

Summary of ARR & BSP Filings

Submitted by

GRIDCO

For

FY-2021-22

Summary of GRIDCO ARR & BSP Filings for FY 2021-22

BULK SUPPLY PRICE (BSP) PROPOSAL OF GRIDCO FOR THE FY 2021-22

1. GRIDCO Limited (hereinafter called as 'GRIDCO') is a Deemed Trading Licensee under the 5th Proviso to Section 14 of the Electricity Act, 2003. GRIDCO, a wholly State owned Company, is engaged in the business of purchase of electricity in bulk from various generators located inside Odisha and the State share of power from the Central Generators for supply in bulk to the four Distribution Utilities (hereinafter called as 'DISCOMs') in Odisha and trading of surplus power, if available after meeting the State requirement. Being the successor Organization to the erstwhile Odisha State Electricity Board (OSEB), GRIDCO continues the functions of bulk purchase and sale of power in the interest of the State under the "Single Buyer Model", as a matter of historical legacy. GRIDCO's existence as the "State Designated Entity" to procure power on behalf of the State of Odisha for bulk supply to the Discoms for onward retail sale to the end consumers of the State is consistent with the provisions of the Electricity Act, 2003 under section 14 and 131 of the Act.
2. Under the existing Bulk Supply Agreements between the DISCOMs and GRIDCO, the DISCOMs are to purchase power from GRIDCO at a regulated price to be determined by the Odisha Electricity Regulatory Commission (OERC). This Price incidentally happens to be the Bulk Supply Price at which GRIDCO supplies power to the DISCOMs. Thus, as a statutory requirement, GRIDCO is required to submit its Annual Revenue Requirement (ARR) before OERC for determination of the procurement price of the DISCOMs. Accordingly, GRIDCO has filed an application for approval of its proposed Annual Revenue Requirement (ARR) and revision of Bulk Supply Price (BSP) for the ensuing FY 2021-22. As per Section 86 (1) (a) & (b) and other applicable provisions of the Electricity Act, 2003 read with OERC (Conduct of Business) Regulations, 2004, as amended up to May 2011 and other related Regulations

Projection of Demand and Energy

3. The Simultaneous Maximum Demand (SMD) of DISCOMs for the FY 2021-22 has been projected at 4978 MVA per month based on the SMD projected by DISCOMs. GRIDCO mentions that SMD decreased in Apr-Sep 2020 due to reduction in Industrial and commercial load in the system. SMD in Oct 2020-Mar 2021 is expected to grow against first 6 months of the current year. The actual SMD recorded during first six months of 2020-21 and projection for 2021-22 as submitted by GRIDCO in the BSP and ARR application are given in Table -1.

Table 1
Projection of Simultaneous Maximum Demand (SMD) for FY 2021-22
(MVA/Month)

| DISCOM Utility | SMD (MVA per month) recorded during FY 2019-20 | OERC Approval for 2020-21 (MVA per month) | SMD (MVA per month) recorded during FY 2020-21 (Apr.'20 to Sept'20) | SMD (MVA per month) projected during FY 2020-21 (Oct.'20 to Mar'21) | Discoms' Projection of SMD for FY 2021-22 (MVA per month) |
|-----------------------|---|--|--|--|--|
| TPCODL | 1,590 | 1670 | 1,532 | 1,660 | 1,946 |
| NESCO | 1,015 | 1130 | 981 | 1,050 | 1,100 |
| WESCO | 1,239 | 1300 | 1,235 | 1,413 | 1,488 |
| SOUTHCO | 614 | 680 | 595 | 592 | 700 |
| State SMD | 4,337 | 4,780 | 4,139 | 4,687 | 4,978 |

4. GRIDCO has projected 27315 MU as the energy requirement of DISCOMs for FY 2021-22 based on the projections submitted by DISCOMs. Emergency Power Supply to Captive Generating Plants (CGPs) like NALCO and IMFA for FY 2021-22 has been projected at 60 MU. The actual for first six months of FY 2020-21, projection for FY 2020-21 on pro-rata basis and projection for FY 2021-22 as submitted by GRIDCO are indicated in Table -2.

