

**ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAVAN**  
**UNIT – VIII, BHUBANESWAR – 751 012**  
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**No. DIR (T)-373/09/1054**  
**Dated 27.08.2015**

To

The Chairman-Cum-Managing Director,  
GRIDCO, Janpath,  
Bhubaneswar

**Sub: Review of Performance of GRIDCO for FY 2014-15 held on 17.08.2015.**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the minutes of the review meeting on performance of GRIDCO for the FY 2014-15 for your information and necessary action.

Yours faithfully,

Encl: As above.

Sd/-  
**SECRETARY I/c**

**Copy to :**

The Commissioner-cum-Secretary, Department of Energy, Govt. of Odisha along with copy of the enclosure for favour of information.

Sd/-  
**SECRETARY I/c**

## Minutes of the Review Meeting held on 17.08.2015 on the Performance of GRIDCO for FY 2014-15

- Date of Review : 17.08.2015 at 03.30 PM
- Period of Review : for the FY 2014-15 i.e. from April' 14 to March' 15
- Persons present : Shri H. Sharma, CMD, GRIDCO  
Shri P.K. Pradhan, Director (Com.)  
Shri H.P. Nayak, Director (F&CA)  
& other Officials of GRIDCO.

- At the outset of the review meeting, CMD, GRIDCO made a presentation on the performance of GRIDCO for FY 2014-15. He stated that GRIDCO has purchased 25694.55 MU of energy at a cost of Rs.5839.80 Cr. at an average rate of 227.28 P/Kwh as against OERC approval of 25495.72 MU with a cost of Rs.5788.76 Cr. at an average rate of 227.05 P/Kwh for the year 2014-15. The purchase of power by GRIDCO during the year includes 154.53 MU through Power Trading and 37.20 MU through Power Banking to meet the peak demand. During the year 2014-15, the power purchase cost of GRIDCO has been increased by an amount of Rs. 51.04 Cr. than the amount approved by OERC. Also there is excess purchase of 198.83 MU than the approved quantum of energy. However, out of the total purchase of 25694.55 MU, GRIDCO has traded 972.52 MU at an average rate of 468.77 P/U and earned an amount of Rs. 455.89 Crore. Similarly, out of the total power purchase cost of Rs.5839.80 Cr. GRIDCO has made payment of Rs.5712.84 Cr. to the generators. The outstanding amount comes to Rs.126.94 Cr., which is mainly on OHPC, CGPs and IPPs due to reconciliation of quantum of energy.
- He further stated that, during FY 2014-15, net under drawal by the DISCOMs was 973.36 MU as compared to OERC approval. The details of energy drawl by the DISCOMs are given in the table below.

### **Energy Drawal by DISCOMs (in MU) for FY 2014-15**

<b>DISCOMs</b>	<b>OERC Approval</b>	<b>Scheduled for Drawal</b>	<b>Actual Drawal</b>	<b>Net Over (+) / Under (-) Drawal by DISCOMs than OERC Approval</b>
CESU	9040.00	8084.56	8287.21	(-) 752.79
NESCO	5330.00	4879.75	5006.87	(-) 323.13
WESCO	6820.00	6882.18	7067.12	(+) 247.12
SOUTHCO	3340.00	3156.80	3195.44	(-) 144.56
<b>TOTAL</b>	<b>24530.00</b>	<b>23003.29</b>	<b>23556.64</b>	<b>(-) 973.36</b>

3. He further stated that during the year under review, GRIDCO has shown a positive revenue surplus of Rs.105.55 crore as against OERC approval of Rs. 3.59 crore as shown in the table below:

**Revenue Approval Vis-à-vis Actual (Prov.) during FY 2014-15**

*(Rs. Crore)*

Sl No	Description	Approval		Actual (prov.)	
		MU	Amounts	MU	Amounts
1.	Power Purchase Cost	25495.71	5788.75	25694.54	5839.79
2.	Establishment & Interest Cost	-	426.81	-	551.02
3	Pass through Cost	-	243.97	-	-
<b>4.</b>	<b>Total Revenue requirement (1+2+3)</b>	<b>25495.71</b>	<b>6459.53</b>	<b>25694.54</b>	<b>6390.81</b>
5.	Revenue realized from sale of power to DISCOMs	24530.00	6456.42	23556.65	5972.93
6.	Revenue from Trading	-	-	972.52	455.89
7.	Revenue from UI	-	-	92.55	41.64
8.	Revenue from CGPs & Others	10.00	6.70	43.81	25.90
<b>9.</b>	<b>Total Revenue Realization (5+6+7+8)</b>	<b>24540.00</b>	<b>6463.12</b>	<b>24665.52</b>	<b>6496.36</b>
<b>7.</b>	<b>Surplus / (Gap) (9-4)</b>	<b>-</b>	<b>3.59</b>	<b>-</b>	<b>105.55</b>

4. The CMD, GRIDCO stated that all the DISCOMs have paid the current Bulk Supply Bills to GRIDCO except SOUTHCO because of the devastation in Cyclone (HUD-HUD) in August 2014. However, DISCOMs have not paid the SLDC UI Charges of Rs.261.19 crore arising due excess drawal of energy over scheduled drawal during the period.
5. GRIDCO has submitted that all the DISCOMs have not paid any amount towards their past arrear dues. As reported by GRIDCO upto 31<sup>st</sup> March, 2015 the following amounts are still outstanding from different DISCOMs as depicted in table below:

**Outstanding against Distribution Companies as on 31-03-2015 (Provisional)**

*(Rs. Crore)*

Particulars	WESCO	NESCO	SOUTHCO	Sub-total	CESU	Total
(A) Bulk Supply Price dues (both current & arrear )	657.61	566.03	276.02	1499.66	331.03	1830.69
(B) SLDC UI Charges	257.18	124.11	59.40	440.69	234.58	675.27
(C) Securitized dues as per OERC Order dated 01-12-2008	294.70	303.37	259.98	858.05	1227.27	2085.31
(D) 12.5% Power Bond-Rs.400 Crore	-	48.91	146.45	195.36	-	195.36
(E) Other dues including transfer Scheme Receivables	12.10	6.74	29.91	48.75	118.85	167.60
(F) Deferred Credit	-	-	-	-	174.00	174.00
<b>Total</b>	<b>1221.59</b>	<b>1049.16</b>	<b>771.76</b>	<b>3042.51</b>	<b>2085.72</b>	<b>5128.23</b>

6. GRIDCO stated that, during the financial year 2014-15, they had released an amount of Rs.477.28 Crore to DISCOMs (WESCO - Rs.112.83 cr, NESCO - Rs.115.79 cr, SOUHTCO - Rs.143.43 cr & CESU – Rs.105.23 cr) from the Escrow Account towards employees cost and R&M expenses, out of which an amount of Rs.396.74 Crore is relaxed towards employees cost, Rs.69.34 Crore towards R&M expenses and balance Rs.11.20 crore towards other purposes. As stated by GRIDCO, DISCOMs were not able to avail the escrow relaxation benefit towards R&M, because of poor cash flow during the period under review.
7. For the FY 2014-15, GRIDCO has shown a closing cash deficit of Rs.408.34 crore as against opening cash deficit of Rs.216.82 crore. During the year total cash inflow was Rs. 8187.21 crore which includes Rs.5932.75 crore towards realisation from DISCOMs. Similarly total cash outflow was Rs.8378.73 crore which includes Rs.6028.94 crore towards payment of power purchase cost.
8. GRIDCO has submitted that the annual accounts for FY 2013-14 shall be adopted in the AGM by 31-08-2015 and approval of audited accounts and reports for FY 2014-15 in the Board shall be completed by 15-12-2015.
9. **Commission's Observation:**
  - i. GRIDCO has purchased high cost of power of 618.56 MU from FSTPS-III @540.43 p/u, which was not considered in the ARR of GRIDCO for the FY 2014-15. The fixed cost of this Station was estimated to Rs.113.82 crore and was allowed in the ARR of GRIDCO. In the tariff order, it was advised to trade the available power of this NTPC station to bridge the past revenue gap subject to commercial viability. GRIDCO should avoid such high cost power for State consumption.
  - ii. It is observed that GRIDCO has purchased 57.87 MU from Barh (Stage-II) power station of NTPC at the rate of Rs.12.10/Kwh during FY 2014-15. In the Tariff Order of GRIDCO for the FY 2015-16, the Commission has directed GRIDCO and the State Government to expedite the matter with Ministry of Power, Government of India for immediate de-allocation of the State share from this thermal station. The Commission is not satisfied with GRIDCO's reply on this and directed GRIDCO to pursue matter with Govt. of India.

- iii. Further, it is directed that GRIDCO should scrutinize cost and GCV of coal of all NTPC stations for FY 2014-15 and 1<sup>st</sup> quarter of FY 2015-16 and give a detailed report to the Commission regarding behavior of ECR of NTPC Stations after reduction of coal price.
- iv. GRIDCO is purchasing high cost bundled solar power from NVVNL through “New Project Scheme” under JNNSM (Phase-I) as well as from Dadri & Faridabad solar plant through NTPC. In present scenario the cost of such power should be reduced in view of reduction in coal price so also the price of solar power in the market. GRIDCO is directed to take up the matter with NTPC /NVVNL in this regard with detailed analysis.
- v. It is seen that GRIDCO has failed to achieve RCPO target fixed by the Commission w.r.t. purchase of power from non-solar and other sources during FY 2014-15. GRIDCO should take proactive steps to meet the RPO target as fixed by the Commission.
- vi. GRIDCO should also need to co-ordinate with OHPC for maximum availability of hydro generating units, particularly in rainy seasons and avail the maximum possible low cost power from OHPC stations.
- vii. GRIDCO also need to ensure that the entire State share of power is drawn from IPPs within the State.
- viii. GRIDCO is directed to convene meeting with all DISCOMs presided by the CMD, GRIDCO to settle deviation charges on account of UI at the earliest possible and submit a report to the Commission latest by 30-09-2015. The Commission desired that misconception of both sides to be narrowed down for amicable reconciliation of the issue.
- ix. It is observed that, the Annual Accounts of GRIDCO for FY 2013-14 are yet be adopted in the AGM. Hence, the Commission directed GRIDCO to complete the same within the time as mentioned by GRIDCO in its presentation. Further the Commission directed that the Annual Accounts of FY 2014-15 may also be finalized in the stipulated time.

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