

**ODISHA ELECTRICITY REGULATORY COMMISSION
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**No. DIR (T)-373/09/827
Dated. 18.06.2018**

To

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

Sub: Review of Performance of GRIDCO for the FY 2017-18 held on 21.05.2018.

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 2017-18 (i.e. from April, 2017 to March, 2018) held at OERC on 21.05.2018 for your information and necessary actions.

Yours faithfully,

Sd/-

Encl: As above.

S E C R E T A R Y

Copy to:

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

Minutes of the Review Meeting held on 21.05.2018 on the Performance of GRIDCO for the FY 2017-18

Date of Review : 21.05.2018 at 02.30 PM

Period of Review : For the FY 2017-18 (i.e. from April, 2017 to March, 2018)

Persons present : Shri H. Sharma, CMD, GRIDCO
Shri B. P. Mahapatra, Director (Finance), GRIDCO
Shri M.K. Das, Director (Commercial)
and other Officials of GRIDCO.

- At the outset of the review meeting, CMD, GRIDCO made a presentation on the performance of GRIDCO for FY 2017-18 i.e. from April, 2017 to March, 2017. He stated that GRIDCO has purchased 26030.63 MU of energy (inclusive of the import of 176.45 MU through Power Banking and 211.73 MU through power Trading) at a cost of Rs.6832.34 Cr. at an average rate of 262.47 P/Kwh. This is against OERC approval of 26051.63 MU with a cost of Rs.6419.57 Cr. at an average rate of 246.28 P/Kwh for the FY 2017-18. However, out of the total purchase of 26030.63 MU, GRIDCO has supplied 153.20 MU towards power banking for availing the same during the summer season in 2018. Further, GRIDCO has sold 306.91 MU through trading, 127.25 MU towards Unscheduled Interchange (deviation) and 85.95 MU to CGPs and others and earned an amount of Rs.223.36 Cr. in total. Out of the total power purchase cost of Rs. 6832.34 Cr. GRIDCO has made payment of Rs. 6796.62 Cr. to the generators during the FY 2017-18. The balance outstanding amount of Rs.35.71 Cr. is to be paid to OHPC before 01.06.2018.
- He further stated that, during FY 2017-18, DISCOMs have underdrawn 568.78 MU than the OERC approval which is 38.82 MU more than the energy scheduled to them during that period. The details of energy drawl by the DISCOMs are given in the table below.

Energy Drawal (in MU) by DISCOMs during the FY 2017-18

DISCOMs	OERC Approval	Scheduled for Drawal	Actual Drawal	Over (+)/Under (-) Drawal than OERC Approval	Over (+)/Under (-) Drawal than the Schedule
CESU	8850.00	8386.36	8465.73	(-) 384.27	(+) 79.37
NESCO	5680.00	5427.13	5464.80	(-) 215.20	(+) 37.67
WESCO	7090.00	7230.80	7152.30	(+) 62.30	(-) 78.50
SOUTHCO	3520.00	3488.11	3488.39	(-) 31.61	(+) 0.28
TOTAL	25140.00	24532.40	24571.22	(-) 568.78	(+) 38.82

3. GRIDCO has shown a revenue shortfall of Rs. 370.35 crore during the FY 2017-18 as against a surplus of Rs. 6.18 crore as approved by OERC and during presentation CMD, GRIDCO stated that considering the payment of Rs. 894.23 Cr. towards past losses (principal loan repayment), GRIDCO has shown a revenue shortfall of Rs. 1264.58 crore during the FY 2017-18 as shown in the table below:

Revenue Approval Vis-à-vis Actual (Prov.) during FY 2017-18

(Rs. Crore)

SI No	Description	Approval		Actual (prov.)	
		MU	Amounts	MU	Amounts
1.	Power Purchase Cost	26051.63	6419.57	26030.64	6832.33
2.	Establishment & Interest Cost	-	315.22	-	572.92
3	Pass through Cost	-	231.66	-	-
4.	Total Revenue requirement (1+2+3)	26051.63	6966.45	26030.64	7405.25
5.	Revenue realized from sale of power to DISCOMs	25140.00	6969.15	24571.21	6811.54
6.	Revenue from Trading	-	-	306.91	142.64
7.	Revenue from UI	-	-	127.35	31.41
8.	Revenue from CGPs & Others	5.00	3.48	85.95	49.31
9.	Total Revenue Realization (5+6+7+8)	25145.00	6972.63	25091.42	7034.90
10.	Surplus / (Gap) (9-4)	-	6.18	-	(370.35)
11	Previous Losses (Principal Repayment)		-		(894.23)
12	Surplus / (Gap) (including Previous Losses) (10+11)				(1264.58)