Table 2
Projected Energy Requirement of DISCOMs and CGPs for FY 2021-22 (MU)

| DISCOM Utilities | Actual from April' 2020 to Sept' 2020 | Projection for 2020-21 on pro-rata basis | OERC approval of energy requirement during FY 2020-21 | GRIDCO's projection based on energy projection given by DISCOM for FY 2021-22 |
|-------------------------|--|---|--|--|
| TPCODL (CESU) | 4,622 | 8,421 | 9470 | 9,195 |
| NESCO | 2,539 | 5,050 | 6570 | 5,800 |
| SOUTHCO | 1,861 | 3,737 | 4070 | 4,070 |
| WESCO | 3,721 | 8,000 | 8000 | 8,250 |
| TOTAL DISCOMs | 12,744 | 25,208 | 28090 | 27,315 |
| NALCO & IMFA | 32 | 63 | 60 | 60 |
| TOTAL SALE | 12,776 | 25,271 | 28150 | 27,375 |

Energy Availability to GRIDCO for FY 2021-22

5. GRIDCO has projected energy availability of 35290.03 MU during FY 2021-22 from different generating stations. The estimation for drawal of **hydel power** from OHPC is 5862.52 MU including 259.880 MU from Machhkund and 1942.38 MU from Indravati; and thermal power of 8426.55 MU from OPGC (Units 1, 2,3 and 4), 3287.68 MU from TTPS, 4800 MU from thermal IPPs (M/s Vedanta Ltd and M/s GMR Kamalanga Energy Ltd) and 8964.61 MU of Odisha share of power from central thermal power stations. GRIDCO has proposed to purchase 1246.33 MU towards Odisha share from central hydro power stations like Tala, Chukha, Teesta, and Mangdechhu hydel plants. Further, GRIDCO has proposed to procure 2702.35 MU from Renewable Energy sources during FY 2021-22 (458.35 MU from small hydro, 80 MU from biomass, 685 MU from wind, and 1479 MU from solar projects). The station-wise details in respect of availability of power are given in the Table below.

Table 3
Summary of Proposed Energy Availability to GRIDCO for FY 2021-22

| Stations | Availability (After transformation loss and Auxiliary Consumption) (MU) | Share % | Projection for FY 2021-22 (MU) |
|---------------------------------------|---|------------|--------------------------------|
| HHEP | 660.56 | 100 | 660.56 |
| CHEP | 485.10 | 100 | 485.10 |
| Rengali | 519.75 | 100 | 519.75 |
| Upper Kolab | 823.68 | 100 | 823.68 |
| Balimela | 1171.17 | 100 | 1171.17 |
| OHPC(Old) | 3660.26 | 100 | 3660.26 |
| Indravati | 1942.38 | 100 | 1942.38 |
| Sub-Total OHPC | 5602.64 | 100 | 5602.64 |
| Machhkund | 259.88 | 100 | 259.88 |
| Total State hydro availability | 5862.52 | 100 | 5862.52 |
| OPGC (1& 2) | 2726.34 | 100 | 2726.34 |
| OPGC (3& 4) | 5700.21 | 75 | 5700.21 |
| TTPS | 3287.68 | 100 | 3287.68 |
| Small Hydro Renewable Energy | 458.35 | | 458.35 |
| Biomass | 80.00 | | 80.00 |
| Wind Energy | 685.00 | | 685.00 |
| Solar Energy | 1479.00 | | 1479.00 |
| CGPs | 0.00 | | 0.00 |
| Co-generation Plants | 0.00 | | 0.00 |
| IPPs | 4800.00 | | 4800.00 |
| Total State availability | 25079.09 | | 25079.09 |
| FSTPS-I&II | 184.20 | 14.18 | 184.20 |

| Stations | Availability (After transformation loss and Auxiliary Consumption) (MU) | Share % | Projection for FY 2021-22 (MU) |
|---|---|---------|--------------------------------|
| FSTPS-III | 373.42 | 17.15 | 373.42 |
| KhSTPS Stg.-I | 186.65 | 15.77 | 186.65 |
| KhSTPS Stg.-II | 171.14 | 2.62 | 171.14 |
| TSTPS Stg.-I | 2,157.92 | 32.34 | 2,157.92 |
| TSTPS Stg.-II | 1,346.00 | 10.00 | 1,346.00 |
| Darlipali unit 1 | 2,608.02 | 58.82 | 2,608.02 |
| Darlipali unit 2 – New | 1,086.67 | 58.82 | 1,086.67 |
| Barh-1 – New | 606.73 | 21.11 | 606.73 |
| North karanpura – New | 243.86 | 20.00 | 243.86 |
| Total Central Thermal Availability | 8964.61 | | 8964.61 |
| Chukha | 255.43 | 15.19 | 255.43 |
| TALA | 144.42 | 4.25 | 144.42 |
| Teesta | 504.22 | 23.40 | 504.22 |
| Mangdechhu | 342.26 | 10.97 | 342.26 |
| Total Central Hydro Availability | 1,246.33 | | 1,246.33 |
| Total EREB | 10210.94 | | 10210.94 |
| Total Availability | 35290.03 | | 35290.03 |

Energy Demand and Availability

6. The total projected Energy Demand by GRIDCO has been taken as 27,375 MU for FY 2021-22 consisting of the estimated energy requirement for sale to DISCOM as 27,315 MU and that of the Emergency & Back-up Power Sale to M/s. NALCO & M/s. IMFA as 60 MU. Considering 846.65 MU towards Transmission Loss @ 3.0%, procurement of energy to the tune of 28221.67 MU (27,375 MU + 846.65 MU) will be required. The energy requirement vis-a-vis the availability to GRIDCO for supply to the State for FY 2021-22 is estimated below in the following Table- 4.

