, bridges, railways, electrical and communication lines, subject to the provisions of Section 67 of the Act.
- 22.3. The Licensee shall:
- (a) determine annually for each of the succeeding 5 (five) years peak load and energy forecasts of its Area of Supply for each category of loads by 31st December as required under Odisha Grid Code and Distribution (Planning and Operation) Code;



- (b) prepare and submit such forecasts by projecting for five consecutive years to the State Transmission Utility in accordance with the Guidelines issued by the Commission from time to time; and
- (c) co-operate with the Transmission licensees, the State Transmission Utility and the State Load Despatch Centre and other Licensees in the preparation of power demand forecasts for the state of Odisha.

22.4. The Licensee shall, within 3 (three) months after these Licence conditions have come into force or such other time as the Commission may allow, prepare and submit to the Commission for approval, a disaster management plan, to address emergencies that may arise in connection with the operation of the Licence. For purposes of this Condition, an emergency shall mean any condition and/ or situation that materially and adversely:

- (a) affects the ability of the Licensee to maintain safe, adequate and continuous operation of all or any part of the Licensed Business; or
- (b) endangers the security of any person, plant, or other life, equipment or property.

### **23. POWERS TO RECOVER EXPENDITURE, RECOVER SECURITY**

The Licensee shall be entitled to recover tariff, charges, fee, etc. and require security deposit to be made for supply of electricity or for provision of services, in accordance with the provision of the Act and the Rules and Regulations for the purpose framed under the Act.

### **24. USE OF METERS**

- 24.1. The Licensee shall comply with the requirements of the Act and the Regulations (made by CEA and the Commission), Directions and Orders of the Commission in regard to supply of electricity through meter.
- 24.2. The Licensee may require the consumer to give security for the price of a meter and enter into an agreement for hire thereof, unless the consumer elects to purchase a meter.

### **25. CONNECTION AND USE OF SYSTEM**

The Licensee shall make such arrangements for Open Access to the use of its Distribution System by users subject however to the availability of the adequate distribution capacity in the system in accordance with Open Access Regulations notified by the Commission and further subject to the user agreeing to pay all applicable charges including the distribution charges and surcharges, wherever applicable.

## **26. POWER PROCUREMENT**

- 26.1. The Licensee shall be obligated to procure power as per the directions contained in paras 36, 37 and 38 of the Vesting Order.

## **27. EXPECTED REVENUE CALCULATION AND TARIFFS**

- 27.1. The Licensee shall calculate the expected revenue from charges which it is permitted to recover, in accordance with the provisions of the Act, the State Act, the Regulations of the Commission, the tariff Terms and Conditions and other Guidelines, Orders and Directions issued by the Commission from time to time.
- 27.2. The Licensee shall file the expected revenue calculation and the application containing tariff proposals in the manner provided in the OERC (Conduct of Business) Regulations and consistent with the Regulations under Section 61 of the Act.
- 27.3. Unless otherwise provided in the Specific Conditions or in any order or direction made by the Commission the Licensee shall every year, not later than 30th November, submit to the Commission (i) a statement with full details of its expected aggregate revenues and cost of service for the ensuing financial year (including financing costs and its proposed return on equity) for its Licensed Business, in accordance with the provisions of the Act and the Regulations, Guidelines and Orders issued by the Commission from time to time and (ii) the annual investment plan giving specific details of the investment which the Licensee proposes to make in the ensuing financial year and which the Licensee desires to be covered under the revenue requirements in the ensuing financial year with appropriate references to schemes, if any, already approved by the Commission of which such investments form a part. The Licensee shall prepare and submit to the Commission the statement and the investment details referred to in the above separately for each of its Licensed Businesses and Other Businesses.
- 27.4. The Licensee shall, along with the expected Revenue calculation or at such other time and periodicity the Commission may specifically permit file the application containing tariff proposals and the revision to the existing tariffs approved by the Commission to match the revenue requirements of the Licensee.
- 27.5. The amount that the Licensee is permitted to recover from its tariffs shall be the amount that the Commission determines and approves in accordance with the provisions of the Act, State Act and the Regulations of the Commission.
- 27.6. The Licensee may apply to the Commission to amend its tariffs in accordance with the Act and applicable Regulations and directions of the Commission.

## **28. PROVISION OF SUBSIDIES TO CERTAIN CONSUMERS**

- 28.1. In accordance with Section 65 of the Act, if the State Government wishes to grant any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall, notwithstanding any direction which may be given under Section 108 of the Act, pay, in advance and in such manner as may be directed by the Commission, the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct.
- 28.2. Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions of the Act and Regulations of the Commission, and the Licensee shall charge to the consumers the tariff fixed by the Commission from the date of issue of Order(s) by the Commission in this regard.