4. The CMD, GRIDCO stated that due to delay in payment of monthly Bulk Supply dues to GRIDCO, the DISCOMs have not availed any rebate during the FY 2017-18. The details of BSP bills raised, amount received, adjustment against previous year BSP dues, adjustment against current year BSP dues and outstanding amount of review year 2017-18 are given in the table below:

(Rs. Crore)

DISCOMs	BSP Bills raised by GRIDCO for FY 2017-18	Amount Received by GRIDCO during FY 2017-18	Adjustment against outstanding BSP dues of FY 2016-17	Adjustment against Current BSP dues of FY 2017-18	Outstanding of current BSP dues of FY 2017-18
1	2	3	4	5=3-4	6=2-5
WESCO	2,152.84	2,112.73	688.54	1,424.19	728.65
NESCO	1,644.91	1,698.48	324.19	1,374.29	270.62

DISCOMs	BSP Bills raised by GRIDCO for FY 2017-18	Amount Received by GRIDCO during FY 2017-18	Adjustment against outstanding BSP dues of FY 2016-17	Adjustment against Current BSP dues of FY 2017-18	Outstanding of current BSP dues of FY 2017-18
SOUTHCO	694.19	619.95	268.60	351.35	342.84
Sub-total	4,491.94	4,431.16	1,281.33	3,149.83	1,342.11
CESU	2,319.61	2,253.26	483.10	1,770.16	549.45
TOTAL	6,811.55	6,684.42	1,764.43	4,919.99	1,891.56

5. Further, GRIDCO submitted that it has received Rs. 907.72 Cr. during the period from 01.04.2018 to 10.05.2018 from DISCOMs (WESCO – Rs.363.75 Cr + NESCO – Rs.224.33 Cr. + SOUTHCO – Rs.63.22 Cr. + CESU – Rs.256.42 Cr.) which has been adjusted against the above outstanding BSP dues of Rs. 1891.56 Crore of FY 2017-18.
6. GRIDCO has submitted that the DISCOM Utilities have not paid any amount towards their past arrear dues. As reported by GRIDCO upto 31st March, 2018 the following amounts are still outstanding from different DISCOM Utilities as depicted in table below:

Outstanding against Distribution Companies as on 31-03-2018 (Provisional)

(Rs. Crore)

Particulars	WESCO	NESCO	SOUTHCO	Sub-total	CESU	Total
(A) Bulk Supply Price arrear dues as on 31.03.2018	1406.41	840.20	609.34	2855.95	827.25	3683.20
(B) SLDC UI Charges (as on 31.03.2017)	285.65	172.64	72.78	531.07	366.43	897.50
(C) Securitised dues (as on 31.03.2017)	294.70	303.37	259.98	858.05	1277.18	2135.23
(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
Total	1998.86	1371.86	1118.46	4489.18	2763.71	7252.89

7. GRIDCO stated that, during the financial year 2017-18, they had released an amount of Rs.1086.77 Crore to DISCOMs (WESCO - Rs.174.69 Cr., NESCO - Rs.240.41 Cr., SOUTHCO - Rs.244.48 Cr. & CESU – Rs.427.19 Cr.) from the Escrow Account towards employees cost, R&M expenses and others. Out of which an amount of Rs.980.13 Crore

is relaxed towards employees cost, Rs.28.59 Crore towards R&M expenses and balance Rs.78.05 Crore towards other purposes. As stated by GRIDCO, DISCOMs are not able to pay the BSP bill within due date and defaulted current BSP dues of about three and half a month, causing cash deficit in escrow accounts. DISCOMs were not able to avail the escrow relaxation benefit towards R&M as approved by the Commission, because of poor cash inflow during the period under review.