**Table 4
Projected Energy Requirement of GRIDCO for FY 2021-22**

| Sl. No. | Particulars | Projection for FY 2021-22 (MU) |
|---------|---|--------------------------------|
| 1 | Energy Demand of DISCOM Utilities (27315MU) & Emergency Sales to CGPs (60 MU) | 27,375.02 |
| 2 | Transmission Loss @ 3.00% | 846.65 |
| 3 | Energy Required to be purchased by GRIDCO to meet the power demand of DISCOM Utilities & CGPs | 28,221.67 |
| 4 | Available Energy | 35,290.03 |
| 5 | Surplus energy | 7,068.36 |

Power Purchase Cost Projected for 2021-22

7. GRIDCO has projected to procure hydel power in the tune of 5862.52 MU from OHPC including 259.88 MU from Machhkund. GRIDCO has relied upon the OERC approved costs for different OHPC Stations for FY 2020-21 as the basis for projection of the related costs for FY 2021-22 along with likely payout towards SLDC Charges (SOC & MOC Charges), Electricity Duty (ED) & Water Tax / Cess etc. GRIDCO submits that the Power purchase cost of Machhkund is derived from Payment of 20% share of Present Depreciated Project Cost of MHEP (Jt.) by OHPC and O&M Expenditure for FY 2021-22 as per new inter-state agreement dated 23rd October 2020. For acquiring additional 20% share from APGENCO, payment of Rs 27.42 Crore has to be made. The rate of energy from Machhkund Joint Project has been calculated at 244 P/U considering Odisha share on total payment to be made in FY 2021-22 including Rs 27.42 Crore. Accordingly, GRIDCO has proposed to procure the total hydel energy of 5862.52 MU at a cost of Rs.589.94 Crore with an average rate of 100.63 P/U for FY 2021-22.
8. The power purchase cost of 8426.55 MU from OPGC (Units 1, 2, 3 and 4) @ 297.58 P/U comes to Rs. 2507.58 Crore for FY 2021-22. For OPGC (Units 1 and 2), the Annual Fixed Charges, Energy Charge Rate and year end charges as approved in the Tariff Order for FY 2020-21 have been considered provisionally. Thus, the total projected power procurement cost for OPGC (Units 1 and 2) in FY 2021-22 is Rs.711.36 Crore (@ 260.92 P/U).
9. GRIDCO proposes to procure net quantum of 5700.21 MU of power from OPGC expansion project at a tentative tariff of 313.92 P/U (as submitted by OPGC), amounting to Rs. 1796.22 Crore including year-end charges.
10. Based on the Tariff Petition submitted by NTPC before CERC in respect of NTPC-TTPS for the period from 2019-24, the Annual Fixed Charges of TTPS is projected as Rs. 407.47 Crore, the same has been considered for FY 2021-22 in the absence of tariff order for the period 2019-24. Based on the trend of Energy Charge Rate (ECR) as claimed by TTPS-NTPC during last six months, GRIDCO has considered variable cost as Rs. 616.38 Crore for FY 2021-22. GRIDCO has projected to procure 3287.68 MU from TTPS with the procurement cost of Rs. 1053.23 Crore @ 320.36 P/U against 336.78 P/U approved for FY 2020-21.
11. GRIDCO has no procurement plan from co-generation plants and CGPs to meet the energy requirement during FY 2021-22.
12. GRIDCO has proposed to procure 2702.35 MU of renewable energy at a cost of Rs. 1025.88 Crore @ 379.63 P/U on an average. It includes 458.35 MU from six small hydro projects at an average price of 417.57 P/U, 1479 MU from solar energy at an average rate of 392.31 P/U. GRIDCO proposes to procure 80 MU of bio-mass energy from M/s Shalivahan Green Energy Ltd. at

a cost of Rs. 56.64 Crore @ 708 P/U during FY 2021-22. Similarly, GRIDCO has proposed to procure around 685 MU of Wind Energy @ 286.33 P/U for an amount of Rs. 196.14 Crore from the wind power projects through M/s PTC India Ltd and SECI.

13. GRIDCO proposes to procure 4800 MU of power from the existing IPPs at an average rate of 283.67 P/U during FY 2021-22 and total projected power procurement cost from IPPs is Rs. 1361.62 Crore.

