

## Minutes of the Review Meeting on Performance of GRIDCO for FY 2012-13 HELD ON 03.06.2013

Date of review : 03.06.2013 at 11.00 AM

Period of Review : From April' 12 to March' 13 i.e. for the FY 2012-13

Persons present : Shri B.P. Mohapatra, Director (Finance)  
(On behalf of Shri P.K. Pradhan, Director (Com.)  
GRIDCO) & other officials of GRIDCO.

- The Director (Finance), GRIDCO at the outset made a presentation on the performance of GRIDCO for FY 2012-13. He stated that GRIDCO has purchased 24086 MU of energy at a cost of Rs.5554 Cr. at an average rate of 231 P/Kwh as against OERC approval of 24097 MU with a cost of Rs.5691 Cr. at an average rate of 236 P/Kwh for the year 2012-13. During the year 2012-13 the power purchase cost of GRIDCO has been reduced by an amount of Rs.137 Cr. from the approved amount by OERC. Also there is less purchase of 11 MU than the approved quantum of energy. Out of the total power purchase cost of Rs.5554 Cr. GRIDCO has made payment of Rs.5050 Cr. to the generators. The outstanding amount comes to Rs.504 Cr. for 2012-13.
- He further stated that, during FY 2012-13, net underdrawal by the DISCOMs was 1311.27 MU as compared to OERC approval for the period under review. The details of energy drawl by the DISCOMs are given in the table below.

**Energy Drawl by DISCOMs (MU)**

	<b>OERC's Estimate for FY 2012-13</b>	<b>Actual for FY 2012-13</b>	<b>Over (+) / Under (-) Drawal by DISCOMs</b>
<b>CESU</b>	8236.00	7401.72	(-) 834.28
<b>NESCO</b>	5306.00	5045.01	(-) 260.99
<b>WESCO</b>	6496.00	6389.67	(-) 106.33
<b>SOUTHCO</b>	3047.00	2937.33	(-) 107.67
<b>TOTAL</b>	<b>23085.00</b>	<b>21773.73</b>	<b>(-) 1311.27</b>

- The Director (F) stated that due to poor hydrology, there was a drastic reduction in hydro generation. Hence, GRIDCO had purchased costlier power from different sources such as from CGPs and also through UI, Power Exchange and Power Banking to meet the state demand. As a result of reduced hydro drawal these fixed

cost increased for which average rate per unit is increased to 82 paise as against the approved rate of 69 paise/unit. However, per unit cost of Thermal Generating Stations is reduced due to reduction in Fuel Price Cost. Thus total Power Purchase during 2012-13 is reduced to 231 paise/unit as against 236 p/u approved by the Commission. On this account GRIDCO has saved Rs.137.00 crore during FY 2012-13. During FY 2012-13, the actual drawal of DISCOMs was 21774 MU as against the approved figure of 23085 MU. Thus, there was under drawal of 1311 MU by DISCOMs for which some amount of power purchase cost was saved.

4. GRIDCO has earned Rs.415 crore by way of trading during FY 2012-13.
5. As stated above due to saving in power purchase cost and sale of surplus power through UI and trading GRIDCO has shown a positive revenue gap of Rs.450 crore excluding pass through losses and principal repayment. After considering the pass through losses, principal requirement and unrealized BSP amount, the revenue gap would be (-) 964.61 crore as against the approved revenue gap of (-) 700.58 crore.
6. The Director (Finance) stated that all the DISCOMs have not paid the Bulk Supply Bills to GRIDCO in full for the period from April, 2012 to March, 2013. The total outstanding of current BSP charges on DISCOMs was of the order of Rs.801.52 Cr. (CESU Rs.26.72 Cr., NESCO Rs.303.96 Cr., WESCO Rs.465.39 Cr. & SOUTHCO- Rs.5.44 Cr). The details of BSP dues and payment receipt by GRIDCO from DISCOMs are given in below:

**Receipt and Payment of BSP dues (Rs. in crore)**

	<b>Total BSP Bill</b>	<b>Total payment receipt (including Rebate)</b>	<b>Excess(+) /Less (-) Payment over BSP</b>
	A	B	C (B-A)
<b>CESU</b>	1952.94	1926.22	(-) 26.72
<b>NESCO</b>	1526.48	1222.52	(-) 303.96
<b>WESCO</b>	1920.00	1454.61	(-) 465.39
<b>SOUTHCO</b>	536.76	531.25	(-) 5.45
<b>TOTAL</b>	<b>5936.12</b>	<b>5134.60</b>	<b>(-) 801.52</b>

7. GRIDCO has submitted that all the DISCOMs have not paid any amount towards their past arrear dues and even they have not paid the current BSP dues in full. As reported by GRIDCO upto 31<sup>st</sup> March, 2013 the following amounts are still outstanding from different DISCOMs as depicted in table below.