8. For the FY 2017-18, GRIDCO has shown a closing cash deficit of Rs.298.88 crore as against opening cash deficit of Rs.328.41 crore. During the year total cash inflow was Rs. 8049.04 crore which includes Rs.6684.43 crore towards realisation from DISCOMs, Rs.1138.00 crore from loan and Rs.226.61 crore from other sources. Total cash outflow was Rs.8019.51 crore which includes Rs.6731.65 crore towards payment of power purchase cost, Rs.889.57 crore towards loan repayment, Rs.383.38 crore towards interest on loan and Rs. 14.91 crore towards establishment expenses.
9. GRIDCO has stated that the annual accounts for the FY 2016-17 has been adopted in the AGM on 28.02.2018 and the Annual Report is to be submitted to the Government by 30.06.2018. GRIDCO further submitted that the annual accounts of FY 2017-18 is to be authenticated in the Board on 20.06.2018 and expected to be adopted in the AGM by 27th September, 2018.
10. **Commission's Observation:**
 - i. During the FY 2017-18, GRIDCO has purchased high cost power of 495.83 MU from FSTPS-III at an average rate of 508.50 p/u and 1160.80 MU from Barh STPS-II @ 510.69 p/u, which was not approved in the ARR of GRIDCO for that year. Further, GRIDCO has purchased 1343.04 MU from FSTPS-I &II at an average rate of 413.95 p/u against the approval of 679.09 MU only. However, the fixed cost of FSTPS-I, II&III was allowed in the ARR of GRIDCO for the FY 2017-18. In the tariff order, it was advised to trade the available power of these NTPC stations to bridge the past revenue gap subject to commercial viability. Therefore, GRIDCO should strictly adhere to merit order principle while scheduling the above costly sources of power with due weightage to the State requirement. GRIDCO should continue in its effort for de-allocation of the State share from Barh STPS as per the direction in the BSP Order.

- ii. It is observed that GRIDCO has purchased very less quantum of low cost power from the IPPs of the State. Replying to the queries of the Commission, CMD, GRIDCO stated that three numbers of IPPs are now operating in our State. Out of them M/s. GMR Kamalanga Energy Ltd. is supplying the quantum of power to the extent of State entitlement whereas M/s. Vedanta Ltd. and M/s. Jindal India Thermal Power Ltd. (M/s. JITPL) are not supplying the State share of power. During the FY 2017-18 the generation of M/s. Vedanta Ltd. was less due to some technical maintenance of its plant and there was more requirement of power for its industry. Further, M/s. JITPL, is not operating all of its generating units due to lack of demand of power other than the State entitlement, which is also not remunerative to them. The CMD, GRIDCO further stated that GRIDCO has long term agreements for availing power from the 3rd & 4th Units of OPGC and NTPC Power Station at Darliparli in Sundargarh district of Odisha, which are expected to be commissioned within one year. After commissioning of these power stations, GRIDCO may not require power from the IPPs for meeting the State demand. The Chairman, OERC stated that GRIDCO needs to initiate action for revisiting the Government policy and/or the existing Regulations, if any, to incentivize the IPPs in such cases so that the State can avail cheaper power. However, at present GRIDCO should take up the matter with the management of M/s. Vedanta Ltd. and M/s. JITPL for availing more energy from these IPPs towards State entitlement.
- iii. GRIDCO should also 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.
- iv. GRIDCO is purchasing bundled solar power from NRVNL through “New Project Scheme” under JNNSM (Phase-I) and also from Dadri & Faridabad solar plant through NTPC at high cost. 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 /NRVNL in this regard with detailed analysis and appraise the Commission from time to time.
- v. GRIDCO has failed to achieve even one third of the RPO target fixed by the Commission w.r.t. purchase of power from the renewable sources during FY 2017-18. This is a serious issue. It is observed that GRIDCO Ltd. has purchased 312.79

MU (1.27%) from non-solar renewable sources against the target of 1109.57 MU (4.50%). Similarly, GRIDCO has purchased 226.52 MU (0.92%) of solar energy against the target of 739.71 MU (3.00%). GRIDCO should take up the matter with the State Government proactively for development of long pending small hydro projects in the State and setting up of other renewable power plants in the State for availability of required quantum of renewable energy. Further, GRIDCO should take immediate steps to purchase renewable energy (both solar and non-solar) from other available sources meet the current RPO target as fixed by the Commission.

- vi. Considering the BSP payment by the DISCOM Utilities as on 31.03.2018, it is observed that there is an outstanding of current BSP dues of about three and half months on all the four DISCOM Utilities (WESCO - 4 months, NESCO – 2 months, SOUTHCO – 6 months and CESU – 3 months) for which GRIDCO is being forced to avail loan from difference sources to make payment to the generators. Ultimately, the burden is passed on to the consumers of the State. Therefore, the Commission directs GRIDCO to convene meetings with all DISCOM Utilities presided by the CMD, GRIDCO in regular intervals to enhance the collection of electricity dues from the consumers and payment of current as well as arrear dues of GRIDCO in time and appraise the Commission from time to time.
- vii. It is observed that GRIDCO has caused much delay in finalizing its Annual Accounts for the FY 2016-17 which has also delayed the publication of Annual Report. GRIDCO is advised to complete the Annual Accounts of FY 2017-18 in the stipulated time.