For Vedanta Ltd-(IPP), GRIDCO has considered the fixed charge as 95.11 P/U for FY 2021-22 considering the Annual Fixed Charges (AFC) as approved in GRIDCO's ARR order for FY 2020-21. GRIDCO submitted that as per OERC (Terms and Conditions) of Determination of Tariff Regulations, 2020, GCV of Coal to be considered on "As Received" basis. Considering the same and recent bills, GRIDCO proposes ECR of 152.46 P/U. GRIDCO submitted to procure 2956 MU from Vedanta Ltd-(IPP) at an estimated cost of Rs. 740.58 Crore at an average rate of 250.53 P/U.

In case of GKEL (GMR Kamalanga Energy Ltd), the Annual Fixed Charges for 25% contracted capacity of GRIDCO is Rs.314.74 Crore as per CERC Order dated 29.06.2018. The Energy Charge Rate (ECR), the average of actual monthly Energy Charge Rate (ECR) for the period April-20 to Sept-20 based on use of linkage coal and SHAKTI coal by GKEL, has been worked out to be 166.11 P/U. GRIDCO proposes to procure 1844 MU from GKEL @ 336.79 P/U and total power procurement cost would be Rs.621.05 Crore for FY 2021-22.

In view of no supply of power by JITPL since May-2019 onwards in view of on-going cases before different forum of law, GRIDCO has not proposed any quantum of power to be procured from JITPL during FY 2021-22.

14. The Capacity Charge (Fixed Cost) of respective NTPC Stations are being claimed as per the relevant Tariff Order / Regulations approved by the CERC from time to time. As CERC (Terms and Conditions of Tariff) Regulation, 2019 is applicable from 01.04.2019 and in the absence of new tariff order as per new CERC tariff regulations, the Annual Fixed Charge as per petitions submitted before CERC have been considered for determination of fixed cost of the respective stations for 2021-22. The Fixed Costs of the NTPC-ER existing Thermal Stations has been considered as Rs.1158.75 Crore considering to the obligation of beneficiaries to pay the same as per the Share Allocation according to the mandate in the relevant CERC Tariff Regulation. Keeping in the present trend of Energy charges GRIDCO has projected the Energy Charge Rate (ECR) as per actual bill of 6 months. Going by the presumptions for FC, ECR, YEA, the Projected Power Procurement Cost for FY 2021-22 from existing Central Sector Thermal Generating Stations (including Darlipalli-I) is calculated as Rs.2433.34 Crore for 7027.34 MU at average rate of 346.27 P/U.

15. GRIDCO submits that it has forecasted cost of generation from new plants based on provisional tariff submitted by NTPC for Darlipalli-II, North Karanpura and Barh-I. GRIDCO has projected power purchase cost of these stations based on actual 6 months' energy charge bills of Darlipali-I and on petition filed by NTPC with CERC. The Projected Power Procurement Cost for FY 2021-22 from different new Central Sector Thermal Generating Stations is calculated as Rs.790.30 Crore for 1937.26 MU at average rate of 407.94 P/U.
16. GRIDCO has also projected to procure 1246.33 MU from Chukha, Tala, Teesta-V and Mangdechhu hydro power stations with the procurement cost of Rs.331.58 Crore at average rate of 266.04 P/U.
17. CERC has published CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 (Sharing Regulations 2020) vide notification dtd: 04.05.2020. As per this new Sharing Regulations, 2020, sharing of Transmission Charges for DICs shall be based on Ex-post calculation and on monthly basis. Basing on the All-India Monthly Transmission Charges (MTC) for the Quarter 2019-20 Q2 and 2020-21 Q2, the MTC for 2021-22 has been estimated to be 3426.31 Cr. This MTC has been segregated to different components and taking these components as base, the Transmission Charges of Odisha has been calculated month-wise, taking into consideration of the LTAs of the upcoming Generators of Barh, Darlipali and North Karanpura. The total Transmission Charges for Odisha for 2021-22 projected as Rs.699.19 Crore. Considering the bills received during April'20 to Sept'20 and prorating the same for a year, GRIDCO proposes for payment of an amount of Rs.1.79 Crore towards ERLDC fees and charges for the FY 2021-22.
18. The detailed cost of power purchase as furnished by GRIDCO for FY 2021-22 is reproduced hereunder in Table -5 below.