**Outstanding against Distribution Companies as on 31-03-2013 (Provisional)**

**Rs. Crore**

<b>Particulars</b>	<b>WESCO</b>	<b>NESCO</b>	<b>SOUTHCO</b>	<b>Total RELANCE</b>	<b>CESU</b>	<b>Total DISCOMs</b>
<b>(A) Bulk Supply Price dues (both current &amp; arrear )</b>	<b>846.47</b>	<b>508.82</b>	<b>172.29</b>	<b>1527.58</b>	<b>435.37</b>	<b>1962.95</b>
<b>(B) Securitised dues as per OERC Order dated 01-12-2008</b>	<b>299.50</b>	<b>316.97</b>	<b>266.67</b>	<b>883.14</b>	<b>1497.27</b>	<b>2380.41</b>
<b>(C )Total(A+B)</b>	<b>1145.49</b>	<b>825.79</b>	<b>438.96</b>	<b>2410.72</b>	<b>1932.64</b>	<b>4343.36</b>
<b>(D ) 12.5% Power Bond-Rs.400 Crore</b>	<b>0.00</b>	<b>70.21</b>	<b>128.64</b>	<b>198.46</b>	<b>-</b>	<b>198.46</b>
<b>(E) Other dues including Transfer Scheme Receivables</b>	<b>12.10</b>	<b>7.17</b>	<b>29.91</b>	<b>49.18</b>	<b>118.85</b>	<b>163.03</b>
<b>(F) Deferred Credit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRIDCO Total (C+D+E+F)</b>	<b>1158.08</b>	<b>903.18</b>	<b>597.10</b>	<b>2658.36</b>	<b>2225.49</b>	<b>4883.85</b>

8. The Commission expressed concern over the mounting up of arrear BSP and asked GRIDCO to give year wise break-up of arrear BSP dues outstanding against different DISCOMs to the Commission.

9. GRIDCO stated that, during the financial year 2012-13 they had released an amount of Rs.872 Cr. from the Escrow Account, towards employees cost and R&M expenses. Out of which an amount of Rs.818 Crore is relaxed towards employees cost and balance Rs.54.00 Crore towards R&M cost. As stated by GRIDCO, DISCOMs are not able to avail the escrow relaxation benefit towards R&M because of poor cash flow. As per the Commission's order, all DISCOMs including CESU should furnish the details for release of funds from the escrow account. The DISCOMs- wise details of employees cost and R&M expenses as per the approval and escrow relaxed by GRIDCO are given below.

**Approved Employees and R & M Expenses of DISCOMs for 2012-13 (Rs. in crore)**

	<b>Approved Employee Cost</b>	<b>Escrow Relaxed towards Employee Cost</b>	<b>Approved R &amp; M</b>	<b>Escrow Relaxed towards R &amp; M Expenses</b>	<b>Total Approved</b>	<b>Total Escrow Relaxed by GRIDCO</b>
<b>CESU</b>	340	340	58	19	398	359
<b>NESCO</b>	180	135	51	13	231	148
<b>WESCO</b>	207	172	40	17	247	189
<b>SOUTHCO</b>	186	171	28	5	214	176
<b>Total</b>	<b>913</b>	<b>818</b>	<b>177</b>	<b>54</b>	<b>1090</b>	<b>872</b>

10. The Commission advised that, as Chairman of the Board of DISCOMs, the CMD, GRIDCO should influence the DISCOMs to enhance their billing and collection efficiency for earning more revenue and pay the power purchase dues to GRIDCO.
11. GRIDCO has completed the Audit of Annual Accounts for the FY 2011-12 & the same has been adopted in their AGM on 19.4.2012. Regarding compilation of Annual Account for the FY 2012-13, the Director (F), GRIDCO stated that, the Audited Accounts and Reports shall be approved by the Board on 31.10.2013. However, certified accounts of FY 2012-13 will be available by 15th of June, 2013.

### **Commission's Observation**

- (1) GRIDCO should discuss with GOO for optimum utilization of water in different reservoirs, so that OHPC can generate more than the present level of generation. This will help to reduce the power purchase cost of GRIDCO and simultaneously GRIDCO can generate more revenue by trading the surplus power after meeting the State demand.
- (2) GRIDCO should do aggressive trading and earn more revenue as there is least possibility to earn extra revenue through UI. In this context GRIDCO is required to submit monthly report on trading activities to the Commission.
- (3) GRIDCO should make effort to swap high cost borrowing by issuing State Govt. Guaranteed Bonds at lower rate.
- (4) GRIDCO is to strictly adhere to the prioritization of the operation of Escrow Account as directed by the Commission in the RST order for FY 2013-14. If GRIDCO gives escrow relaxation to DISCOMs without realizing the BSP in full, the carrying cost on the fund required to meet the deficit shall be to the account of GRIDCO. Further, GRIDCO should regulate power supply to defaulting DISCOMs.
- (5) GRIDCO is advised to take immediate decision to allow WESCO, NESCO and SOUTHCO to cede the first charge on the fixed assets after retaining the hypothecated assets limiting to Rs.250 crore only. This will help the DISCOMs to get any loan from financial institution for counter part funding required for capex programme as well as for system improvement work.

\*\*\*\*\*