## **29. POWER TO ENTER PREMISES AND TO REMOVE FITTINGS OR OTHER APPARATUS OF LICENSEE**

- 29.1. In accordance with Section 163 of the Act, the Licensee or any person duly authorized may, at reasonable time, and on informing the occupier of its intent, enter any premises to which supply has been made or over which electric lines and works have been lawfully placed for the purpose of:
- (a) inspecting, testing, repairing or altering electric supply lines, meters, fittings belonging to the Licensee; or
  - (b) ascertaining the amount of electricity supplied; or
  - (c) removing such lines, fittings, works where electricity supply is not required.
- 29.2. The Licensee or its authorised person may on a special order of the Executive Magistrate give a notice not less than 24 (twenty four) hours in writing to the occupier for entering any premises for purposes mentioned in Condition 29.1 above.
- 29.3. The Licensee may, on refusal of entry by the occupier of the premises, cut off power supply as per Section 163 of the Act till such time the refusal continues but for no longer.

## **30. DISCONNECTIONS**

- 30.1. The Licensee shall comply with the provisions of OERC Distribution (Conditions of Supply) Code in the matter of disconnection of supply.
- 30.2. The Licensee shall not cut off supply if the person deposits under protest:
- (a) the amount equal to the sum claimed from him; or

- (b) electricity charges due from him calculated on the basis of average charge for electricity supplied to him during the preceding 6 (six) months, whichever is less pending disposal of the dispute.
- 30.3. The Licensee shall have to show such sum as recoverable continuously for a period of 2 (two) years for the electricity supplied and act as per Section 56 (2) of the Act.
- 30.4. Pursuant to Sections 126, 127, 135-140 of the Act, the Licensee shall have the powers and authority to take appropriate actions for:
- (a) Metering at the point of supply of electricity;
  - (b) Revenue realisation;
  - (c) Implementing credit control procedure as approved by the Commission;
  - (d) Prosecution for theft;
  - (e) Prevention of meter tampering;
  - (f) Prevention of diversion of electricity;
  - (g) Prevention of unauthorised use of electricity; and
  - (h) All such similar matters affecting distribution or supply.

### **PART-III: SPECIFIC CONDITIONS**

#### **31. PAYMENT OF FEES**

- 31.1. With reference to General Condition 13 and during the period its Licence remains in force, the Licensee shall, by 10th April of every year, be liable to pay to the Commission an annual Licence fee of Rs.1.90 crore (Indian Rupee One Crore Ninety Lakhs) or as decided by the Commission from time to time for each ensuing financial year.
- 31.2. All licence fees (including interest if is due under General Condition 13.2) will have to be deposited in %The Odisha Electricity Regulatory Commission Fund+ operated by the Commission.
- 31.3. The Licensee shall be subject to the proceedings for the recovery of such fees specified in the Act; and
- 31.4. Commission may review the amount of licence fee in every 3 (three) years.

#### **32. INVESTMENT AND TRANSFER OF ASSETS (IN CONTINUATION TO CONDITION 11 AND 12)**

- 32.1. For the purposes of Condition 11.10, the term %major investment+means any planned scheme wise investment in or acquisition of distribution facilities like rural electrification, system improvement, major renovation & modernization works, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction/ scheme, equals or exceeds Rs. 5 crore (Indian Rupee Five crore) or otherwise determined by the Commission from time to time by a general or special order. For smaller transactions for which prior approval of the Commission has not been obtained, the proposals will be considered at the time of annual true-up subject to prudence check by the Commission.
- 32.2. For the purposes of the Condition 12, without prior written approval of the Commission, the Licensee shall not dispose off or relinquish operational control of any asset whose book value at the time of proposed transfer exceeds Rs. 1 crore (Indian Rupee One crore) or otherwise determined by the Commission from time to time by a general or special Order.
- 32.3. Write-off, cancellation of any investment/ money deposit exceeding Rs. 1 crore (Indian Rupee One crore) shall be done with the prior approval of the Commission.

#### **33. BASIS OF CHARGES**

- 33.1. The Licensee shall by the time specified in the OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, prepare and lodge with the Commission submissions setting out in full detail.

- (a) a statement of the Licensee's revenue requirement for the ensuing financial year, prepared in accordance with the aforesaid Regulation read with Sections 45 & 61 of the Act.
- (b) a statement of the Licensee's expected revenue for the ensuing financial year, at the prevailing tariff.

33.2. In accordance with Section 64 of the Act, an application in complete shape for determination of Annual Revenue Requirement (**ARR**) and calculation of tariff shall be made by the Licensee, setting out in full the following:

- (a) all filings for ARR as per annual schedule, by 30<sup>th</sup> November of every year, indicating the manner in which the gap, if any, between the charges which it is permitted to recover, and the expected revenue calculated shall be filled up;
- (b) a new or amended tariff proposed by the Licensee indicating the date of implementation drawing attention to the proposed changes. Such date shall be not less than 120 (one hundred and twenty) days from the date of the submission of the tariff proposal with all information, data, calculations etc. required under OERC (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations;
- (c) the aggregate revenue which the Licensee expects to be able to recover from the proposed new or amended tariff, such aggregate revenue figure shall relate to the first full financial year after the proposed specified date, where the specified date coincides with the beginning of the financial year and, in addition where the specified date does not coincide with the beginning of the financial year, the aggregate revenue figure to be calculated at the prevailing tariff up to the date of revision and thereafter at the revised tariff up to the end of the relevant financial year;

Provided that no tariff or part of tariff shall be amended more than once in any financial year except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as prescribed by Regulations.