Table 5
Summary of Proposed Power Procurement Cost during FY 2021-22

| Station Name | Energy Available (MU) | Per unit rate (P/U) | Total Cost (Rs Cr.) |
|---------------------------------------|------------------------------|----------------------------|----------------------------|
| HHEP | 660.56 | 134.97 | 89.16 |
| CHEP | 485.10 | 76.88 | 37.29 |
| Balimela | 1,171.17 | 68.26 | 79.95 |
| Rengali | 519.75 | 131.74 | 68.47 |
| Upper Kolab | 823.68 | 82.83 | 68.23 |
| OHPC(Old) | 3,660.26 | 93.74 | 343.10 |
| Indravati | 1,942.38 | 94.41 | 183.38 |
| Machkund | 259.88 | 244.20 | 63.46 |
| Total State hydro availability | 5,862.52 | 100.63 | 589.94 |
| OPGC - 1 & 2 | 2,726.34 | 260.92 | 711.36 |

| Station Name | Energy Available (MU) | Per unit rate (P/U) | Total Cost (Rs Cr.) |
|---|------------------------------|----------------------------|----------------------------|
| OPGC - 3 & 4 | 5,700.21 | 313.92 | 1,796.22 |
| TTPS | 3,287.68 | 320.36 | 1,053.23 |
| Sub-Total State Thermal | 11,714.23 | 303.97 | 3,560.81 |
| Renewables | 2,702.35 | 379.62 | 1,025.88 |
| CGPs | - | - | - |
| Co-generation Plants | | | |
| M/s. GMR Kamalanga Energy Ltd. | 1,844.00 | 336.79 | 621.05 |
| M/s. Vedanta Ltd. | 2,956.00 | 250.53 | 740.58 |
| JITPL (IPP) | | | |
| Total IPP | 4,800.00 | 283.67 | 1,361.62 |
| Total State availability | 25,079.10 | 260.71 | 6,538.25 |
| FSTPS-I&II | 184.20 | 489.16 | 90.10 |
| FSTPS-III | 373.42 | 548.21 | 204.71 |
| KhSTPS Stg.-I | 186.65 | 432.10 | 80.65 |
| KhSTPS Stg.-II | 171.14 | 389.70 | 66.69 |
| TSTPS Stg.-I | 2,157.92 | 353.35 | 762.51 |
| TSTPS Stg.-II | 1,346.00 | 297.43 | 400.35 |
| Darlipali unit 1 | 2,608.02 | 317.61 | 828.32 |
| Darlipali unit 2 - New | 1,086.67 | 317.61 | 345.13 |
| Barh-1 - New | 606.73 | 564.21 | 342.32 |
| North karanpura - New | 243.86 | 421.71 | 102.84 |
| Total Central Thermal Availability | 8,964.61 | 359.60 | 3,223.63 |
| Chukha | 255.43 | 249.10 | 63.63 |
| Tala | 144.42 | 224.04 | 32.36 |
| Teesta | 504.22 | 172.24 | 86.85 |
| Mangdechhu | 342.26 | 434.60 | 148.74 |
| Total Central Hydro Availability | 1,246.33 | 266.04 | 331.58 |
| Total EREB | 10,210.94 | 348.18 | 3,555.21 |
| Total Availability | 35,290.03 | 286.03 | 10,094.05 |
| PGCIL Charges | | | 699.19 |
| SOC &MOC Charges | | | 1.79 |
| GRAND Total | 35,290.03 | 305.89 | 10,795.03 |

19. GRIDCO submits that against demand of 28,221.67 MU, it has availability of 35,290.03 MU resulting in surplus energy of 7,068.36 MU. GRIDCO plans to sell the surplus power in exchange and submits that the trading in real time basis shall be optimised based on the net realisation per unit of sale, the availability including the forced scheduling power by the Load despatcher as per minimum technical requirement / Grid requirement etc and impacts, if any due change in the regulations. GRIDCO has proposed the Power Purchase Cost for regulated power (after excluding the variable charges of the surplus power) to be recovered from Discoms as Rs. 9330.34 Crore (Total power purchase cost of Rs.1079503 Crore – surplus power variable charge of Rs.1464.70 Crore).

Pass through of arrear dues paid / to be paid during FY 2021-22

20. GRIDCO requests to consider the claim of Rs.777.66 Crore (uncontrollable cost of STU chargers for RE procurement, Salivahan Green Energy Ltd. (SGEL arrears for revision of tariff from FY 2016-17, deferred tax liability of Teesta-V hydro station, additional power purchase cost of NTPC plants that have been paid by GRIDCO but is not reflected in tariffs approved by the Commission, and pass through of OPGC expenses) under Pass Through while approving the ARR & BSP for FY 2021-22-21.

Special Appropriation for Loan and Interest towards Past Power Purchase Liabilities

21. GRIDCO has outstanding loan balance of Rs 6,564.19 Cr as on 31st March 2020 with repayment liability of Rs 1164.97 Cr due in FY 2021-22. Due to non-cost reflective BSP, disallowance of Carrying cost on Regulatory assets and huge receivables, the loan liability has increased over the year. GRIDCO proposes to first meet such loan liability from Margin from sale of surplus power as directed by the Commission in its previous orders. As the trading margin will be very low due to present market condition, GRIDCO requests create a Separate Mechanism to meet Net Repayment liability post adjustment of Margin.
22. GRIDCO has proposed the Special Appropriation of **Rs. 1164.97 Crore** as detailed in Table - 6. Out of the total repayment and interest dues, Loans from Banks and Inter Corporate Loan from OMC Ltd. amounting to Rs.1164.97 Crore only are proposed under “Special Appropriation” for recovery while Loans payable to the State Government and NTPC bonds are deferred in terms of the relevant Tariff Orders.

Table 6
Proposed Special Appropriation claimed in the ARR & BSP for FY 2021-22
(Rs. Crore)

| Particulars | Loan Repayment Dues | Interest Dues | Proposed special appropriation by GRIDCO |
|--|---------------------|----------------|--|
| State Govt. Loan | 120.00 | 416.18 | |
| NTPC-GoO Special Bonds (Rs.1102.87 Crore) | 818.81 | 663.57 | |
| Sub-Total (A) | 938.81 | 1079.75 | Proposed to be deferred |
| Bank Loans & Inter Corporate Loan (OMC) | 1164.97 | - | |
| OHPC Securitized Dues | - | | |
| Sub-Total(B) | 1164.97 | | 1164.97 |
| Grand Total (A+B) | 2103.78 | 1079.75 | 1164.97 |

23. Considering the insufficient trading margin to meet huge repayment liability in FY 2021-22, GRIDCO proposes to deduct margin earned from sale of surplus power (sale price minus variable charges) from the repayment liability for the year and allow the balance repayment amount in the following manner:
- a. Allow as a part of the annual revenue requirement,
 - b. Allow a regulatory surcharge recovery as a percentage of bulk supply tariff, or
 - c. Allow as a regulatory asset with an amortisation in a defined period of 3 to 5 years, as the Hon'ble Commission deems fit as submitted in detail in the next chapter.

Interest, Financing and Other expenses

24. GRIDCO has proposed to incur about Rs.588.06 Crore during the FY 2021-22 towards expenses on account of interest and financial charges, Employees Cost, A&G Expenses etc as given in the Table-7. Interest payable to the State Government is proposed to be deferred. In order to bridge the cash gap due to various uncontrollable reasons, GRIDCO plans to borrow Rs. 2600 Crore during balance six months of FY 2020-21. (Rs 500 Cr has been availed during Nov 2020 and balance 2100 Cr is yet to be borrowed during 2020-21). The Petitioner requests to approve Interest on additional borrowing of Rs 2600 Cr to meet power dues in FY 2021-22.
25. GRIDCO proposes Rs.18.8 Crore towards employees cost for FY 2021-22 including the balance arrear amounting to Rs.0.81 Crore on account of implementation of the 7th Pay Commission recommendation.

Table 7
Interest, Financing & Other expenses for FY 2021-22 (Rs. Crore)

| Particulars | GRIDCO proposal for FY 2021-22 |
|---------------------------------|---|
| 1. Interest & Financial Charges | 559.90 |
| 2. Other Costs: | |
| a. Employee Cost | 18.80 |
| b. A&G Cost | 7.33 |
| c. Repair & Maintenance Cost | 0.70 |
| 3. Depreciation | 1.33 |
| Total (1+2+3) | 588.06 |

Return on Equity

26. GRIDCO submits Return on Equity (“RoE”) of Rs. 92.27 Cr in ARR & BSP Application for FY 2021-22 based on Equity base of Rs 576.71 Cr and RoE as 16%.

Other Income / Miscellaneous Receipts

27. GRIDCO expects to earn an amount of Rs. 42.90 Crore during FY 2021-22 (at existing approved BSP @ 715 P/U towards Emergency Sale) from proposed emergency sale of 60 MU to long term customers like NALCO and IMFA.

Receivable from DISCOMs and other parties

28. GRIDCO has outstanding securitized dues payable by DISCOMs of Rs.2117.45 Crore (as on 30.9.2020), due of Rs.3308.29 Crore towards Year-End-Adjustment (YEA) Bills and due towards BSP bills (up to November 2020). Further, Rs.195.36 Crore towards Bonds is due from DISCOMs as on 31.03.2019.
29. GRIDCO submits that, the receivables of GRIDCO from DISCOMs for sale of power amounts to Rs. 3991 crores as on 30th September 2020 out of which Rs. 2692 crores or 67% of total is due for more than 6 months. Owing to this, GRIDCO has been availing term loans to meet the working capital gap. With the sale of utility of CESU and the ongoing sale process of other three Discoms under Section 20 of the Electricity Act 2003, there are concerns on realization of past receivables from Discoms. This will have an impact on servicing of short term loans. In view of this, GRIDCO has submitted that a mechanism be put in place for principal and interest repayment of short term loans availed to bridge the working capital gap arising due to concerns on non-realization of BSP dues from Discoms.