33.3. Any submission to the Commission pursuant to Condition 33.2 shall include a schedule(s) of prices and charges for Distribution which:

- (a) shall be in accordance with the provisions of Sections 45, 46, 47, 61 & 62 of the Act; and
- (b) shall enable the Licensee to recover the total revenue referred to in the submission by the Licensee pursuant to Condition 33.1 (a). The schedule(s) of prices and charges may, subject to the provisions of Condition 9, differentiate according to consumer's

load factor, power factor, voltage, total consumption of electricity during any specific period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required and any other relevant factors.

- 33.4. The Commission may require comparative data for the first 6 (six) months of the current and preceding full financial year, for the purposes of comparison, along with such other data, calculation etc. as the Commission considers necessary, and the Licensee shall furnish such data, calculations, comparisons as directed by the Commission.
- 33.5. Subject to the provisions of the Act and the Regulations, the Commission shall within 120 (one hundred and twenty) days from receipt of an application for determination of tariff and after considering all suggestions and objections received from the public, notify the Licensee either:
- (a) that it accepts the Licensee's calculation on (a), (b) and (c) of Condition 33.2; or
  - (b) that it does not consider the Licensee's calculation to be in accordance with the prescribed methodology or procedure and will propose an alternative calculation which the Licensee shall accept; or
  - (c) reject the application.
- 33.6. Following approval by the Commission of any new or amended tariff, the Licensee shall publish details of the same in accordance with the requirements of the Act. The previously notified tariff shall remain in effect till the new or amended tariff takes effect.
- 33.7. The Licensee shall ensure that all amounts due to other users in respect of the electricity generated or supplied or other goods or services provided by them shall be paid promptly in accordance with the agreement made.

#### **34. CONTRAVENTION OF LICENCE CONDITIONS**

- 34.1. In case of any contravention of any Licence Conditions by the Licensee, the Licensee shall be liable for penal action under Sections 19, 24, 128, 129 & 142 of the Act and under other relevant provisions of the Act, State Act, Rules, Regulations, and Notifications.

#### **35. FRANCHISEE AND TRADING**

- 35.1. The Licensee shall intimate the Commission about its proposal to undertake its distribution activity through another person for a particular area of its Area of Supply under proviso 7 of Section 14 of the Act.
- 35.2. In the aforesaid intimation the Licensee shall inform the Commission about the name,

address, credit worthiness, capability, experience, expertise of the franchisee with detail scheme. The Commission may ask the Licensee to furnish any other information about the proposed franchisee.

- 35.3. The Licensee shall furnish an undertaking to the Commission that it will be responsible for any action or inaction of the franchisee in the business of distribution in franchisee area.
- 35.4. The Licensee shall furnish the required information to the Commission periodically about the functioning of the franchisee.
- 35.5. The Commission at any time, in the public interest, may direct the Licensee to cancel/ modify the scheme of franchisee of the Licensee, if such scheme violates the provisions of the Act or rules, Regulations, notifications, orders issued under the Act.
- 35.6. The Licensee shall intimate the Commission about its detailed scheme for undertaking business of trading under proviso 9 of Section 14 of the Act.
- 35.7. The Licensee shall furnish the required information to the Commission periodically about its trading activity.
- 35.8. The Commission at any time, in the public interest, may direct the Licensee to cancel/ modify the trading activity of the Licensee, if such activity violates the provisions of the Act or rules, Regulations, notifications, orders issued under the Act.

## **36. RURAL ELECTRIFICATION**

- 36.1. The Licensee shall carry out rural electrification in accordance with the provisions of the Act.

## **37. ADDITIONAL CONDITIONS**

- 37.1. In addition to the Conditions specified in this licence, all conditions specified in the Vesting Order shall apply to the Licensee. Such conditions include:
  - (i) AT&C loss trajectory for tariff determination
  - (ii) AT&C loss reduction commitment of the Licensee
  - (iii) Capital investment commitment of the Licensee
  - (iv) Performance Guarantee conditions
  - (v) Conditions for procurement of power
  - (vi) Past arrear recovery



- (vii) Depreciation on assets of NESCO utility transferred to the Licensee
- (viii) Treatment of existing employees of NESCO utility and employee liabilities
- (ix) Deployment of staff by the Licensee
- (x) Treatment of deposits of NESCO utility collected from consumers/ suppliers/ contractors
- (xi) Treatment of past litigations
- (xii) Treatment of Additional Serviceable Liabilities
- (xiii) Determination of O&M expenses
- (xiv) Conditions related to Return on Equity
- (xv) Treatment of existing distribution franchisees
- (xvi) Performance review of the Licensee
- (xvii) Right to use land instead of transfer
- (xviii) Any other condition not listed above but covered in the Vesting Order

37.2. A breach of any of the conditions of the Vesting Order shall be considered to be a breach of the Licence Conditions.

### **38. MISCELLANEOUS**

38.1. All issues arising in relation to interpretation of these Licence Conditions and as to the terms and conditions thereof shall be a matter for the determination of the Commission and the decision of the Commission on such issues shall be final.