Annual Revenue Requirement

30. The proposal for Annual Revenue Requirement of GRIDCO for FY 2021-22 is summarized in the Table 8 below.

Table 8
Proposed Aggregate Revenue Requirement of GRIDCO for FY 2021-22

| Particulars | Amount (Rs Crore) |
|-------------------------------------|--------------------------|
| Power purchase cost | 9,330.34 |
| Pass Through Power purchase cost | 777.66 |
| Interest cost | 559.90 |
| Employee cost | 18.80 |
| Repair & Maintenance | 0.70 |
| Administrative and General Expenses | 7.33 |
| Depreciation | 1.33 |
| Return on Equity | 92.27 |
| ARR | 10,788.32 |
| Less Revenue from Emergency sales | 42.90 |
| Net ARR | 10,745.42 |

Proposed Revenue Earning at Existing BSP Rates

31. GRIDCO estimates to earn revenue of Rs 7846.41 Crore during FY 2021-22 from the anticipated sale of 27315.02 MU to DISCOMs at the existing BSP rates of 287.70 P/U.

Proposed ARR & BSP for the FY 2021-22

32. GRIDCO has proposed that it would suffer revenue deficit of Rs. 2899.02 Crore considering the proposed ARR of Rs. 10745.42 Crore and the revenue of Rs.7846.41 Crore to be earned from sale of the proposed energy of 27315.02 MU to DISCOMs during FY 2021-22 at the existing BSP Rate for FY 2020-21. In order to meet the estimated deficit, GRIDCO has submitted before the Commission for revision of Bulk Supply Price for the FY 2021-22. GRIDCO proposes to recover the Net Revenue Requirement of Rs. 10745.42 Crore through Energy Charge only as per the Table given below.

Table 9
Proposed Aggregate Revenue Requirement of GRIDCO for FY 2021-22 for Recovery through “ENERGY CHARGE”

| SL. NO. | COMPONENTS | Proposed ARR and BSP for FY 2021-22 (Rs Crore) |
|----------------|--|---|
| 1 | Net ARR to be recovered through BSP | 10,745.42 |
| 2 | Units to be sold to DISCOMs Utilities (MU) | 27,315.02 |
| 3 | Net Revenue to be recovered through sale of 27315 MU at existing Average BSP of 287.70 P/U | 7,846.41 |
| 4 | Deficit Revenue at existing Average BSP of 287.70 P/U | (2,899.02) |
| 5 | Proposed Average BSP to recover the Net Aggregate Revenue i.e. (ENERGY CHARGE ONLY) (P/U) | 393.39 |

Other Allied Submissions to Facilitate GRIDCO for Recovery of its Expenses

Demand Charges

33. Demand Charge: Demand Charge @ Rs.250/KVA/Month is proposed to be levied from DISCOM Utilities on the excess SMD only when the actual SMD of DISCOM Utilities in a month exceeds the permitted monthly SMD (110% of the approved SMD), to take care of monthly variations subject to year-end adjustment within the permitted annual SMD i.e.110% of the approved annual SMD.

Over Drawl and Year End Charges

The Over Drawal and Year End Charges payable by DISCOM Utilities are presently billed on month-to-month basis (at the corresponding OERC approved applicable BSP in terms of the Judgment dated 07.05.2018 of the APTEL passed in Appeal No.55 of 2015, till intra-State DSM Regulations is pronounced by OERC and implemented in the State) . GRIDCO proposes that any excess drawal of energy by a Distribution and Retail Supply Licensee (DISCOM Utilities) during a month over and above the approved energy quantum (Approved MU for FY 2021-22 X No. of days of the relevant month / 365 days) would be payable on provisional basis at the highest OERC approved Power Purchases Rate fixed for a Station for FY 2021-22 (which includes transmission charges and transmission loss) on monthly basis instead of the normal differential BSP applicable to the respective DISCOM Utilities, subject to final Year End Adjustment (YEA) considering the highest Power Purchases rate/ cost including the rate/s of energy drawn through U.I./deviation settlement of the month plus transmission charges and transmission loss.

Fuel Price Adjustment (FPA)

34. Any excess payment made by GRIDCO towards FPA for a particular / relevant month will be levied on DISCOM Utilities in the succeeding month in proportion to their actual drawl during the preceding month along with the BSP bills if the Fuel Surcharge Price of the particular month paid by GRIDCO exceeds by more than 5% of the approved Average Bulk Supply Price subject to maximum of 25% of the approved Average Bulk Supply Price which will be passed on to consumers in the next month onwards in twelve months/in a quarter along with their normal energy bills served to the consumers at a rate which will be arrived at by considering their approved monthly sale quantum to the consumers (approved quantum for the financial year/12 months).

Rebate

35. On payment of the current monthly bills, the Distribution and Retail licensees (DISCOM Utilities) shall be entitled to:

- A rebate of 2%, in case the DISCOM Utilities make full payment of the current month's BSP dues within two working days (excluding holidays under NI Act) of serving of the BSP invoice by GRIDCO.
- A rebate of 1%, in case DISCOM Utilities make payment of the current month's BSP dues in full within a period of 30 days of serving of the BSP invoice by GRIDCO.
- A rebate of 2% on the amount of current month's BSP dues partly paid by the DISCOM Utilities within two working days (excluding holidays under NI Act) and 1% on the balance current BSP dues, if paid after two working days but within a period of 30 days of serving of the BSP invoice by GRIDCO.
- No rebate, if the DISCOM Utilities have not paid the current month's BSP dues in full within a period of 30 days of serving of the BSP invoice by GRIDCO.

Delayed Payment Surcharge

36. For delayed payment of Bulk Power Supply Bills i.e., payment after the periods of 30 days from the date of submission of bills, the surcharge is to be levied @ 1.50% per month.

Escrow Arrangement

37. DISCOMs are approaching GRIDCO to allow escrow relaxation towards employee cost and R&M expenses in each month. Since there is no specific direction in the ARR 2020-21 to allow escrow relaxation, GRIDCO is facing inconvenience. Keeping in view the overall interest of the Sector, The Commission may pass suitable direction as may be deemed necessary without affecting the interest of GRIDCO. Till the Commission decides any change in escrow arrangement, GRIDCO follows the direction issued by the Commission in the BSP order for the FY 2014-15.

Carry Forward of Revenue Gap

38. GRIDCO prays that the proposed Annual Revenue Requirement & Bulk Supply Price be made applicable from 1st April 2021. However, in case of a gap between the approved revenue requirements for FY 2021-22 and the revenue realized, the Commission may approve to carry forward the gap for adjustment during the future years.

Inclusion of Effect of Review Petition of GRIDCO for FY 2020-21

39. GRIDCO submits that it has filed a Review Petition before the Commission against Hon'ble Commission's ARR & BSP Order for FY 2020-21. GRIDCO

prays the Commission to pass through the effect including the Financial Effect of the Review Petition while approving the ARR & BSP for FY 2021-22.

Prayer

Summary of Tariff Filing for FY 2021-22

40. GRIDCO has prayed the Commission to approve the following for FY 2021-22.
- a. Consider allowing all the uncontrollable reasonable costs as proposed in the petition and accordingly, approve the ARR and Bulk Supply Price (BSP) for FY 2021-22 and make the same effective from 1st April 2021;
 - b. Allow carry forward of the unrecovered additional costs for recovery in the future BSP or pass through of the same in the truing-up exercise;
 - c. Consider to pass the Order on the Truing-up Petition of GRIDCO filed based on the Audited Accounts of GRIDCO for & up to the FY 2015-16 to FY 2018-19 along with amortisation plan;
 - d. Approve the fixed charges as payable by GRIDCO to the generating stations for the all existing and new stations to be recovered from DISCOMs through BSP, wherever PPA is tied up on overall long term energy planning of the state even if energy is not scheduled in any year from stations based on MoD principles and change in demand trend of the state;
 - e. Issue appropriate directions to the distribution companies/ Licensees to pay all outstanding dues to GRIDCO, or
Allow a suitable mechanism to recover the shortfall towards Discoms' receivable arising out of sale of utilities of CESU, and the ongoing sale of WESCO, NESCO and SOUTHCO, which amounts to Rs.6019 Cr. as on 31st March 2020, in a planned manner in next five years after the purchase consideration for these distribution companies is adjusted;
 - f. Create a separate regulatory surcharge to amortize regulatory assets accumulated till FY 2019-20 after accounting for revenue from sale of surplus power and allow carrying cost in regulatory assets accumulated till FY 2020-21. Such mechanism of regulatory gap recovery need to meet at least the servicing of Special appropriation (repayment of principal);
 - g. Inclusion of effect of Review Petition of GRIDCO in the ARR & BSP for FY 2020-21.
 - h. Allow recovery of the additional cost/s due to over-drawal of energy, fuel price adjustment / fuel surcharge adjustment etc. or on account of any other statutory increase/s, significant rise in the fuel cost, Electricity Duty/ Water Cess levied by the Government of Odisha and any other Statutory levy/ Duty/ Tax/ Cess / Toll etc. if any, be passed on to GRIDCO on account of the

OERC / CERC / Tribunal / Court Orders etc. or the like, as surcharge during the year on quarterly basis .

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